

General Meeting of the Board
Thursday, January 13, 2022 6:45 PM

Boardroom / Teleconference
1820 Xenium Ln N
Minneapolis, MN 55441-3790

Agenda

1. **CALL TO ORDER** (Action)
2. **APPROVAL OF GENERAL MEETING AGENDA** (Action)
3. **OPEN FORUM FOR COMMUNITY COMMENTS** (Information)
4. **APPROVAL OF CONSENT AGENDA** (Action)
 1. Special Meeting of the Board Minutes from December 29, 2021
 2. General Meeting of the Board Minutes from December 9, 2021
 3. Special Meeting of the Board Minutes from December 8, 2021
 4. Special Meeting of the Board Minutes from December 7, 2021
 5. Special Meeting of the Board Minutes from December 6, 2021
 6. Special Meeting of the Board Minutes from December 3, 2021
 7. Special Meeting of the Board Minutes from December 2, 2021
 8. Special Meeting of the Board Minutes from December 1, 2021
 9. Financial Report November 2021
5. **SHARE THE SUCCESS & RECOGNITION - (10 minutes)**
 1. The Board Chair will acknowledge and thank the departing Board Directors.
6. **BUSINESS SERVICES & LABOR RELATIONS REPORT – (30 minutes)**
 1. Facilities Report - None
 2. Financial Report
 1. FY19 Audit - Auditor Presentation - (Annual Report) (Action)
 3. Human Resource Report - None
7. **SUPERINTENDENT'S REPORT – (10 minutes)**
 1. Distance Learning Update (Information)
8. **INSTRUCTIONAL REPORT - None**
9. **BOARD BUSINESS - (10 minutes)** (Information)
 1. Policy Review & Revision
 2. Board Reports
 1. Chair Report - None
 2. AMSD Report
 1. January 2020 AMSD Newsletter
 3. District News
 1. School Board Planning Calendar
 2. January 13, 2021 Board Event Calendar
 3. 2021-2022 Get on the Bus & Local 2209/Board Breakfast Schedule
 4. Once Around the Table
10. **ADJOURNMENT**

Racial Equity Impact Analysis Tool

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 four 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? Are decisions based on the majority or those at the margins?
4. In what ways does colorblindness exist?
5. How do you know the audience is communicated with in ways that will make sense through *their* lens?
6. In what ways are other marginalized people impacted?

Part 2: Answer Racial Equity Impact Analysis Questions

1. **Who participated in completing this analysis?**
2. **What are the racial equity impacts of this decision?**
3. **Who will benefit from and/or be burdened by this decision?**
4. **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? ([Bellevue Guide](#))

DISTRICT 287 SPECIAL MEETING OF THE BOARD

Intermediate District 287

December 29, 2021

MINUTES

1. CALL TO ORDER

Chair Regina Neville called the general meeting to order at 6:00 PM in the District Service Center and use District 287 Teleconferencing. Board Director Mosqueda-Jones 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 8 member districts represented and the following Board members in attendance:

| | | |
|-----|-----------------|-----------------------|
| 286 | Brooklyn Center | Ruthie Dallas |
| 273 | Edina | Regina Neville |
| 270 | Hopkins | Shannon Andreson |
| 278 | Orono | Michèle Kunz |
| 279 | Osseo | Jackie Mosqueda-Jones |
| 280 | Richfield | Crystal Brakke |
| 283 | St. Louis Park | Anne Casey |
| 284 | Wayzata | Andrea Cuene |

Absent: 281/Sant, 272/Seidel, and 279/Marty
Guests: Anne Becker and Wauneen Denson-Mgeni
287 Staff Members:

2. APPROVAL OF GENERAL MEETING AGENDA

The special meeting agenda was presented for approval. *Motion by Regina Neville, seconded by Andrea Cuene, to approve the meeting agenda. All in favor. Motion carried unanimously.*

3. AUDIENCE OPPORTUNITY TO SPEAK - None

4. APPROVAL OF CONSENT AGENDA - None

5. SHARE THE SUCCESS & RECOGNITIONS - None

6. SUPERINTENDENT'S REPORT - None

7. INSTRUCTIONAL REPORT - None

8. BUSINESS SERVICES & LABOR RELATIONS REPORT - None

9. BOARD BUSINESS

Board Chair Neville presented and recommended approval of the Superintendent contract effective July 1, 2022 – June 30, 2025. *A motion was made by Andrea Cuene, seconded by Michèle Kunz to approve the new three-year Superintendent contract effective July 1, 2022 - June 30, 2025, as presented prior to the meeting. Motion carried.*

10. ADJOURNMENT

Motion was heard and seconded to adjourn the meeting. Meeting adjourned at 6:19 PM.

The next general meeting will be held on January 13, 2022, at 6:30 PM in the District Service Center Boardroom.

Submitted by
Wauneen Mgeni
Secretary to the Board

Signed: Chair _____

Clerk _____

Date _____

Date _____

DISTRICT 287 REGULAR BOARD MEETING

Intermediate District 287

December 9, 2021

MINUTES

1. CALL TO ORDER

Chair Regina Neville called the general meeting to order at 6:30 PM in the District Service Center and use 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 9 member districts represented and the following Board members in attendance:

| | | |
|-----|-----------------|-----------------------|
| 286 | Brooklyn Center | Ruthie Dallas |
| 273 | Edina | Regina Neville |
| 270 | Hopkins | Shannon Andreson |
| 278 | Orono | Michèle Kunz |
| 279 | Osseo | Jackie Mosqueda-Jones |
| 280 | Richfield | Crystal Brakke |
| 283 | St. Louis Park | Anne Casey |
| 284 | Wayzata | Andrea Cuene |
| 279 | Westonka | Heidi Marty |

Absent: 272/Seidel and 281/Sant

Guests:

287 Administration: Sandra Lewandowski, Tonya Allen, Anne Becker, Melissa Brateng, Mae Hawkins, Ben Magras, Chad Maxa, Jon Voss, Gloria Wilder, and Wauneen Denson-Mgeni

287 Staff Members: Amanda Klutman, Lori Nystrom, Tay Madison, and Julie Tuorila

Board Chair Neville announced that at its December 9, 2021, Special Meeting of the Board, the Board made the decision to enter into contract negotiations with March Doud for the position as the new Superintendent for Intermediate District 287.

Board Chair Neville thanked the Superintendent Transition Team, School Exec Connect, for all the work with the Superintendent Search. In addition, board Chair Neville thanked the three internal candidates that applied for the Superintendent position.

2. APPROVAL OF GENERAL MEETING AGENDA

The general meeting agenda was presented for approval. *Motion by Regina Neville, seconded by Ruthie Dallas, to approve the meeting agenda. All in favor. Motion carried unanimously.*

3. AUDIENCE OPPORTUNITY TO SPEAK - None

4. APPROVAL OF CONSENT AGENDA

The Consent Agenda was presented for approval. The Consent Agenda included the Special Meeting of the Board Minutes from November 18, 2021, Board Work Session Minutes from November 18, 2020, Routine Human Resources Activities for December 9, 2021, Approval of Finance Report October 2021, Award of Bid - 2022-2023 West Education Center Roof Restoration, Approval of World's Best Workforce FY21 Summary and FY22 Plan, and Authorization of Issuance of Individual Procurement Cards (P-Cards). *Motion by Andrea Cuene, seconded by Heidi Marty, to approve the Consent Agenda as presented. Motion carried.*

5. SHARE THE SUCCESS & RECOGNITIONS

Amanda Klutman, Care & Treatment Principal, introduced Tay Madison, Special Education Teacher. Tay is November 2021 Above and Beyond recipient. Tay thanked the Board, Superintendent Lewandowski, and Care & Treatment staff for the award.

Tonya Allen, Director of Mental Health and Family Engagement, introduced Lori Nystrom, Administrative Support for Mental Health & Family Engagement and Health & Safety at the District Service Center. Lori is December 2021 Above and Beyond recipient. Lori thanked the Board, Superintendent Lewandowski, and District Service Center staff for the award.

6. SUPERINTENDENT'S REPORT - None

7. INSTRUCTIONAL REPORT - None

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 FY21. The overall fund balance on June 30, 2021, was \$7,451,541 or (8.62%). *Motion by Regina Neville, seconded by Michelè Kunz, to approve the unaudited fund balance for FY21 as presented. All in favor. Motion carried unanimously.*

Human Resources Report

At the recommendation of Board Chair Neville, *a motion was made by Regina Neville, seconded by Michelè Kunz; the School Board may hold a closed meeting to consider a strategy for labor negotiations. Minn. Stat. §13D.03. All in favor. Motion carried unanimously. The meeting was closed to the public at 7:31 PM. A motion was made by Michele Kunz, seconded Heidi Marty, to reopen the general meeting. All in favor. Motion carried unanimously.* The general meeting reopened at 8:01 PM.

At the recommendation of Board Chair Neville, *a motion was made by Andrea Cuene, seconded by Jackie Mosqueda-Jones; approval of the 2023-2025 Administrator & Unaffiliated Employment Guides. All in favor. Motion carried unanimously.*

9. BOARD BUSINESS

Policy Review & Revision

Chair Report

Board Chair Neville announced that the Nominating Committee members are Shannon Andreson, Crystal Brakke, Anne Casey, Andrea Cuene, and Regina Neville.

Board Director Brakke gave a brief update on the recent AMSD meeting.

Once Around the Table

10. ADJOURNMENT

Motion was heard and seconded to adjourn the meeting. Motion carried. Meeting adjourned at 8:10 PM.

The next general meeting will be held on January 13, 2022, 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 _____

DISTRICT 287 SPECIAL MEETING OF THE BOARD

Intermediate District 287

December 8, 2021

MINUTES

1. CALL TO ORDER

Chair Regina Neville called the work session meeting to order at 5:00 PM in the District Service Center Boardroom and by the use of District 287 Teleconferencing.

A Roll Call was taken, and a quorum was declared with 10 member districts represented and the following Board members in attendance:

| | | |
|-----|-----------------|-----------------------|
| 286 | Brooklyn Center | Ruthie Dallas |
| 273 | Edina | Regina Neville |
| 270 | Hopkins | Shannon Andreson |
| 278 | Orono | Michèle Kunz |
| 279 | Osseo | Jackie Mosqueda-Jones |
| 280 | Richfield | Crystal Brakke |
| 281 | Robbinsdale | Sam Sant |
| 283 | St. Louis Park | Anne Casey |
| 284 | Wayzata | Andrea Cuene |
| 279 | Westonka | Heidi Marty |

Absent: 272/Seidel,

Guests: Ben Magras, Antoinette Johns, David Clough, and Kenneth Dragseth

287 Administration: Radium Guess, Rachel Hicks, Anne Becker, Amanda Achterkirch, and Wauneen Mgeni

287 Staff Members:

2. APPROVAL OF GENERAL MEETING AGENDA

The special meeting agenda was presented for approval. *Motion by Regina Neville, seconded by Andrea Cuene, to approve the meeting agenda. All in favor. Motion carried unanimously.*

3. AUDIENCE OPPORTUNITY TO SPEAK - None

4. APPROVAL OF CONSENT AGENDA - None

5. SHARE THE SUCCESS & RECOGNITIONS - None

6. SUPERINTENDENT'S REPORT - None

7. INSTRUCTIONAL REPORT - None

8. BUSINESS SERVICES & LABOR RELATIONS REPORT - None

9. BOARD BUSINESS

Final interview with Superintendent candidate.

At the recommendation of Board Chair Neville, *a motion was made by Regina Neville, seconded by Heidi Marty; to enter into contract negotiations with Marci Doud for the position of Intermediate District 287 Superintendent. All in favor. Motion carried unanimously.*

10. ADJOURNMENT

Motion was heard and seconded to adjourn the meeting. Meeting adjourned at 10:57 PM.

The next general meeting will be held on December 9, 2021, at 6:30 PM in the District Service Center Boardroom.

Submitted by
Wauneen Mgeni
Secretary to the Board

Signed: Chair _____

Clerk _____

Date _____

Date _____

DISTRICT 287 SPECIAL MEETING OF THE BOARD

Intermediate District 287

December 7, 2021

MINUTES

1. CALL TO ORDER

Chair Regina Neville called the work session meeting to order at 5:00 PM in the District Service Center Boardroom and by the use of District 287 Teleconferencing.

A Roll Call was taken, and a quorum was declared with 10 member districts represented and the following Board members in attendance:

| | | |
|-----|-----------------|-----------------------|
| 286 | Brooklyn Center | Ruthie Dallas |
| 273 | Edina | Regina Neville |
| 270 | Hopkins | Shannon Andreson |
| 278 | Orono | Michèle Kunz |
| 279 | Osseo | Jackie Mosqueda-Jones |
| 280 | Richfield | Crystal Brakke |
| 281 | Robbinsdale | Sam Sant |
| 283 | St. Louis Park | Anne Casey |
| 284 | Wayzata | Andrea Cuene |
| 279 | Westonka | Heidi Marty |

Absent: 272/Seidel,

Guests: Marci Doud, Antoinette Johns, David Clough, and Kenneth Dragseth

287 Administration: Radium Guess, Rachel Hicks, Anne Becker, Amanda Achterkirch, and Wauneen Mgeni

287 Staff Members:

2. APPROVAL OF GENERAL MEETING AGENDA

The special meeting agenda was presented for approval. *Motion by Regina Neville, seconded by Andrea Cuene, to approve the meeting agenda. All in favor. Motion carried unanimously.*

3. AUDIENCE OPPORTUNITY TO SPEAK - None

4. APPROVAL OF CONSENT AGENDA - None

5. SHARE THE SUCCESS & RECOGNITIONS - None

6. SUPERINTENDENT'S REPORT - None

7. INSTRUCTIONAL REPORT - None

8. BUSINESS SERVICES & LABOR RELATIONS REPORT - None

9. BOARD BUSINESS

Final interview with Superintendent candidate.

10. ADJOURNMENT

Motion was heard and seconded to adjourn the meeting. Meeting adjourned at 8:56 PM.

The next general meeting will be held on December 9, 2021, at 6:30 PM in the District Service Center Boardroom.

Submitted by
Wauneen Mgeni
Secretary to the Board

Signed: Chair _____

Clerk _____

Date _____

Date _____

DISTRICT 287 SPECIAL MEETING OF THE BOARD

Intermediate District 287

December 6, 2021

MINUTES

1. CALL TO ORDER

Chair Regina Neville called the work session meeting to order at 5:00 PM in the District Service Center Boardroom and by the use of District 287 Teleconferencing.

A Roll Call was taken, and a quorum was declared with 10 member districts represented and the following Board members in attendance:

| | | |
|-----|-----------------|-----------------------|
| 286 | Brooklyn Center | Ruthie Dallas |
| 273 | Edina | Regina Neville |
| 270 | Hopkins | Shannon Andreson |
| 278 | Orono | Michèle Kunz |
| 279 | Osseo | Jackie Mosqueda-Jones |
| 280 | Richfield | Crystal Brakke |
| 281 | Robbinsdale | Sam Sant |
| 283 | St. Louis Park | Anne Casey |
| 284 | Wayzata | Andrea Cuene |
| 279 | Westonka | Heidi Marty |

Absent: 272/Seidel,

Guests: Tonya Allen, Antoinette Johns, David Clough, and Kenneth Dragseth

287 Administration: Radium Guess, Rachel Hicks, Anne Becker, Amanda Achterkirch, and Wauneen Mgeni

287 Staff Members:

2. APPROVAL OF GENERAL MEETING AGENDA

The special meeting agenda was presented for approval. *Motion by Regina Neville, seconded by Heidi Marty, to approve the meeting agenda. All in favor. Motion carried unanimously.*

3. AUDIENCE OPPORTUNITY TO SPEAK - None

4. APPROVAL OF CONSENT AGENDA - None

5. SHARE THE SUCCESS & RECOGNITIONS - None

6. SUPERINTENDENT'S REPORT - None

7. INSTRUCTIONAL REPORT - None

8. BUSINESS SERVICES & LABOR RELATIONS REPORT - None

9. BOARD BUSINESS

Final interview with Superintendent candidate.

10. ADJOURNMENT

Motion was heard and seconded to adjourn the meeting. Meeting adjourned at 8:46 PM.

The next general meeting will be held on December 9, 2021, at 6:30 PM in the District Service Center Boardroom.

Submitted by
Wauneen Mgeni
Secretary to the Board

Signed: Chair _____

Clerk _____

Date _____

Date _____

DISTRICT 287 SPECIAL MEETING OF THE BOARD

Intermediate District 287

December 3, 2021

MINUTES

1. CALL TO ORDER

Chair Regina Neville called the work session meeting to order at 5:00 PM in the District Service Center Boardroom and by the use of District 287 Teleconferencing.

A Roll Call was taken, and a quorum was declared with 10 member districts represented and the following Board members in attendance:

| | | |
|-----|-----------------|-----------------------|
| 286 | Brooklyn Center | Ruthie Dallas |
| 273 | Edina | Regina Neville |
| 270 | Hopkins | Shannon Andreson |
| 278 | Orono | Michèle Kunz |
| 279 | Osseo | Jackie Mosqueda-Jones |
| 280 | Richfield | Crystal Brakke |
| 281 | Robbinsdale | Sam Sant |
| 283 | St. Louis Park | Anne Casey |
| 284 | Wayzata | Andrea Cuene |
| 279 | Westonka | Heidi Marty |

Absent: 272/Seidel

Guests: Dr. Emily Miller, Ben Magras, Marci Doud, David Clough, and Kenneth Dragseth

287 Administration: Radium Guess, Rachel Hicks, Anne Becker, Amanda Achterkirch, and Wauneen Mgeni

287 Staff Members:

2. APPROVAL OF GENERAL MEETING AGENDA

The special meeting agenda was presented for approval. *Motion by Regina Neville, seconded by Ruthie Dallas, to approve the meeting agenda. All in favor. Motion carried unanimously.*

3. AUDIENCE OPPORTUNITY TO SPEAK - None

4. APPROVAL OF CONSENT AGENDA - None

5. SHARE THE SUCCESS & RECOGNITIONS - None

6. SUPERINTENDENT'S REPORT - None

7. INSTRUCTIONAL REPORT - None

8. BUSINESS SERVICES & LABOR RELATIONS REPORT - None

9. BOARD BUSINESS

First round of Superintendent candidate interviews.

At the recommendation of Board Chair Neville, a motion was made by Regina Neville, seconded by Andrea Cuene; accept the slate of finalists for the Superintendent position. All in favor. Motion carried unanimously.

10. ADJOURNMENT

Motion was heard and seconded to adjourn the meeting. Meeting adjourned at 10:33 PM.

The next general meeting will be held on December 9, 2021, at 6:30 PM in the District Service Center Boardroom.

Submitted by
Wauneen Mgeni
Secretary to the Board

Signed: Chair _____

Clerk _____

Date _____

Date _____

DISTRICT 287 SPECIAL MEETING OF THE BOARD

Intermediate District 287

December 2, 2021

MINUTES

1. CALL TO ORDER

Chair Regina Neville called the work session meeting to order at 5:00 PM in the District Service Center Boardroom and by the use of District 287 Teleconferencing.

A Roll Call was taken, and a quorum was declared with 10 member districts represented and the following Board members in attendance:

| | | |
|-----|-----------------|-----------------------|
| 286 | Brooklyn Center | Ruthie Dallas |
| 273 | Edina | Regina Neville |
| 270 | Hopkins | Shannon Andreson |
| 278 | Orono | Michèle Kunz |
| 279 | Osseo | Jackie Mosqueda-Jones |
| 280 | Richfield | Crystal Brakke |
| 281 | Robbinsdale | Sam Sant |
| 283 | St. Louis Park | Anne Casey |
| 284 | Wayzata | Andrea Cuene |
| 279 | Westonka | Heidi Marty |

Absent: 272/Seidel,

Guests: Tonya Allen, Marti Voight, Dr. Elisabeth Lodge Rogers, Dr. Jesse Jackson, David Clough and Kenneth Dragseth

287 Administration: Radium Guess, Rachel Hicks, Anne Becker, Amanda Achterkirch, and Wauneen Mgeni

287 Staff Members:

2. APPROVAL OF GENERAL MEETING AGENDA

The special meeting agenda was presented for approval. *Motion by Regina Neville, seconded by Sam Sant, to approve the meeting agenda. All in favor. Motion carried unanimously.*

3. AUDIENCE OPPORTUNITY TO SPEAK - None

4. APPROVAL OF CONSENT AGENDA - None

5. SHARE THE SUCCESS & RECOGNITIONS - None

6. SUPERINTENDENT'S REPORT - None

7. INSTRUCTIONAL REPORT - None

8. BUSINESS SERVICES & LABOR RELATIONS REPORT - None

9. BOARD BUSINESS

First round of Superintendent candidate interviews.

10. ADJOURNMENT

Motion was heard and seconded to adjourn the meeting. Meeting adjourned at 9:08 PM.

The next general meeting will be held on December 9, 2021, at 6:30 PM in the District Service Center Boardroom.

Submitted by
Wauneen Mgeni
Secretary to the Board

Signed: Chair _____

Clerk _____

Date _____

Date _____

DISTRICT 287 SPECIAL MEETING OF THE BOARD

Intermediate District 287

December 1, 2021

MINUTES

1. CALL TO ORDER

Chair Regina Neville called the work session meeting to order at 5:00 PM in the District Service Center Boardroom and by the use of District 287 Teleconferencing.

A Roll Call was taken, and a quorum was declared with 10 member districts represented and the following Board members in attendance:

| | | |
|-----|-----------------|-----------------------|
| 286 | Brooklyn Center | Ruthie Dallas |
| 273 | Edina | Regina Neville |
| 270 | Hopkins | Shannon Andreson |
| 278 | Orono | Michèle Kunz |
| 279 | Osseo | Jackie Mosqueda-Jones |
| 280 | Richfield | Crystal Brakke |
| 281 | Robbinsdale | Sam Sant |
| 283 | St. Louis Park | Anne Casey |
| 284 | Wayzata | Andrea Cuene |
| 279 | Westonka | Heidi Marty |

Absent: 272/Seidel,

Guests: Antionette Johns, Kenneth Dragseth, and David Clough

287 Administration: Sandy Lewandowski, Anne Becker, Rachel Hicks, Mae Hawkins,
Amanda Achterkirch, and Wauneen Mgeni

287 Staff Members:

2. APPROVAL OF GENERAL MEETING AGENDA

The special meeting agenda was presented for approval. *Motion by Regina Neville, seconded by Andrea Cuene, to approve the meeting agenda. All in favor. Motion carried unanimously.*

3. AUDIENCE OPPORTUNITY TO SPEAK - None

4. APPROVAL OF CONSENT AGENDA - None

5. SHARE THE SUCCESS & RECOGNITIONS - None

6. SUPERINTENDENT'S REPORT - None

7. INSTRUCTIONAL REPORT - None

8. BUSINESS SERVICES & LABOR RELATIONS REPORT - None

9. BOARD BUSINESS

At the recommendation of Board Chair Neville, *a motion was made by Regina Neville, seconded by Heidi Marty; accept the slate of candidates for the Superintendent position All in favor. Motion carried unanimously.*

Board discussion of the first round of interview questions and the interview process.

