

INTERNATIONAL FALLS PUBLIC SCHOOLS, ISD 361

Special School Board Meeting Agenda
Wednesday, December 9, 2020 at 5:00 PM
Electronic Meeting held Via ZOOM

Mission Statement: *In partnership with parents and the community, the International Falls School District will prepare every student to become a productive citizen by developing their maximum potential within a safe climate of mutual respect and trust.*

Join Zoom Meeting

<https://isd361.zoom.us/j/81468019111?pwd=ZW5WUDNVMkw2UGpwT3NBdGFPWFkwUT09>

Meeting ID: 814 6801 9111

Passcode: 550359

One tap mobile

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Meeting ID: 814 6801 9111

Passcode: 550359

Find your local number: <https://isd361.zoom.us/u/kdVv1ccnKd>

CALL TO ORDER

1. Roll Call:

___ Mike Holden

___ Toni Korpi

___ Ted Saxton

___ Roxanne Skogstad-Ditsch

___ Kevin Grover

___ Michelle Hebner

___ Jennifer Windels

___ Terry Murray

___ Ella Bahr-Jeffries, Student Representative

2. Pledge of Allegiance

Approval of Agenda

1. Approve agenda as presented. Motion by __, second by __. Motion carried / failed.

Presentation

Approve the Consent Agenda as presented. Motion by ____; second by _____. Motion carried / failed.

1. Presentation of the fiscal year 2020 Audit by Mary Reedy, Principal, State and Local Government at CliftonLarsonAllen LLP. 3

2. Discussion of audit and budgets. 20

Action Items

1. Approve the June 30, 2020 financial statement as prepared. Motion by __, second by __. Motion carried / failed. 55

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2. Approve the 2019-2020 World's Best Workforce Summary. Motion by __, second by __. 160
Motion carried / failed.
3. Approve the 2020 2021 World's Best Work Force Plan. Motion by __, second by __. Motion 173
carried / failed.
4. Receive preliminary revised revenue budget projections for fund 01, fund 02 and fund 04 to be 217
adopted at December 21, 2020 regular school board meeting. Motion by __, second by __.
Motion carried / failed.

Adjournment

Motion by __, second by __ to adjourn meeting at __ pm. Motion carried / failed.

International Falls Public Schools Independent School District No. 361

Executive Audit Summary (EAS)

June 30, 2020

WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor



REQUIRED COMMUNICATIONS

- **Our Responsibility Under Generally Accepted Auditing Standards, *Government Auditing Standards*, and Uniform Guidance**
 - Primary responsibility is to provide our opinion on the fairness of presentation of financial statements
 - Reviewed internal accounting controls
 - Risk based audit approach
 - Based on internal controls, determined scopes and tests of transactions
 - Expressed opinion based on tests
 - Review internal controls and compliance – federal awards
- **Planned Scope and Timing of the Audit**
 - Communicated during the audit preliminary work and field work
- **Significant Accounting Policies**
 - Outlined in Note 1 to the financial statements
 - Unusual transactions – None noted
 - New standards – Implementation of GASB 84, Student Activities closed into the General Fund

REQUIRED COMMUNICATIONS (Continued)

- **Management Judgments and Accounting Estimates – Reasonable/Supported**
 - Special Education Aid from State of Minnesota
 - Allowance for doubtful accounts
 - Useful lives of capital assets
 - Other Postemployment Benefits payable
 - Net Pension Liability & Related Deferred Inflows and Deferred Outflows of Resources
- **Disclosures are Adequate, Clear and Complete**
- **Other Information in Documents Containing Audited Financial Statements**
 - Required Supplementary Information - We made inquiries and evaluated the comparability – No opinion.
 - Supplementary Information – We made inquiries and evaluated the content - Opinion.
- **Disagreements with Management**
 - There have been no disagreements with management about matters that could be significant to the financial statements.
- **Consultations with Other Accountants**
 - There were no consultations with other independent accountants.

REQUIRED COMMUNICATIONS (Continued)

- **Management Representations**
 - We have requested certain representations from management included in the management representation letter.
- **Major Issues Discussed With Management Prior to Retention**
 - No issues, other than normal planning issues, were discussed prior to our retention as auditors.
- **Difficulties Encountered in Performing the Audit (None)**
 - Management was most cooperative and helpful.
 - Personnel and records were available.
- **Corrected and Uncorrected Misstatements of Financial Statements**
 - Uncorrected – None noted.
 - Corrected – Adjustments to revenues.

SUMMARY OF AUDIT RESULTS

- **Financial Statements**
 - Unmodified (“clean”) opinion

- **Internal Control Over Financial Reporting - *Government Auditing Standards***
 - Three material weaknesses in internal control were identified
 - ◇ Preparation of financial statements
 - ◇ Lack of segregation of duties
 - ◇ Material audit adjustments

- **Compliance Reporting under *Government Auditing Standards***
 - None noted

- **Uniform Grant Guidance (Single Audit)**
 - Unmodified Opinion
 - Major programs - Child Nutrition and Title I
 - Procurement Finding

- **Minnesota Legal Compliance**
 - Responsible contractor requirement – contracts over \$50,000
 - Contractor’s withholding affidavit confirmation – IC134

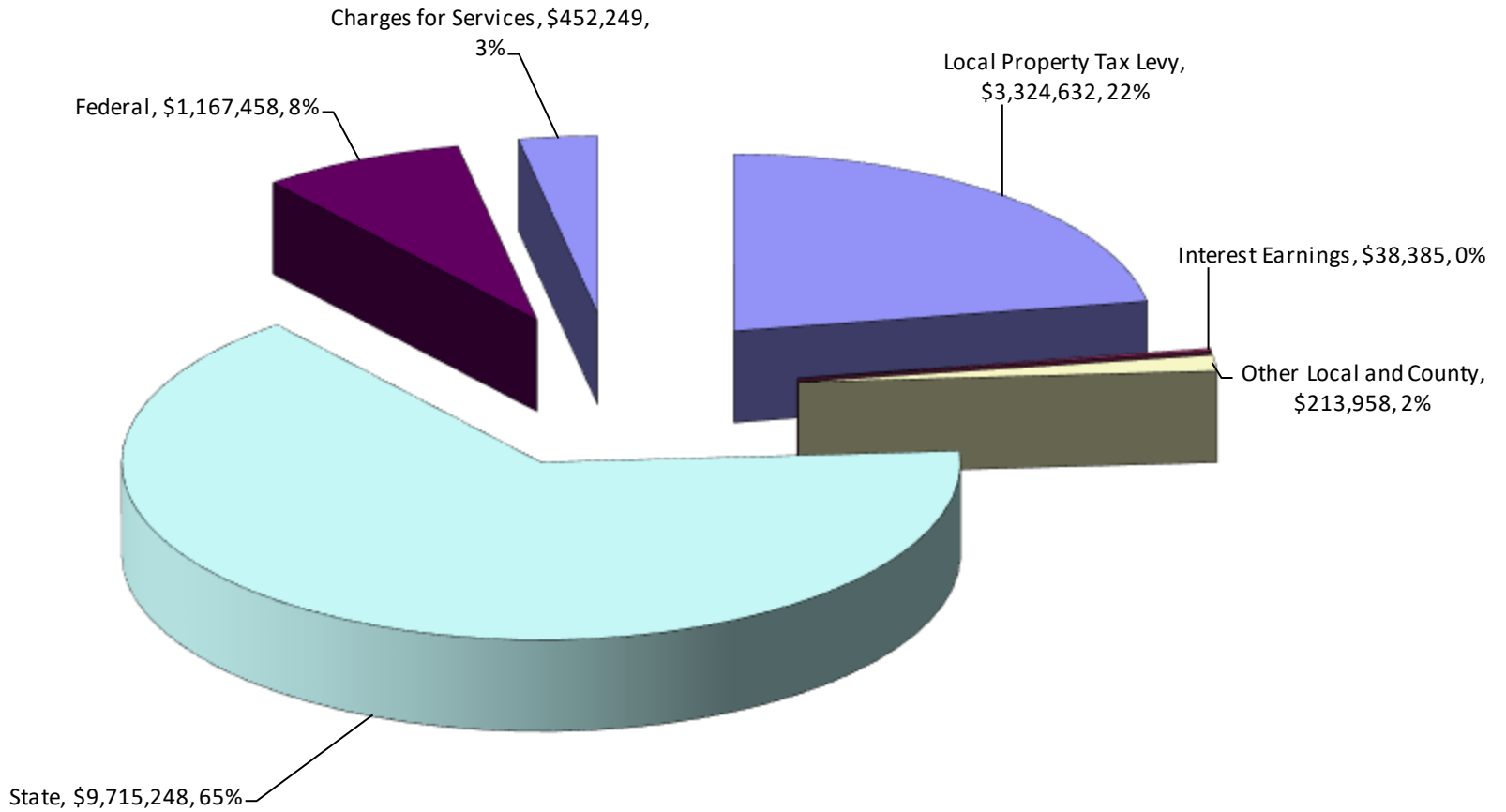
| Independent School District No. 361 | | | | | |
|--|---------------|---------------|---------------|---------------|---------------|
| Fund Trends | | | | | |
| General Fund | | | | | |
| For the Year Ended June 30, | 2020 | 2019 | 2018 | 2017 | 2016 |
| Total Revenues | \$ 13,623,940 | \$ 13,587,418 | \$ 13,598,564 | \$ 13,010,617 | \$ 12,877,010 |
| Total Expenditures | 13,207,310 | 13,408,086 | 13,388,690 | 12,708,154 | 12,942,947 |
| Excess (Deficit) of Revenues Over (Under) Expenditures | 416,630 | 179,332 | 209,874 | 302,463 | (65,937) |
| Other Financing Sources (Uses) | 1,119 | 1,204 | 34,878 | 11,088 | 3,100 |
| Net Change in Fund Balance | 417,749 | 180,536 | 244,752 | 313,551 | (62,837) |
| Change in Accounting Principle | 15,676 | - | - | - | - |
| Fund Balance - Beginning | 4,273,394 | 4,092,858 | 3,848,106 | 3,534,555 | 3,443,665 |
| Unassigned Fund Balance | 3,714,056 | 3,621,368 | 3,169,566 | 3,053,425 | 2,820,544 |
| Nonspendable Fund Balance | 20,632 | 12,548 | 79,822 | 65,819 | 15,655 |
| Restricted Fund Balance | 697,769 | 466,208 | 741,529 | 632,592 | 638,392 |
| Committed Fund Balance | 15,137 | 10,858 | 8,424 | 6,190 | 4,124 |
| Assigned Fund Balance | 259,225 | 162,412 | 93,517 | 90,080 | 55,840 |
| Fund Balance - Ending | \$ 4,706,819 | \$ 4,273,394 | \$ 4,092,858 | \$ 3,848,106 | \$ 3,534,555 |

| Food Service Fund | | | | | |
|--|------------|------------|------------|------------|------------|
| For the Year Ended June 30, | 2020 | 2019 | 2018 | 2017 | 2016 |
| Total Revenues | \$ 548,369 | \$ 558,777 | \$ 579,224 | \$ 603,756 | \$ 598,688 |
| Total Expenditures | 546,824 | 572,368 | 578,930 | 575,306 | 541,674 |
| Excess (Deficit) of Revenues Over (Under) Expenditures | 1,545 | (13,591) | 294 | 28,450 | 57,014 |
| Other Financing Sources (Uses) | - | - | - | - | - |
| Net Change in Fund Balance | 1,545 | (13,591) | 294 | 28,450 | 57,014 |
| Fund Balance - Beginning | 64,333 | 77,924 | 77,630 | 49,180 | 4,937 |
| Nonspendable Fund Balance | 11,838 | 8,451 | 13,722 | 15,084 | 10,110 |
| Restricted Fund Balance | 54,040 | 55,882 | 64,202 | 62,546 | 39,070 |
| Fund Balance - Ending | \$ 65,878 | \$ 64,333 | \$ 77,924 | \$ 77,630 | \$ 49,180 |
| Community Service Fund | | | | | |
| For the Year Ended June 30, | 2020 | 2019 | 2018 | 2017 | 2016 |
| Total Revenues | \$ 380,969 | \$ 418,366 | \$ 383,545 | \$ 333,501 | \$ 332,358 |
| Total Expenditures | 359,936 | 390,160 | 391,529 | 315,501 | 342,569 |
| Excess (Deficit) of Revenues Over (Under) Expenditures | 21,033 | 28,206 | (7,984) | 18,000 | (10,211) |
| Other Financing Sources (Uses) | - | - | - | - | - |
| Net Change in Fund Balance | 21,033 | 28,206 | (7,984) | 18,000 | (10,211) |
| Restricted Fund Balance - Beginning | 52,963 | 24,757 | 32,741 | 14,741 | 24,952 |
| Restricted Fund Balance - Ending | \$ 73,996 | \$ 52,963 | \$ 24,757 | \$ 32,741 | \$ 14,741 |