10. ADJOURNMENT

Motion was heard and seconded to adjourn the meeting. Meeting adjourned at 7:15 PM.

The next general meeting will be held on December 9, 2021, at 6:30 PM in the District Service Center Boardroom.

Submitted by
Wauneen Mgeni
Secretary to the Board

Signed: Chair _____

Clerk _____

Date _____

Date _____

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



Regular Meeting – January 13, 2022

AGENDA SECTION: BUSINESS SERVICES REPORT

**ITEM: Recommendation for Board Acceptance of the
Audited Financial Report for the year ended June 30, 2021**

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, 2021.

2. Fiscal Impact/Funding Source:

3. RECOMMENDED ACTION:

The Board accepts the audited financial report for the year ended June 30, 2021.

Motion by: _____ Yes ____ Passed ____

Second by: _____ Yes ____ Failed ____

Abstentions: _____

Management Report

for

Intermediate District No. 287
Plymouth, Minnesota

June 30, 2021

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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, 2021. 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 District's financial reporting process comments resulting from our audit and information relevant to school district financing in Minnesota. Accordingly, this report is not suitable for any other purpose.

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

Minneapolis, Minnesota
December 15, 2021

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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, 2021. 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, 2021:

- We have issued an unmodified opinion on the District's basic financial statements.
- 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

Uniform Guidance Written Controls and Micro-Purchase Threshold

Federal Uniform Guidance requires that nonfederal entities must have and use documented procurement procedures consistent with 2CFR § 200.317-320 for the acquisition of property or services required under a federal award or subaward. Effective August 31, 2020, the federal micro-purchase threshold, which is the threshold that allows for procurements without soliciting competitive price or rate quotations given certain conditions, was increased from \$3,500 to \$10,000 in the Federal Acquisition Regulations (FAR).

Effective November 12, 2020, the Uniform Guidance was also revised to allow nonfederal entities to establish a micro-purchase threshold higher than the \$10,000 threshold established in the FAR under certain circumstances. The nonfederal entity may self-certify a micro-purchase threshold up to \$50,000 if the requirements in 2CFR § 200.320(a)(1)(iv) are followed. Requirements include an *annual* self-certification and clear documentation of the justification to support the increase in the threshold. Acceptable reasons for justification must meet *one* of the following criteria:

- A qualification as a low-risk auditee, in accordance with the criteria in § 200.520 for the most recent audit,
- An annual internal institutional risk assessment to identify, mitigate, and manage financial risks, or,
- A higher threshold consistent with state law.

This flexibility would allow Minnesota local governments to increase and align their federal procurement procedures, specifically the micro-purchase threshold, with state law, which allows for procurements below \$25,000 to be made without competitive price or rate quotations.

We recommend that the District review its current federal procurement policy. If you prefer to increase your federal micro-purchase threshold to \$25,000 to align it with state law, in addition to amending your federal procurement policy, you would need to annually certify the higher threshold and the justification for using the higher threshold.

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, 2021.

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 Government Accounting Standards Board (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 15, 2021.

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

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

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.

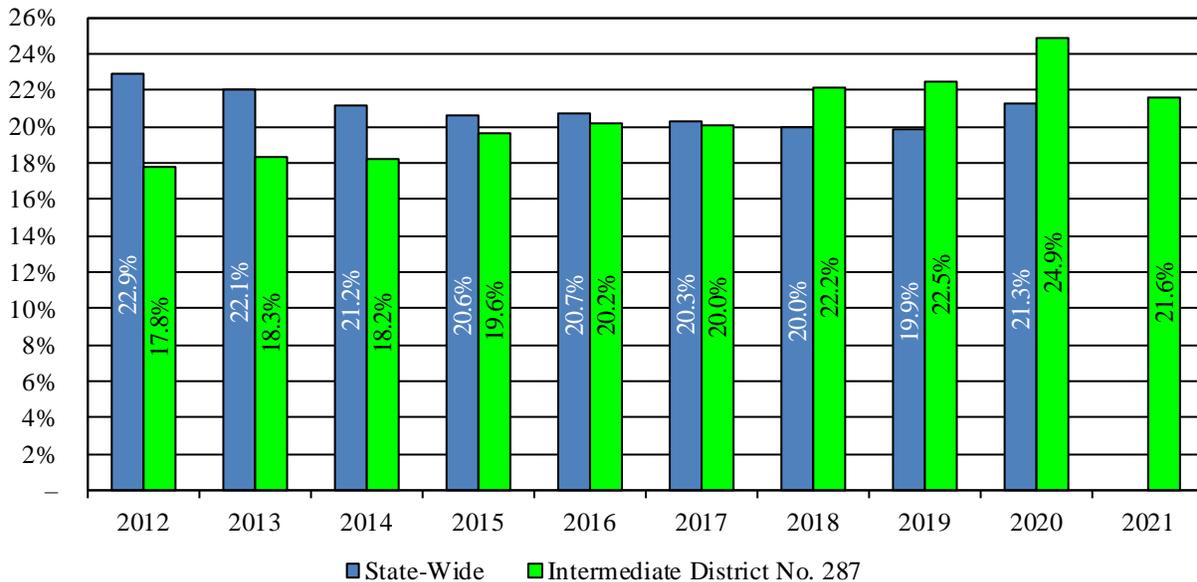
The table below presents a summary of the formula allowance for the past decade and as approved for the next two fiscal years. The 2021 Legislature approved per pupil increases of \$161 for fiscal 2022 and \$135 for fiscal 2023. The amount of the formula allowance and the percentage change from year-to-year 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 |
| 2012 | \$ 5,174 | 1.00 % |
| 2013 | \$ 5,224 | 1.00 % |
| 2014 | \$ 5,302 | 1.50 % |
| 2015 | \$ 5,831 | 2.00 % |
| 2016 | \$ 5,948 | 2.00 % |
| 2017 | \$ 6,067 | 2.00 % |
| 2018 | \$ 6,188 | 2.00 % |
| 2019 | \$ 6,312 | 2.00 % |
| 2020 | \$ 6,438 | 2.00 % |
| 2021 | \$ 6,567 | 2.00 % |
| 2022 | \$ 6,728 | 2.45 % |
| 2023 | \$ 6,863 | 2.00 % |

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 2021.

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.

The average unrestricted fund balance as a percentage of operating expenditures maintained by Minnesota school districts decreased gradually from 22.9 percent at the end of fiscal 2012 to 19.9 percent at the end of fiscal 2019, a period of relative stability in the state's economic condition and school funding. This ratio increased back up to 21.3 percent at the end of fiscal 2020, the highest level since 2014.

The District's unrestricted operating fund balance as a percentage of operating expenditures was 21.6 percent at the end of the current year, as compared to 24.9 percent at June 30, 2020.

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, | | | |
|---|----------------------|----------------------|----------------------|----------------------|
| | 2018 | 2019 | 2020 | 2021 |
| Revenue | \$ 85,048,235 | \$ 85,769,947 | \$ 88,724,377 | \$ 84,179,159 |
| Expenditures | 81,879,129 | 84,724,168 | 85,678,051 | 86,232,890 |
| Excess (deficiency) of revenue over expenditures | 3,169,106 | 1,045,779 | 3,046,326 | (2,053,731) |
| Other financing sources (uses) | (410,198) | (286,132) | (318,267) | (231,921) |
| Net change in fund balance | 2,758,908 | 759,647 | 2,728,059 | (2,285,652) |
| Fund balances | | | | |
| Beginning of year | 16,467,945 | 19,226,853 | 19,991,149 | 22,719,208 |
| End of year | <u>\$ 19,226,853</u> | <u>\$ 19,986,500</u> | <u>\$ 22,719,208</u> | <u>\$ 20,433,556</u> |
| Fund balances | | | | |
| Nonspendable for prepaid items | \$ 813,263 | \$ 87,606 | \$ 191,574 | \$ 59,977 |
| Restricted for basic skills programs | 297,875 | 448,689 | 368,424 | 264,604 |
| Restricted for basic skills extended time | - | 48,825 | 115,262 | 115,262 |
| Restricted for safe schools levy | 118,225 | 173,101 | 325,681 | 754,197 |
| Restricted for long-term facilities maintenance | 410,007 | 318,637 | 530,174 | 614,086 |
| Restricted for Medical Assistance | 1,356,495 | 1,327,409 | 1,542,854 | 1,267,152 |
| Assigned for COVID-19 | - | - | 500,000 | 457,288 |
| Assigned for donations | - | - | 6,221 | 6,571 |
| Assigned for severance | 5,536,118 | 5,562,580 | 5,712,751 | 5,563,206 |
| Assigned for tuition adjustments | 2,425,433 | 2,677,000 | 2,677,000 | 1,788,609 |
| Assigned for property | 226,131 | 107,226 | 68,078 | 186,334 |
| Assigned for student clubs | 27,584 | 28,362 | 25,562 | 21,658 |
| Assigned for vehicle depreciation | 70,473 | 87,211 | 101,664 | 101,664 |
| Assigned for self-insurance | 58,597 | 10,300 | - | - |
| Assigned for collaborative curriculum project | 217,229 | 171,850 | 113,669 | 113,669 |
| Assigned for strategic priorities | - | 750,000 | 1,200,000 | 988,863 |
| Assigned for subsequent year's budget | - | 355,099 | 839,696 | 678,874 |
| Assigned for flex plan | - | - | 1,665 | - |
| Unassigned | 7,669,423 | 7,832,605 | 8,398,933 | 7,451,542 |
| Total fund balances | <u>\$ 19,226,853</u> | <u>\$ 19,986,500</u> | <u>\$ 22,719,208</u> | <u>\$ 20,433,556</u> |
| Unassigned General Fund balances as a percentage of expenditures | <u>9.4%</u> | <u>9.2%</u> | <u>9.8%</u> | <u>8.6%</u> |
| Total fund balances as a percentage of expenditures | <u>23.5%</u> | <u>23.6%</u> | <u>26.5%</u> | <u>23.7%</u> |

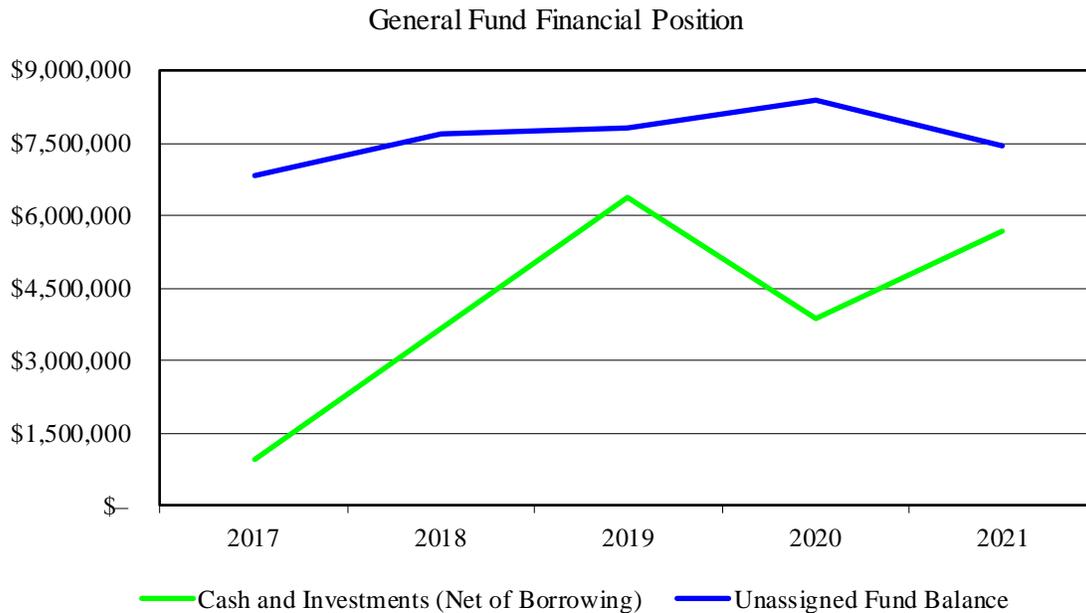
The District completed the year with a net decrease in General Fund balance of \$2,285,652. This compares to a budget which projected a decrease in fund balance of \$5,490,845. The net change in fund balance was \$3,205,193 higher when compared to budgeted amounts. This difference was mainly the result of the net change in fund balance increasing more than budgeted amounts in the District-Wide Account by \$1,335,283, in the Special Education Account by \$1,344,407, and the Academic Account by \$621,045.

The District continues to assign fund balance for the 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 table on the previous page reflects the total and unassigned General Fund balances and as a percentage of annual expenditures, 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 8.6 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.

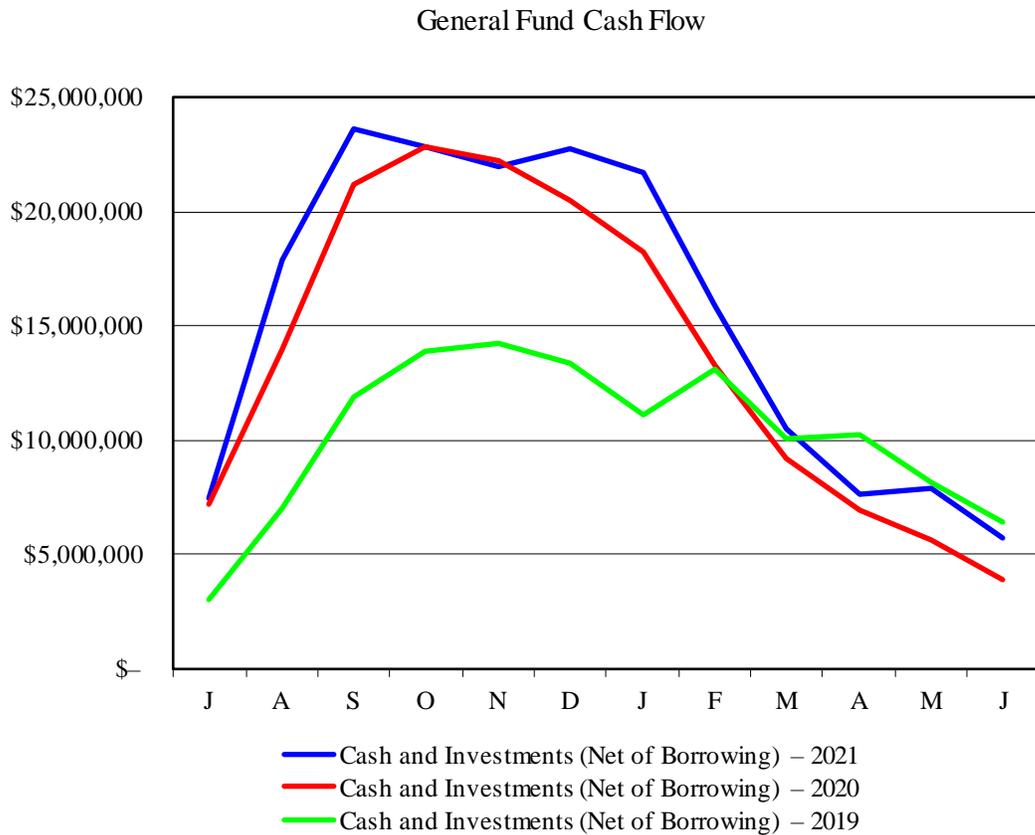
The following graph summarizes the level of cash and investments, net of borrowing, and unassigned fund balance in the General Fund:



The above graph shows a decrease in unassigned fund balance and a significant increase in cash and investments (net of borrowing) at June 30, 2021. The graph also shows significant fluctuations in year-end cash balances. These changes are typically caused by changes in the tuition billing cycles and systems of the District. Changes in funding structure and state aid payment schedules also significantly affect the cash flow of Minnesota school districts. The increase in cash and investments in 2021 is the result of a decrease in due from other governmental units, mostly from 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 \$17.9 million for fiscal 2021.

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, | | | |
|---------------------------------------|----------------------|----------------------|----------------------|----------------------|
| | 2018 | 2019 | 2020 | 2021 |
| Revenue and other financing sources | \$ 56,814,173 | \$ 57,600,613 | \$ 58,677,674 | \$ 58,456,371 |
| Expenditures and other financing uses | 55,067,546 | 57,776,846 | 57,038,154 | 59,780,671 |
| Excess (deficiency) | 1,746,627 | (176,233) | 1,639,520 | (1,324,300) |
| Fund balances | | | | |
| Beginning of year | 9,145,014 | 10,891,641 | 10,715,408 | 12,354,928 |
| End of year | <u>\$ 10,891,641</u> | <u>\$ 10,715,408</u> | <u>\$ 12,354,928</u> | <u>\$ 11,030,628</u> |

In fiscal 2021, the Special Education Account expenditures and other financing uses is more than revenues by \$1,324,300, while the District's budgeted expectations projected a decrease of \$2,668,707. State sources was lower than budget by \$1,031,420, mainly due to lower than projected state special education state aid. Tuition revenue exceeded budget by \$1,734,759, mainly due to higher than projected revenues in the District's care and treatment programs. Expenditures were less than budget by \$1,306,970, mainly in salaries and employee benefits, mostly from open positions and lower than projected health insurance costs. The District also incurred less than budgeted transportation, supplies, and materials expenditures, due to operating under a hybrid learning model. The District recorded an intrafund transfer out of this account of \$2,007,491 that was \$664,546 higher than the final budget.

Special Education Account revenue and other financing sources decreased \$221,303. Special Education Account expenditures (excluding other financing uses) increased \$735,026, mainly due to increases in contractual salaries and benefits including health insurance.

Career and Technical Education Account

| | Year Ended June 30, | | | |
|---------------------------------------|---------------------|-------------------|-------------------|-------------------|
| | 2018 | 2019 | 2020 | 2021 |
| Revenue and other financing sources | \$ 1,089,690 | \$ 1,332,909 | \$ 1,613,475 | \$ 1,084,353 |
| Expenditures and other financing uses | 1,010,626 | 1,205,211 | 1,446,907 | 1,383,794 |
| Excess | 79,064 | 127,698 | 166,568 | (299,441) |
| Fund balances | | | | |
| Beginning of year | 340,094 | 419,158 | 546,856 | 713,424 |
| End of year | <u>\$ 419,158</u> | <u>\$ 546,856</u> | <u>\$ 713,424</u> | <u>\$ 413,983</u> |

In fiscal 2021, the Career and Technical Education Account fund balance decreased by \$299,441, while budget expectations projected a decrease of \$230,770 in fund balance. Most of this difference relates to lower than projected tuition revenue totaling \$163,519.

Academic Education Account

| | Year Ended June 30, | | | |
|--|---------------------|-------------------|---------------------|-------------------|
| | 2018 | 2019 | 2020 | 2021 |
| Revenue and other financing sources | \$ 11,012,519 | \$ 11,232,985 | \$ 12,372,300 | \$ 10,136,239 |
| Expenditures and other financing uses (net of capital lease activity) | 10,861,142 | 11,244,355 | 11,804,159 | 10,745,325 |
| Excess (deficiency) | 151,377 | (11,370) | 568,141 | (609,086) |
| Fund balances (deficit) | | | | |
| Beginning of year | 491,417 | 642,794 | 631,424 | 1,199,565 |
| End of year | <u>\$ 642,794</u> | <u>\$ 631,424</u> | <u>\$ 1,199,565</u> | <u>\$ 590,479</u> |

The Academic Education Account fund balance decreased by \$609,086 in 2021, while budget projections provided for a decrease in fund balance of \$1,230,131. State revenue was less than budgeted by \$735,292, mainly related to the decrease in students in the Northern Star On-line program. Expenditures were lower than budget by \$798,319 mainly in salaries and benefits related to the decline in student population and the resulting decreased need for staff. The District reported an intrafund transfer of \$1,757,800 that exceeded budgeted amounts by \$504,855.

Revenue (excluding other financing sources) in this account decreased by \$3,893,704 in 2021. This was mainly in online learning programs as discussed above.

Expenditures (excluding other financing uses) decreased in this account by \$1,058,834 in 2021. Most of this decrease was related to decreases in salaries and wages as previously discussed.

District-Wide Account

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

| | Year Ended June 30, | | | |
|---------------------------------------|---------------------|---------------------|---------------------|---------------------|
| | 2018 | 2019 | 2020 | 2021 |
| Revenue and other financing sources | \$ 16,113,118 | \$ 16,501,308 | \$ 16,171,572 | \$ 16,499,525 |
| Expenditures and other financing uses | 15,465,832 | 15,590,091 | 15,925,965 | 16,517,157 |
| Excess (deficiency) | 647,286 | 911,217 | 245,607 | (17,632) |
| Fund balances | | | | |
| Beginning of year | 840,780 | 1,488,066 | 2,399,293 | 2,644,900 |
| End of year | <u>\$ 1,488,066</u> | <u>\$ 2,399,283</u> | <u>\$ 2,644,900</u> | <u>\$ 2,627,268</u> |

The District-Wide Account fund balance decreased by \$17,632 in 2021. This compares to a budgeted decrease in fund balance of \$1,352,915. Revenues (excluding other financing sources) were under budget by \$798,897 mostly in federal revenue. Expenditures (excluding other financing uses) were under budget by \$1,515,624. The most significant expenditures under budget were for purchased services by \$574,770, salaries and wages by \$519,750, and supplies and materials by \$417,543. Much of the costs below budget relate to project delays and reduced grant expenditures, due to the pandemic. Revenue (excluding other financing sources) in this account increased by \$87,296. Expenditures (excluding other financing uses) increased by \$933,740, mainly in salaries and benefits due to contractual increases and increased costs for health insurance.

OTHER GOVERNMENTAL FUNDS

Food Service Special Revenue Fund

The District's Food Service Special Revenue Fund expenditures exceeded revenue by \$378,877. 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 \$577,003, 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 by \$1,752,582, leaving a fund balance of \$14,601,127 at June 30, 2021. 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, 2021, the Dental Self-Insurance Fund had unrestricted net position of \$696,583. The Health Self-Insurance Fund showed an increase in net position for the year of \$2,094,378, and ended the year with an unrestricted net position of \$12,449,967 at June 30, 2021, representing 113.5 percent of operating expenses.

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 |
|---|------------------------|------------------------|---------------------|
| | 2020 | 2021 | |
| Net position – governmental activities | | | |
| Total fund balances – governmental funds | \$ 36,144,756 | \$ 35,034,683 | \$ (1,110,073) |
| Net book value of capital assets | 84,943,639 | 84,199,348 | (744,291) |
| Capital leases payable | – | (145,158) | (145,158) |
| Certificates of participation payable | (69,145,000) | (66,315,000) | 2,830,000 |
| General obligation bonds payable | (4,565,000) | (4,300,000) | 265,000 |
| Severance benefits and compensated absences payable | (6,668,671) | (7,115,519) | (446,848) |
| OPEB adjustments | (4,805,089) | (4,649,178) | 155,911 |
| Net pension-related adjustments | (68,779,395) | (70,913,593) | (2,134,198) |
| Bond refunding deferments | 411,381 | 379,736 | (31,645) |
| Internal service funds net position | 11,103,160 | 13,146,550 | 2,043,390 |
| Accrued interest payable | (672,246) | (519,924) | 152,322 |
| Unamortized premium/discount on debt issued | (3,531,874) | (3,211,236) | 320,638 |
| Total net position – governmental activities | <u>\$ (25,564,339)</u> | <u>\$ (24,409,291)</u> | <u>\$ 1,155,048</u> |
| Net position | | | |
| Net investment in capital assets | \$ 8,690,149 | \$ 10,607,690 | \$ 1,917,541 |
| Restricted | 15,058,694 | 17,096,504 | 2,037,810 |
| Unrestricted | <u>(49,313,182)</u> | <u>(52,113,485)</u> | <u>(2,800,303)</u> |
| Total net position | <u>\$ (25,564,339)</u> | <u>\$ (24,409,291)</u> | <u>\$ 1,155,048</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 decreased \$2,800,303 in fiscal 2021. This change in unrestricted net position was from an increase in the Internal Service Fund net position and the changes in the District's proportionate share of the Public Employees Retirement Association and the Teachers Retirement Association pension obligations in the current year.

The District's net investment in capital assets increased \$1,917,541 in 2021. 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 \$2,037,810 mainly in restricted for debt service.

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LEGISLATIVE SUMMARY

In a typical year, the primary focus of the 2021 Minnesota legislative session would have been the development of the state's fiscal year (FY) 2022–2023 biennial budget. However, given the significant events of the preceding year, including the COVID-19 pandemic and death of George Floyd while in police custody, the focus of the regular session shifted to legislation responding to the pressing issues that resulted from these events. The business of setting a biennial budget and passing an education finance bill were ultimately not addressed until a June special session.

There was positive news on the state's budget outlook entering the session. A May 2020 special pandemic budget projection had predicted the state would finish the FY 2020–2021 biennium with a \$2.4 billion shortfall. By the regular budget and economic forecast in February 2021, the state's fiscal outlook had improved, projecting a positive budgetary variance of \$940 million at the end of the biennium, reducing the threat of potential funding cuts to local government programs. The resulting education finance bill passed and signed by the Governor on June 30, 2021, included appropriation increases of approximately \$554 billion for the FY 2022–2023 biennium, and \$669 billion for the FY 2024–2025 biennium.

The following is a brief summary of specific legislative changes from the 2021 Legislature impacting Minnesota school districts in future years.

General Education Revenue – The Legislature approved annual increases of 2.45 percent and 2.00 percent to the basic general education formula allowance for the FY 2022–2023 biennium. The per pupil allowance will increase \$161 to \$6,728 for FY 2022, and another \$135 to \$6,863 for FY 2023.

English Learner Cross Subsidy Aid – Approved annual appropriations of \$2 million to provide English learner cross-subsidy aid for FY 2022 through FY 2025. This new funding will be allocated annually to school districts and charter schools based on their proportionate share of English learner and concentration revenue from the preceding fiscal year, and must be used and accounted for within the basic skills program.

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, which 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. The 2021 Legislature approved an additional appropriation of \$10.425 million to fund a one-time increase to cross-subsidy for FY 2022, which is estimated to increase the percentage funded by 1.24 percent to a total of 7.67 percent. Charter schools are not eligible for cross-subsidy reduction aid. Intermediate districts are not eligible for cross-subsidy reduction aid.

Voluntary Pre-Kindergarten (VPK) and School Readiness Plus (SRP) – The Legislature approved continued funding for FY 2022 and FY 2023 to maintain 4,000 state-wide VPK and SRP seats set to expire after FY 2021. The Local Optional Revenue (LOR) second tier equalization factor was increased for FY 2023 only to offset the state-wide impact of levy changes for the VPK/SRP continuation, which should result in a levy increase for VPK/SRP districts and a levy decrease for most other districts.

Hiring Bonuses – Districts or schools are authorized to offer a hiring or retention bonus of \$2,500–\$5,000 to attract teachers who are American Indians or persons of color, or \$4,000–\$8,000 to meet staffing needs in shortage areas and to attract teachers who are American Indians or persons of color.

Sales Tax Exemption – A previous sales tax exemption for sales made by school-associated student groups for funding extracurricular student activities, that was eliminated by the 2019 omnibus education bill, was restored.

Staff Development – Teacher mentorship was added as an eligible use of general education aid restricted for staff development as part of a mandate for districts to develop teacher mentoring programs.

Lunch Shaming Prohibited – Students approved for free or reduced-price meal status must be served reimbursable meals irrespective of any outstanding individual student lunch account debt. Districts are required to post this policy.

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 SUPERSESSON 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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INTERMEDIATE DISTRICT NO. 287
PLYMOUTH, MINNESOTA

Financial Statements and
Supplemental Information

Year Ended
June 30, 2021

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INTRODUCTORY SECTION

INTERMEDIATE DISTRICT NO. 287

Board of Directors and Administration
as of June 30, 2021

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 |
| Ruthie Dallas | Brooklyn Center | Treasurer |
| Crystal Brakke | Richfield | Clerk |
| Shannon Andreson | Hopkins | Director |
| Anne Casey | St. Louis Park | Director |
| Michèle Kunz | Orono | Director |
| Heidi Marty | Westonka | Director |
| Jacqueline Mosqueda-Jones | Osseo | Director |
| Samir Sant | Robbinsdale | Director |
| Adam Seidel | Eden Prairie | Director |

ADMINISTRATION

| | |
|------------------------|--|
| Sandra Lewandowski | Superintendent |
| Elisabeth Lodge Rogers | Assistant Superintendent of Programs and Services |
| Anne Becker | General Counsel and Executive Director of Labor Relations |
| Chad Maxa | Executive Director of Strategic Implementation |
| Benjamin Magras | Executive Director of School and Student Outcomes |
| Mae Hawkins | Executive Director of Business Services |
| Michelle Axell | Director of Human Resources |
| Kim Helgeson | Director of Technology and Student Information Systems |
| Rachel Hicks | Director of Communications and Public Relations |
| Melissa Brateng | Director of Special Education and Student Support and Itinerant Services |
| Jonathan Voss | Director of Teaching and Learning |
| Tonya Allen | Director of Mental Health and Family Engagement |
| Radious Guess | Director of Equity and Inclusion |
| 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, 2021, 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, 2021, 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.

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 Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the 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.

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.

(continued)

Prior Year Comparative Information

We have previously audited the District's 2020 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 17, 2020. In our opinion, the partial comparative information presented herein as of and for the year ended June 30, 2020 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 15, 2021 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 15, 2021

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INTERMEDIATE DISTRICT NO. 287

Management's Discussion and Analysis Year Ended June 30, 2021

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, 2021. 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 2021 include the following:

- The District's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources at June 30, 2021 by (\$24,409,291) (deficit net position). The District's total net position increased by \$1,155,048 during the fiscal year ended June 30, 2021. This increase is mostly related to positive operating results in the District's Internal Service Fund and Debt Service Fund offset by 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 decreased \$2,285,652 and ended the year at \$20,433,556.
- The District's governmental fund Balance Sheet reflects a \$7,451,542 unassigned fund balance.

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:

| | 2021 | 2020 |
|--|-----------------|-----------------|
| Assets | | |
| Current and other assets | \$ 45,714,415 | \$ 44,449,040 |
| Restricted assets | 14,218,423 | 13,637,838 |
| Capital assets, net of accumulated depreciation | 84,199,348 | 84,943,639 |
| Total assets | \$ 144,132,186 | \$ 143,030,517 |
| Deferred outflows of resources | | |
| Bond refunding deferments | \$ 379,736 | \$ 411,381 |
| Pension plan deferments | 21,196,316 | 33,470,388 |
| OPEB plan deferments | 1,154,278 | 1,129,649 |
| Total deferred outflows of resources | \$ 22,730,330 | \$ 35,011,418 |
| Liabilities | | |
| Current and other liabilities | \$ 12,271,529 | \$ 11,511,208 |
| Long-term liabilities, including due within one year | 142,579,882 | 137,741,825 |
| Total liabilities | \$ 154,851,411 | \$ 149,253,033 |
| Deferred inflows of resources | | |
| Pension plan deferments | \$ 35,498,107 | \$ 53,289,223 |
| OPEB plan deferments | 922,289 | 1,064,018 |
| Total deferred inflows of resources | \$ 36,420,396 | \$ 54,353,241 |
| Net position | | |
| Net investment in capital assets | \$ 10,607,690 | \$ 8,690,149 |
| Restricted | 17,096,504 | 15,058,694 |
| Unrestricted | (52,113,485) | (49,313,182) |
| Total net position | \$ (24,409,291) | \$ (25,564,339) |

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 \$1,155,048. The net investment in capital assets increased by \$1,917,541 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 Internal Service Fund net position 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 in pensions was also the significant factor in the changes in deferred outflows and inflows of resources, and long-term liabilities.

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

| | <u>2021</u> | <u>2020</u> |
|--|-------------------------------|-------------------------------|
| Revenue | | |
| Program revenues | | |
| Charges for services | \$ 19,630,956 | \$ 21,104,022 |
| Operating grants and contributions | 63,896,514 | 67,325,134 |
| General revenues | | |
| General grants and aids | 8,469,580 | 7,748,726 |
| Other general revenues | 450,404 | 419,827 |
| Investment earnings | 516,617 | 813,931 |
| Total revenue | <u>92,964,071</u> | <u>97,411,640</u> |
| Expenses | | |
| Career and technical education | 1,521,795 | 1,441,711 |
| Academic education | 10,847,983 | 11,808,725 |
| Special education | 58,192,490 | 57,723,643 |
| Student clubs | 5,787 | 13,682 |
| Administrative support services and operations and maintenance | 17,523,399 | 17,469,152 |
| Food service | 663,423 | 659,890 |
| Interest and fiscal charges on debt | 3,054,146 | 3,523,231 |
| Total expenses | <u>91,809,023</u> | <u>92,640,034</u> |
| Change in net position | 1,155,048 | 4,771,606 |
| Net position – beginning | <u>(25,564,339)</u> | <u>(30,335,945)</u> |
| Net position – ending | <u><u>\$ (24,409,291)</u></u> | <u><u>\$ (25,564,339)</u></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.

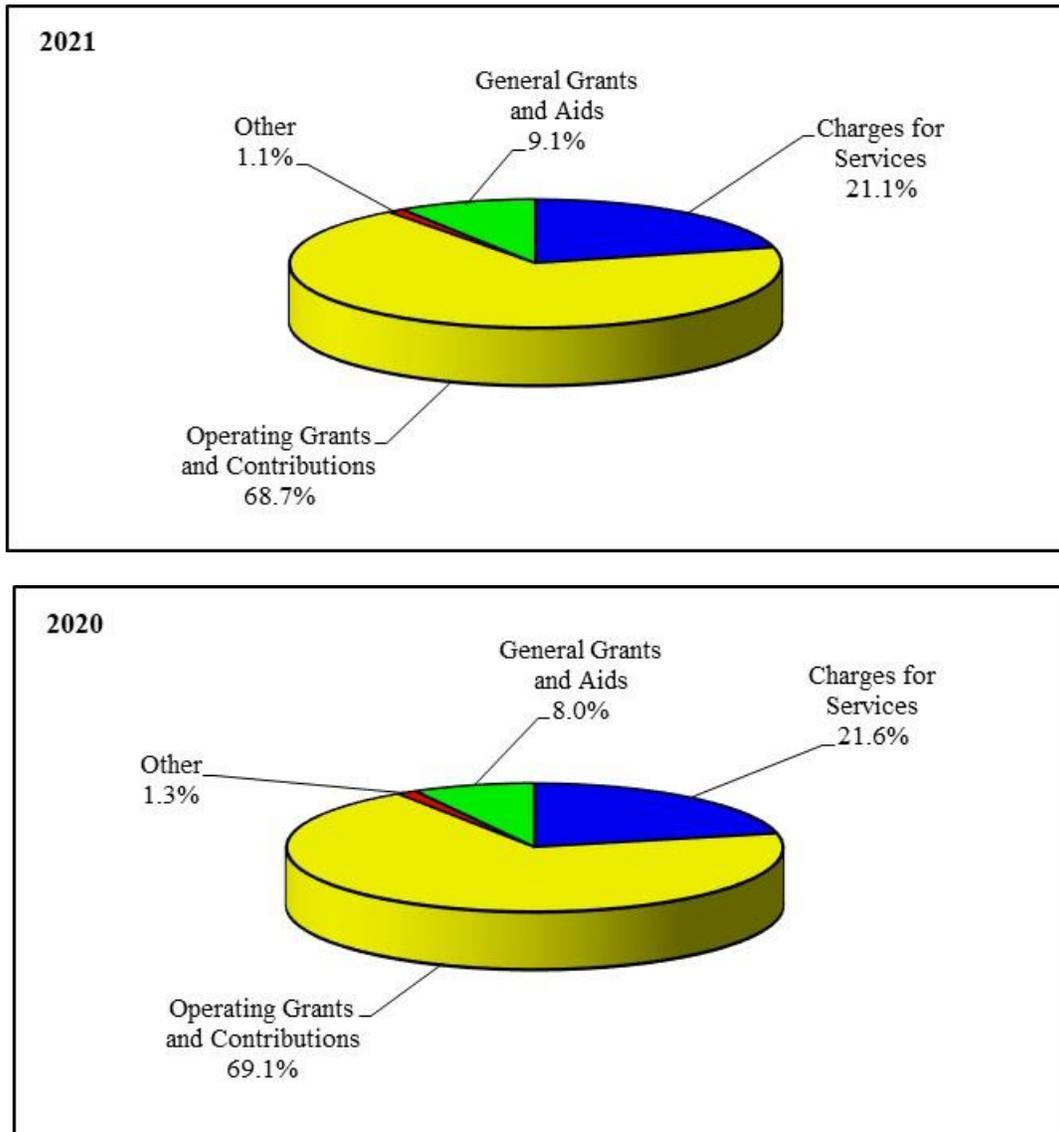
The District’s total revenues were \$92,964,071 for the year ended June 30, 2021. Charges for services account for 21.1 percent of total revenues for the year, while operating grants and contributions accounted for 68.7 percent. General grants and aids accounted for 9.1 percent of the total revenue, 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.

Revenue declined \$4,447,569 in fiscal 2021. Academic Education revenues declined \$3,893,704, mainly due to declines in the Northern Star Online program. As member districts began to operate remotely due to the COVID-19 pandemic, students chose to utilize their home district’s online resources.

The total cost of all programs and services was \$91,809,023.

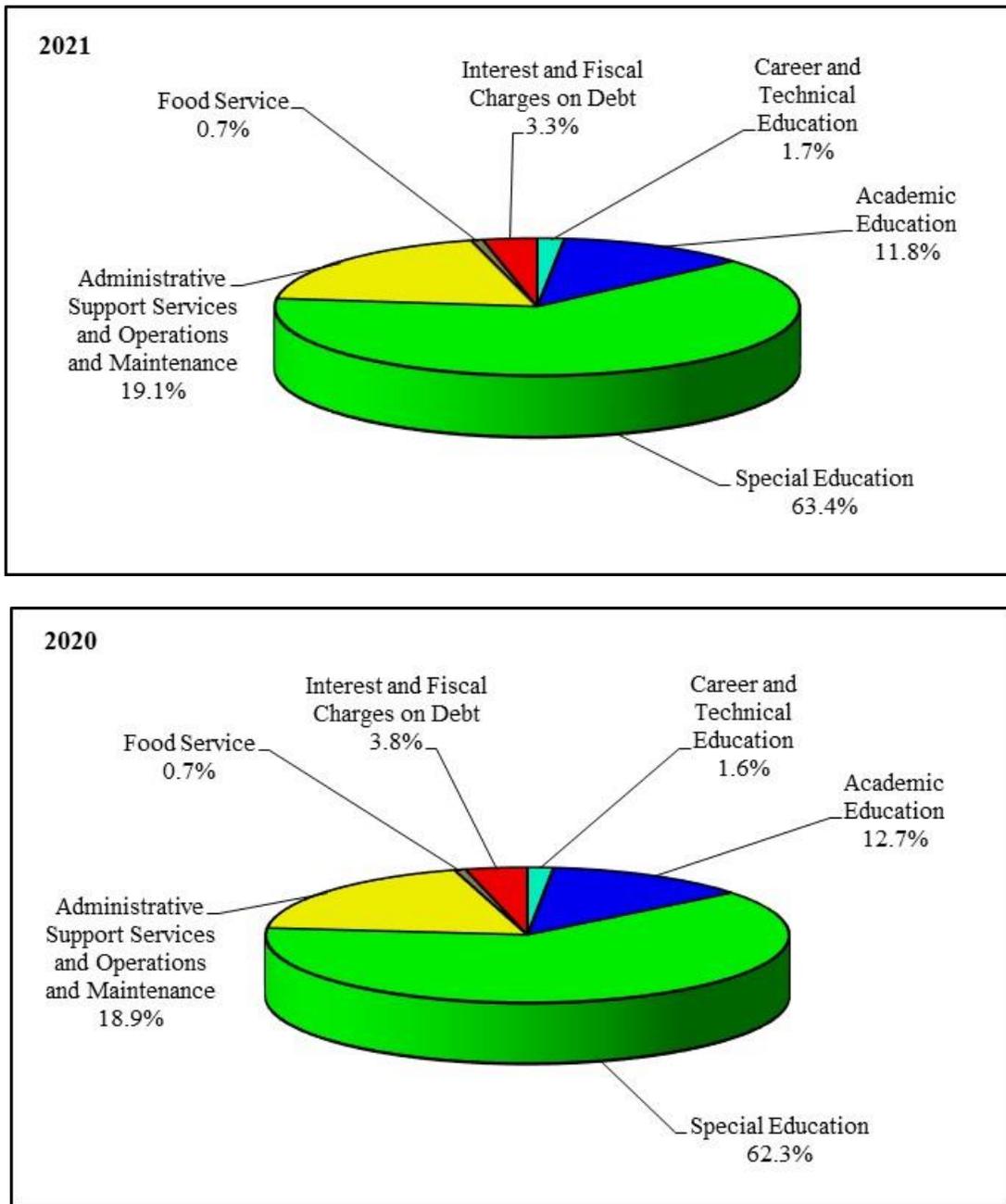
Figures A and B show further analysis of these revenue sources and expense functions:

Figure A – Sources of Revenues for Fiscal Years 2021 and 2020



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.

Figure B – Expenses for Fiscal Years 2021 and 2020



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 76.9 percent of the total. Total expenses for the year in administrative support services and operations and maintenance were 19.1 percent, which include administrative, business services, instructional support services, and building operations and maintenance. Debt service expenses related to financing of facilities were 3.3 percent of total expenses.

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

| | 2021 | | 2020 | |
|---|---------------------------|---|---------------------------|---|
| | 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 | \$ 1,521,795 | \$ (437,442) | \$ 1,441,711 | \$ 171,764 |
| Academic education | 10,847,983 | (2,507,827) | 11,808,725 | 463,417 |
| Special education | 58,192,490 | 243,515 | 57,723,643 | 923,340 |
| Student clubs | 5,787 | (3,905) | 13,682 | (2,799) |
| Administrative support services and operations and maintenance | 17,523,399 | (2,187,100) | 17,469,152 | (1,913,754) |
| Food service | 663,423 | (334,648) | 659,890 | (329,615) |
| Interest and fiscal charges on debt | 3,054,146 | (3,054,146) | 3,523,231 | (3,523,231) |
| | \$ 91,809,023 | \$ (8,281,553) | \$ 92,640,034 | \$ (4,210,878) |

The change in net (expenses over) revenues from services in academic education is mainly related to the decline in students in the Northern Star On-line program as previously discussed.

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:

| | 2021 | 2020 | Change |
|--|---------------|---------------|----------------|
| Major funds | | | |
| General | \$ 20,433,556 | \$ 22,719,208 | \$ (2,285,652) |
| Debt Service | 14,601,127 | 12,848,545 | 1,752,582 |
| Nonmajor funds | | | |
| Capital Projects – Building Construction Fund | – | 577,003 | (577,003) |
| Total governmental funds | \$ 35,034,683 | \$ 36,144,756 | \$ (1,110,073) |

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 \$5,563,206. 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 \$1,788,609. 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, 2021 and 2020 | | | |
| | <u>2021</u> | <u>2020</u> | <u>Change</u> |
| Local sources | | | |
| Pass-through levies | \$ 2,576,713 | \$ 2,597,370 | \$ (20,657) |
| Tuition | 18,699,103 | 21,051,703 | (2,352,600) |
| Investment earnings | 16,438 | 205,672 | (189,234) |
| Other | 802,054 | 922,149 | (120,095) |
| State sources | 60,530,137 | 63,397,394 | (2,867,257) |
| Federal sources | <u>1,554,714</u> | <u>550,089</u> | <u>1,004,625</u> |
| Total General Fund revenues | <u>\$ 84,179,159</u> | <u>\$ 88,724,377</u> | <u>\$ (4,545,218)</u> |

The District received \$2,576,713 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 decreased in a number of areas, including the District’s Pathways program and alternative learning programs. State sources also decreased as a result of decreases in the special education aid and Northern Star Online program-related aid. These decreases were a result of decreased enrollment as previously discussed. Federal revenue increases relate to aid received from COVID-19 pandemic related stimulus grants and additional literacy development grants received in fiscal 2021.

Table 6 presents a summary of General Fund expenditures:

| | <u>2021</u> | <u>2020</u> | <u>Change</u> |
|--|-----------------------------|-----------------------------|--------------------------|
| Salaries | \$ 53,579,849 | \$ 53,042,985 | \$ 536,864 |
| Employee benefits | 23,232,753 | 22,354,960 | 877,793 |
| Purchased services | 6,111,956 | 6,926,919 | (814,963) |
| Supplies and materials | 1,877,734 | 2,286,315 | (408,581) |
| Capital expenditures | 1,034,938 | 607,887 | 427,051 |
| Other expenditures | 395,660 | 416,450 | (20,790) |
| Debt service | — | 42,535 | (42,535) |
| Total General Fund expenditures | <u>\$ 86,232,890</u> | <u>\$ 85,678,051</u> | <u>\$ 554,839</u> |

The increase in expenditures of \$554,839 is mainly the result of increases in salaries and benefits, mainly from the costs of health insurance. This was offset by decreased purchased services mainly in the special education program.