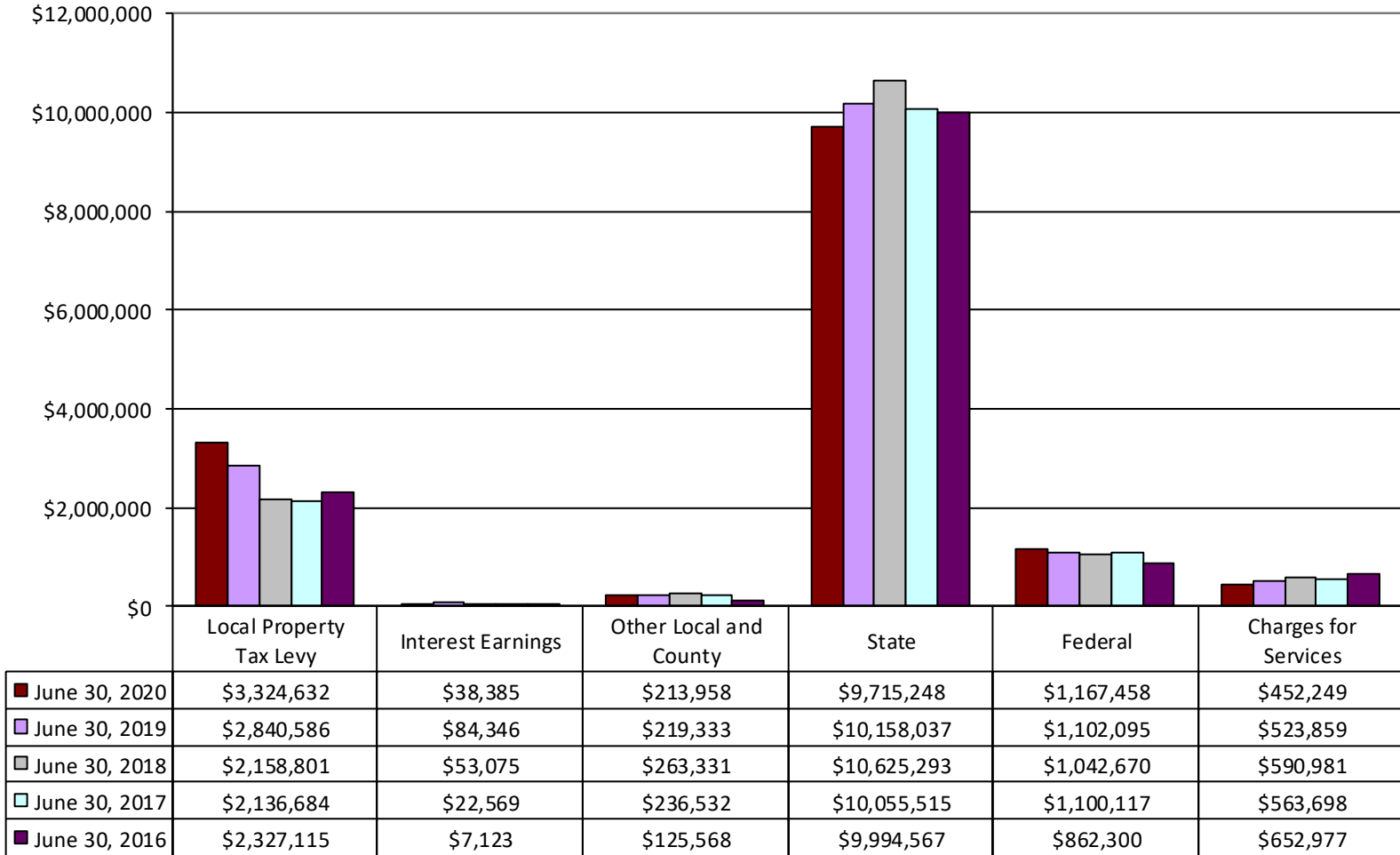


| Debt Service Fund | | | | | |
|--|--------------|-------------|--------------|------------|------------|
| For the Year Ended June 30, | 2020 | 2019 | 2018 | 2017 | 2016 |
| Total Revenues | \$ 353,393 | \$ 337,893 | \$ 160,852 | \$ 167,241 | \$ 161,594 |
| Total Expenditures | 353,327 | 324,213 | 166,463 | 163,963 | 161,363 |
| Excess (Deficit) of Revenues Over (Under) Expenditures | 66 | 13,680 | (5,611) | 3,278 | 231 |
| Other Financing Sources (Uses) | 945,907 | - | 1,845 | - | - |
| Net Change in Fund Balance | 945,973 | 13,680 | (3,766) | 3,278 | 231 |
| Restricted Fund Balance - Beginning | 47,927 | 34,247 | 38,013 | 34,735 | 34,504 |
| Restricted Fund Balance - Ending | \$ 993,900 | \$ 47,927 | \$ 34,247 | \$ 38,013 | \$ 34,735 |
| Capital Projects Fund | | | | | |
| For the Year Ended June 30, | 2020 | 2019 | 2018 | 2017 | 2016 |
| Total Revenues | \$ 5,259 | \$ 25,802 | \$ 11,966 | \$ - | \$ - |
| Total Expenditures | 1,345,104 | 1,116,532 | 386,916 | - | - |
| Excess (Deficit) of Revenues Over (Under) Expenditures | (1,339,845) | (1,090,730) | (374,950) | - | - |
| Other Financing Sources (Uses) | 2,203,721 | - | 1,758,611 | - | - |
| Net Change in Fund Balance | 863,876 | (1,090,730) | 1,383,661 | - | - |
| Restricted Fund Balance | | | | | |
| Restricted Fund Balance - Beginning | 292,931 | 1,383,661 | - | - | - |
| Restricted Fund Balance - Ending | \$ 1,156,807 | \$ 292,931 | \$ 1,383,661 | \$ - | \$ - |