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

| | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> |
|--|--------------|--------------|--------------|--------------|--------------|
| Unrestricted – unassigned fund balance | \$ 6,818,690 | \$ 7,669,423 | \$ 7,832,605 | \$ 8,398,933 | \$ 7,451,542 |
| Unassigned fund balance as a percentage of noncapital lease-related expenditures | 8.3% | 9.4% | 9.2% | 9.8% | 8.6% |

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 \$7,451,542 at June 30, 2021, represents 8.6 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>\$ 94,822,078</u> | <u>\$ 85,089,320</u> | <u>\$ 84,326,115</u> | <u>\$ (763,205)</u> | <u>(0.9%)</u> |
| Expenditures and other financing uses | <u>\$ 96,437,163</u> | <u>\$ 90,580,165</u> | <u>\$ 86,611,767</u> | <u>\$ (3,968,398)</u> | <u>(4.4%)</u> |

Revenues and other financing sources were under budget, mainly in state sources for academic education from on-line programs and special education, as program expenditures were lower than anticipated.

Expenditures and other financing uses were under budget by \$3,968,398. Academic education expenditures were under budget by \$798,319, mainly in salaries and benefits from cost-containment measures related to declining enrollment. Special education expenditures were under budget by \$1,306,970, as salaries and benefits were lower than budgeted, mainly from lower than expected purchased services, due to the impact of the COVID-19 pandemic on operations. Administrative support services and operations and maintenance were under budget by \$1,515,624, mainly from activities not being able to operate due to the pandemic, and budgets for building repairs and personal protective equipment (PPE) due to donations and supplies not being fully spent.

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. The fund ended the year with a zero fund balance.

Food Service Special Revenue Fund

Expenditures exceeded revenues by \$378,877 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 2021 totaled \$13,688,219. Operating expenses totaled \$11,659,043 for self-insured health and dental benefit claims.

The net position for internal service funds as of June 30, 2021 totaled \$13,146,550, which represents an increase of \$2,043,390 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, 2021 and 2020:

| | <u>2021</u> | <u>2020</u> | <u>Change</u> |
|-------------------------------|----------------------|----------------------|---------------------|
| Land | \$ 10,865,963 | \$ 10,865,963 | \$ - |
| Buildings | 95,847,167 | 93,809,028 | 2,038,139 |
| Equipment | 4,988,154 | 5,079,034 | (90,880) |
| Construction in progress | 14,000 | 890,883 | (876,883) |
| Less accumulated depreciation | <u>(27,515,936)</u> | <u>(25,701,269)</u> | <u>(1,814,667)</u> |
| Total | <u>\$ 84,199,348</u> | <u>\$ 84,943,639</u> | <u>\$ (744,291)</u> |
| Depreciation expense | <u>\$ 2,097,181</u> | <u>\$ 1,984,116</u> | <u>\$ 113,065</u> |

The increase in buildings is related to the completion of 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:

| | 2021 | 2020 | Change |
|---|-----------------------|-----------------------|---------------------|
| Capital leases payable | \$ 145,158 | \$ – | \$ 145,158 |
| Certificates of participation payable | 66,315,000 | 69,145,000 | (2,830,000) |
| General obligation bonds payable | 4,300,000 | 4,565,000 | (265,000) |
| Unamortized premium/discount on debt issued | 3,211,236 | 3,531,874 | (320,638) |
| Severance benefits payable | 5,673,259 | 5,465,662 | 207,597 |
| Compensated absences payable | 1,442,260 | 1,203,009 | 239,251 |
| Total OPEB liability | 4,881,167 | 4,870,720 | 10,447 |
| Net pension liability | 56,611,802 | 48,960,560 | 7,651,242 |
| Total | <u>\$ 142,579,882</u> | <u>\$ 137,741,825</u> | <u>\$ 4,838,057</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. The decline in net pension liability is related to the changes in state-wide pension obligations previously discussed.

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 caused numerous financial and operational challenges for school districts in fiscal 2021, including impacting the number of students served, and is expected to continue to have a significant impact in fiscal 2022 and possibly beyond.

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, 2021
(With Partial Comparative Information as of June 30, 2020)

| | Governmental Activities | |
|--|-------------------------|-----------------------|
| | 2021 | 2020 |
| Assets | | |
| Cash and temporary investments | \$ 19,507,400 | \$ 15,689,806 |
| Receivables | | |
| Accounts and interest | 547,911 | 492,170 |
| Due from other governmental units | 25,575,332 | 28,046,702 |
| Inventory | 23,515 | 22,744 |
| Prepaid items | 60,257 | 197,618 |
| Restricted assets – temporarily restricted | | |
| Cash and investments for debt service | 14,218,423 | 12,543,833 |
| Cash and investments for capital projects | – | 1,094,005 |
| Capital assets, net of depreciation | | |
| Not depreciated | 10,879,963 | 11,756,845 |
| Depreciated, net of accumulated depreciation | 73,319,385 | 73,186,794 |
| Total capital assets, net of accumulated depreciation | <u>84,199,348</u> | <u>84,943,639</u> |
| Total assets | 144,132,186 | 143,030,517 |
| Deferred outflows of resources | | |
| Bond refunding deferments | 379,736 | 411,381 |
| Pension plan deferments | 21,196,316 | 33,470,388 |
| OPEB plan deferments | 1,154,278 | 1,129,649 |
| Total deferred outflows of resources | <u>22,730,330</u> | <u>35,011,418</u> |
| Total assets and deferred outflows of resources | <u>\$ 166,862,516</u> | <u>\$ 178,041,935</u> |
| Liabilities | | |
| Salaries and compensated absences payable | \$ 6,857,761 | \$ 6,670,025 |
| Accounts and contracts payable | 1,630,265 | 2,020,961 |
| Accrued interest payable | 519,924 | 672,246 |
| Due to other governmental units | 1,956,758 | 1,097,850 |
| Unearned revenue | 1,306,821 | 1,050,126 |
| Long-term liabilities | | |
| Due within one year | 6,200,298 | 4,717,456 |
| Due in more than one year | 136,379,584 | 133,024,369 |
| Total long-term liabilities | <u>142,579,882</u> | <u>137,741,825</u> |
| Total liabilities | 154,851,411 | 149,253,033 |
| Deferred inflows of resources | | |
| Pension plan deferments | 35,498,107 | 53,289,223 |
| OPEB plan deferments | 922,289 | 1,064,018 |
| Total deferred inflows of resources | <u>36,420,396</u> | <u>54,353,241</u> |
| Net position | | |
| Net investment in capital assets | 10,607,690 | 8,690,149 |
| Restricted for | | |
| State funding restrictions | 3,015,301 | 2,882,395 |
| Debt service | 14,081,203 | 12,176,299 |
| Unrestricted | (52,113,485) | (49,313,182) |
| Total net position | <u>(24,409,291)</u> | <u>(25,564,339)</u> |
| Total liabilities, deferred inflows of resources, and net position | <u>\$ 166,862,516</u> | <u>\$ 178,041,935</u> |

INTERMEDIATE DISTRICT NO. 287

Statement of Activities
 Year Ended June 30, 2021
 (With Partial Comparative Information for the Year Ended June 30, 2020)

| Functions/Programs | 2021 | | | 2020 | |
|--|----------------------|-------------------------|--|--|--------------------|
| | Expenses | Program Revenues | | Net (Expense) Revenue and Changes in Net Position | |
| | | Charges for Services | Operating Grants and Contributions | Governmental Activities | |
| | | | Governmental Activities | Governmental Activities | |
| Governmental activities | | | | | |
| Career and technical education | \$ 1,521,795 | \$ 976,067 | \$ 108,286 | \$ (437,442) | \$ 171,764 |
| Academic education | 10,847,983 | 4,292,022 | 4,048,134 | (2,507,827) | 463,417 |
| Special education | 58,192,490 | 10,090,131 | 48,345,874 | 243,515 | 923,340 |
| Student clubs | 5,787 | — | 1,882 | (3,905) | (2,799) |
| Administrative support services and operations and maintenance | 17,523,399 | 4,268,174 | 11,068,125 | (2,187,100) | (1,913,754) |
| Food service | 663,423 | 4,562 | 324,213 | (334,648) | (329,615) |
| Interest and fiscal charges on debt | 3,054,146 | — | — | (3,054,146) | (3,523,231) |
| Total governmental activities | \$ 91,809,023 | \$ 19,630,956 | \$ 63,896,514 | (8,281,553) | (4,210,878) |
| General revenues | | | | | |
| General grants and aids | | | | 8,469,580 | 7,748,726 |
| Other general revenues | | | | 450,404 | 419,827 |
| Investment earnings | | | | 516,617 | 813,931 |
| Total general revenues | | | | 9,436,601 | 8,982,484 |
| Change in net position | | | | 1,155,048 | 4,771,606 |
| Net position – beginning | | | | (25,564,339) | (30,335,945) |
| Net position – ending | | | | \$ (24,409,291) | \$ (25,564,339) |

INTERMEDIATE DISTRICT NO. 287

Balance Sheet
 Governmental Funds
 as of June 30, 2021
 (With Partial Comparative Information as of June 30, 2020)

| | <u>General Fund</u> | <u>Debt Service Fund</u> | <u>Nonmajor Funds</u> |
|---|----------------------|------------------------------|---------------------------|
| Assets | | | |
| Cash and temporary investments | \$ 4,383,332 | \$ - | \$ - |
| Cash and investments held by trustee | - | 14,218,423 | - |
| Receivables | | | |
| Accounts and interest | 332,554 | 212,491 | 2,738 |
| Due from other funds | 1,283,682 | - | - |
| Due from other governmental units | 24,105,133 | 1,443,849 | 26,350 |
| Inventory | - | - | 23,515 |
| Prepaid items | 59,977 | - | 280 |
| | <u>30,164,678</u> | <u>15,874,763</u> | <u>52,883</u> |
| Total assets | <u>\$ 30,164,678</u> | <u>\$ 15,874,763</u> | <u>\$ 52,883</u> |
| Liabilities | | | |
| Salaries and compensated absences payable | \$ 6,825,979 | \$ - | \$ 31,782 |
| Due to other funds | - | 1,273,598 | 10,084 |
| Accounts and contracts payable | 668,964 | - | 2,289 |
| Due to other governmental units | 1,949,513 | 38 | 2,217 |
| Unearned revenue | 286,666 | - | 6,511 |
| | <u>9,731,122</u> | <u>1,273,636</u> | <u>52,883</u> |
| Total liabilities | <u>9,731,122</u> | <u>1,273,636</u> | <u>52,883</u> |
| Fund balances | | | |
| Nonspendable | 59,977 | - | - |
| Restricted | 3,015,301 | 14,601,127 | - |
| Assigned | 9,906,736 | - | - |
| Unassigned | 7,451,542 | - | - |
| | <u>20,433,556</u> | <u>14,601,127</u> | <u>-</u> |
| Total fund balances | <u>20,433,556</u> | <u>14,601,127</u> | <u>-</u> |
| Total liabilities and fund balances | <u>\$ 30,164,678</u> | <u>\$ 15,874,763</u> | <u>\$ 52,883</u> |

Total Governmental Funds

| | 2021 | | 2020 |
|----|------------|----|------------|
| \$ | 4,383,332 | \$ | 2,601,698 |
| | 14,218,423 | | 13,637,838 |
| | 547,783 | | 491,947 |
| | 1,283,682 | | 1,379,438 |
| | 25,575,332 | | 28,046,702 |
| | 23,515 | | 22,744 |
| | 60,257 | | 197,618 |
| | 46,092,324 | | 46,377,985 |

| | | | |
|----|------------|----|------------|
| \$ | 6,857,761 | \$ | 6,670,025 |
| | 1,283,682 | | 1,379,438 |
| | 671,253 | | 1,023,882 |
| | 1,951,768 | | 1,092,180 |
| | 293,177 | | 67,704 |
| | 11,057,641 | | 10,233,229 |

| | | | |
|----|------------|----|------------|
| | 59,977 | | 192,741 |
| | 17,616,428 | | 16,306,776 |
| | 9,906,736 | | 11,246,306 |
| | 7,451,542 | | 8,398,933 |
| | 35,034,683 | | 36,144,756 |
| \$ | 46,092,324 | \$ | 46,377,985 |

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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, 2021

(With Partial Comparative Information as of June 30, 2020)

| | <u>2021</u> | <u>2020</u> |
|--|------------------------|------------------------|
| Total fund balances – governmental funds | \$ 35,034,683 | \$ 36,144,756 |
| 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 | 111,715,284 | 110,644,908 |
| Accumulated depreciation | (27,515,936) | (25,701,269) |
| Governmental funds do not report a liability for accrued interest on long-term debt until due and payable. | | |
| | (519,924) | (672,246) |
| 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 | (145,158) | – |
| Certificates of participation payable | (66,315,000) | (69,145,000) |
| General obligation bonds payable | (4,300,000) | (4,565,000) |
| Unamortized premium/discount on debt issued | (3,211,236) | (3,531,874) |
| Severance benefits payable | (5,673,259) | (5,465,662) |
| Compensated absences payable | (1,442,260) | (1,203,009) |
| Total OPEB liability | (4,881,167) | (4,870,720) |
| Net pension liability | (56,611,802) | (48,960,560) |
| 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 | 379,736 | 411,381 |
| Deferred outflows of resources – pension plan deferments | 21,196,316 | 33,470,388 |
| Deferred inflows of resources – pension plan deferments | (35,498,107) | (53,289,223) |
| Deferred outflows of resources – OPEB plan deferments | 1,154,278 | 1,129,649 |
| Deferred inflows of resources – OPEB plan deferments | (922,289) | (1,064,018) |
| 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>13,146,550</u> | <u>11,103,160</u> |
| Total net position – governmental activities | <u>\$ (24,409,291)</u> | <u>\$ (25,564,339)</u> |

INTERMEDIATE DISTRICT NO. 287

Statement of Revenue, Expenditures, and Changes in Fund Balances
 Governmental Funds
 Year Ended June 30, 2021
 (With Partial Comparative Information for the Year Ended June 30, 2020)

| | <u>General Fund</u> | <u>Debt Service Fund</u> | <u>Nonmajor Funds</u> |
|---|----------------------|------------------------------|---------------------------|
| Revenue | | | |
| Local sources | | | |
| Pass-through levies | \$ 2,576,713 | \$ 5,194,968 | \$ - |
| Tuition | 18,699,103 | 887,719 | - |
| Investment earnings | 16,438 | 485,921 | 41 |
| Other | 802,054 | 223,962 | 4,562 |
| State sources | 60,530,137 | - | 90 |
| Federal sources | 1,554,714 | 1,550,473 | 324,124 |
| Total revenue | <u>84,179,159</u> | <u>8,343,043</u> | <u>328,817</u> |
| Expenditures | | | |
| Current | | | |
| Career and technical education | 1,514,310 | - | - |
| Academic education | 10,760,251 | - | - |
| Special education | 57,773,180 | - | - |
| Student clubs | 5,787 | - | - |
| Administrative support services and operations and maintenance | 16,179,362 | - | - |
| Food service | - | - | 707,653 |
| Capital outlay | - | - | 577,044 |
| Debt service | | | |
| Principal | - | 3,095,000 | - |
| Interest and fiscal charges | - | 3,495,461 | - |
| Total expenditures | <u>86,232,890</u> | <u>6,590,461</u> | <u>1,284,697</u> |
| Excess (deficiency) of revenue over expenditures | (2,053,731) | 1,752,582 | (955,880) |
| Other financing sources (uses) | | | |
| Capital lease issued | 145,158 | - | - |
| Refunding debt issued | - | - | - |
| Premium on debt issued | - | - | - |
| Payment on refunded debt | - | - | - |
| Transfers in | - | - | 378,877 |
| Transfers (out) | (378,877) | - | - |
| Sale of assets | 1,798 | - | - |
| Total other financing sources (uses) | <u>(231,921)</u> | <u>-</u> | <u>378,877</u> |
| Net change in fund balances | (2,285,652) | 1,752,582 | (577,003) |
| Fund balances | | | |
| Beginning of year | <u>22,719,208</u> | <u>12,848,545</u> | <u>577,003</u> |
| End of year | <u>\$ 20,433,556</u> | <u>\$ 14,601,127</u> | <u>\$ -</u> |

Total Governmental Funds

| 2021 | 2020 |
|---------------|---------------|
| \$ 7,771,681 | \$ 7,480,637 |
| 19,586,822 | 22,138,098 |
| 502,400 | 660,338 |
| 1,030,578 | 1,237,060 |
| 60,530,227 | 63,410,511 |
| 3,429,311 | 2,319,508 |
| 92,851,019 | 97,246,152 |
| 1,514,310 | 1,484,131 |
| 10,760,251 | 11,837,994 |
| 57,773,180 | 57,038,154 |
| 5,787 | 13,682 |
| 16,179,362 | 15,261,555 |
| 707,653 | 655,165 |
| 577,044 | 1,183,646 |
| 3,095,000 | 3,024,832 |
| 3,495,461 | 3,731,522 |
| 94,108,048 | 94,230,681 |
| (1,257,029) | 3,015,471 |
| 145,158 | — |
| — | 3,085,000 |
| — | 198,874 |
| — | (3,205,000) |
| 378,877 | 324,892 |
| (378,877) | (324,892) |
| 1,798 | 6,625 |
| 146,956 | 85,499 |
| (1,110,073) | 3,100,970 |
| 36,144,756 | 33,043,786 |
| \$ 35,034,683 | \$ 36,144,756 |

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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, 2021

(With Partial Comparative Information for the Year Ended June 30, 2020)

| | <u>2021</u> | <u>2020</u> |
|--|---------------------|---------------------|
| Total net change in fund balances – governmental funds | \$ (1,110,073) | \$ 3,100,970 |
| 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 | 1,352,890 | 1,456,925 |
| Depreciation expense | (2,097,181) | (1,984,116) |
| 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) |
| Capital lease payable | (145,158) | – |
| Repayment of long-term debt principal does not affect the change in net position. However, it reduces fund balances. | | |
| Capital leases payable | – | 39,832 |
| Certificates of participation payable | 2,830,000 | 5,935,000 |
| General obligation bonds payable | 265,000 | 255,000 |
| 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. | | |
| | 152,322 | (14,067) |
| 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) |
| 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. | | |
| | 2,043,390 | 3,322,230 |
| 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. | | |
| | 320,638 | 55,129 |
| 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 | (207,597) | 18,955 |
| Compensated absences payable | (239,251) | (360,456) |
| Total OPEB liability | (10,447) | 273,898 |
| Net pension liability | (7,651,242) | (34,186) |
| 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 | (12,274,072) | (17,211,366) |
| Deferred inflows of resources – pension plan deferments | 17,791,116 | 13,282,152 |
| Deferred outflows of resources – OPEB plan deferments | 24,629 | 714,247 |
| Deferred inflows of resources – OPEB plan deferments | 141,729 | (908,086) |
| Change in net position – governmental activities | <u>\$ 1,155,048</u> | <u>\$ 4,771,606</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, 2021

| | Budgeted Amounts | | Actual | Over (Under) Final Budget |
|---|-----------------------|-----------------------|----------------------|------------------------------|
| | Original | Final | | |
| Revenue | | | | |
| Local sources | | | | |
| Pass-through levies | \$ 2,646,206 | \$ 2,538,146 | \$ 2,576,713 | \$ 38,567 |
| Tuition | 21,185,589 | 17,557,786 | 18,699,103 | 1,141,317 |
| Investment earnings | 247,931 | 205,635 | 16,438 | (189,197) |
| Other | 932,168 | 746,634 | 802,054 | 55,420 |
| State sources | 69,286,315 | 61,879,572 | 60,530,137 | (1,349,435) |
| Federal sources | 523,869 | 2,161,547 | 1,554,714 | (606,833) |
| Total revenue | <u>94,822,078</u> | <u>85,089,320</u> | <u>84,179,159</u> | <u>(910,161)</u> |
| Expenditures | | | | |
| Current | | | | |
| Career and technical education | 1,540,904 | 1,431,924 | 1,514,310 | 82,386 |
| Academic education | 12,782,935 | 11,633,644 | 10,760,251 | (873,393) |
| Special education | 64,905,471 | 59,080,150 | 57,773,180 | (1,306,970) |
| Student clubs | 26,822 | 24,522 | 5,787 | (18,735) |
| Administrative support services and operations and maintenance | 16,746,399 | 17,790,175 | 16,179,362 | (1,610,813) |
| Total expenditures | <u>96,002,531</u> | <u>89,960,415</u> | <u>86,232,890</u> | <u>(3,727,525)</u> |
| Excess (deficiency) of revenue over expenditures | (1,180,453) | (4,871,095) | (2,053,731) | 2,817,364 |
| Other financing sources (uses) | | | | |
| Capital lease issued | — | — | 145,158 | 145,158 |
| Transfers (out) | (434,632) | (619,750) | (378,877) | 240,873 |
| Sale of assets | — | — | 1,798 | 1,798 |
| Total other financing sources (uses) | <u>(434,632)</u> | <u>(619,750)</u> | <u>(231,921)</u> | <u>387,829</u> |
| Net change in fund balances | <u>\$ (1,615,085)</u> | <u>\$ (5,490,845)</u> | <u>(2,285,652)</u> | <u>\$ 3,205,193</u> |
| Fund balances | | | | |
| Beginning of year | | | <u>22,719,208</u> | |
| End of year | | | <u>\$ 20,433,556</u> | |

INTERMEDIATE DISTRICT NO. 287

Statement of Net Position
 Proprietary Funds
 Internal Service Funds
 as of June 30, 2021

(With Partial Comparative Information as of June 30, 2020)

| | <u>2021</u> | <u>2020</u> |
|---------------------------------|----------------------|----------------------|
| Current assets | | |
| Cash and temporary investments | \$ 15,124,068 | \$ 13,088,108 |
| Receivables | | |
| Accounts and interest | <u>128</u> | <u>223</u> |
| Total current assets | <u>15,124,196</u> | <u>13,088,331</u> |
| Current liabilities | | |
| Accounts payable | 297,390 | 121,488 |
| Claims payable | 661,622 | 875,591 |
| Due to other governmental units | 4,990 | 5,670 |
| Unearned revenue | <u>1,013,644</u> | <u>982,422</u> |
| Total current liabilities | <u>1,977,646</u> | <u>1,985,171</u> |
| Net position | | |
| Unrestricted | <u>\$ 13,146,550</u> | <u>\$ 11,103,160</u> |

INTERMEDIATE DISTRICT NO. 287

Statement of Revenue, Expenses, and Changes in Net Position
 Proprietary Funds
 Internal Service Funds
 Year Ended June 30, 2021
 (With Partial Comparative Information for the Year Ended June 30, 2020)

| | <u>2021</u> | <u>2020</u> |
|---------------------------------------|----------------------|----------------------|
| Operating revenue | | |
| Contributions from governmental funds | \$ 13,688,219 | \$ 13,196,794 |
| Operating expenses | | |
| Dental benefit claims and expenses | 644,104 | 519,784 |
| Health benefit claims and expenses | 9,617,195 | 7,971,839 |
| Administrative fees | 1,397,744 | 1,536,539 |
| Total operating expenses | <u>11,659,043</u> | <u>10,028,162</u> |
| Operating income | 2,029,176 | 3,168,632 |
| Nonoperating revenue | | |
| Investment earnings | <u>14,214</u> | <u>153,598</u> |
| Change in net position | 2,043,390 | 3,322,230 |
| Net position | | |
| Beginning of year | <u>11,103,160</u> | <u>7,780,930</u> |
| End of year | <u>\$ 13,146,550</u> | <u>\$ 11,103,160</u> |

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INTERMEDIATE DISTRICT NO. 287

Statement of Cash Flows
 Proprietary Funds
 Internal Service Funds
 Year Ended June 30, 2021
 (With Partial Comparative Information for the Year Ended June 30, 2020)

| | <u>2021</u> | <u>2020</u> |
|---|-----------------------------|-----------------------------|
| Cash flows from operating activities | | |
| Received from assessments made to other funds | \$ 13,719,536 | \$ 13,362,073 |
| Payments for claims | (10,300,046) | (8,864,257) |
| Payments for fees | <u>(1,397,744)</u> | <u>(1,536,539)</u> |
| Net cash provided by operating activities | 2,021,746 | 2,961,277 |
| Cash flows from investing activities | | |
| Investment income received | <u>14,214</u> | <u>153,598</u> |
| Net change in cash and cash equivalents | 2,035,960 | 3,114,875 |
| Cash and temporary investments | | |
| Beginning of year | <u>13,088,108</u> | <u>9,973,233</u> |
| End of year | <u><u>\$ 15,124,068</u></u> | <u><u>\$ 13,088,108</u></u> |
| Reconciliation of operating income to net cash provided by operating activities | | |
| Operating income | \$ 2,029,176 | \$ 3,168,632 |
| Adjustments to reconcile operating income to net cash provided by operating activities | | |
| Changes in assets and liabilities | | |
| Accounts and interest receivable | 95 | 1,526 |
| Accounts payable | 175,902 | (86,696) |
| Claims payable | (213,969) | (291,608) |
| Due to other governmental units | (680) | 5,670 |
| Unearned revenue | <u>31,222</u> | <u>163,753</u> |
| Net cash provided by operating activities | <u><u>\$ 2,021,746</u></u> | <u><u>\$ 2,961,277</u></u> |

INTERMEDIATE DISTRICT NO. 287

Statement of Fiduciary Net Position
as of June 30, 2021

| | <u>Custodial Fund</u> |
|--------------------------------|-----------------------|
| Assets | |
| Cash and temporary investments | <u>\$ 93,305</u> |
| Net position | |
| Restricted for scholarships | <u>\$ 93,305</u> |

Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2021

| | <u>Custodial Fund</u> |
|------------------------|-----------------------|
| Additions | |
| Donations | \$ 2,162 |
| Deductions | |
| Scholarships awarded | <u>1,612</u> |
| Change in net position | 550 |
| Net position | |
| Beginning of year | <u>92,755</u> |
| End of year | <u>\$ 93,305</u> |

INTERMEDIATE DISTRICT NO. 287

Notes to Basic Financial Statements
June 30, 2021

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. 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

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.

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 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 in both government-wide and fund financial statements. 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 2022, West Suburban Summer School classes collected with spring registration, gifts and grants for the fiscal 2022 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.

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, 2021 represents services performed during the 2020–2021 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 2021.
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, 2021, 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, 2020 | \$ 16,487 | \$ 519,784 | \$ 516,248 | \$ 20,023 |
| June 30, 2021 | \$ 20,023 | \$ 644,104 | \$ 654,900 | \$ 9,227 |

Medical

| | Beginning of Fiscal Year Liability | Current Year Claims and Changes in Estimates | Claim Payments | Balance at Fiscal Year-End |
|---------------|--|---|----------------|-------------------------------|
| June 30, 2020 | \$ 1,150,712 | \$ 8,052,865 | \$ 8,348,009 | \$ 855,568 |
| June 30, 2021 | \$ 855,568 | \$ 9,617,195 | \$ 9,820,368 | \$ 652,395 |

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 deferments in the government-wide Statement of Net Position. A bond refunding deferment 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.”

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, 2020, from which the summarized information was derived.

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 \$14,515,464, while the balance on the bank records was \$14,955,473. At June 30, 2021, 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, 2021, the District’s investments portfolio includes the following percentages of specific issuers:

| | |
|--------------------------|-------|
| Repurchase agreement | |
| Citigroup Global Markets | 73.6% |

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, 2021, and information relating to potential investment risks:

| Investment Type | Credit Risk | | Interest | Fair Value Measurements Using | Carrying Value |
|---|---------------|---------------|-------------------------|-------------------------------|----------------------|
| | Credit Rating | Rating Agency | Rate Risk Maturity Date | | |
| Repurchase agreement | | | | | |
| Citigroup Global Markets (U.S. agency underlying security) | AAA | S&P | February 2029 | N/A | \$ 14,198,619 |
| Investment pools/mutual funds | | | | | |
| MNTrust Investment Shares Portfolio | AAA | S&P | N/A | N/A | 61 |
| Minnesota School District Liquid Asset Fund Liquid Portfolio | AAA | S&P | N/A | N/A | 5,084,729 |
| First American Government Obligations Fund | AAA | S&P | N/A | Level 1 | 1,191 |
| Wells Fargo Treasury Money Market | AAA | S&P | N/A | Level 1 | 18,614 |
| Total investments | | | | | 19,303,214 |
| Deposits | | | | | 14,515,464 |
| Cash on hand | | | | | 450 |
| Total cash and investments | | | | | <u>\$ 33,819,128</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 | \$ 19,507,400 |
| Restricted assets – temporarily restricted | |
| Cash and investments for debt service | 14,218,423 |
| Cash and investments – Statement of Fiduciary Net Position | |
| Custodial Fund | 93,305 |
| Total cash and investments | <u>\$ 33,819,128</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 | 890,883 | 808,532 | – | (1,685,415) | 14,000 |
| Total capital assets, not depreciated | 11,756,846 | 808,532 | – | (1,685,415) | 10,879,963 |
| Capital assets, depreciated | | | | | |
| Buildings | 93,809,028 | 377,474 | – | 1,660,665 | 95,847,167 |
| Equipment | 5,079,034 | 166,884 | (282,514) | 24,750 | 4,988,154 |
| Total capital assets, depreciated | 98,888,062 | 544,358 | (282,514) | 1,685,415 | 100,835,321 |
| Less accumulated depreciation for | | | | | |
| Buildings | (21,672,192) | (1,967,263) | – | – | (23,639,455) |
| Equipment | (4,029,077) | (129,918) | 282,514 | – | (3,876,481) |
| Total accumulated depreciation | (25,701,269) | (2,097,181) | 282,514 | – | (27,515,936) |
| Net capital assets, depreciated | 73,186,793 | (1,552,823) | – | 1,685,415 | 73,319,385 |
| Total capital assets, net | \$ 84,943,639 | \$ (744,291) | \$ – | \$ – | \$ 84,199,348 |

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

| | |
|--|--------------|
| Administrative support services and operations and maintenance | \$ 2,054,964 |
| Academic education | 48 |
| Career and technical education | 2,844 |
| Special education | 35,576 |
| Food service | 3,749 |
| Total depreciation expense | \$ 2,097,181 |

NOTE 4 – LONG-TERM LIABILITIES

A. Components and Changes in Long-Term Liabilities

| | June 30, 2020 | Additions | Retirements | June 30, 2021 | Due Within One Year |
|---|----------------|---------------|--------------|----------------|------------------------|
| Capital leases payable | \$ – | \$ 145,158 | \$ – | \$ 145,158 | \$ 14,516 |
| Certificates of participation payable | 69,145,000 | – | 2,830,000 | 66,315,000 | 2,925,000 |
| General obligation bonds payable | 4,565,000 | – | 265,000 | 4,300,000 | 280,000 |
| Unamortized premium/discount on debt issued | 3,531,874 | – | 320,638 | 3,211,236 | – |
| Severance benefits payable | 5,465,662 | 743,921 | 536,324 | 5,673,259 | 384,244 |
| Compensated absences payable | 1,203,009 | 1,065,543 | 826,292 | 1,442,260 | 1,442,260 |
| Total OPEB liability | 4,870,720 | 519,371 | 508,924 | 4,881,167 | 1,154,278 |
| Net pension liability | 48,960,560 | 12,068,057 | 4,416,815 | 56,611,802 | – |
| | \$ 137,741,825 | \$ 14,542,050 | \$ 9,703,993 | \$ 142,579,882 | \$ 6,200,298 |

NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

B. Descriptions of Long-Term Liabilities

Capital Leases Payable – The following capital leases are outstanding as of June 30, 2021:

| Issue | Issue Date | Interest Rate | Original Issue | Final Maturity | Principal Outstanding |
|---|------------|---------------|----------------|----------------|-----------------------|
| Guaranteed Energy Savings Capital Lease | 12/02/2020 | 3.00% | \$ 145,158 | 08/01/2030 | <u>\$ 145,158</u> |

The assets acquired through the capital lease have been recorded in capital assets within buildings and equipment at \$145,158. These assets are depreciated using the straight-line method over the life of the lease. The lease obligations will be repaid through the General Fund.

If the District fails to make the lease payments specified in the lease agreement or the District becomes insolvent or not paying its debts as they become due, events of acceleration will occur. Upon the occurrence of an event of acceleration and in addition to any other rights and remedies that lessors may have, the lessor shall have the right to declare this lease immediately due and payable.

Certificates of Participation Payable – The following certificates of participation are outstanding as of June 30, 2021:

| 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 | \$ 1,670,000 |
| 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 | 1,585,000 |
| 2016A Refunding COP | 09/15/2016 | 3.00–4.00% | \$25,805,000 | 05/01/2032 | 18,875,000 |
| 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>2,515,000</u> |
| Total certificates of participation payable | | | | | <u>\$ 66,315,000</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.

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, 2021:

| <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>\$ 4,300,000</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, 2021:

| Pension Plans | Net Pension Liability | Deferred Outflows of Resources | Deferre Inflows of Resources | Pension Expense |
|---------------|-----------------------|--------------------------------|------------------------------|-----------------|
| PERA | \$ 16,649,385 | \$ 1,965,899 | \$ 976,032 | \$ 592,625 |
| TRA | 39,962,417 | 19,230,417 | 34,522,075 | 5,947,805 |
| Total | \$ 56,611,802 | \$ 21,196,316 | \$ 35,498,107 | \$ 6,540,430 |

C. Minimum Debt Payments

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

| Year Ending June 30, | Capital Leases | | Certificates of Participation | | General Obligation Bonds Payable | |
|-------------------------|----------------|-----------|-------------------------------|---------------|-------------------------------------|--------------|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2022 | \$ 14,516 | \$ 4,355 | \$ 2,925,000 | \$ 3,178,622 | \$ 280,000 | \$ 183,950 |
| 2023 | 14,516 | 3,919 | 3,020,000 | 3,079,011 | 290,000 | 169,950 |
| 2024 | 14,516 | 3,484 | 3,120,000 | 2,969,425 | 305,000 | 155,450 |
| 2025 | 14,516 | 3,048 | 3,230,000 | 2,855,735 | 320,000 | 140,200 |
| 2026 | 14,516 | 2,613 | 3,390,000 | 2,737,643 | 335,000 | 124,200 |
| 2027–2031 | 72,578 | 6,532 | 42,540,000 | 8,416,613 | 1,900,000 | 408,000 |
| 2032–2036 | – | – | 6,915,000 | 892,638 | 870,000 | 52,600 |
| 2037 | – | – | 1,175,000 | 47,000 | – | – |
| | \$ 145,158 | \$ 23,951 | \$ 66,315,000 | \$ 24,176,687 | \$ 4,300,000 | \$ 1,234,350 |

NOTE 5 – FUND BALANCES

A. Classifications

At June 30, 2021, a summary of the District’s governmental fund balance classifications are as follows:

| | General Fund | Debt Service Fund | Nonmajor Fund | Total |
|-------------------------------------|----------------------|----------------------|------------------|----------------------|
| Nonspendable | | | | |
| Prepaid items | \$ 59,977 | \$ – | \$ – | \$ 59,977 |
| Restricted | | | | |
| Basic skills programs | 264,604 | – | – | 264,604 |
| Basic skills extended time | 115,262 | – | – | 115,262 |
| Safe schools levy | 754,197 | – | – | 754,197 |
| Long-term facilities maintenance | 614,086 | – | – | 614,086 |
| Medical Assistance | 1,267,152 | – | – | 1,267,152 |
| Debt service | – | 14,601,127 | – | 14,601,127 |
| Total restricted | <u>3,015,301</u> | <u>14,601,127</u> | <u>–</u> | <u>17,616,428</u> |
| Assigned | | | | |
| Severance | 5,563,206 | – | – | 5,563,206 |
| Tuition adjustments | 1,788,609 | – | – | 1,788,609 |
| Property | 186,334 | – | – | 186,334 |
| Student clubs | 21,658 | – | – | 21,658 |
| Vehicle depreciation | 101,664 | – | – | 101,664 |
| Collaborative curriculum project | 113,669 | – | – | 113,669 |
| Strategic priorities | 988,863 | – | – | 988,863 |
| COVID-19 | 457,288 | – | – | 457,288 |
| Damage donations | 636 | – | – | 636 |
| Food service donations | 5,935 | – | – | 5,935 |
| Subsequent year’s budget | 678,874 | – | – | 678,874 |
| Total assigned | <u>9,906,736</u> | <u>–</u> | <u>–</u> | <u>9,906,736</u> |
| Unassigned | <u>7,451,542</u> | <u>–</u> | <u>–</u> | <u>7,451,542</u> |
| Total | <u>\$ 20,433,556</u> | <u>\$ 14,601,127</u> | <u>\$ –</u> | <u>\$ 35,034,683</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, 2021, the unassigned fund balance of the General Fund was 8.6 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 \$503,066, 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 \$4,881,167 at year-end was measured as of June 30, 2020, 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, 2020, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

| | |
|------------------------------|---------------------------------------|
| Discount rate | 2.45% |
| 20-year municipal bond yield | 2.45% |
| Inflation rate | 2.50% |
| Healthcare cost 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-2015 for teachers and MP-2017 for non-teachers.

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 2.45 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, 2020 | \$ 4,870,720 |
| Changes for the year | |
| Service cost | 411,955 |
| Interest | 156,698 |
| Benefit payments | (552,727) |
| Changes of assumptions | (5,479) |
| Total net changes | <u>10,447</u> |
| Ending balance – June 30, 2021 | <u>\$ 4,881,167</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 3.13 percent to 2.45 percent based on updated 20-year municipal bond rates.
- Healthcare trend rates were updated to exclude the Affordable Care Act's excise tax on high-cost health insurance plans, due to its repeal.

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 | 1.45% | 2.45% | 3.45% |
| Total OPEB liability | \$ 5,153,105 | \$ 4,881,167 | \$ 4,616,610 |

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

| | <u>1% Decrease in Healthcare Cost Trend Rates</u> | <u>Healthcare Cost Trend Rates</u> | <u>1% Increase in Healthcare Cost Trend Rates</u> |
|----------------------------|---|--|---|
| Healthcare cost 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 | \$ 4,499,344 | \$ 4,881,167 | \$ 5,342,019 |

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 | \$ – | \$ 810,809 |
| Changes in actuarial assumptions | 651,212 | 111,480 |
| District’s contributions to the OPEB plan subsequent to the measurement date | <u>503,066</u> | <u>–</u> |
| Total | <u>\$ 1,154,278</u> | <u>\$ 922,289</u> |

A total of \$503,066 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, 2022. 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 |
|-------------------------|---------------------------|
| 2022 | \$ (49,282) |
| 2023 | \$ (49,282) |
| 2024 | \$ (49,282) |
| 2025 | \$ (49,282) |
| 2026 | \$ (32,086) |
| Thereafter | \$ (41,863) |

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 (DCP) administered by Minnesota State.

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. GERS 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 for each of the first 10 years of service and 1.7 percent for each additional year. Under Method 2, the accrual rate for Coordinated Plan members is 1.7 percent 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.

Benefit increases are provided to benefit recipients each January. The post-retirement increase will be equal to 50.0 percent of the cost of living adjustment (COLA) announced by the Social Security Administration, with a 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 for at least one month, but less than a full year as of the June 30 before the effective date of the increase, will receive a reduced prorated increase. For members retiring on January 1, 2024 or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

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 per year 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 2021 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, 2021, were \$1,490,983. 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, | | | | | |
|-------------------------|---------------------|----------|----------|----------|----------|----------|
| | 2019 | | 2020 | | 2021 | |
| | Employee | Employer | Employee | Employer | Employee | Employer |
| Basic Plan | 11.00 % | 11.71 % | 11.00 % | 11.92 % | 11.00 % | 12.13 % |
| Coordinated Plan | 7.50 % | 7.71 % | 7.50 % | 7.92 % | 7.50 % | 8.13 % |

The District’s contributions to the TRA for the plan’s fiscal year ended June 30, 2021, were \$2,589,013. 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 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 Comprehensive Annual Financial Report Statement of Changes in Fiduciary Net Position | \$ 425,223 |
| Add employer contributions not related to future contribution efforts | (56) |
| Deduct the TRA’s contributions not included in allocation | <u>(508)</u> |
| Total employer contributions | 424,659 |
| Total nonemployer contributions | <u>35,587</u> |
| Total contributions reported in the Schedule of Employer and Nonemployer Pension Allocations | <u>\$ 460,246</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, 2021, the District reported a liability of \$16,649,385 for its proportionate share of the General Employees Fund’s net pension liability. The District’s net pension liability reflected a reduction due to the state of Minnesota’s contribution of \$16 million. The state of Minnesota is considered a nonemployer contributing entity and the state’s contribution meets the definition of a special funding situation. The state of Minnesota’s proportionate share of the net pension liability associated with the District totaled \$513,474. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportionate share of the net pension liability was based on the District’s contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2019 through June 30, 2020, relative to the total employer contributions received from all of PERA’s participating employers. The District’s proportionate share was 0.2777 percent at the end of the measurement period and 0.2758 percent for the beginning of the period.

| | |
|--|---------------|
| District’s proportionate share of the net pension liability | \$ 16,649,385 |
| State’s proportionate share of the net pension liability associated with the District | \$ 513,474 |

For the year ended June 30, 2021, the District recognized pension expense of \$547,937 for its proportionate share of the GERF’s pension expense. In addition, the District recognized \$44,688 as grant revenue for its proportionate share of the state of Minnesota’s pension expense for the annual \$16 million contribution.

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

At June 30, 2021, 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 | \$ 150,843 | \$ 62,993 |
| Changes in actuarial assumptions | – | 617,295 |
| Net collective difference between projected and actual investment earnings | 245,288 | – |
| Changes in proportion | 78,785 | 295,744 |
| District’s contributions to the GERF subsequent to the measurement date | <u>1,490,983</u> | <u>–</u> |
| Total | <u>\$ 1,965,899</u> | <u>\$ 976,032</u> |

The \$1,490,983 reported as deferred outflows of resources related to pensions resulting from the District’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ending June 30, | Pension Expense Amount |
|-------------------------|------------------------------|
| 2022 | \$ (1,203,213) |
| 2023 | \$ (42,796) |
| 2024 | \$ 342,637 |
| 2025 | \$ 402,256 |

2. TRA Pension Costs

At June 30, 2021, the District reported a liability of \$39,962,417 for its proportionate share of the TRA’s net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportion of the net pension liability was based on the District’s contributions to 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 0.5409 percent at the end of the measurement period and 0.5289 percent for the beginning of the period.

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

| | |
|--|---------------|
| District’s proportionate share of the net pension liability | \$ 39,962,417 |
| State’s proportionate share of the net pension liability associated with the District | \$ 3,348,800 |

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

For the year ended June 30, 2021, the District recognized pension expense of \$5,641,032. It also recognized \$306,773 as an increase to pension expense for the support provided by direct aid.

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

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual economic experience | \$ 801,408 | \$ 598,337 |
| Changes in actuarial assumptions | 14,193,054 | 33,081,100 |
| Net difference between projected and actual investment earnings on pension plan investments | 640,395 | – |
| Changes in proportion | 1,006,547 | 842,638 |
| District’s contributions to the TRA subsequent to the measurement date | 2,589,013 | – |
| Total | \$ 19,230,417 | \$ 34,522,075 |

A total of \$2,589,013 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, 2022. Other deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

| Year Ending June 30, | Pension Expense Amount |
|-------------------------|------------------------------|
| 2022 | \$ 912,665 |
| 2023 | \$ (11,870,112) |
| 2024 | \$ (8,211,558) |
| 2025 | \$ 994,558 |
| 2026 | \$ 293,776 |

E. Actuarial Assumptions

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

| Assumptions | GERF | TRA |
|------------------------------|-------|---|
| Inflation | 2.25% | 2.50% |
| Wage growth rate | | 2.85% before July 1, 2028, and 3.25% thereafter |
| Projected salary increase | 3.00% | |
| Active member payroll growth | | 2.85% to 8.85% before July 1, 2028, 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 Pub-2010 General Employee Mortality Table for the GERF Plan and the RP-2014 tables for the TRA for males and females, as appropriate, with slight adjustments to fit the PERA’s experience. 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 2020 through January 2023, then increasing by 0.10 percent each year, up to 1.50 percent annually for the TRA.

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

Actuarial assumptions used in the June 30, 2020 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. The assumption changes were adopted by the Board and became effective with the July 1, 2020 actuarial valuation. 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 2020:

1. GERF

CHANGES IN ACTUARIAL ASSUMPTIONS

- The price inflation assumption was decreased from 2.50 percent to 2.25 percent.
- The payroll growth assumption was decreased from 3.25 percent to 3.00 percent.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25 percent less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years two through five, and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 Table to the Pub-2010 General Mortality Table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 Disabled Annuitant Mortality Table to the Pub-2010 General/Teacher Disabled Annuitant Mortality Table, with adjustments.
- The mortality improvement scale was changed from MP-2018 to MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100.00 percent joint and survivor option changed from 35.00 percent to 45.00 percent. The assumed number of married female new retirees electing the 100.00 percent joint and survivor option changed from 15.00 percent to 30.00 percent. The corresponding number of married new retirees electing the life annuity option was adjusted accordingly.