**SOURCES OF REVENUES FOR INDEPENDENT SCHOOL DISTRICT NO. 361
FOR THE YEAR ENDED JUNE 30, 2020**



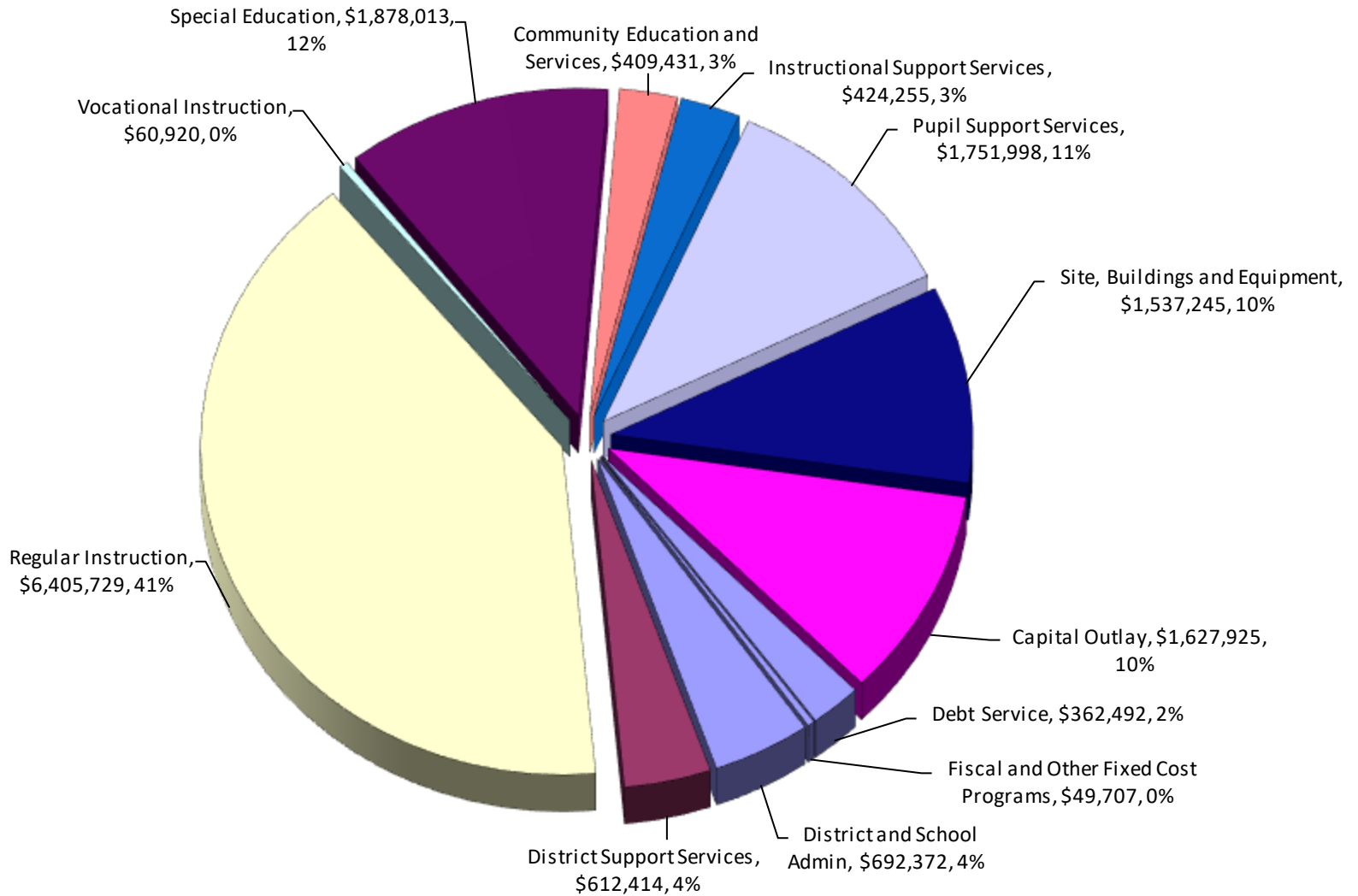
COMPARATIVE GOVERNMENTAL REVENUES OF INDEPENDENT SCHOOL DISTRICT NO. 361



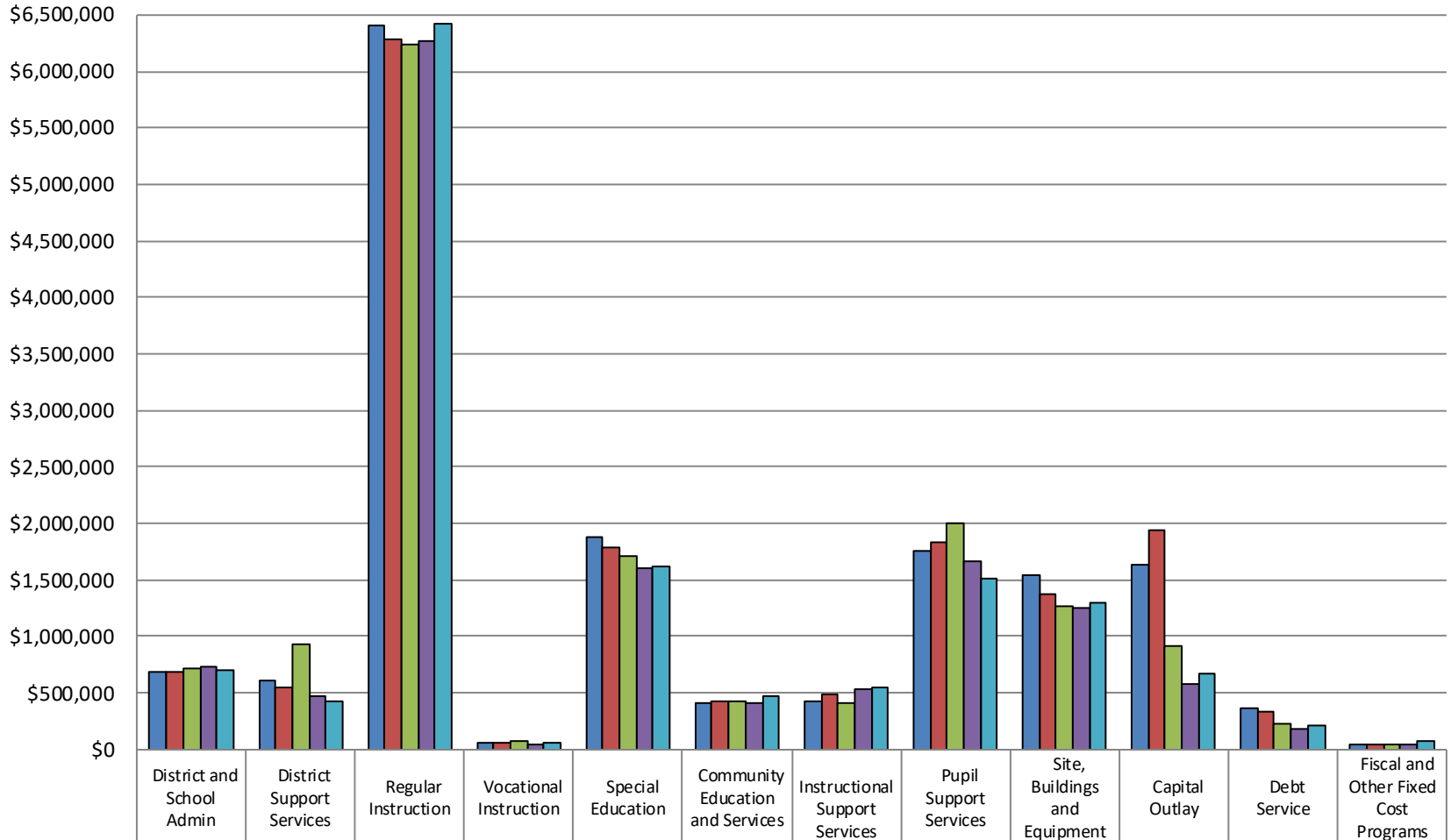
SOURCE OF REVENUES



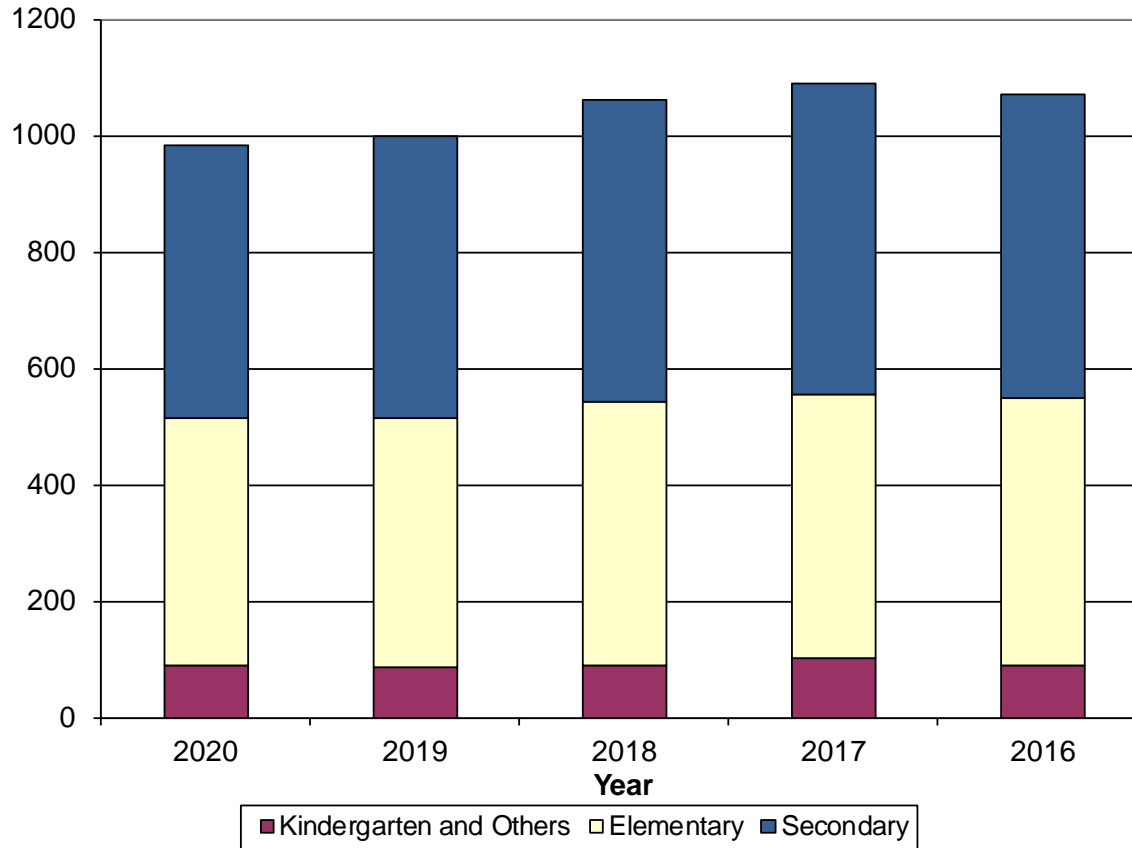
**BREAKDOWN OF EXPENDITURES FOR INDEPENDENT SCHOOL DISTRICT NO. 361
FOR THE YEAR ENDED JUNE 30, 2020**



COMPARATIVE EXPENDITURES FOR GOVERNMENTAL FUNDS OF INDEPENDENT SCHOOL DISTRICT NO. 361



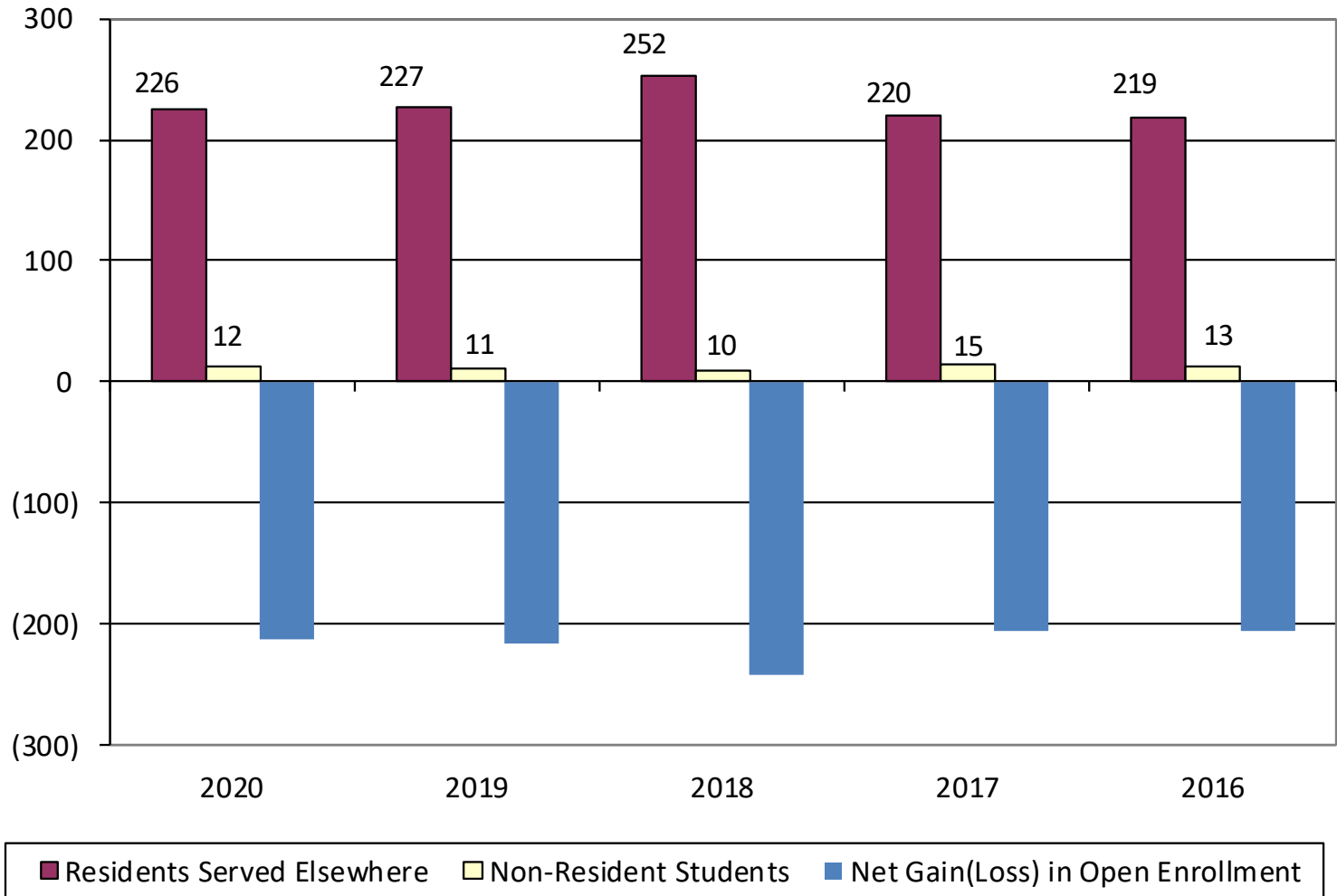
Average Daily Memberships



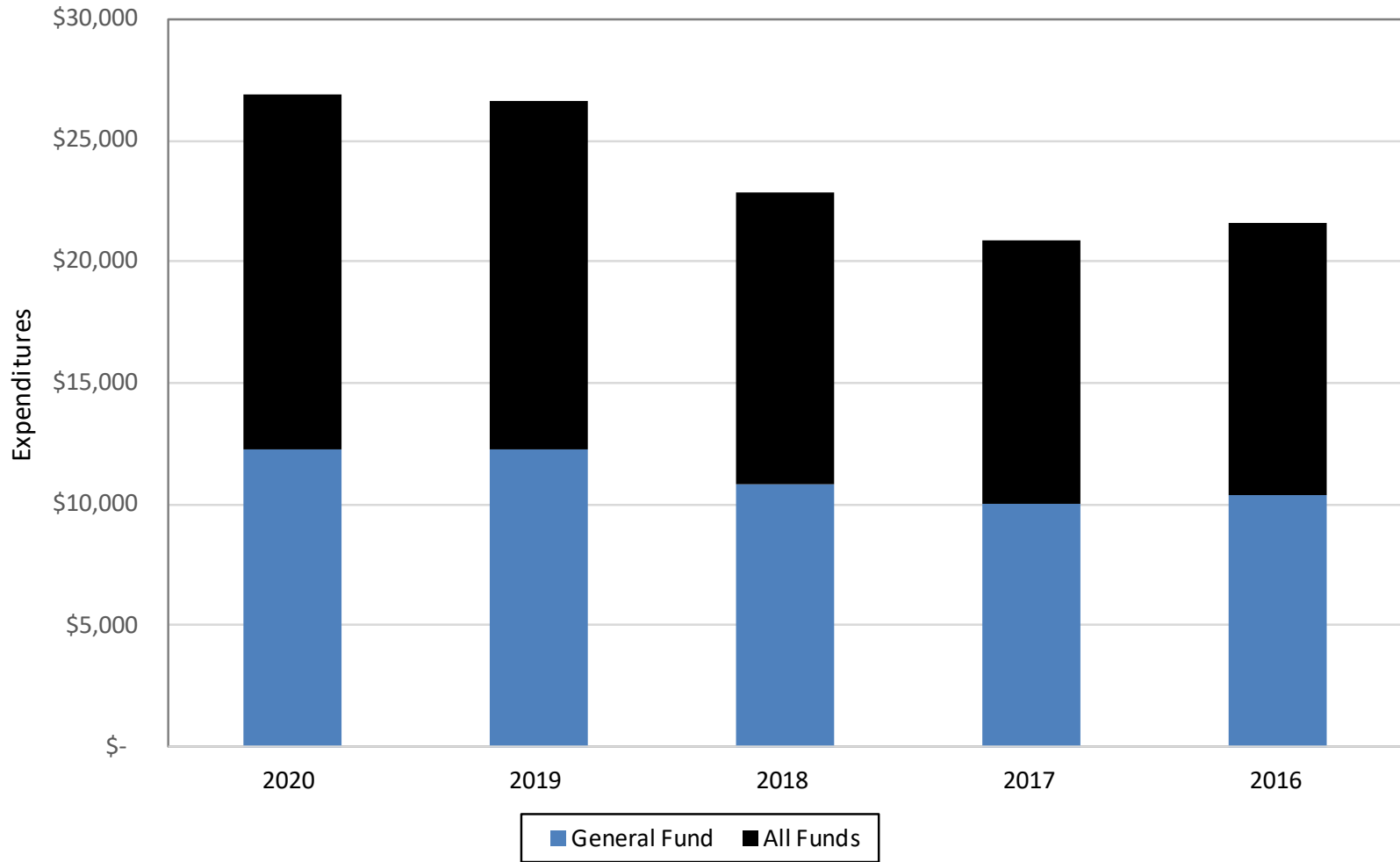
| Resident Average Daily Membership (ADM) | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| Kindergarten and Others | 90.18 | 85.06 | 88.81 | 102.01 | 88.17 |
| Elementary | 426.25 | 431.35 | 454.98 | 455.14 | 460.79 |
| Secondary | 469.20 | 483.04 | 520.16 | 534.98 | 523.52 |
| Total Resident ADM | 985.63 | 999.45 | 1,063.95 | 1,092.13 | 1,072.48 |
| <hr/> | | | | | |
| Total Adjusted Weighted ADM (WADM) | 1,079.47 | 1,096.06 | 1,240.82 | 1,268.91 | 1,247.51 |