CHANGES IN PLAN PROVISIONS

- Augmentation for current privatized members was reduced to 2.00 percent for the period July 1, 2020 through December 31, 2023, and zero percent thereafter. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2. TRA

CHANGES IN ACTUARIAL ASSUMPTIONS

- Employer contribution rate increased from 7.92 percent to 8.13 percent in July 2020.

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

The 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.

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

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

F. Discount Rate

1. GERF

The discount rate used to measure the total pension liability in 2020 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 2020 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was not projected to be depleted and, as a result, the Municipal Bond Index Rate was not used in the determination of the Single Equivalent Interest Rate (SEIR).

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:

| | <u>1% Decrease in Discount Rate</u> | <u>Discount Rate</u> | <u>1% Increase in Discount Rate</u> |
|---|---|----------------------|---|
| GERF discount rate | 6.50% | 7.50% | 8.50% |
| District’s proportionate share of the GERF net pension liability | \$ 26,683,188 | \$ 16,649,385 | \$ 8,372,302 |
| TRA discount rate | 6.50% | 7.50% | 8.50% |
| District’s proportionate share of the TRA net pension liability | \$ 61,182,037 | \$ 39,962,417 | \$ 22,478,522 |

H. Pension Plan Fiduciary Net Position

Detailed information about each pension plan’s fiduciary net position is available in a separately issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the PERA website at www.mnpera.org.

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

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.

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 \$489,915 for operating leases during the year ended June 30, 2021. These leases are scheduled to expire on various dates through fiscal 2025. 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 |
|-------------------------|-------------------|
| 2022 | \$ 417,968 |
| 2023 | 5,157 |
| 2024 | 2,298 |
| 2025 | 2,204 |
| | <u>\$ 427,627</u> |

NOTE 10 – INTERFUND TRANSFERS AND BALANCES

A. Interfund Transfers

During the year ended June 30, 2021, the District's Food Service Special Revenue Fund received a transfer in the amount of \$378,877 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, 2021, the General Fund has a receivable of \$10,084 from the District's Food Service Special Revenue Fund and \$1,273,598 from the District's Debt Service Fund to assist with cash flow.

Interfund transfers and balances reported in the fund financial statements are eliminated in the government-wide financial statements.

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, 2021, the District reported a balance due from other governmental units of approximately \$16.4 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 2021 have not been finalized. The amount of the receivable and revenue recorded for fiscal 2021 for state special education aid is calculated using preliminary information available to the District.

The District has reported a \$1,788,609 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. Construction Commitments

At June 30, 2021, the District has commitments totaling \$216,854 under a construction contract for which the work was not yet completed.

NOTE 11 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

E. COVID-19 Pandemic

The COVID-19 pandemic has caused numerous financial and operation challenges for districts in fiscal 2021, and is expected to have a significant impact for fiscal 2022 and possibly beyond. Any potential effects it may have on the District's future operations and financial condition cannot be determined at this time and have not been reflected in these financial statements.

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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, 2021

| 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% |
| 06/30/2021 | 06/30/2020 | 0.2777% | \$ 16,649,385 | \$ 513,474 | \$ 17,162,859 | \$ 19,807,489 | 84.06% | 79.10% |

Public Employees Retirement Association Pension Benefits Plan
 Schedule of District Contributions
 Year Ended June 30, 2021

| 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% |
| 06/30/2021 | \$ 1,490,983 | \$ 1,490,983 | \$ - | \$ 19,879,803 | 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, 2021

| District Fiscal Year-End | 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 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% |
| 06/30/2021 | 06/30/2020 | 0.5409% | \$ 39,962,417 | \$ 3,348,800 | \$ 43,311,217 | \$31,426,100 | 127.16% | 75.48% |

Teachers Retirement Association Pension Benefits Plan
 Schedule of District Contributions
 Year Ended June 30, 2021

| District Fiscal Year-End | Statutorily Required Contributions | Contributions in Relation to the Statutorily Required Contributions | Contribution Deficiency (Excess) | Covered Payroll | Contributions as a Percentage of Covered Payroll |
|--------------------------|------------------------------------|---|----------------------------------|-----------------|--|
| 06/30/2015 | \$ 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% |
| 06/30/2021 | \$ 2,589,013 | \$ 2,589,013 | \$ - | \$ 31,845,182 | 8.13% |

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, 2021

| | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> |
|---|----------------------|----------------------|----------------------|----------------------|
| Total OPEB liability | | | | |
| Service cost | \$ 393,472 | \$ 390,896 | \$ 410,216 | \$ 411,955 |
| Interest | 160,573 | 187,447 | 189,038 | 156,698 |
| Differences between expected and actual economic experience | - | - | (1,054,661) | - |
| Changes of assumptions | (156,729) | (43,177) | 847,064 | (5,479) |
| Benefit payments | <u>(818,067)</u> | <u>(619,511)</u> | <u>(665,555)</u> | <u>(552,727)</u> |
| Net change in total OPEB liability | (420,751) | (84,345) | (273,898) | 10,447 |
| Total OPEB liability – beginning of year | <u>5,649,714</u> | <u>5,228,963</u> | <u>5,144,618</u> | <u>4,870,720</u> |
| Total OPEB liability – end of year | <u>\$ 5,228,963</u> | <u>\$ 5,144,618</u> | <u>\$ 4,870,720</u> | <u>\$ 4,881,167</u> |
| Covered-employee payroll | <u>\$ 42,079,058</u> | <u>\$ 42,883,692</u> | <u>\$ 51,018,070</u> | <u>\$ 53,374,746</u> |
| Total OPEB liability as a percentage of covered-employee payroll | <u>12.43%</u> | <u>12.00%</u> | <u>9.55%</u> | <u>9.15%</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.

INTERMEDIATE SCHOOL DISTRICT NO. 287

Notes to Required Supplementary Information
June 30, 2021

PERA – GENERAL EMPLOYEES RETIREMENT FUND

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

- The price inflation assumption was decreased from 2.50 percent to 2.25 percent.
- The payroll growth assumption was decreased from 3.25 percent to 3.00 percent.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25 percent less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years two through five, and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 Table to the Pub-2010 General Mortality Table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 Disabled Annuitant Mortality Table to the Pub-2010 General/Teacher Disabled Annuitant Mortality Table, with adjustments.
- The mortality improvement scale was changed from MP-2018 to MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100.00 percent joint and survivor option changed from 35.00 percent to 45.00 percent. The assumed number of married female new retirees electing the 100.00 percent joint and survivor option changed from 15.00 percent to 30.00 percent. The corresponding number of married new retirees electing the life annuity option was adjusted accordingly.

2020 CHANGES IN PLAN PROVISIONS

- Augmentation for current privatized members was reduced to 2.00 percent for the period July 1, 2020 through December 31, 2023, and zero percent thereafter. Augmentation was eliminated for privatizations occurring after June 30, 2020.

INTERMEDIATE SCHOOL DISTRICT NO. 287

Notes to Required Supplementary Information (continued)
June 30, 2021

PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

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.

INTERMEDIATE SCHOOL DISTRICT NO. 287

Notes to Required Supplementary Information (continued)
June 30, 2021

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.

INTERMEDIATE SCHOOL DISTRICT NO. 287

Notes to Required Supplementary Information (continued)
June 30, 2021

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.
- 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.

INTERMEDIATE SCHOOL DISTRICT NO. 287

Notes to Required Supplementary Information (continued)
June 30, 2021

TEACHERS RETIREMENT ASSOCIATION (TRA) (CONTINUED)

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.

INTERMEDIATE SCHOOL DISTRICT NO. 287

Notes to Required Supplementary Information (continued)
June 30, 2021

OTHER POST-EMPLOYMENT BENEFITS PLAN

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate changed from 3.13 percent to 2.45 percent, based on updated 20-year municipal bond rates.
- The healthcare trend rates were updated to exclude the Affordable Care Act's Excise Tax on high-cost health insurance plans, due to its repeal.

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.

SUPPLEMENTAL INFORMATION

INTERMEDIATE DISTRICT NO. 287

Nonmajor Governmental Funds
 Combining Balance Sheet
 as of June 30, 2021

| | Food Service Special Revenue Fund | Capital Projects – Building Construction Fund | Total |
|--|---|---|------------------|
| Assets | | | |
| Receivables | | | |
| Accounts and interest | \$ 2,738 | \$ – | \$ 2,738 |
| Due from other governmental units | 26,350 | – | 26,350 |
| Inventory | 23,515 | – | 23,515 |
| Prepaid items | 280 | – | 280 |
| | <u>52,883</u> | <u>–</u> | <u>52,883</u> |
| Total assets | <u>\$ 52,883</u> | <u>\$ –</u> | <u>\$ 52,883</u> |
| Liabilities | | | |
| Salaries and compensated absences payable | \$ 31,782 | \$ – | \$ 31,782 |
| Accounts and contracts payable | 2,289 | – | 2,289 |
| Due to other funds | 10,084 | – | 10,084 |
| Due to other governmental units | 2,217 | – | 2,217 |
| Unearned revenue | 6,511 | – | 6,511 |
| | <u>52,883</u> | <u>–</u> | <u>65,111</u> |
| Total liabilities | <u>\$ 52,883</u> | <u>\$ –</u> | <u>\$ 52,883</u> |

INTERMEDIATE DISTRICT NO. 287

Nonmajor Governmental Funds
 Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
 Year Ended June 30, 2021

| | Food Service Special Revenue Fund | Capital Projects – Building Construction Fund | Total |
|---|---|---|------------------|
| Revenue | | | |
| Local sources | | | |
| Investment earnings | \$ – | \$ 41 | \$ 41 |
| Other | 4,562 | – | 4,562 |
| State sources | 90 | – | 90 |
| Federal sources | 324,124 | – | 324,124 |
| Total revenue | <u>328,776</u> | <u>41</u> | <u>328,817</u> |
| Expenditures | | | |
| Current | | | |
| Food service | 707,653 | – | 707,653 |
| Capital outlay | – | 577,044 | 577,044 |
| Total expenditures | <u>707,653</u> | <u>577,044</u> | <u>1,284,697</u> |
| Excess (deficiency) of revenue over expenditures | (378,877) | (577,003) | (955,880) |
| Other financing sources | | | |
| Transfers in | <u>378,877</u> | <u>–</u> | <u>378,877</u> |
| Net change in fund balance | – | (577,003) | (577,003) |
| Fund balances | | | |
| Beginning of year | <u>–</u> | <u>577,003</u> | <u>577,003</u> |
| End of year | <u>\$ –</u> | <u>\$ –</u> | <u>\$ –</u> |

INTERMEDIATE DISTRICT NO. 287

General Fund
Comparative Balance Sheet
as of June 30, 2021 and 2020

| | <u>2021</u> | <u>2020</u> |
|---|----------------------|----------------------|
| Assets | | |
| Cash and temporary investments | \$ 4,383,332 | \$ 2,492,033 |
| Receivables | | |
| Accounts and interest | 332,554 | 302,843 |
| Due from other funds | 1,283,682 | 1,379,438 |
| Due from other governmental units | 24,105,133 | 26,552,052 |
| Prepaid items | <u>59,977</u> | <u>196,251</u> |
| Total assets | <u>\$ 30,164,678</u> | <u>\$ 30,922,617</u> |
| Liabilities | | |
| Salaries and compensated absences payable | \$ 6,825,979 | \$ 6,644,287 |
| Accounts and contracts payable | 668,964 | 409,634 |
| Due to other governmental units | 1,949,513 | 1,092,180 |
| Unearned revenue | <u>286,666</u> | <u>57,308</u> |
| Total liabilities | <u>9,731,122</u> | <u>8,203,409</u> |
| Fund balances | | |
| Nonspendable for prepaid items | 59,977 | 191,574 |
| Restricted for basic skills programs | 264,604 | 368,424 |
| Restricted for basic skills extended time | 115,262 | 115,262 |
| Restricted for safe schools levy | 754,197 | 325,681 |
| Restricted for long-term facilities maintenance | 614,086 | 530,174 |
| Restricted for Medical Assistance | 1,267,152 | 1,542,854 |
| Assigned for COVID-19 | 457,288 | 500,000 |
| Assigned for damage donations | 636 | 636 |
| Assigned for food service donations | 5,935 | 5,585 |
| Assigned for severance | 5,563,206 | 5,712,751 |
| Assigned for tuition adjustments | 1,788,609 | 2,677,000 |
| Assigned for property | 186,334 | 68,078 |
| Assigned for student clubs | 21,658 | 25,562 |
| Assigned for vehicle depreciation | 101,664 | 101,664 |
| Assigned for collaborative curriculum project | 113,669 | 113,669 |
| Assigned for strategic priorities | 988,863 | 1,200,000 |
| Assigned for subsequent year's budget | 678,874 | 839,696 |
| Assigned for flex plan | - | 1,665 |
| Unassigned | <u>7,451,542</u> | <u>8,398,933</u> |
| Total fund balances | <u>20,433,556</u> | <u>22,719,208</u> |
| Total liabilities and fund balances | <u>\$ 30,164,678</u> | <u>\$ 30,922,617</u> |

INTERMEDIATE DISTRICT NO. 287

General Fund
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual
 Year Ended June 30, 2021
 (With Comparative Actual Amounts for the Year Ended June 30, 2020)

| | 2021 | | 2020 | |
|---|-----------------------|----------------------|------------------------|----------------------|
| | Budget | Actual | Over (Under) Budget | Actual |
| Revenue | | | | |
| Local sources | | | | |
| Pass-through levies | \$ 2,538,146 | \$ 2,576,713 | \$ 38,567 | \$ 2,597,370 |
| Tuition | 17,557,786 | 18,699,103 | 1,141,317 | 21,051,703 |
| Investment earnings | 205,635 | 16,438 | (189,197) | 205,672 |
| Other | 746,634 | 802,054 | 55,420 | 922,149 |
| State sources | 61,879,572 | 60,530,137 | (1,349,435) | 63,397,394 |
| Federal sources | 2,161,547 | 1,554,714 | (606,833) | 550,089 |
| Total revenue | <u>85,089,320</u> | <u>84,179,159</u> | <u>(910,161)</u> | <u>88,724,377</u> |
| Expenditures | | | | |
| Current | | | | |
| Career and technical education | 1,431,924 | 1,514,310 | 82,386 | 1,484,131 |
| Academic education | 11,633,644 | 10,760,251 | (873,393) | 11,837,994 |
| Special education | 59,080,150 | 57,773,180 | (1,306,970) | 57,038,154 |
| Student clubs | 24,522 | 5,787 | (18,735) | 13,682 |
| Administrative support services and operations and maintenance | 17,790,175 | 16,179,362 | (1,610,813) | 15,261,555 |
| Debt service | | | | |
| Principal | — | — | — | 39,832 |
| Interest and fiscal charges | — | — | — | 2,703 |
| Total expenditures | <u>89,960,415</u> | <u>86,232,890</u> | <u>(3,727,525)</u> | <u>85,678,051</u> |
| Excess (deficiency) of revenue over expenditures | (4,871,095) | (2,053,731) | 2,817,364 | 3,046,326 |
| Other financing sources (uses) | | | | |
| Capital lease issued | — | 145,158 | 145,158 | — |
| Transfers (out) | (619,750) | (378,877) | 240,873 | (324,892) |
| Sale of assets | — | 1,798 | 1,798 | 6,625 |
| Total other financing sources (uses) | <u>(619,750)</u> | <u>(231,921)</u> | <u>387,829</u> | <u>(318,267)</u> |
| Net change in fund balances | <u>\$ (5,490,845)</u> | <u>(2,285,652)</u> | <u>\$ 3,205,193</u> | <u>2,728,059</u> |
| Fund balances | | | | |
| Beginning of year | | <u>22,719,208</u> | | <u>19,991,149</u> |
| End of year | | <u>\$ 20,433,556</u> | | <u>\$ 22,719,208</u> |

INTERMEDIATE DISTRICT NO. 287

General Fund
 Schedule of Revenue, Expenditures, and Changes in Fund Balances by Account
 Year Ended June 30, 2021

| | Career and Technical Education Account | Academic Education Account | Special Education Account |
|---|---|----------------------------------|---------------------------------|
| Revenue | | | |
| Local sources | | | |
| Pass-through levies | \$ 229,586 | \$ 36,151 | \$ - |
| Tuition | 746,481 | 4,224,002 | 11,784,723 |
| Investment earnings | - | - | - |
| Other | 8,000 | 181,472 | 50,217 |
| State sources | 80,541 | 3,898,531 | 46,597,575 |
| Federal sources | 19,745 | 38,283 | 23,856 |
| Total revenue | <u>1,084,353</u> | <u>8,378,439</u> | <u>58,456,371</u> |
| Expenditures | | | |
| Current | | | |
| Career and technical education | 1,514,310 | - | - |
| Academic education | - | 10,760,251 | - |
| Special education | - | - | 57,773,180 |
| Student clubs | - | - | - |
| Administrative support services and operations and maintenance | - | - | - |
| Allocated costs | (130,516) | (14,926) | - |
| Total expenditures | <u>1,383,794</u> | <u>10,745,325</u> | <u>57,773,180</u> |
| Excess (deficiency) of revenue over expenditures | (299,441) | (2,366,886) | 683,191 |
| Other financing sources (uses) | | | |
| Intrafund transfers | - | 1,757,800 | (2,007,491) |
| Capital lease issued | - | - | - |
| Transfers (out) | - | - | - |
| Sale of assets | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>1,757,800</u> | <u>(2,007,491)</u> |
| Net change in fund balances | (299,441) | (609,086) | (1,324,300) |
| Fund balances | | | |
| Beginning of year | <u>713,424</u> | <u>1,199,565</u> | <u>12,354,928</u> |
| End of year | <u>\$ 413,983</u> | <u>\$ 590,479</u> | <u>\$ 11,030,628</u> |

| District-Wide Account | Severance and Property Account | Student Clubs Account | Total |
|--------------------------|--------------------------------------|-----------------------------|----------------------|
| \$ 2,310,976 | \$ - | \$ - | \$ 2,576,713 |
| 1,943,897 | - | - | 18,699,103 |
| 16,438 | - | - | 16,438 |
| 560,482 | - | 1,883 | 802,054 |
| 9,953,490 | - | - | 60,530,137 |
| 1,472,830 | - | - | 1,554,714 |
| <u>16,258,113</u> | <u>-</u> | <u>1,883</u> | <u>84,179,159</u> |
| - | - | - | 1,514,310 |
| - | - | - | 10,760,251 |
| - | - | - | 57,773,180 |
| - | - | 5,787 | 5,787 |
| 16,179,362 | - | - | 16,179,362 |
| (41,082) | 186,524 | - | - |
| <u>16,138,280</u> | <u>186,524</u> | <u>5,787</u> | <u>86,232,890</u> |
| 119,833 | (186,524) | (3,904) | (2,053,731) |
| 94,456 | 155,235 | - | - |
| 145,158 | - | - | 145,158 |
| (378,877) | - | - | (378,877) |
| 1,798 | - | - | 1,798 |
| <u>(137,465)</u> | <u>155,235</u> | <u>-</u> | <u>(231,921)</u> |
| (17,632) | (31,289) | (3,904) | (2,285,652) |
| <u>2,644,900</u> | <u>5,780,829</u> | <u>25,562</u> | <u>22,719,208</u> |
| <u>\$ 2,627,268</u> | <u>\$ 5,749,540</u> | <u>\$ 21,658</u> | <u>\$ 20,433,556</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, 2021
 (With Comparative Actual Amounts for the Year Ended June 30, 2020)

| | 2021 | | Over (Under) Budget | 2020 |
|---|---------------------|-------------------|------------------------|-------------------|
| | Budget | Actual | | Actual |
| Revenue | | | | |
| Local sources | | | | |
| Pass-through levies | \$ 180,000 | \$ 229,586 | \$ 49,586 | \$ 239,245 |
| Tuition | 910,000 | 746,481 | (163,519) | 1,313,275 |
| Other | 7,000 | 8,000 | 1,000 | 5,000 |
| State sources | 81,404 | 80,541 | (863) | 36,510 |
| Federal sources | 22,750 | 19,745 | (3,005) | 19,445 |
| Total revenue | <u>1,201,154</u> | <u>1,084,353</u> | <u>(116,801)</u> | <u>1,613,475</u> |
| Expenditures | | | | |
| Career and technical education | | | | |
| Salaries and wages | 849,993 | 946,506 | 96,513 | 975,141 |
| Employee benefits | 372,043 | 381,779 | 9,736 | 386,719 |
| Purchased services | 24,633 | 13,468 | (11,165) | 33,965 |
| Supplies and materials | 167,240 | 154,754 | (12,486) | 82,625 |
| Capital expenditures | 12,000 | 11,751 | (249) | 666 |
| Other | 6,015 | 6,052 | 37 | 5,015 |
| Allocated costs | <u>(40,000)</u> | <u>(130,516)</u> | <u>(90,516)</u> | <u>(77,224)</u> |
| Total expenditures | <u>1,391,924</u> | <u>1,383,794</u> | <u>(8,130)</u> | <u>1,406,907</u> |
| Excess (deficiency) of revenue over expenditures | (190,770) | (299,441) | (108,671) | 206,568 |
| Other financing (uses) | | | | |
| Intrafund transfers | <u>(40,000)</u> | <u>–</u> | <u>40,000</u> | <u>(40,000)</u> |
| Net change in fund balances | <u>\$ (230,770)</u> | <u>(299,441)</u> | <u>\$ (68,671)</u> | <u>166,568</u> |
| Fund balances | | | | |
| Beginning of year | | <u>713,424</u> | | <u>546,856</u> |
| End of year | | <u>\$ 413,983</u> | | <u>\$ 713,424</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, 2021

(With Comparative Actual Amounts for the Year Ended June 30, 2020)

| | 2021 | | Over (Under) Budget | 2020 |
|---|-----------------------|-------------------|------------------------|---------------------|
| | Budget | Actual | | Actual |
| Revenue | | | | |
| Local sources | | | | |
| Pass-through levies | \$ 35,000 | \$ 36,151 | \$ 1,151 | \$ 37,073 |
| Tuition | 4,144,725 | 4,224,002 | 79,277 | 5,209,045 |
| Other | 247,020 | 181,472 | (65,548) | 298,840 |
| State sources | 4,633,823 | 3,898,531 | (735,292) | 6,727,185 |
| Federal sources | – | 38,283 | 38,283 | – |
| Total revenue | <u>9,060,568</u> | <u>8,378,439</u> | <u>(682,129)</u> | <u>12,272,143</u> |
| Expenditures | | | | |
| Academic education | | | | |
| Salaries and wages | 7,756,675 | 7,221,686 | (534,989) | 7,785,769 |
| Employee benefits | 2,743,123 | 2,647,230 | (95,893) | 2,687,701 |
| Purchased services | 784,496 | 617,490 | (167,006) | 803,191 |
| Supplies and materials | 285,790 | 224,022 | (61,768) | 514,072 |
| Capital expenditures | 1,110 | – | (1,110) | – |
| Other | 62,450 | 49,823 | (12,627) | 47,261 |
| Allocated costs | (90,000) | (14,926) | 75,074 | (33,835) |
| Total expenditures | <u>11,543,644</u> | <u>10,745,325</u> | <u>(798,319)</u> | <u>11,804,159</u> |
| Excess (deficiency) of revenue over expenditures | (2,483,076) | (2,366,886) | 116,190 | 467,984 |
| Other financing sources | | | | |
| Intrafund transfers | 1,252,945 | 1,757,800 | 504,855 | 100,083 |
| Sale of assets | – | – | – | 74 |
| Total other financing sources | <u>1,252,945</u> | <u>1,757,800</u> | <u>504,855</u> | <u>100,157</u> |
| Net change in fund balances | <u>\$ (1,230,131)</u> | <u>(609,086)</u> | <u>\$ 621,045</u> | <u>568,141</u> |
| Fund balances | | | | |
| Beginning of year | | <u>1,199,565</u> | | <u>631,424</u> |
| End of year | | <u>\$ 590,479</u> | | <u>\$ 1,199,565</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, 2021
 (With Comparative Actual Amounts for the Year Ended June 30, 2020)

| | 2021 | | Over (Under) Budget | 2020 |
|---|-----------------------|----------------------|------------------------|----------------------|
| | Budget | Actual | | Actual |
| Revenue | | | | |
| Local sources | | | | |
| Tuition | \$ 10,049,964 | \$ 11,784,723 | \$ 1,734,759 | \$ 12,102,941 |
| Other | 41,065 | 50,217 | 9,152 | 58,693 |
| State sources | 47,628,995 | 46,597,575 | (1,031,420) | 46,495,426 |
| Federal sources | 34,364 | 23,856 | (10,508) | – |
| Total revenue | <u>57,754,388</u> | <u>58,456,371</u> | <u>701,983</u> | <u>58,657,060</u> |
| Expenditures | | | | |
| Special education | | | | |
| Current | | | | |
| Salaries and wages | 38,155,432 | 37,924,821 | (230,611) | 37,199,463 |
| Employee benefits | 17,454,580 | 17,137,755 | (316,825) | 16,634,417 |
| Purchased services | 2,463,290 | 1,987,656 | (475,634) | 2,308,026 |
| Supplies and materials | 656,568 | 392,428 | (264,140) | 571,703 |
| Capital expenditures | 81,905 | 78,811 | (3,094) | 76,637 |
| Other | 268,375 | 251,709 | (16,666) | 247,908 |
| Total expenditures | <u>59,080,150</u> | <u>57,773,180</u> | <u>(1,306,970)</u> | <u>57,038,154</u> |
| Excess (deficiency) of revenue over expenditures | (1,325,762) | 683,191 | 2,008,953 | 1,618,906 |
| Other financing sources (uses) | | | | |
| Intrafund transfers | (1,342,945) | (2,007,491) | (664,546) | 14,818 |
| Sale of assets | – | – | – | 5,796 |
| Total other financing sources (uses) | <u>(1,342,945)</u> | <u>(2,007,491)</u> | <u>(664,546)</u> | <u>20,614</u> |
| Net change in fund balances | <u>\$ (2,668,707)</u> | <u>(1,324,300)</u> | <u>\$ 1,344,407</u> | <u>1,639,520</u> |
| Fund balances | | | | |
| Beginning of year | | <u>12,354,928</u> | | <u>10,715,408</u> |
| End of year | | <u>\$ 11,030,628</u> | | <u>\$ 12,354,928</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, 2021
 (With Comparative Actual Amounts for the Year Ended June 30, 2020)

| | 2021 | | 2020 | |
|--|-----------------------|---------------------|------------------------|---------------------|
| | Budget | Actual | Over (Under) Budget | Actual |
| Revenue | | | | |
| Local sources | | | | |
| Pass-through levies | \$ 2,323,146 | \$ 2,310,976 | \$ (12,170) | \$ 2,321,052 |
| Tuition | 2,453,097 | 1,943,897 | (509,200) | 2,426,442 |
| Investment earnings | 205,635 | 16,438 | (189,197) | 205,672 |
| Other | 435,349 | 560,482 | 125,133 | 548,734 |
| State sources | 9,535,350 | 9,953,490 | 418,140 | 10,138,273 |
| Federal sources | 2,104,433 | 1,472,830 | (631,603) | 530,644 |
| Total revenue | <u>17,057,010</u> | <u>16,258,113</u> | <u>(798,897)</u> | <u>16,170,817</u> |
| Expenditures | | | | |
| Current | | | | |
| Administrative support services and operations and maintenance | | | | |
| Salaries and wages | 8,006,586 | 7,486,836 | (519,750) | 7,082,612 |
| Employee benefits | 3,089,265 | 3,065,989 | (23,276) | 2,646,123 |
| Purchased services | 4,068,112 | 3,493,342 | (574,770) | 3,781,737 |
| Supplies and materials | 1,524,073 | 1,106,530 | (417,543) | 1,117,915 |
| Capital expenditures | 977,582 | 944,376 | (33,206) | 530,584 |
| Other | 124,557 | 82,289 | (42,268) | 102,584 |
| Allocated costs | (136,271) | (41,082) | 95,189 | (99,550) |
| Debt service | | | | |
| Principal | – | – | – | 39,832 |
| Interest and fiscal charges | – | – | – | 2,703 |
| Total expenditures | <u>17,653,904</u> | <u>16,138,280</u> | <u>(1,515,624)</u> | <u>15,204,540</u> |
| Excess (deficiency) of revenue over expenditures | (596,894) | 119,833 | 716,727 | 966,277 |
| Other financing sources (uses) | | | | |
| Capital lease issued | – | 145,158 | 145,158 | – |
| Intrafund transfers | (136,271) | 94,456 | 230,727 | (396,533) |
| Transfers (out) | (619,750) | (378,877) | 240,873 | (324,892) |
| Sale of assets | – | 1,798 | 1,798 | 755 |
| Total other financing sources (uses) | <u>(756,021)</u> | <u>(137,465)</u> | <u>618,556</u> | <u>(720,670)</u> |
| Net change in fund balances | <u>\$ (1,352,915)</u> | <u>(17,632)</u> | <u>\$ 1,335,283</u> | <u>245,607</u> |
| Fund balances | | | | |
| Beginning of year | | <u>2,644,900</u> | | <u>2,399,293</u> |
| End of year | | <u>\$ 2,627,268</u> | | <u>\$ 2,644,900</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, 2021
 (With Comparative Actual Amounts for the Year Ended June 30, 2020)

| | 2021 | | | 2020 |
|---|----------------|---------------------|------------------------|---------------------|
| | Budget | Actual | Over (Under) Budget | Actual |
| Revenue | | | | |
| Local sources | \$ – | \$ – | \$ – | \$ – |
| Expenditures | | | | |
| Current | | | | |
| Severance costs | | | | |
| Allocated costs | <u>266,271</u> | <u>186,524</u> | <u>(79,747)</u> | <u>210,609</u> |
| Excess (deficiency) of revenue over expenditures | (266,271) | (186,524) | 79,747 | (210,609) |
| Other financing sources | | | | |
| Intrafund transfers | <u>266,271</u> | <u>155,235</u> | <u>(111,036)</u> | <u>321,632</u> |
| Net change in fund balances | <u>\$ –</u> | <u>(31,289)</u> | <u>\$ (31,289)</u> | <u>111,023</u> |
| Fund balances | | | | |
| Beginning of year | | <u>5,780,829</u> | | <u>5,669,806</u> |
| End of year | | <u>\$ 5,749,540</u> | | <u>\$ 5,780,829</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, 2021
 (With Comparative Actual Amounts for the Year Ended June 30, 2020)

| | 2021 | | Over (Under) Budget | 2020 |
|-----------------------------|-------------------|------------------|------------------------|------------------|
| | Budget | Actual | | Actual |
| Revenue | | | | |
| Local sources | | | | |
| Other | \$ 16,200 | \$ 1,883 | \$ (14,317) | \$ 10,882 |
| Expenditures | | | | |
| Current | | | | |
| Student clubs | | | | |
| Other | 24,522 | 5,787 | (18,735) | 13,682 |
| Net change in fund balances | <u>\$ (8,322)</u> | <u>(3,904)</u> | <u>\$ 4,418</u> | <u>(2,800)</u> |
| Fund balances | | | | |
| Beginning of year | | 25,562 | | 28,362 |
| End of year | | <u>\$ 21,658</u> | | <u>\$ 25,562</u> |

INTERMEDIATE DISTRICT NO. 287

Food Service Special Revenue Fund
 Comparative Balance Sheet
 as of June 30, 2021 and 2020

| | <u>2021</u> | <u>2020</u> |
|---|----------------------|----------------------|
| Assets | | |
| Cash and temporary investments | \$ — | \$ 13,645 |
| Receivables | | |
| Accounts and interest | 2,738 | 80 |
| Due from other governmental units | 26,350 | 691 |
| Inventory | 23,515 | 22,744 |
| Prepaid items | <u>280</u> | <u>200</u> |
| Total assets | <u>\$ 52,883</u> | <u>\$ 37,360</u> |
| Liabilities | | |
| Salaries and compensated absences payable | \$ 31,782 | \$ 25,738 |
| Accounts and contracts payable | 2,289 | 1,226 |
| Due to other funds | 10,084 | — |
| Due to other governmental units | 2,217 | — |
| Unearned revenue | <u>6,511</u> | <u>10,396</u> |
| Total liabilities | <u>\$ 52,883</u> | <u>\$ 37,360</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, 2021
 (With Comparative Actual Amounts for the Year Ended June 30, 2020)

| | 2021 | | Over (Under) Budget | 2020 |
|---|----------------|----------------|------------------------|----------------|
| | Budget | Actual | | Actual |
| Revenue | | | | |
| Local sources | | | | |
| Other – primarily meal sales | \$ – | \$ 4,562 | \$ 4,562 | \$ 87,617 |
| State sources | – | 90 | 90 | 13,117 |
| Federal sources | 228,354 | 324,124 | 95,770 | 229,539 |
| Total revenue | <u>228,354</u> | <u>328,776</u> | <u>100,422</u> | <u>330,273</u> |
| Expenditures | | | | |
| Current | | | | |
| Food service | <u>824,604</u> | <u>707,653</u> | <u>(116,951)</u> | <u>655,165</u> |
| Excess (deficiency) of revenue over expenditures | (596,250) | (378,877) | 217,373 | (324,892) |
| Other financing sources | | | | |
| Transfers in | <u>596,250</u> | <u>378,877</u> | <u>(217,373)</u> | <u>324,892</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, 2021 and 2020

| | <u>2021</u> | <u>2020</u> |
|---|-------------|---------------------|
| Assets | | |
| Cash and temporary investments | \$ – | \$ 96,020 |
| Cash and investments held by trustee | – | <u>1,094,005</u> |
| Total assets | <u>\$ –</u> | <u>\$ 1,190,025</u> |
| Liabilities | | |
| Accounts and contracts payable | \$ – | \$ 613,022 |
| Fund balances | | |
| Restricted for building projects funded by certificates of participation | – | 409,232 |
| Restricted for long-term facilities maintenance | – | <u>167,771</u> |
| Total fund balances | <u>–</u> | <u>577,003</u> |
| Total liabilities and fund balances | <u>\$ –</u> | <u>\$ 1,190,025</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, 2021
 (With Comparative Actual Amounts for the Year Ended June 30, 2020)

| | 2021 | | | 2020 |
|-----------------------------|---------------------|------------------|------------------------|--------------------|
| | Budget | Actual | Over (Under) Budget | Actual |
| Revenue | | | | |
| Local sources | | | | |
| Investment earnings | \$ 39 | \$ 41 | \$ 2 | \$ 21,475 |
| Expenditures | | | | |
| Capital outlay | | | | |
| Purchased services | 3,592 | 3,592 | – | 105,375 |
| Capital expenditures | 573,452 | 573,452 | – | 1,078,271 |
| Total expenditures | <u>577,044</u> | <u>577,044</u> | <u>–</u> | <u>1,183,646</u> |
| Net change in fund balances | <u>\$ (577,005)</u> | <u>(577,003)</u> | <u>\$ 2</u> | <u>(1,162,171)</u> |
| Fund balances | | | | |
| Beginning of year | | <u>577,003</u> | | <u>1,739,174</u> |
| End of year | | <u>\$ –</u> | | <u>\$ 577,003</u> |

INTERMEDIATE DISTRICT NO. 287

Debt Service Fund
Comparative Balance Sheet
as of June 30, 2021 and 2020

| | <u>2021</u> | <u>2020</u> |
|--------------------------------------|----------------------|----------------------|
| Assets | | |
| Cash and investments held by trustee | \$ 14,218,423 | \$ 12,543,833 |
| Receivables | | |
| Accounts and interest | 212,491 | 189,024 |
| Due from other governmental units | 1,443,849 | 1,493,959 |
| Prepaid items | <u>—</u> | <u>1,167</u> |
| Total assets | <u>\$ 15,874,763</u> | <u>\$ 14,227,983</u> |
| Liabilities | | |
| Due to other funds | \$ 1,273,598 | \$ 1,379,438 |
| Due to other governmental units | <u>38</u> | <u>—</u> |
| Total liabilities | 1,273,636 | 1,379,438 |
| Fund balances | | |
| Nonspendable for prepaid items | — | 1,167 |
| Restricted for debt service | <u>14,601,127</u> | <u>12,847,378</u> |
| Total fund balances | <u>14,601,127</u> | <u>12,848,545</u> |
| Total liabilities and fund balances | <u>\$ 15,874,763</u> | <u>\$ 14,227,983</u> |

INTERMEDIATE DISTRICT NO. 287

Debt Service Fund
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual
 Year Ended June 30, 2021
 (With Comparative Actual Amounts for the Year Ended June 30, 2020)

| | 2021 | | Over (Under) Budget | 2020 |
|--------------------------------------|---------------------|----------------------|------------------------|----------------------|
| | Budget | Actual | | Actual |
| Revenue | | | | |
| Local sources | | | | |
| Pass-through levies | \$ 5,182,798 | \$ 5,194,968 | \$ 12,170 | \$ 4,883,267 |
| Tuition | 634,590 | 887,719 | 253,129 | 1,086,395 |
| Investment earnings | 460,093 | 485,921 | 25,828 | 433,191 |
| Other | 223,962 | 223,962 | — | 227,294 |
| Federal sources | 1,555,298 | 1,550,473 | (4,825) | 1,539,880 |
| Total revenue | <u>8,056,741</u> | <u>8,343,043</u> | <u>286,302</u> | <u>8,170,027</u> |
| Expenditures | | | | |
| Debt service | | | | |
| Principal | 3,095,000 | 3,095,000 | — | 2,985,000 |
| Interest | 3,478,545 | 3,478,545 | — | 3,630,247 |
| Fiscal charges and other | 18,250 | 16,916 | (1,334) | 98,572 |
| Total expenditures | <u>6,591,795</u> | <u>6,590,461</u> | <u>(1,334)</u> | <u>6,713,819</u> |
| Excess of revenue over expenditures | 1,464,946 | 1,752,582 | 287,636 | 1,456,208 |
| Other financing sources (uses) | | | | |
| Refunding debt issued | — | — | — | 3,085,000 |
| Premium on debt issued | — | — | — | 198,874 |
| Payment on refunded debt | — | — | — | (3,205,000) |
| Total other financing sources (uses) | <u>—</u> | <u>—</u> | <u>—</u> | <u>78,874</u> |
| Net change in fund balances | <u>\$ 1,464,946</u> | 1,752,582 | <u>\$ 287,636</u> | 1,535,082 |
| Fund balances | | | | |
| Beginning of year | | <u>12,848,545</u> | | <u>11,313,463</u> |
| End of year | | <u>\$ 14,601,127</u> | | <u>\$ 12,848,545</u> |

INTERMEDIATE DISTRICT NO. 287

Combining Statement of Net Position
 Proprietary Funds
 Internal Service Funds
 as of June 30, 2021

(With Comparative Totals as of June 30, 2020)

| | Health Self-Insurance | Dental Self-Insurance | 2021 | 2020 |
|---------------------------------|--------------------------|--------------------------|----------------------|----------------------|
| Current assets | | | | |
| Cash and temporary investments | \$ 14,418,258 | \$ 705,810 | \$ 15,124,068 | \$ 13,088,108 |
| Receivables | | | | |
| Accounts and interest | 128 | - | 128 | 223 |
| Total current assets | <u>14,418,386</u> | <u>705,810</u> | <u>15,124,196</u> | <u>13,088,331</u> |
| Current liabilities | | | | |
| Accounts payable | 297,390 | - | 297,390 | 121,488 |
| Claims payable | 652,395 | 9,227 | 661,622 | 875,591 |
| Due to other governmental units | 4,990 | - | 4,990 | 5,670 |
| Unearned revenue | 1,013,644 | - | 1,013,644 | 982,422 |
| Total current liabilities | <u>1,968,419</u> | <u>9,227</u> | <u>1,977,646</u> | <u>1,985,171</u> |
| Net position | | | | |
| Unrestricted | <u>\$ 12,449,967</u> | <u>\$ 696,583</u> | <u>\$ 13,146,550</u> | <u>\$ 11,103,160</u> |

INTERMEDIATE DISTRICT NO. 287

Combining Statement of Revenue, Expenses, and Changes in Net Position
 Proprietary Funds
 Internal Service Funds
 Year Ended June 30, 2021
 (With Comparative Totals for the Year Ended June 30, 2020)

| | Health Self-Insurance | Dental Self-Insurance | 2021 | 2020 |
|---------------------------------------|--------------------------|--------------------------|----------------------|----------------------|
| Operating revenue | | | | |
| Contributions from governmental funds | \$ 13,050,630 | \$ 637,589 | \$ 13,688,219 | \$ 13,196,794 |
| Operating expenses | | | | |
| Dental benefit claims and expenses | - | 644,104 | 644,104 | 519,784 |
| Health benefit claims and expenses | 9,617,195 | - | 9,617,195 | 7,971,839 |
| Administrative fees | 1,352,476 | 45,268 | 1,397,744 | 1,536,539 |
| Total operating expenses | <u>10,969,671</u> | <u>689,372</u> | <u>11,659,043</u> | <u>10,028,162</u> |
| Operating income (loss) | 2,080,959 | (51,783) | 2,029,176 | 3,168,632 |
| Nonoperating revenues | | | | |
| Investment earnings | <u>13,419</u> | <u>795</u> | <u>14,214</u> | <u>153,598</u> |
| Change in net position | 2,094,378 | (50,988) | 2,043,390 | 3,322,230 |
| Net position | | | | |
| Beginning of year | <u>10,355,589</u> | <u>747,571</u> | <u>11,103,160</u> | <u>7,780,930</u> |
| End of year | <u>\$ 12,449,967</u> | <u>\$ 696,583</u> | <u>\$ 13,146,550</u> | <u>\$ 11,103,160</u> |

INTERMEDIATE DISTRICT NO. 287

Combining Statement of Cash Flows
 Proprietary Funds
 Internal Service Funds
 Year Ended June 30, 2021
 (With Comparative Totals for the Year Ended June 30, 2020)

| | Health Self-Insurance | Dental Self-Insurance | 2021 | 2020 |
|---|--------------------------|--------------------------|----------------------|----------------------|
| Cash flows from operating activities | | | | |
| Received from assessments made to other funds | \$ 13,081,947 | \$ 637,589 | \$ 13,719,536 | \$ 13,362,073 |
| Payments for claims | (9,645,146) | (654,900) | (10,300,046) | (8,864,257) |
| Payments for fees | (1,352,476) | (45,268) | (1,397,744) | (1,536,539) |
| Net cash provided by operating activities | <u>2,084,325</u> | <u>(62,579)</u> | <u>2,021,746</u> | <u>2,961,277</u> |
| Cash flows from investing activities | | | | |
| Investment income received | <u>13,419</u> | <u>795</u> | <u>14,214</u> | <u>153,598</u> |
| Net change in cash and cash equivalents | 2,097,744 | (61,784) | 2,035,960 | 3,114,875 |
| Cash and temporary investments | | | | |
| Beginning of year | <u>12,320,514</u> | <u>767,594</u> | <u>13,088,108</u> | <u>9,973,233</u> |
| End of year | <u>\$ 14,418,258</u> | <u>\$ 705,810</u> | <u>\$ 15,124,068</u> | <u>\$ 13,088,108</u> |
| Reconciliation of operating income (loss) to net cash provided by operating activities | | | | |
| Operating income (loss) | \$ 2,080,959 | \$ (51,783) | \$ 2,029,176 | \$ 3,168,632 |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities | | | | |
| Changes in assets and liabilities | | | | |
| Accounts and interest receivable | 95 | - | 95 | 1,526 |
| Accounts payable | 175,902 | - | 175,902 | (86,696) |
| Claims payable | (203,173) | (10,796) | (213,969) | (291,608) |
| Due to other governmental units | (680) | - | (680) | 5,670 |
| Unearned revenue | <u>31,222</u> | <u>-</u> | <u>31,222</u> | <u>163,753</u> |
| Net cash provided by operating activities | <u>\$ 2,084,325</u> | <u>\$ (62,579)</u> | <u>\$ 2,021,746</u> | <u>\$ 2,961,277</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 | | |
| 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% |
| 2021 | 19,630,956 21.1% | 63,896,514 68.7% | 9,436,601 10.2% | 92,964,071 100.0% |