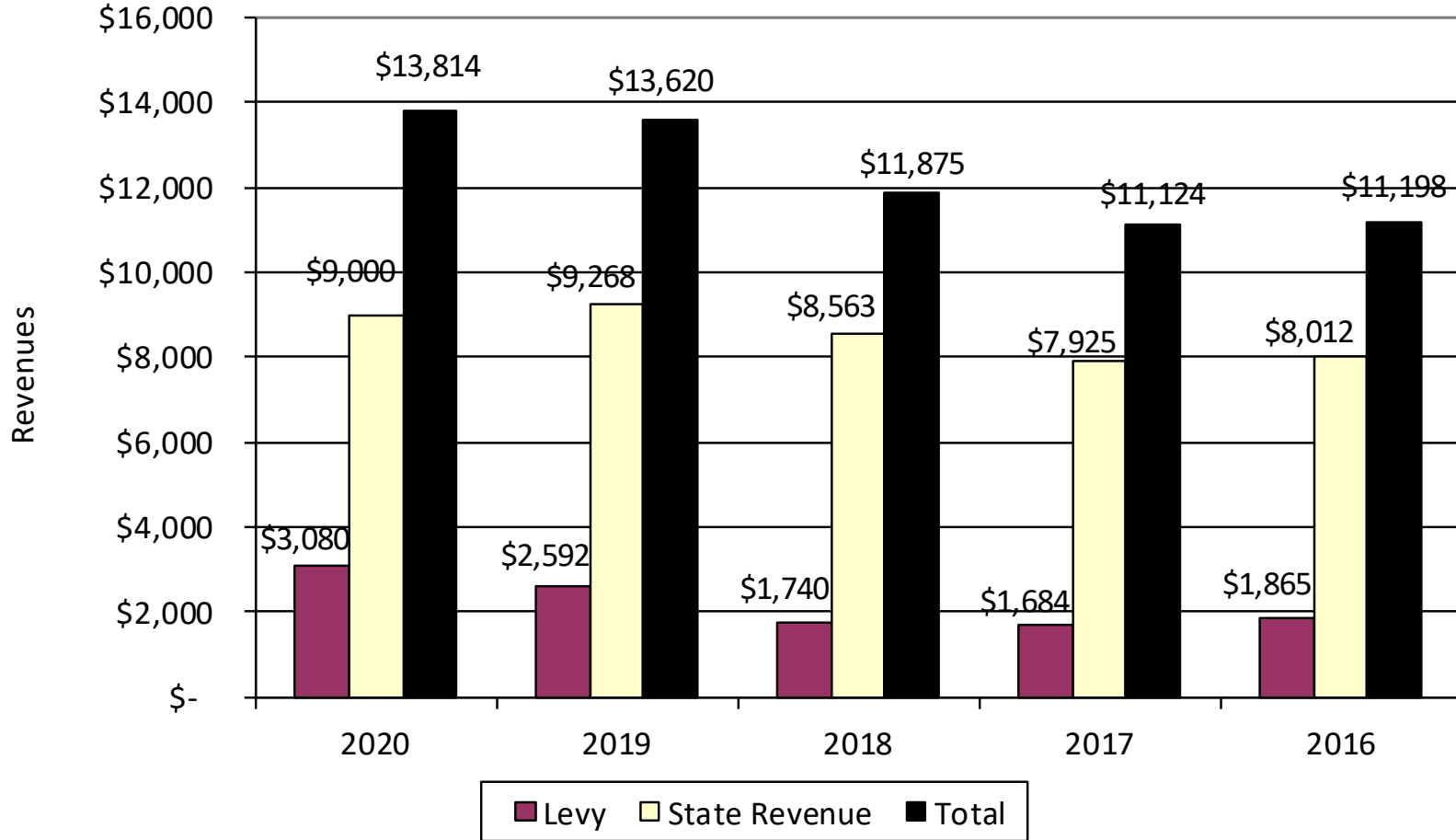
Enrollment Gain (Loss)



Expenditures per WADM



Revenues per WADM





*Thank you for the opportunity to serve
the International Falls Public Schools.*

CliftonLarsonAllen LLP
Mary Reedy, CPA, CGFM

Principal

320-203-5534

mary.reedy@CLAconnect.com



AUDIT DISCUSSION

DECEMBER 9, 2020

AGENDA

1. Purpose of Audit
2. Why Does It Matter How Money Is Spent?
3. Audit Presentation Discussion:
 - a) What does Internal Control Mean?
 - b) Compliance with Accounting Policies / Unusual Transactions

PURPOSE OF AUDIT: In Simple Terms

- Required
- Standardize Financial Report
- Reports Federal and State Compliance To:
 - Office of State Auditor
 - Federal Government
 - Minnesota Department of Education
- Do the findings matter? Yes.
 - Audits are reviewed by the State Auditors Office, Federal Government and MDE
 - Standards and Poor Rating: Bonds
 - Federal Award Compliance
 - Reflects School Board Oversight and Compliance

WHY DOES IT MATTER HOW MONEY IS SPENT

1. Instrumentality of the State of Minnesota, i.e. a government entity.
2. Publicly funded primarily with state and federal revenue.
3. Expenditures must meet “Public Purpose” unless authority is given under another statute. Public purpose in broad terms is:
 - a) Activity will benefit all groups
 - b) Activity is directly related to the functions of the District
 - c) Does not have as its primary objective the benefit of individual or private interest.
4. All funding including donations/gifts we receive must follow “public purpose” when we spend the funds unless it is specifically stated otherwise in statute.
 - Student Activity Funds are an example where there is a broader statute governing how funds may be expended.

AUDIT PRESENTATION

Internal Controls

➤ **State Auditors Office:**

- [Statement of Position: The Importance of Internal Controls](#)

Excerpt from Office of State Auditor - Statement of Position: Internal Controls

Internal controls are designed to protect a local government from loss or misuse of its assets. Sound internal controls help ensure that transactions are properly authorized and that the information contained in financial reports is reliable.

What is the purpose of internal controls? An internal control is a process by which an entity attempts to prevent or minimize the likelihood of accounting-related errors, irregularities, and illegal acts. Internal controls help safeguard funds, provide efficient and effective management of assets, and permit accurate financial accounting. Internal controls cannot eliminate all errors and irregularities, but they can alert management to potential problems.

- Not just control over “cash”, includes control over non cash assets
- Includes control over compliance with:
 - Accounting policies and procedures – state, federal and district policy
 - State and federal statutory compliance
 - State and federal legal compliance

AUDIT PRESENTATION

Accounting Policies

- Random review of expenditures during audit.
 - State Auditors Office: [Statement of Position – Public Expenditures: Donations and Dues](#)
 - State Auditors Office: [Statement of Position – Employee Recognition Programs and Events](#)
 - State Auditors Office: [Statement of Position – Outside Organizations Supporting Schools](#)
- Update accounting policies and procedures manual:
 - Re-emphasize importance of all policies including:
 - Purchasing
 - Fundraising
 - Grant requests

Corrective Action Plans

1. Minnesota Legal Compliance Finding:

a) Reviewed with Superintendent.

- Contractor compliance documents will be shared with appropriate staff then follow up to review for compliance.
- Have reviewed IC-134 requirements with appropriate staff and put process in place.

2. Federal Award Procurement Compliance

a) Reviewed with Superintendent.

- Quotes or Bids will be released for milk, bread, beverages and other 3rd party prepared meals served.

FY2020 Fund 01 Budget Review and Budget Discussion

DECEMBER 9, 2020

AGENDA

1. Review Revenue and Expense Audited vs Budget
 - Significant Variances by Revenue Source
 - Significant Variances by Object Series
2. Budget Projections Discussions
3. FY2020-2021 Revised Revenue Budgets All Funds

Revenue and Expense Comparison

Budget to Audit Variance

| | FY20 Revised Budget | FY20 Audited | Audited - Budget Variance | % Variance |
|-----------------|----------------------------|---------------------|--------------------------------------|-------------------|
| Fund 01 Revenue | \$13,079,839 | \$13,454,931 | \$375,092 | 2.9% |
| Fund 01 Expense | \$13,641,449 | \$13,040,751 | (\$600,698) | -4.4% |

The above budget and actual figures exclude fund 11 donations and student activity funds.

Revenue Budget to Audit Variances

Revenue Sources with Highest Variance Audited to Budget

Levy and Gen Ed Aid

| FY20 Revised Budget | FY20 Audited | Audited - Budget Variance | % Variance |
|---------------------|--------------|---------------------------|------------|
| \$10,692,987 | \$10,952,054 | \$259,067 | 2.4% |

Adjusted ADM

| ADM Category | Budget Adj. ADM | Final Adj. ADM | Variance |
|------------------------|-----------------|----------------|----------|
| ALC | 10 | 14 | 4 |
| Non Residents In | 10 | 12 | 2 |
| Tuition | 8 | 9 | 1 |
| Net grade level change | 946 | 951 | 5 |
| Total Budget to Final: | | | 12 |

State Aid Sources:

| State Aid | FY20 Revised Budget | FY20 Audited | Audited - Budget Variance | % Variance |
|--------------|---------------------|--------------|---------------------------|------------|
| Safe Schools | \$0 | \$37,152 | + \$37,152 | 100% |
| Spec Ed Aid | \$820,000 | \$885,416 | + \$65,416 | 7.8% |

Expense Budget to Audit Variances

Object Series with Highest Variance Audited to Budget

| Object Series | FY20 Revised Budget | FY20 Audited | Audited - Budget Variance | % Variance |
|--------------------|---------------------|--------------|---------------------------|------------|
| Wages | \$7,504,919 | \$7,448,477 | (\$56,442) | - .80% |
| Benefits | \$2,433,384 | \$2,349,580 | (\$83,804) | - 3.4% |
| Purchased Services | \$2,418,022 | \$2,067,888 | (\$350,134) | - 14.5% |
| Supplies | \$870,070 | \$764,883 | (\$105,187) | - 12.1% |
| Capital Purchases | \$299,706 | \$262,921 | (\$36,785) | - 12.3% |
| Dues / Memberships | \$115,348 | \$147,000 | + \$31,652 | + 27.4% |

Purchased Services

Object Series with Highest Variance Audited to Budget

| Program Area | FY20 Revised Budget | FY20 Audited | Audited - Budget Variance | Variance Notes |
|-----------------------------------|---------------------|--------------|---------------------------|--|
| Capital / LTFM | \$432,096 | \$301,214 | (\$130,882) | Capital: -\$30,114 LTFM: -\$100,768 |
| Education K-12: Tuition Out | \$395,772 | \$273,363 | (\$122,409) | PSEO: -\$65,978 Tuition Out: -\$43,409 |
| Education: Vocational, Special Ed | \$355,516 | \$366,228 | + 10,712 | Spec Ed Contract Services: +\$8,836 |
| Operations/Maintenance | \$526,431 | \$468,046 | (\$58,385) | Utilities: - \$51,418 |
| Admin/Tech Dept/Bus Off | \$185,394 | \$166,613 | (\$18,781) | Contract Services: -\$10,606 Staff Travel: -\$4,837 |
| Staff Development | \$104,245 | \$90,627 | (\$13,618) | Contract Services: -\$16,744 Travel: +\$3,126 |
| Transportation | \$72,422 | \$62,957 | (\$9,465) | Contract Services: -\$6,540 Utilities: -\$2,206 |

Supplies

Object Series with Highest Variance Audited to Budget

| Program Area | FY20 Revised Budget | FY20 Audited | Audited - Budget Variance | Variance Notes |
|-------------------------------------|---------------------|--------------|---------------------------|--|
| Education K-12 | \$361,053 | \$312,689 | (\$48,364) | S/W, H/W, Tech Devices: -\$25,609 Instructional Supplies/Textbooks: -\$18,927 |
| District, Admin, Tech Dept, Bus Off | \$157,638 | \$135,581 | (\$22,057) | S/W, H/W, Tech Devices: - \$18,919 |
| Operations/Maintenance | \$138,300 | \$122,432 | (\$15,868) | Supplies: -\$15,868 |
| Transportation | \$89,369 | \$75,145 | (\$14,224) | Fuel: -\$10,148 |

Capital Purchases

Object Series with Highest Variance Audited to Budget

| Program Area | FY20 Revised Budget | FY20 Audited | Audited - Budget Variance | Variance Notes |
|---------------|---------------------|--------------|---------------------------|---------------------------|
| Education K-6 | \$30,000 | \$0 | (\$30,000) | FES Furniture: - \$30,000 |

Dues/Membership/Miscellaneous

Object Series with Highest Variance Audited to Budget

| Program Area | FY20 Revised Budget | FY20 Audited | Audited - Budget Variance | Variance Notes |
|--------------|---------------------|--------------|---------------------------|---------------------------------------|
| All Programs | \$115,348 | \$147,000 | \$31,652 | Accounting TRA Adjustment: + \$30,050 |

Budget Projections Discussion

➤ **Am I being too conservative with budgets?**

- Risk and concern of being less conservative may result in over budget situations:
 - A variance of 3% based on final revenue budget of \$13,079,839 is -/+ \$392,395. FY2020 was \$375,092 over budget.
 - A variance of 3% based on final expense budget \$13,454,931 is -/+ \$409,243. FY2020 was \$600,698 under budget.

➤ **Budget focus and path forward:**

- Student ADM projections continue to get more complex and difficult.
- UFARS coding continues to grow and require further breakdowns.
- Federal programs have strict requirements that require additional time and effort to meet compliance.
- Legal compliance and finding as reflected in audit require resolution.
- Return to past budget practices / time and effort.
- Begin a “budget boardbook” document.

FY2020-2021 Revised Revenue Budgets

- ✓ Board received updated ADM projections at November 16th meeting.
- ✓ Receiving revised revenue projections all funds December 9th (current meeting).
 - Details regarding changes to revenue projection will be presented December 21st.
 - Adoption of the revised revenue projections will be occur at December 21st meeting.

Revised General Fund Budget FY20-21

General Fund Budgeted Revenues and Percentage by Source

| REVENUE SOURCES | <u>FY 20-21 REVISED</u> | | <u>FY 20-21 Original</u> | | <u>FY 19-20</u> | | <u>FY 18-19</u> | |
|------------------------------|-------------------------|----------------|--------------------------|----------------|-------------------|----------------|-------------------|----------------|
| | BUDGET | % | BUDGET | % | ACTUAL | % | ACTUAL | % |
| LOCAL LEVY | 2,293,360 | 16.87% | 2,293,360 | 17.75% | 2,952,282 | 21.94% | 2,485,088 | 18.47% |
| STATE AIDS | 9,499,654 | 69.87% | 9,514,884 | 73.63% | 9,387,402 | 69.77% | 9,841,765 | 73.15% |
| FEDERAL AIDS | 1,509,991 | 11.11% | 798,124 | 6.18% | 818,966 | 6.09% | 807,015 | 6.00% |
| OTHER MISC | 292,254 | 2.15% | 315,350 | 2.44% | 296,281 | 2.20% | 320,838 | 2.38% |
| TOTAL REVENUE SOURCES | 13,595,259 | 100.00% | 12,921,718 | 100.00% | 13,454,931 | 100.00% | 13,454,706 | 100.00% |

Increase in Fund 01 revenue is primarily the result of CARES Act funding. Expenditures will also increase as a result of the new one time revenue.

Revised Food Service Revenue Budget FY20-21

Food Service Fund Budgeted Revenues and Percentage by Source

| REVENUE SOURCES | FY 20-21 REVISED | | FY 20-21 Original | | FY 19-20 | | FY 18-19 | |
|------------------------------|------------------|----------------|-------------------|----------------|----------------|----------------|----------------|----------------|
| | BUDGET | % | BUDGET | % | ACTUAL | % | ACTUAL | % |
| STATE AIDS | 8,747 | 2.39% | 33,500 | 5.98% | 24,774 | 4.52% | 33,961 | 6.08% |
| FEDERAL AIDS | 339,966 | 93.04% | 293,000 | 52.27% | 348,490 | 63.55% | 295,078 | 52.81% |
| PUPIL SALES & MISC | 16,700 | 4.57% | 234,000 | 41.75% | 175,103 | 31.93% | 229,738 | 41.11% |
| TOTAL REVENUE SOURCES | 365,413 | 100.00% | 560,500 | 100.00% | 548,367 | 100.00% | 558,777 | 100.00% |

Fund 02 revenue is down significantly due to meal participation as a result of students in hybrid learning models.

Revised Community Ed Revenue Budget FY20-21

Community Service Fund Budgeted Revenues & Percentage by Source

| REVENUE SOURCES | <u>FY 20-21 REVISED</u> | | <u>FY 20-21 Original</u> | | <u>FY 19-20</u> | | <u>FY 18-19</u> | |
|------------------------------|-------------------------|----------------|--------------------------|----------------|-----------------|----------------|-----------------|----------------|
| | BUDGET | % | BUDGET | % | ACTUAL | % | ACTUAL | % |
| LOCAL LEVY | 115,757 | 31.41% | 130,378 | 33.40% | 119,751 | 31.43% | 112,318 | 26.85% |
| LOCAL REVENUE | 59,142 | 16.05% | 94,120 | 24.11% | 58,937 | 15.47% | 118,451 | 28.31% |
| STATE AIDS | 193,672 | 52.55% | 165,856 | 42.49% | 202,282 | 53.10% | 187,595 | 44.84% |
| TOTAL REVENUE SOURCES | 368,571 | 100.00% | 390,354 | 100.00% | 380,970 | 100.00% | 418,364 | 100.00% |

Fund 04 revenue is down as a result of class cancelations and participation.



REBECCA OTTO
STATE AUDITOR

STATE OF MINNESOTA

OFFICE OF THE STATE AUDITOR

SUITE 500
525 PARK STREET
SAINT PAUL, MN 55103-2139

(651) 296-2551 (Voice)
(651) 296-4755 (Fax)
state.auditor@osa.state.mn.us (E-mail)
1-800-627-3529 (Relay Service)

Statement of Position Outside Organizations Supporting Schools

As school districts face financial pressures, many turn to education foundations, booster clubs, parent-teacher organizations and similar entities as a source of additional support and resources. These outside nonprofit organizations are generally set up as separate, privately-operated, community-based, nonprofit charitable organizations. Their goals often include raising money to provide programs or equipment that might otherwise be unavailable to the schools, scholarships to students and/or teacher recognition programs. These nonprofit organizations are created by concerned community members, not by school districts. In fact, Minnesota law prohibits school districts from creating nonprofit corporations, unless explicitly authorized to do so by law.¹

The organizations must follow state and federal laws governing nonprofit organizations. For example, nonprofit corporations must have articles of incorporation and must file incorporation papers with the Office of the Minnesota Secretary of State. In addition, registration papers may need to be filed with the Office of the Minnesota Attorney General, appropriate tax documents must be filed, and auditing procedures should be established. Those interested in forming a nonprofit organization to support a school or school district are encouraged to consult with an attorney knowledgeable in this area.

Persons holding official positions as officers or employees in both the school district and non-profit organizations should be aware of potential issues of legal compliance. School board members are prohibited from having a personal financial interests in district contracts.² For non-contractual situations, the Minnesota courts have developed rules for dealing with common law conflicts of interest generally involving disclosure and abstention. The determination of whether these statutes or rules apply to a given situation is fact-based. The school district attorney should be consulted for general guidance and as particular situations arise. The school district may wish to develop its own conflict of interest policy to supplement these statutory and common law rules. Such a policy could aid officers and employees in maintaining the separate legal identities of the district and the non-profit organization.

¹ See Minn. Stat. § 465.717, subd. 1.

² Minn. Stat. §§ 471.87 and 123B.52, subd. 5 (Exceptions are found in Minn. Stat. § 471.88.).

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2007-1016

This Statement of Position is not legal advice and is subject to revision.

The school board should not attempt to control the outside nonprofit organization. The school district should not maintain or control the nonprofit organization's funds.³ Instead, the nonprofit organization should maintain and control its own financial accounts, using its own tax identification number.

The nonprofit organization is independent of the school district and the school district lacks the authority to fundraise for the benefit of the nonprofit organization. The school district also lacks the authority to give gifts to or fund these nonprofit organizations. A school district, however, may contract with a nonprofit organization to provide services, if appropriate, as it would with any other vendor. Any district funds paid to the nonprofit organization must be related to the value of the services provided to the school district.

Generally, no problems are presented when outside organizations raise funds and provide those funds to school districts. Minnesota law permits school boards to accept gifts and grants.⁴ We recommend that school boards develop written gift acceptance policies that accommodate potential donations from outside organizations. If the gifts come with restrictions, the school board should carefully evaluate whether the restrictions are acceptable to the district and in-line with district priorities. Any restrictions on the use of the gift should be clearly documented in the school board meeting minutes when the gift is accepted. Once the funds or equipment are accepted by the school district, they become district property.

Outside nonprofit organizations may conduct fund-raising activities and solicit donations in order to provide gifts to schools. If a school district has policies restricting when fund-raising activities may be conducted in the name of a school or a school district, the limitations would apply to fund-raising by all outside organizations.

Chapter 14 of the Minnesota Department of Education's Uniform Financial Accounting and Reporting Standards (UFARS) provides additional guidelines for working successfully with external groups. For example, to allow school districts to discuss how funds donated to the school district will be handled, Chapter 14 suggests that the names of officers of outside organizations be submitted to the school district at the beginning of each school year.

Private funds raised by outside nonprofit organizations can support activities and projects that may not be able to receive support through the regular district budget. However, to manage these relationships successfully, we recommend that school districts establish clear policies and procedures to govern their relationships with these outside organizations.

³ See also 2014 UFARS Manual, Chapter 14, pp. 5-6 and 24 (May 2014), available on the Minnesota Department of Education's website, <http://education.state.mn.us>. As stated in Chapter 14, funds raised by other organizations, such as booster clubs or PTAs, must be maintained separately from school district funds.

⁴ See Minn. Stat. §§ 123B.02, subd. 6 (A school board may receive gifts for the benefit of the district.) and 465.03 (Acceptance must be by resolution adopted by a two-thirds majority of the governing body, expressing the terms of the gift in full.).



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state.auditor@osa.state.mn.us (E-mail)
1-800-627-3529 (Relay Service)

Statement of Position Employee Recognition Programs and Events

Local units of government often ask whether they can spend money to hold holiday parties, employee banquets or other employee social events. These questions appear to be motivated by a desire to celebrate a holiday or significant event in an employee's career or to generally boost morale in the workplace. Important limitations exist on the use of public funds for employee social and recognition events.

The key question is whether a local government has legal authority for this type of expenditure. Generally, in order to spend money, a local government must have authority to do so. Authority for an expenditure may be specifically stated in a statute or charter, or it may be implied as necessary to do what an express power authorizes.

The Minnesota Attorney General's Office has considered the issue several times and has consistently said that local governments do not have implied authority to sponsor employee social events simply because they have the express power to compensate employees.

Instead, the Attorney General's position is that non-monetary benefits must be specifically authorized by law or charter. Based on this rationale, the Attorney General's Office wrote to the Champlin city attorney in 1998, indicating that no statutory authority existed for a city to hold an annual employee appreciation dinner or to award employee recognition gifts to employees. The Attorney General's Office stated: "[W]hile an agreed upon monetary bonus might be provided as part of a salary plan to employees who meet performance or longevity standards, we are at a loss to locate authority for expenditures of funds for in-kind awards or social occasions of the type described."

Limited Statutory Authority Granted to Counties and Cities

Counties and cities have specific authority for a wellness and employee recognition program under Minn. Stat. § 15.46. This statute states that a county or a statutory or home rule charter city "may establish and operate a program of preventive health and employee recognition services for its employees and may provide necessary staff, equipment, and facilities and may expend funds as necessary to achieve the objectives of the program." Cities were added to the statute in 2007. This statute does not currently extend to other local units of government.

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Properly established programs should be in writing and approved by the county board or city council. They should include clear wellness and recognition objectives. The county board or city council must determine what amounts can be expended as “necessary to achieve the objectives of the program.”

The Office of the State Auditor, in reviewing county or city expenditures for wellness and employee recognition programs, will be guided by what is permitted and what is prohibited for state employees. Counties and cities cannot simply provide employee banquets or parties for all employees. County and city funds can be spent only as necessary to achieve the objectives of an established wellness and employee recognition program. The public entity may not pay for spouses or third parties to attend a recognition event. In addition, expenditure of public funds to purchase alcohol is not permitted.

Towns Have Specific Statutory Authority Regarding Volunteers and Retiring Officers

Although towns are not mentioned in section 15.46, the 2008 Legislature granted town electors the authority to set an amount of money for the town board to spend recognizing “volunteers, service efforts, and retiring town officers.”¹ The statute specifically requires the electors at their annual town meeting to set the amount of money to be spent on these recognitions. Absent such a vote by the electors, towns do not have authority to hold volunteer or retiring officer recognition events.

School Districts Have Separate Specific Authority

School districts have separate specific statutory authority to recognize district employees. A school board may establish and operate an employee recognition program for district employees, including teachers, and may expend funds as necessary to achieve the objectives of the program. The statute specifically states, however, that employee recognition programs “shall not include monetary awards.”²

¹ Minn. Stat. § 365.10, subd.12.

² See Minn. Stat. §123B.02, subd. 14a.



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STATE AUDITOR

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SUITE 500
525 PARK STREET
SAINT PAUL, MN 55103-2139

(651) 296-2551 (Voice)
(651) 296-4755 (Fax)
state.auditor@osa.state.mn.us (E-mail)
1-800-627-3529 (Relay Service)

Statement of Position

The Importance of Internal Controls

Internal controls are designed to protect a local government from loss or misuse of its assets. Sound internal controls help ensure that transactions are properly authorized and that the information contained in financial reports is reliable.

This Statement of Position will provide practical answers to some of the questions most frequently asked by public officials and employees about internal controls.

What is the purpose of internal controls?

An internal control is a process by which an entity attempts to prevent or minimize the likelihood of accounting-related errors, irregularities, and illegal acts. Internal controls help safeguard funds, provide efficient and effective management of assets, and permit accurate financial accounting. Internal controls cannot eliminate all errors and irregularities, but they can alert management to potential problems.

How much will this cost?

The cost of internal controls should not exceed the expected benefit. When adopting policies and procedures on internal controls, it is important to maintain a balance between what is needed to ensure public confidence and to maintain the integrity of the financial systems with the cost of providing the control in terms of money, time, and efficiency. Many simple and cost-effective internal control procedures are available.

Does someone need to review every transaction?

No. It is not practical or cost effective to attempt to independently review every transaction. Instead, management should be alert to “red flags” that could indicate potential problems. Looking into “red flags” will not only detect irregularities, it will prevent them from occurring in the first place because an environment of accountability will have been established.

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This Statement of Position is not legal advice and is subject to revision.

What are some “red flags”?

When an alert is raised, follow-up is critical. Too often we see “red flags” continue unabated long after they were first detected and reported. Here are some examples that would merit further review:

- Any unusual discrepancy between actual performance and anticipated results (for example, a major budget overrun in “supplies” or an unexplained decline in user fees);
- Receipts not matching deposits;
- Disbursements to unknown and/or unapproved vendors;
- Presigned blank checks or one signature on checks;
- Gaps in receipt or check numbers;
- Late reports; or
- Disregard for internal control policies and procedures.

What types of control policies and procedures should be implemented?

The control policies should be adequate to ensure that:

- All transactions are properly authorized;
- Incompatible duties are segregated;
- Accounting records and documentation are properly designed and maintained;
- Access to both assets and records is controlled; and
- Accounting data are periodically compared with the underlying items they represent.

Extra care needs to be taken where cash transactions are involved. Cash transactions are prevalent, for example, in liquor stores, parks and recreation programs, athletic departments and petty cash funds.

What does it mean to segregate incompatible duties?

Simply put, no employee should be in a position to commit an irregularity and then conceal it. An example taken from everyday life is a movie theater where one person sells tickets and another person collects the tickets. This helps prevent the person selling the tickets from: (1) collecting the price of the ticket, but allowing entry without a ticket (allowing the ticket seller to pocket the ticket payment without being detected); or (2) allowing entrance without the purchase of a ticket.

Duties can be segregated by department or by individual. Examples of incompatible duties that should be performed by separate individuals are:

- Receipting collections, posting collections to registers, and making bank deposits;
- Signing checks and reconciling the bank accounts;
- Receipting collections and posting collections to the accounts receivable records; and

- Approving receivable write-offs/write-downs and posting adjustments to the accounts receivable records, adjusting accounting codes, and reviewing the monthly detailed report of receipts and disbursements for accuracy.

What if we are too small to be able to segregate duties?

If it is not practical to segregate duties, management should be aware of the lack of segregation and implement oversight procedures to ensure that employees are following other internal control policies and procedures. In addition, management may want to implement other controls. For example, a mandatory vacation policy or periodic rotation of duties among employees would allow management to observe if there is any noticeable change (for example, a marked increase in cash receipts) while another person is performing the duties. These alternative controls also help lessen potential disruptions caused by employee turnover.

Do some statutes require internal control procedures?

Yes. For example, the statutory requirement that more than one person must sign a check is designed to ensure a deliberate decision about who to pay, how much to pay, and when to pay bills. Pre-signing checks and signature stamps defeat those controls. Statutory requirements should be incorporated in the internal control policies and procedures.

What sort of accounting documentation is needed?

Accounting records need to be complete. Key documents (for example, invoices, receipts, checks) should be sequentially numbered. Voided documents should be retained. Record retention schedules should be followed. Employee timesheets should be reviewed and countersigned by a supervisor or other third-party.

How do we “compare accounting data with the items represented”?

Bank statements should be routinely reconciled with the cash balances recorded in the general ledger. Check amounts should be compared with the claims approved, as recorded in the minutes. Any differences should be reconciled and documented. An annual inventory of fixed assets will ensure that the location of all recorded items is known. Similar checks can be made of other accounts (for example, petty cash counts). Explanations of discrepancies should be corroborated by supporting documentation and evidence.

Do we have to write down our procedures?

Proper documentation of control procedures is essential. Written policies and procedures outline the specific authority and responsibility of individual employees, providing for accountability. Written policies serve as a reference and training tool for new employees and ensure that procedures remain in place despite employee turnover. To be effective, an accounting policies and procedures manual must be complete, up-to-date, and readily available to all employees who need it.

Who is responsible for internal controls?

The governing body (county boards, city councils, town boards and school boards) and management are responsible for establishing and maintaining internal controls. The governing body sets the tone, communicates the importance of internal controls, reviews and approves internal control policies and procedures, and provides funding to implement the controls. The governing body must ensure that internal controls remain a top management priority.

Management is responsible for evaluating the effectiveness of internal controls on an on-going basis. Even the best-designed internal controls cannot be effective without the active involvement of management. Management can develop a favorable control environment by setting a positive tone, communicating to all employees the importance of internal controls, and taking appropriate action against staff who are not complying with approved internal control policies and procedures. Management should also encourage staff to communicate situations not addressed by the policies and procedures, so the new policies and procedures may be adopted as necessary. Finally, management should try to make employees feel comfortable when reporting potential wrongdoing or violations of policies and procedures.



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525 PARK STREET
SAINT PAUL, MN 55103-2139

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Statement of Position

Public Expenditures: Donations and Dues

Public entities are often asked to give funds to support various groups and activities. While the causes may be worthwhile, public entities need to be cautious when making any financial commitments involving public funds.

In most circumstances, public entities have no authority to give away public funds as donations. Generally, in order to spend money, a public entity must have authority to do so. Authority for an expenditure may be specifically stated in a statute or charter, or it may be implied as necessary to do what an express power authorizes. In addition, the expenditure must be for a “public purpose.”

Gifts/Donations to Private Individuals/Organizations

Following these general principles, donations to people, non-profits, charities, or other groups are not permitted unless they are based upon specific statutory or charter authority. For example, the Minnesota Attorney General’s Office has issued opinions finding that cities have no authority to donate city funds to organizations such as the Red Cross or the Boy Scouts.¹ The assumption is that a gift of public funds to an individual or private entity serves a private rather than a public purpose.

Before a public entity makes a contribution, it is important for that entity to determine that it has specific authorization to make the expenditure. Here are some examples of specific, statutorily authorized appropriations:

- **Artistic Organizations.** A county, city or town may appropriate money to support artistic organizations.²
- **Historical Causes.** A town or city may appropriate annually a specified amount to a county historical society so long as the society is affiliated with, and approved by, the Minnesota Historical Society.³ Cities have express authority to commemorate important and outstanding events in city history, and to appropriate money to collect, preserve and distribute its history data for future generations.⁴ The Attorney General’s Office recognizes that a city can advance money to a

¹ See, for example, Op. Att’y Gen. 59-A-3 (May 21, 1948).

² Minn. Stat. § 471.941.

³ Minn. Stat. § 138.053.

⁴ Minn. Stat. § 471.93.

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Revised: April 2014

2007-1017

- nonprofit to sponsor a centennial celebration.⁵
- **Prevention of Cruelty to Animals.** A county may appropriate money for maintenance and support of the local society for the prevention of cruelty to animals.⁶
 - **Food Shelves.** Cities and counties may donate funds in the form of grants to food shelves providing food to the needy without charge.⁷
 - **Senior/Youth Centers.** A county, city or town may appropriate money to support the facilities, programs, and services of a public or private, not-for-profit senior citizen center or youth center.⁸
 - **Public Recreation Programs.** Counties, cities, towns and school districts may spend funds to operate programs of public recreation, recreational facilities, and playgrounds.⁹ These programs may be conducted independently or with any nonprofit organization.
 - **Promotion.** A city or urban town may appropriate up to \$50,000 annually to an incorporated development society or organization of this State, for promoting, advertising, improving, or developing the economic and agricultural resources of the city or urban town.¹⁰ A city may appropriate money to advertise the city and its resources and advantages.¹¹ Similarly, a county may appropriate funds to a similar entity for promoting, advertising, improving or developing the economic and agricultural resources of the county.¹² The county statute does not contain an annual spending limit.
 - **Employee Recognition.** Towns may spend funds to recognize volunteers, service efforts, and retiring town officers.¹³ Counties and cities may spend funds for preventive health and employee recognition services.¹⁴
 - **Community Celebrations.** Towns may spend funds to host or support a community celebration.¹⁵ Cities or towns may spend funds on Memorial Day observances,¹⁶ and may appropriate money for county or district fairs,¹⁷ centennial and historical celebrations.¹⁸ Statutory cities may spend funds to provide free musical entertainment.¹⁹ The authority to purchase fireworks seems to be implied.²⁰

⁵ See Op. Att’y Gen. 59a-3 (Jan. 18, 1968) (citing Minn. Stat. § 471.93).

⁶ Minn. Stat. § 343.11.

⁷ Minn. Stat. § 465.039.

⁸ Minn. Stat. § 471.935.

⁹ See generally, Minn. Stat. §§ 471.15 to .1911. Minn. Stat. Minn. Stat. § 469.189., and 471.16, subd. 1.

¹⁰ Minn. Stat. § 469.191. In addition, Economic Development Authorities (EDAs) have authority to conduct activities advancing the city and its economic development, and to carry out other public relations activities to promote the city and its economic development. See generally, Minn. Stat. §§ 469.090-.1081 and Minn. Stat. § 469.1082 (county EDAs).

¹¹ Minn. Stat. § 375.83.

¹² Minn. Stat. § 469.189.

¹³ Minn. Stat. § 365.10, subd. 12 (but electors must approve).

¹⁴ Minn. Stat. § 15.46.

¹⁵ Minn. Stat. § 365.10, subd. 12 (but electors must approve).

¹⁶ Minn. Stat. § 465.50.

¹⁷ Minn. Stat. § 38.12.

¹⁸ Minn. Stat. § 471.93.

¹⁹ Minn. Stat. § 412.221, subd. 15.

²⁰ Minn. Stat. § 624.22, subd. 1(a) (2) (A municipality may stage a fireworks display after obtaining a permit).

As an alternative to a donation, a public entity may enter into a contract with an organization to accomplish tasks that the entity is authorized to perform by statute or charter. For example, a city could not give money to the Boy Scouts for a recycling program, but the city could enter a contract with the Boy Scouts to do part of its recycling program. The amount of money paid to the Boy Scouts must be related to the value of the services they provide to the city.

Memberships and Dues

There is no general authorization for cities to join “private” organizations; but there may be specific statutory or charter authority to join specific organizations. For example, cities and urban towns in Minnesota may pay dues to become members of the League of Minnesota Cities.²¹

Similarly, cities, counties, and towns may appropriate money for membership in county, regional, state, and national associations of a civic, educational, or governmental nature. These associations must have as their purpose the betterment and improvement of municipal governmental operations.²² This authorization also allows public entities to participate in the meetings and activities of these associations.

A school board may authorize and pay for the membership of the school district or of any district representative designated by the board in those local economic development associations or other community or civic organizations that the board deems appropriate.²³

The Attorney General’s Office has determined that local units of government may *not* pay dues to a local chamber of commerce²⁴. However, because cities and urban towns may appropriate up to \$50,000 to an incorporated development society or organization for promotional activities, a city or urban town could contribute to a local chamber of commerce for one of the purposes authorized by statute, such as promoting the city or urban town.²⁵ Counties have similar authority but do not have the \$50,000 monetary cap.²⁶ The use of public funds would be limited to statutorily authorized activities. As a result, the OSA recommends that counties, cities, and urban towns create and maintain documentation that shows the funds have been given for specific statutory purposes.²⁷

²¹ Minn. Stat. § 465.58.

²² Minn. Stat. § 471.96.

²³ Minn. Stat. § 123B.02, subd. 24.

²⁴ See Attorney General Letter dated June 27, 1997 (attached).

²⁵ Minn. Stat. § 469.191. An EDA has broader authority to join an official, industrial, commercial or trade association, or other organization concerned with one of the EDA’s authorized purposes.

²⁶ Minn. Stat. § 375.83.

²⁷ Documentation includes, but is not limited, to minutes, resolutions and contracts.



STATE OF MINNESOTA

OFFICE OF THE ATTORNEY GENERAL

GOVERNMENT SERVICES SECTION
525 PARK STREET
SUITE 200
ST. PAUL, MN 55103-2106
TELEPHONE: (612) 297-2040

HUBERT H. HUMPHREY III
ATTORNEY GENERAL

June 27, 1997

Hans B. Borstad
Staples City Attorney
208 North Fourth Street
Staples, MN 56479

Re: Staples Chamber of Commerce Membership

Dear Mr. Borstad:

I am in receipt of your letter asking whether the City of Staples is authorized to pay membership dues to the Staples Chamber of Commerce. After reviewing prior opinions of the Attorney General on this issue as well as the relevant Minnesota statutes, it is my opinion that, while the City of Staples would be authorized by statute to appropriate up to \$50,000 annually to the Staples Chamber of Commerce in certain circumstances, the City would not be permitted to contribute this money in the form of membership dues absent specific authority to do so in the City Charter.

It is well settled in this state that a municipal corporation has only such powers as are expressly conferred upon it by statute or its charter, or necessarily implied therefrom. It has no inherent power. Borgelt v. City of Minneapolis, 271 Minn. 249, 135 N.W.2d 438 (1965); see generally 13A Dunnell, Minn. Digest 2d Municipal Corporations § 3.01a (3rd Ed. 1981). This longstanding principle was relied upon by our office in Op. Atty. Gen. 63-b-1, May 11, 1944, which concluded that the City of New Ulm, a home rule charter city, was without authority, under state law or local charter provision, to subscribe and pay for one or more memberships in a civic and commerce association which was a reorganization of a businessmen's association. Similarly, in Op. Atty. Gen. 218r, February 24, 1949 (1950 Attorney General Report No. 103), we concluded that the Village of Buffalo (now a statutory city) could not join or pay dues to a local chamber of commerce since no such power was conferred upon it by statute. In connection with this issue, your letter refers to three statutes as potential sources of authorization to take the action you describe.

Minn. Stat. § 469.189 (1944), authorizes the governing body of certain cities to appropriate money to advertise the municipality, its resources and advantages. This Office has taken the position that there is a distinction between statutory authorization to appropriate and use money for a purpose, and authorization to contribute money to a body generally committed to advancing a purpose. See, e.g., Op. Atty. Gen. 59a3, January 15, 1959, wherein we determined that statutory authority for a city to "appropriate money" for purposes of historical preservation and observances permitted the city to contract with the county historical society for specific services, but not to donate funds to the society to expend in its own discretion. For the

same reasons, we conclude that section 469.189 (1996) does not authorize the city to donate funds or purchase a "membership" in the local chamber of commerce.

Minn. Stat. § 469.191 (1996) provides:

A home rule or statutory city or town described in section 368.01, subdivision 1 or 1a, may appropriate not more than \$50,000 annually out of the general revenue fund of the jurisdiction to be paid to any incorporated development society or organization of this state for promoting, advertising, improving, or developing the economic and agricultural resources of the city or town.

It is our understanding that this section was first enacted in 1989 primarily to allow small rural towns to participate in an organization called the Minnesota Initiative Fund, an organization which received grants from the McKnight Foundation matching certain contributions from towns and cities. However, contemporaneous legislative history indicates an understanding by the legislature that this law would also allow a city or town to contribute up to \$50,000 annually to a local chamber of commerce. This seems to be a reasonable interpretation of the language of Minn. Stat. § 469.191, and it is my opinion that this provision would authorize the City of Staples to contribute up to \$50,000 annually to the Staples Chamber of Commerce.

Authority to contribute does not necessarily permit membership, however. In general, it has been our view that authority of local units of government are not authorized to form or join "private" organizations absent specific statutory authority. *See, e.g.,* Op. Atty. Gen. 92a-30, January 29, 1986; 733, July 29, 1988. For example, Minn. Stat. § 144.581 (1996), which is mentioned in those opinions, authorizes hospital authorities to join and sponsor memberships in certain organizations.

In addition, the Legislature has addressed the authority of municipalities to provide for municipal membership in certain local, state and national associations. In addition, cities are expressly authorized by Minn. Stat. § 465.58 (1996) to pay annual dues in the League of Minnesota Cities and the expenses of delegates attending the meetings thereof. Neither of these sections would apply to your situation, however.

A broader grant of authority is found in Minn. Stat. § 471.96, subd. 1 (1996), which provides as follows:

The governing bodies of cities, counties, and towns are hereby authorized to appropriate necessary funds to provide membership of their respective municipal corporations or political subdivisions respectively in county, regional, state, and national associations of a civic, educational, or governmental nature which have as their purpose the betterment and improvement of municipal

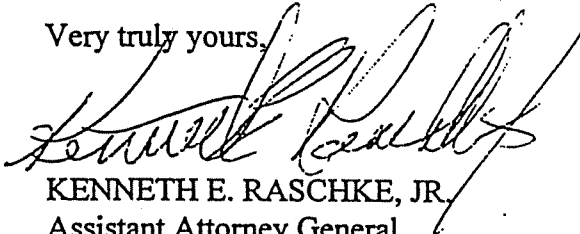
governmental operations. Cities, counties, and towns are also authorized to participate through duly designated representatives in the meetings and activities of such associations, and the governing bodies of cities, counties and towns respectively are authorized to appropriate necessary funds to defray the actual and necessary expenses of such representatives in connection therewith. For purposes of this section, the governing body of a town is the town board.

From our understanding of the nature of such organizations, it does not appear that chambers of commerce can be characterized as "associations of a civic, educational, or governmental nature which have as their purpose the betterment and improvement of municipal government operations" within the purview of this statute, even though their interests may include such objectives.

Subdivision 2 goes on to provide that the statute does not affect "any statutory, charter or common law power of cities" to provide for membership and participation in state and national associations. I am aware of no general statutory or common law power on the part of cities to provide for membership.

For the foregoing reasons, we conclude that the city lacks statutory authority to purchase membership in the local chamber of commerce. While it is possible that such authority might be contained in the City's Charter, your letter does not refer to any such charter provision, and we do not ordinarily undertake in our opinions to construe provisions of local charters. See Op. Atty. Gen. 629a, May 9, 1975.

Very truly yours,



KENNETH E. RASCHKE, JR.
Assistant Attorney General

(612) 297-1141

**INTERNATIONAL FALLS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 361**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2020

**INTERNATIONAL FALLS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 361
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INDEPENDENT SCHOOL DISTRICT NO. 361
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YEAR ENDED JUNE 30, 2020**

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INTRODUCTORY SECTION

**INTERNATIONAL FALLS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 361
BOARD OF EDUCATION AND ADMINISTRATION
JUNE 30, 2020**

BOARD OF EDUCATION

| NAME | TERM ON BOARD EXPIRES | BOARD POSITION |
|-------------------------|------------------------------|-----------------------|
| Mike Holden | December 31, 2020 | Treasurer |
| Michelle Hebner | December 31, 2020 | Vice-Chair |
| Jennifer Windels | December 31, 2022 | Director |
| Toni Korpi | December 31, 2022 | Director |
| Ted Saxton | December 31, 2022 | Chairperson |
| Terry Murray | December 31, 2020 | Clerk |
| Roxanne Skogstad-Ditsch | December 31, 2020 | Director |

ADMINISTRATION

| | |
|------------------|--|
| Kevin Grover | Superintendent |
| Stacy Grover | Business Manager |
| District Offices | Independent School District No. 361 International Falls Public Schools 1515 11 th Street International Falls, MN 56649 (218) 283-2571 www.isd361.k12.mn.us |

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Board of Education
International Falls Public Schools
Independent School District No. 361
International Falls, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 361 (the District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Emphasis of a Matter

During fiscal year ended June 30, 2020, the District adopted GASB Statement No. 84 *Fiduciary Activities*. As a result of the implementation of this standard, the District reported a restatement for the change in accounting principle (see Note 14). Our auditors' opinion was not modified with respect to the restatement.

Required Supplementary Information

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

Other Matters (Continued)

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Uniform Financial Accounting and Reporting Standards Compliance Table, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2020, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.



CliftonLarsonAllen LLP

Brainerd, Minnesota
November 4, 2020

REQUIRED SUPPLEMENTARY INFORMATION

**INTERNATIONAL FALLS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 361
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

This section of International Falls Public Schools – Independent School District No. 361's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2020.

FINANCIAL HIGHLIGHTS

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

- District-wide, accrual basis net position decreased by approximately \$454,000 on revenues of \$14,800,000 compared to expenses of \$15,300,000.
- Total General Fund revenues were approximately \$13,600,000 as compared to \$13,200,000 of expenditures.
- The fund balance of the General Fund increased by a net of approximately \$418,000 from the prior year representing a 9.8% increase in fund balance.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditors' Report, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, and supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

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

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

**INTERNATIONAL FALLS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 361
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

District-Wide Statements

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

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

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

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

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

Fund Financial Statements

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

- Some funds are required by state law and by bond covenants.

The District establishes other funds to control and manage money for particular purposes (e.g., repaying its long-term debts) or to show that it is properly using certain revenues (e.g., federal grants).

**INTERNATIONAL FALLS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 361
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Fund Financial Statements (Continued)

The District has two kinds of funds:

- Governmental funds – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, we provide additional reconciling information within the governmental funds statements to explain the relationship (or differences) between the funds.
- Fiduciary funds – The District is the trustee, or fiduciary, for assets that belong to others. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position. We exclude these activities from the District-wide financial statements because the District cannot use these assets to finance its operations.

**INTERNATIONAL FALLS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 361
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position

The District's combined net position was \$(929,535) on June 30, 2020.

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

| | Governmental Activities | | Percentage Change |
|----------------------------------|--------------------------------|---------------------|------------------------------|
| | 2020 | 2019 | |
| Current and Other Assets | \$ 9,961,482 | \$ 7,962,928 | 25.1 % |
| Capital Assets | 9,937,516 | 8,749,827 | 13.6 |
| Total Assets | 19,898,998 | 16,712,755 | 19.1 |
| Deferred Outflows of Resources | 5,510,846 | 8,250,171 | (33.2) |
| Current Liabilities | 1,819,303 | 1,016,750 | 78.9 |
| Long-Term Liabilities | 13,199,045 | 10,649,439 | 23.9 |
| Total Liabilities | 15,018,348 | 11,666,189 | 28.7 |
| Deferred Inflows of Resources | 11,321,031 | 13,787,689 | (17.9) |
| Net Position | | | |
| Net Investment in Capital Assets | 6,312,057 | 6,257,645 | 0.9 |
| Restricted | 980,174 | 744,735 | 31.6 |
| Unrestricted | (8,221,766) | (7,493,332) | 9.7 |
| Total Net Position | \$ (929,535) | \$ (490,952) | 89.3 |

**INTERNATIONAL FALLS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 361
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

Changes in Net Position

The District's total revenues were \$14,826,268 for the year ended June 30, 2020. Property taxes and state aid formula accounted for 66% of total revenue for the year. Another 29% came from other program-specific federal and state aid.

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

| | Governmental Activities for the Fiscal Year Ended June 30, | | Total % Change |
|--|---|---------------------|---------------------------|
| | 2020 | 2019 | |
| Revenues | | | |
| <u>Program Revenues</u> | | | |
| Charges for Services | \$ 525,668 | \$ 631,308 | (16.7)% |
| Operating Grants and Contributions | 4,012,798 | 3,505,908 | 14.5 |
| Capital Grants and Contributions | 180,184 | 186,912 | (3.6) |
| <u>General Revenues</u> | | | |
| Property Taxes | 3,231,364 | 2,874,890 | 12.4 |
| Unrestricted State Aid | 6,705,710 | 7,186,591 | (6.7) |
| Investment Earnings | 38,385 | 84,346 | (54.5) |
| Other | 132,159 | 97,344 | 35.8 |
| Total Revenues | <u>14,826,268</u> | <u>14,567,299</u> | 1.8 |
| Expenses | | | |
| Administration | 760,035 | 491,202 | 54.7 |
| District Support Services | 630,175 | 560,501 | 12.4 |
| Regular Instruction | 7,192,734 | 4,627,657 | 55.4 |
| Vocational Education Instruction | 65,309 | 35,907 | 81.9 |
| Special Education Instruction | 2,008,058 | 1,398,597 | 43.6 |
| Instructional Support Services | 456,307 | 367,088 | 24.3 |
| Pupil Support Services | 1,363,959 | 1,115,193 | 22.3 |
| Sites and Buildings | 1,566,390 | 1,392,066 | 12.5 |
| Fiscal and Other Fixed Cost Programs | 55,459 | 46,903 | 18.2 |
| Food Service | 546,824 | 572,368 | (4.5) |
| Community Service | 433,558 | 277,565 | 56.2 |
| Building Fund | 55,582 | - | 100.0 |
| Unallocated - Depreciation | 49,563 | 76,402 | (35.1) |
| Interest and Fiscal Charges on Long-Term Liabilities | 96,574 | 79,117 | 22.1 |
| Total Expenses | <u>15,280,527</u> | <u>11,040,566</u> | 38.4 |
| Increase (Decrease) in Net Position | (454,259) | 3,526,733 | |
| Net Position - Beginning of Year | (490,952) | (4,017,685) | |
| Change in Accounting Principle | 15,676 | - | |
| Net Position - Beginning of Year, as Restated | <u>(475,276)</u> | <u>(4,017,685)</u> | |
| Net Position - End of Year | <u>\$ (929,535)</u> | <u>\$ (490,952)</u> | |

Revenues increased due to increases in county apportionment. Expenses increased primarily due the change in the Teachers Retirement Fund liability and negative expenses recorded in the prior year.

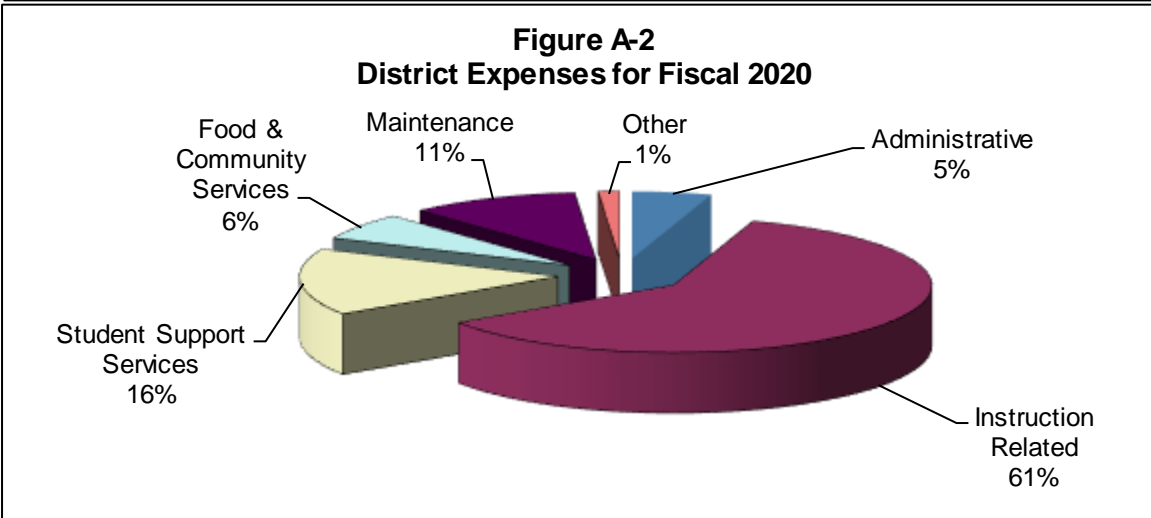
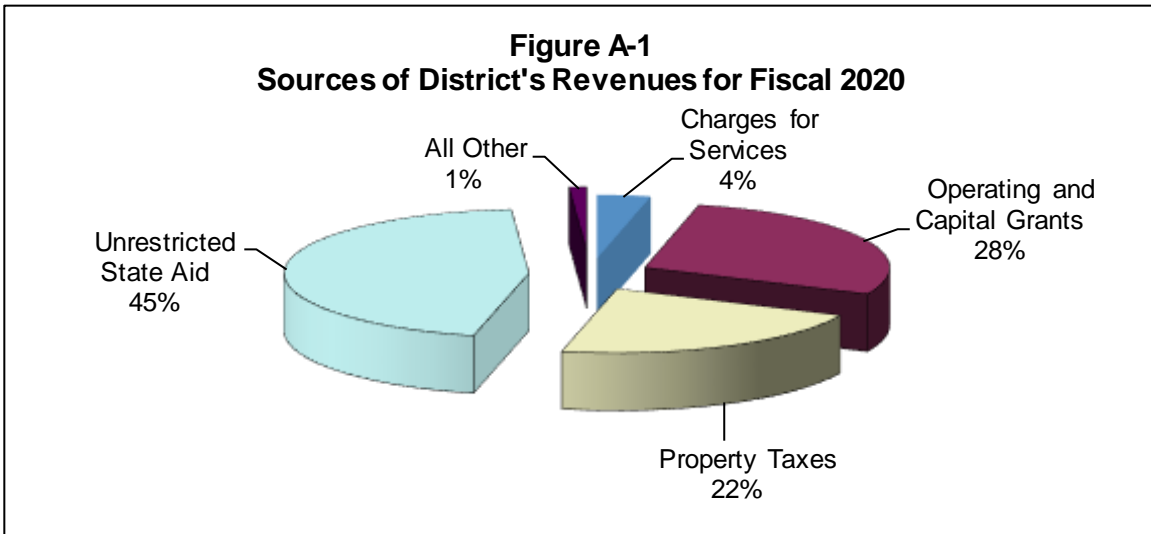
**INTERNATIONAL FALLS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 361
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

Changes in Net Position (Continued)

The cost of all governmental activities this year was \$15,280,527.

- Some of the cost was paid by the users of the District's programs (\$525,668).
- The federal and state governments subsidized certain programs with grants and contributions (\$4,192,982).
- All of the remaining District's costs were paid by District taxpayers and the taxpayers of our state through \$9,937,074 in property taxes and state aid based on the statewide education aid formula.



**INTERNATIONAL FALLS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 361
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

Changes in Net Position (Continued)

Table A-3
Cost and Net Cost of Services

| | Total Cost of Services | | | Net Cost of Services | | |
|--|------------------------|----------------------|-------------|----------------------|---------------------|-------------|
| | 2020 | 2019 | Change | 2020 | 2019 | Change |
| Administration | \$ 760,035 | \$ 491,202 | 54.7 % | \$ 757,319 | \$ 491,202 | 54.2 % |
| District Support Services | 630,175 | 560,501 | 12.4 | 630,175 | 560,501 | 12.4 |
| Regular Instruction | 7,192,734 | 4,627,657 | 55.4 | 5,879,050 | 3,562,174 | 65.0 |
| Vocational Education Instruction | 65,309 | 35,907 | 81.9 | 64,767 | 32,343 | 100.3 |
| Special Education Instruction | 2,008,058 | 1,398,597 | 43.6 | 668,297 | 137,100 | 387.5 |
| Instructional Support Services | 456,307 | 367,088 | 24.3 | 185,426 | 142,480 | 30.1 |
| Pupil Support Services | 1,363,959 | 1,115,193 | 22.3 | 640,436 | 414,280 | 54.6 |
| Sites and Buildings | 1,566,390 | 1,392,066 | 12.5 | 1,386,206 | 1,205,154 | 15.0 |
| Fiscal and Other Fixed Cost Programs | 55,459 | 46,903 | 18.2 | 55,459 | 46,903 | 18.2 |
| Food Service | 546,824 | 572,368 | (4.5) | (1,545) | 13,591 | 111.4 |
| Community Service | 433,558 | 277,565 | 56.2 | 94,568 | (44,809) | (311.0) |
| Building Fund | 55,582 | - | 100.0 | 55,582 | - | 100.0 |
| Unallocated - Depreciation | 49,563 | 76,402 | (35.1) | 49,563 | 76,402 | (35.1) |
| Interest and Fiscal Charges on Long-Term Liabilities | 96,574 | 79,117 | 22.1 | 96,574 | 79,117 | 22.1 |
| Total | \$ 15,280,527 | \$ 11,040,566 | 38.4 | \$ 10,561,877 | \$ 6,716,438 | 57.3 |

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a combined fund balance of \$6,997,400.

Revenues for the District's governmental funds were \$14,911,930, while total expenditures were \$15,812,501.

GENERAL FUND

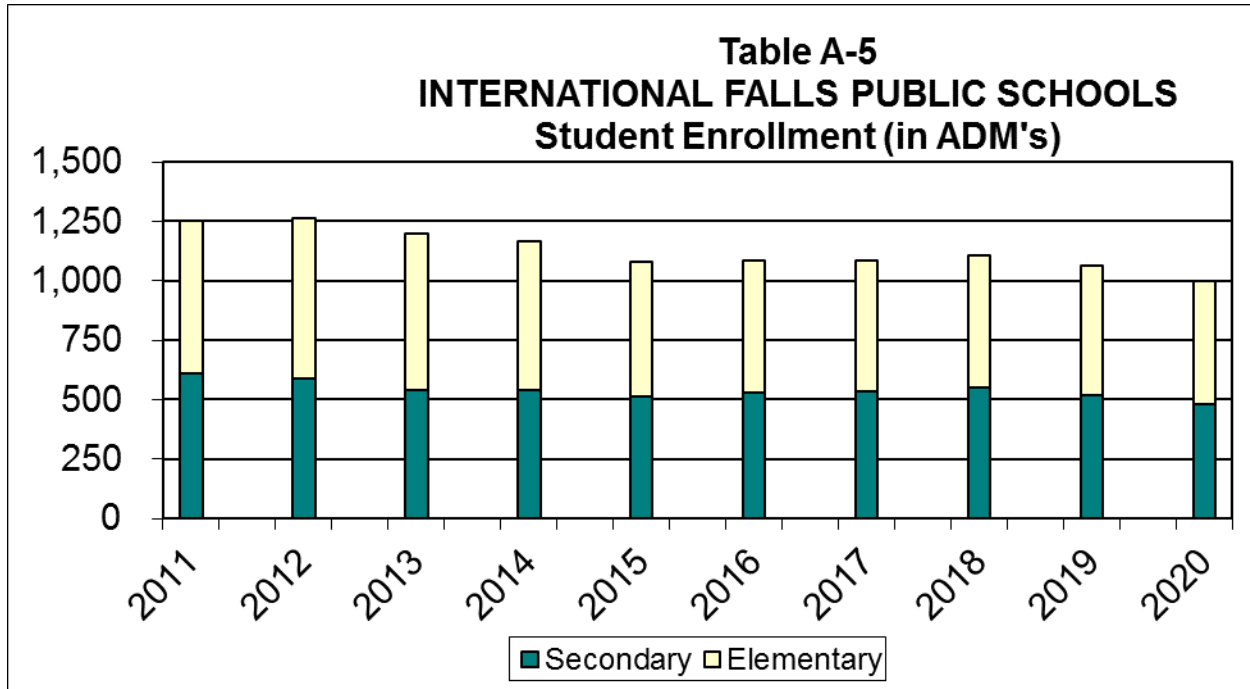
The General Fund includes the primary operations of the District in providing educational services to students from kindergarten through grade 12 including pupil transportation activities and capital outlay projects. The following graph shows the trend in student counts over the past ten years:

| | Table A-4 | | | | | | | | | |
|------------------------|-----------|--------|--------|--------|-------|-------|-------|--------|--------|--------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| EC | 8 | 5 | 5 | 8 | 11 | 13 | 14 | 16 | 18 | 16 |
| VPK | - | - | - | - | - | - | 26 | - | - | - |
| HCP K | 10 | 13 | 10 | 10 | 10 | 11 | 17 | 12 | 14 | 14 |
| Reg K | 75 | 70 | 68 | 60 | 74 | 64 | 71 | 60 | 53 | 60 |
| Elementary | 577 | 573 | 543 | 488 | 460 | 463 | 456 | 456 | 431 | 426 |
| Secondary | 591 | 540 | 542 | 515 | 529 | 534 | 550 | 520 | 483 | 470 |
| Total Students for Aid | 1,261 | 1,201 | 1,168 | 1,081 | 1,084 | 1,085 | 1,134 | 1,064 | 999 | 986 |
| Percent Change | 0.56% | -4.76% | -2.75% | -7.45% | 0.26% | 0.11% | 4.52% | -6.17% | -6.11% | -1.30% |

**INTERNATIONAL FALLS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 361
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

GENERAL FUND (CONTINUED)

Student Enrollment (Average Daily Membership)



The following schedule presents a summary of General Fund Revenues:

**Table A-6
General Fund Revenues**

| Fund | Year Ended | | Change | |
|-----------------------------------|----------------------|----------------------|----------------------------------|-----------------------------------|
| | June 30, 2020 | June 30, 2019 | Amount Increase (Decrease) | Percent Increase (Decrease) |
| Local Sources | | | | |
| Property Taxes | \$ 2,952,280 | \$ 2,485,089 | \$ 467,191 | 18.8 % |
| Earnings on Investments | 33,126 | 58,544 | (25,418) | (43.4) |
| Charges for Services | 218,885 | 184,417 | 34,468 | 18.7 |
| Other | 213,280 | 210,586 | 2,694 | 1.3 |
| State Sources | 9,387,401 | 9,841,766 | (454,365) | (4.6) |
| Federal Sources | 818,968 | 807,016 | 11,952 | 1.5 |
| Total General Fund Revenue | \$ 13,623,940 | \$ 13,587,418 | \$ 36,522 | 0.3 |

There was an increase of \$36,522 or 0.3% in General Fund revenue from the prior year, which was relatively consistent with the prior year.

**INTERNATIONAL FALLS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 361
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

GENERAL FUND (CONTINUED)

The following schedule presents a summary of General Fund Expenditures:

**Table A-7
General Fund Expenditures**

| | <u>Year Ended</u> | | <u>Change</u> | |
|------------------------|--------------------------|--------------------------|--|--|
| | <u>June 30, 2020</u> | <u>June 30, 2019</u> | <u>Amount of Increase (Decrease)</u> | <u>Percent Increase (Decrease)</u> |
| Salaries | \$ 7,451,747 | \$ 7,207,478 | \$ 244,269 | 3.4 % |
| Employee Benefits | 2,350,070 | 2,303,385 | 46,685 | 2.0 |
| Purchased Services | 2,074,940 | 2,031,969 | 42,971 | 2.1 |
| Supplies and Materials | 891,436 | 879,847 | 11,589 | 1.3 |
| Capital Expenditures | 282,821 | 824,331 | (541,510) | (65.7) |
| Debt Service | 9,165 | 9,165 | - | - |
| Other Expenditures | 147,131 | 151,911 | (4,780) | (3.1) |
| Total Expenditures | <u>\$ 13,207,310</u> | <u>\$ 13,408,086</u> | <u>\$ (200,776)</u> | <u>(1.5)</u> |

There was a decrease of \$200,776 or 1.5% in General Fund expenditures from the prior year, which was relatively consistent with the prior year.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget two times. These budget amendments fall into two categories:

- Generally speaking, the first budget amendment concentrates on students and staff. Actual student counts from the beginning of the school year are tracked and matched against the student enrollment estimates used to project many of the revenue components in the preliminary budget revenue categories. Actual staffing and respective assignments are verified for accuracy against the projected staffing costs used to establish the preliminary budget expenditures for salaries and benefits.
- Because it occurs further into the fiscal year, the second amendment of the budget has a heavier concentration on the review and tracking of both actual revenue and expenditure categories toward the annual budgeted amounts.

In the case of either budget amendments, depending on how actual revenue and expense items are tracking against the preliminary budget amounts, adjustments are proposed to specific categories for review and approval by the Board of Education.

**INTERNATIONAL FALLS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 361
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

GENERAL FUND (CONTINUED)

General Fund Budgetary Highlights (Continued)

Actual results differed from budget as follows:

- While the District's final budget for the General Fund anticipated that expenditures would exceed revenues by \$412,729, actual revenues exceeded actual expenditures by \$416,630.
- Overall, actual revenues were about \$395,000 more than budgeted, representing approximately 3% variation from budget to actual.
- The actual expenditures for current year were about \$434,000 less than budgeted, which represents about 3% of budgeted expenditures.
- The General Fund's unassigned fund balance increased by \$92,688, while restricted fund balance increased by \$235,840.

CONSTRUCTION PROJECTS AND DEBT SERVICE

An annual levy is made to fund the bond payments of approximately \$220,000 in principal and \$118,327 of interest.

CAPITAL ASSETS

As shown in the table below, the District has invested about \$23,700,000 in a broad range of capital assets, including school buildings, athletic facilities, computer and audio-visual equipment, and administrative offices. The large increase of 13.6% over the prior year is primarily related to large HVAC projects at the Arena and the Falls Elementary School. More detailed information about capital assets can be found in Note 4 to the financial statements. Total depreciation expense for the year was approximately \$690,000.

**Table A-8
The District's Capital Assets**

| | <u>2020</u> | <u>2019</u> | <u>Percentage Change</u> |
|--------------------------------|----------------------------|----------------------------|------------------------------|
| Land | \$ 139,985 | \$ 139,985 | - |
| Construction-in-Progress | 1,069,046 | 320,924 | 233.1 |
| Land Improvements | 2,084,358 | 2,030,