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 |
|------------------------|--------------------------------------|-----------------------|------------------------|----------------|---|
| 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% |
| 2021 | 1,521,795 1.7% | 10,847,983 11.8% | 58,192,490 63.4% | 5,787 - | 17,523,399 19.1% |

| Food Service | | Community Service | | Interest and Fiscal Charges | | Total | |
|--------------|---------|-------------------|---------|-----------------------------|-----------|-------|-------------|
| \$ | 364,196 | \$ | 214,916 | \$ | 4,890,548 | \$ | 84,627,564 |
| | 0.4% | | 0.3% | | 5.8% | | 100.0% |
| | 590,030 | | 221,269 | | 4,044,542 | | 78,008,750 |
| | 0.8% | | 0.3% | | 5.2% | | 100.0% |
| | 671,461 | | 181,463 | | 3,901,822 | | 83,561,967 |
| | 0.8% | | 0.2% | | 4.7% | | 100.0% |
| | 771,783 | | 152,350 | | 3,835,131 | | 82,084,930 |
| | 0.9% | | 0.2% | | 4.7% | | 100.0% |
| | 718,400 | | 162,080 | | 3,739,564 | | 82,369,162 |
| | 0.9% | | 0.2% | | 4.5% | | 100.0% |
| | 792,317 | | 99,396 | | 3,911,327 | | 104,040,065 |
| | 0.8% | | 0.1% | | 3.8% | | 100.0% |
| | 787,048 | | 96,678 | | 3,710,574 | | 102,425,510 |
| | 0.8% | | 0.1% | | 3.6% | | 100.0% |
| | 729,364 | | — | | 3,533,236 | | 71,193,865 |
| | 1.0% | | — | | 5.0% | | 100.0% |
| | 659,890 | | — | | 3,523,231 | | 92,640,034 |
| | 0.7% | | — | | 3.8% | | 100.0% |
| | 663,423 | | — | | 3,054,146 | | 91,809,023 |
| | 0.7% | | — | | 3.3% | | 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> |
|--------------------------------|--------------------------------|----------------|----------------------------|----------------------|----------------------|---------------|
| 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 |
| 2021 | 2,576,713 | 18,699,103 | 1,554,714 | 60,530,137 | 818,492 | 84,179,159 |

SINGLE AUDIT AND OTHER REQUIRED REPORTS

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INTERMEDIATE DISTRICT NO. 287

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

| Federal Grantor/Pass-Through Grantor/Program Title | Federal ALN | Federal Expenditures | Passed Through to Subrecipients |
|--|----------------|----------------------|---------------------------------------|
| U.S. Department of Agriculture | | | |
| Passed through Minnesota Department of Education | | | |
| Child nutrition cluster | | | |
| COVID-19 – Summer Food Service Program for Children | 10.559 | \$ 291,638 | |
| Summer Food Service Program for Children | 10.559 | <u>22,936</u> | |
| Total ALN 10.559 | | <u>\$ 314,574</u> | |
| Total child nutrition cluster | | | \$ 314,574 |
| Child Nutrition Discretionary Grants Limited Availability | 10.579 | | 25,000 |
| COVID-19 – Pandemic EBT Administrative Costs | 10.649 | | 14,555 |
| U.S. Department of Education | | | |
| Passed through Minnesota Department of Education | | | |
| Special education cluster | | | |
| Special Education – Grants to States | 84.027 | | 5,184 |
| Comprehensive Literacy Development | 84.371 | | 632,032 |
| Education Stabilization Fund | | | |
| COVID-19 – Governor’s Emergency Education Relief (GEER) Fund | 84.425C | 15,283 | |
| COVID-19 – Elementary and Secondary School Emergency Relief (ESSER) Fund | 84.425D | <u>162,621</u> | |
| Total ALN 84.425 | | | 177,904 |
| English Language Acquisition State Grant | 84.365 | | 26,269 \$ 14,872 |
| Passed through Independent School District No. 284 | | | |
| Career and Technical Education – Basic Grants to States | 84.048 | | 19,745 |
| U.S. Department of the Treasury | | | |
| Passed through Minnesota Department of Education | | | |
| COVID-19 – Coronavirus Relief Fund | 21.019 | 23,000 | |
| Passed through Minnesota Department of Homeland Security | | | |
| COVID-19 – Coronavirus Relief Fund | 21.019 | 21,582 | |
| Passed through Minnesota Department of Education | | | |
| COVID-19 – Coronavirus Relief Fund | 21.019 | <u>287,927</u> | |
| Total ALN 21.019 | | | 332,509 |
| U.S. Department of Justice | | | |
| Direct | | | |
| STOP School Violence | 16.839 | | 47,018 |
| U.S. Department of Health and Human Services | | | |
| Passed through Minnesota Department of Education | | | |
| Substance Abuse and Mental Health Services Projects of Regional and National Significance | 93.243 | | <u>246,155</u> |
| Total federal awards | | | <u>\$ 1,840,945</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 Assistance Listing Numbers (ALN) 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.

Note 4: The District had \$22,847 of noncash assistance included in the Summer Food Service Program for Children, ALN 10.559.

Note 5: (Unaudited Disclosure) The District received donated personal protective equipment (PPE) with an estimated value of \$7,500. The District was unable to determine whether federal dollars were used to purchase the donated PPE.

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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, 2021, 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 15, 2021.

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 15, 2021



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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, 2021. 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, 2021.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to 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 15, 2021



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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, 2021, 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 15, 2021.

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 15, 2021

INTERMEDIATE DISTRICT NO. 287

Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

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 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:

| <u>Program or Cluster</u> | <u>ALN No.</u> |
|---------------------------|----------------|
|---------------------------|----------------|

| | |
|--|--------|
| U.S. Department of Education – Comprehensive Literacy Development | 84.371 |
|--|--------|

| | |
|---|-------------------|
| Threshold for distinguishing between type A and B programs. | <u>\$ 750,000</u> |
|---|-------------------|

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

INTERMEDIATE DISTRICT NO. 287

Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2021

B. FINANCIAL STATEMENT FINDINGS

None.

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

D. MINNESOTA LEGAL COMPLIANCE FINDINGS

None.

INTERMEDIATE DISTRICT NO. 287

Uniform Financial Accounting and Reporting Standards
Compliance Table
June 30, 2021

| | Audit | UFARS | Audit – UFARS |
|--|---------------|---------------|---------------|
| General Fund | | | |
| Total revenue | \$ 84,179,159 | \$ 84,179,159 | \$ – |
| Total expenditures | \$ 86,232,890 | \$ 86,232,888 | \$ 2 |
| Nonspendable | | | |
| 460 Nonspendable fund balance | \$ 59,977 | \$ 59,977 | \$ – |
| 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 | \$ 264,604 | \$ 264,604 | \$ – |
| 448 Achievement and integration | \$ – | \$ – | \$ – |
| 449 Safe schools levy | \$ 754,197 | \$ 754,197 | \$ – |
| 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 | \$ 614,086 | \$ 614,086 | \$ – |
| 472 Medical Assistance | \$ 1,267,152 | \$ 1,267,152 | \$ – |
| 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 | \$ 9,906,736 | \$ 9,906,738 | \$ (2) |
| Unassigned | | | |
| 422 Unassigned fund balance | \$ 7,451,542 | \$ 7,451,541 | \$ 1 |
| Food Service | | | |
| Total revenue | \$ 328,776 | \$ 328,776 | \$ – |
| Total expenditures | \$ 707,653 | \$ 707,653 | \$ – |
| 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, 2021

| | Audit | UFARS | Audit – UFARS |
|--------------------------------------|---------------|---------------|---------------|
| Building Construction | | | |
| Total revenue | \$ 41 | \$ 41 | \$ – |
| Total expenditures | \$ 577,044 | \$ 577,044 | \$ – |
| Nonspendable | | | |
| 460 Nonspendable fund balance | \$ – | \$ – | \$ – |
| Restricted | | | |
| 407 Capital projects levy | \$ – | \$ – | \$ – |
| 413 Projects funded by COP | \$ – | \$ – | \$ – |
| 467 Long-term facilities maintenance | \$ – | \$ – | \$ – |
| 464 Restricted fund balance | \$ – | \$ – | \$ – |
| Unassigned | | | |
| 463 Unassigned fund balance | \$ – | \$ – | \$ – |
| Debt Service | | | |
| Total revenue | \$ 8,343,043 | \$ 8,343,042 | \$ 1 |
| Total expenditures | \$ 6,590,461 | \$ 6,590,461 | \$ – |
| Nonspendable | | | |
| 460 Nonspendable fund balance | \$ – | \$ – | \$ – |
| Restricted | | | |
| 425 Bond refundings | \$ – | \$ – | \$ – |
| 433 Maximum effort loan | \$ – | \$ – | \$ – |
| 451 QZAB payments | \$ – | \$ – | \$ – |
| 467 Long-term facilities maintenance | \$ – | \$ – | \$ – |
| 464 Restricted fund balance | \$ 14,601,127 | \$ 14,601,127 | \$ – |
| Unassigned | | | |
| 463 Unassigned fund balance | \$ – | \$ – | \$ – |
| Trust | | | |
| Total revenue | \$ – | \$ – | \$ – |
| Total expenditures | \$ – | \$ – | \$ – |
| 401 Student activities | \$ – | \$ – | \$ – |
| 402 Scholarships | \$ – | \$ – | \$ – |
| 422 Net position | \$ – | \$ – | \$ – |
| Custodial Fund | | | |
| Total revenue | \$ 2,162 | \$ 2,163 | \$ (1) |
| Total expenditures | \$ 1,612 | \$ 1,612 | \$ – |
| 401 Student activities | \$ – | \$ – | \$ – |
| 402 Scholarships | \$ 93,305 | \$ 93,305 | \$ – |
| 448 Achievement and integration | \$ – | \$ – | \$ – |
| 464 Restricted fund balance | \$ – | \$ – | \$ – |
| Internal Service | | | |
| Total revenue | \$ 13,702,433 | \$ 13,702,432 | \$ 1 |
| Total expenditures | \$ 11,659,043 | \$ 11,659,043 | \$ – |
| 422 Net position | \$ 13,146,550 | \$ 13,146,550 | \$ – |
| 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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Intermediate District 287

RESPONSIVE. INNOVATIVE. SOLUTIONS.

INTER-OFFICE MEMORANDUM

Date: January 13, 2022

To: Sandra Lewandowski, Superintendent

From: Elisabeth Lodge Rogers, Assistant Superintendent and Ben Magras, Executive Director of School and Student Outcomes

Re: What the Board Needs to Know - Move to Distance Learning

After careful review of both a number of metrics and feedback from stakeholders, we made the decision to move to distance learning through January 21st. January 12th was a planning day for our teachers and staff to prepare for the change.

We believe strongly that our students need access to the highest quality version of distance learning that we can provide. Further, we continue to believe that for more students, in person learning is the best method for delivery instruction and skill development. We will always only choose a move to distance learning when it is necessary for safety and staffing reasons.

Data Considerations

- Our staff absences were trending higher, beginning on January 3rd, reaching as high as 25% of our staff absent on January 4th and 7th.
- Positive cases for staff and students continue to rise, with similar spikes in cases occurring nationally also happening in our District.
- Student attendance has been as low as approximately 50%. Lower student attendance does allow us to serve students in person even when our staff attendance is lower but also means that half of our students are not getting any education. We believe that we can reach more students in distance learning given this absence rate.

Feedback and Perspective

- With low staff and student attendance, our sites were doing their best to match students with adults who could best support their learning. This is important particularly when serving students with unique needs. Our site leader's perspective on their ability to organize this was, and is, an important consideration. We reached a point where this was becoming too challenging to navigate.
- As of January 11th, three member districts moved to distance learning, as did several districts across the metro.
- MDH advised us that we should consider the rapid rise in cases as a crisis and one that is likely to continue for several weeks.

Our initial decision was to require all staff to report in person. After further processing all of the implications of having staff report in-person, we concluded that the benefits of in-person reporting are particularly realized during the first several days (today - Friday) of collaborating, planning, and practicing the delivery of remote instruction. By expecting all staff to report in-person through the rest of this week we will be able to create the foundations and protocols necessary for the most effective Distance Learning. We also recognize there are challenges given the inability of positive, asymptomatic staff to continue to work, family needs associated with other school districts moving to Distance Learning, and the overall wellbeing of staff that have been impacted by the pandemic and daily additional challenges of being short staffed. Therefore, we modified the in-person requirement - staff will be required to report in person January 12-14 and have the option to work remotely January 18-21. We are looking forward to both staff and students returning in person on January 24.

We are thankful for all of our hardworking, compassionate staff for their ongoing commitment to our students and family.

Intermediate District 287

RESPONSIVE. INNOVATIVE. SOLUTIONS.

School Board Planning Calendar 2021-2022

| 2021 Meetings (August - December) | | 2022 Meetings (January - June) | |
|--------------------------------------|-------------|---------------------------------------|----------|
| July 22 | October 14 | January 13 | March 24 |
| August 26 | October 28 | <i>(possible conflicts with MASA)</i> | April 14 |
| September 9 | November 11 | January 27 | May 12 |
| September 23 | December 9 | February 10 | May 26 |
| | | February 24 | June 9 |
| | | March 10 | June 23 |

| 1 st Meeting of the Month | 2 nd Meeting of the Month |
|--------------------------------------|--------------------------------------|
|--------------------------------------|--------------------------------------|

START TIME 6:30 PM

JULY 22, 2021

- Consent agenda:
 - Approval of Radio Bid
 - Approval of Agreement - Camera Software
 - Approval of Multiple Agreements to Provide Educational Services - Care and Treatment Sites
 - Approval of Authorization for Issuance of Purchasing Cards
- Update on State & Federal Funding report
- 2209 Closed Session

AUGUST 26, 2021

Kudos & Recognition

- What Board Members Need to Know About “2021-2022 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)
- COVID 19 POLICIES
- Update on Back to School Planning

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

- Wilder Contracts - TTM & KOFI

SEPTEMBER 9, 2021

Kudos & Recognition

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

Consent Agenda OR What the Board Needs to Know

OR Verbal Update

Coherence Result 2021

Update to Public Comment Procedure

Special Presentation:

- Moving Racial Consciousness to Action tool
- Update on the Year of Learning

Annual Presentation

- KPI update / Strategic Plan update HOLD for Aug/Sept meeting

SEPTEMBER 23, 2021

Kudos & Recognition

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 (Summary of Summer Projects)~~

What the Board Needs to Know

- Emergency and Crisis Plans for 2021-22 Jake Horejsh
..... (Action)

| | |
|---|--|
| <p>Spotlight - TBD</p> | <ul style="list-style-type: none"> • What the Board Needs to Know MSBA Resolution on TTM funding <i>(Action)</i> |
| <p>OCTOBER 14, 2021 Kudos & Recognition</p> <p>Consent Agenda OR What the Board Needs to Know OR Verbal Update Special Presentation Annual Presentation</p> <ul style="list-style-type: none"> • | <p>OCTOBER 28, 2021 Kudos & Recognition</p> <ul style="list-style-type: none"> • Above & Beyond: Ann Bremer Education Center (virtual) <p>Consent Agenda OR What the Board Needs to Know OR Verbal Update</p> <ul style="list-style-type: none"> • Insurance Premium Rate recommendation <p>Special Presentation</p> <ul style="list-style-type: none"> • 2021 Strategic Priorities/Coherence Impact Report and Presentation - Presentation <p>Annual Presentation</p> <ul style="list-style-type: none"> • Financial Report September - Quarterly Update (Action) • Facilities Report • HR Closed Session: <ul style="list-style-type: none"> ○ Local 2209 Negotiations - Update 2021-2023 Contract |

| | |
|--|--|
| <p>NOVEMBER 11, 2021 <i>(Only one Board meeting this month!)</i></p> | |
| <p>Kudos & Recognition</p> <ul style="list-style-type: none"> • Above & Beyond: Care & Treatment <p>Consent Agenda OR What the Board Needs to Know OR Verbal Update</p> <ul style="list-style-type: none"> • Fund balance transfers (consent agenda item) • Joint Powers Agreement - AWARE Grant • PSEO Agreement - HTC <p>Special Presentation: Board Work Session</p> <ul style="list-style-type: none"> • KPI update & School Improvement Plans update - 2020-21 plans (30 min) <i>(carryover from last year)</i> <p>Annual Presentation</p> <ul style="list-style-type: none"> • Grant updates - Ben and Jon [SRCL update] <i>(carryover from last year)</i> • Update on Key Performance Indicators <ul style="list-style-type: none"> • What the Board Needs to Know about Emergency & Crisis Plans <i>(Action)</i> • Jake Horejsh, Student & Staff Safety Manager - Health and Safety will present a brief overview of our 21-22 emergency preparedness plan and answer questions. • HR Closed Session: <ul style="list-style-type: none"> ○ Local 2209 Negotiations - Tentative Agreement 2021-2023 Contract ○ 2021-2023 Employment Guide for Administrative and Unaffiliated Employees | |

| | |
|--|---|
| <p>DECEMBER 9, 2021 <i>(Only one Board meeting this month!)</i></p> | |
| <p>Kudos & Recognition</p> <ul style="list-style-type: none"> • Above & Beyond: District Service Center • Above & Beyond: Care & Treatment <p>Consent Agenda OR What the Board Needs to Know OR Verbal Update</p> <ul style="list-style-type: none"> • Financial Report October (consent agenda) • Legislative Platform <p>Special Presentation</p> <ul style="list-style-type: none"> • STOP Violence Federal Grant Update (Ben M.) <i>(carryover from last year)</i> • Data Presentation (PowerBI) | <p>Annual Presentation</p> <ul style="list-style-type: none"> • Officer Election Process - (Chair Report) • World's Best Workforce Report & ESSA Update (Jon Ben) • Unaudited Financial Report for FY21 (action item) • 2021-2022 Yearly ADM Summary |

| | |
|--|--|
| <p style="text-align: center;">JANUARY 13, 2022 <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 Legislative Platform file:///Users/sllewandowski/Downloads/2022%20Legislative%20Priorities.pdf | <p style="text-align: center;">JANUARY 27, 2022 Regular Meeting</p> <p>Kudos & Recognition</p> <ul style="list-style-type: none"> Above & Beyond: Hennepin Technical College 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 -</p> <p>Data Presentation (PowerBI) <i>(Information)</i> Ben Magras, Executive Director of School and Student Outcomes will present the</p> <p>Annual Presentation</p> <ul style="list-style-type: none"> Financial Report December - Quarterly update (action item) 2021-22 Budget Update and 22-23 Budget Planning Equity Policy Second Read |
| <p style="text-align: center;">FEBRUARY 10, 2022</p> <p>Kudos & Recognition *online student letter</p> <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"> EL Certificates Radios and the Vaccine Article <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. <p>Annual Presentation</p> <ul style="list-style-type: none"> ESSA submissions for schools identified for Comprehensive Support and Improvement (will recur annually) | <p style="text-align: center;">FEBRUARY 24, 2022</p> <p>Kudos & Recognition</p> <ul style="list-style-type: none"> Above & Beyond: Itinerant <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 2022-2023 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 -Coherence and Strategic Planning</p> <p>Annual Presentation <u>Chair Report</u></p> <ul style="list-style-type: none"> Trauma Sensitive Organization Ben M <p>FY22 Budget Revision - annual report (action item) FY23 Budget Assumption/Program Withdrawal Report - Annual Report (Action item)</p> |

MARCH 10, 2022

Equity (60 min) | Equity Work Session

Kudos & Recognition

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

- Confidentiality Commitments

Special Presentation

Annual Presentation

- Approval of revised Administrative Organizational Plan (recurring)

HR Closed Session (2209)

- Initial Review - Parameters for Negotiations

MARCH 24, 2022

Kudos & Recognition

- Above & Beyond: North Education Center

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

- 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:
- FY23 - Food Services Prime Vendor Contract (consent agenda)
- Approval of the RFQ Transportation Contracts

Special Presentation -

Annual Presentation - none

Chair Report

APRIL 14, 2022

Kudos & Recognition/Spotlight

- Above & Beyond: Northern Star Online
- Gateway to College award?

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

- HR Report: Discontinuing Educational Programs and Positions/Staff Reduction ULA Resolution (only if necessary)
- Organizational Chart Approval

Special Presentation - none

Annual Presentation -

- Facilities - Long Term Facilities Maintenance Plan Approval - (Action item)

Chair Report

MAY 12, 2022

RETIREMENT EVENT
5:00 PM - 6:30 PM

Kudos & Recognition

- Itinerant

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

- Superintendent Evaluation Closed Session (carry over)

Special Presentation - none

Annual Presentation - none

- Financial Report March - Quarterly update (Action)

Chair Report

MAY 26, 2022

Kudos & Recognition

Above & Beyond: South Education Center

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

- Superintendent's Evaluation Update (10 min)
- Approval of Computer Refresh (carry over)
- Financial Report April- consent agenda

Special Presentation - none

Annual Presentation -

- Probationary Licensed, and Non-Licensed Non-Renewal Resolutions (recurring)
- Learning Conversations, Superintendent Luncheon Recap

JUNE 9, 2022

Kudos & Recognition/Spotlight

- 2022 Graduation video

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

Jaynie Leung FY 23 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 23, 2022

Kudos & Recognition/Spotlight

Above & Beyond: West Education Center

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**
- 2022-23 Original Budget Approval - Annual Report **Action Item**
- Approval of 2022-23 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 13, 2022
SCHOOL BOARD CALENDAR

TENTATIVE

January 2022

| | | | | |
|----|----------|-----------------------|--------|-----|
| 13 | Thursday | General Board Meeting | 6:30PM | DSC |
| 27 | Thursday | General Board Meeting | 6:30PM | DSC |

February 2022

| | | | | |
|----|----------|----------------------------|--------|-----------|
| 08 | Tuesday | Get on the Bus | 8:00AM | DSC |
| 10 | Thursday | General Board Meeting | 6:30PM | DSC |
| 22 | Tuesday | Local 2209/Board Breakfast | 7:00AM | DSC-Rm316 |
| 24 | Thursday | General Board Meeting | 6:30PM | DSC |

March 2022

| | | | | |
|----|----------|-----------------------|--------|-----|
| 10 | Thursday | General Board Meeting | 6:30PM | DSC |
| 24 | Thursday | General Board Meeting | 6:30PM | DSC |

April 2022

| | | | | |
|----|----------|----------------------------|--------|-----------|
| 12 | Tuesday | Get on the Bus | 8:00AM | DSC |
| 14 | Thursday | General Board Meeting | 6:30PM | DSC |
| 26 | Tuesday | Local 2209/Board Breakfast | 7:00AM | DSC-Rm316 |

May 2022

| | | | | |
|----|----------|-----------------------|--------|-----|
| 12 | Thursday | General Board Meeting | 6:30PM | DSC |
| 26 | Thursday | General Board Meeting | 6:30PM | DSC |

June 2022

| | | | | |
|----|----------|-----------------------|--------|-----|
| 09 | Thursday | General Board Meeting | 6:30PM | DSC |
| 23 | Thursday | General Board Meeting | 6:30PM | DSC |

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

Intermediate District 287

RESPONSIVE. INNOVATIVE. SOLUTIONS.

Get on the Bus & Local 2209 Breakfast Schedule

2021-2022

Get on the Bus

Tuesday, February 8th

West Education Center & Hennepin Tech Center

Bus leaves 287 DSC @ 8:30 AM

Michèle Kunz _____

Tuesday, April 12th

Itinerant Center

Bus leaves 287 DSC @ 8:30 AM

Michèle Kunz _____

Local 2209/Board Breakfast

7:00 AM

Tuesday, February 22nd

District Service Center

(3rd Floor – Room 316)

Michèle Kunz _____

Tuesday, April 26th
District Service Center
(3rd Floor – Room 316)

Michèle Kunz

| | |
|-------|-------|
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |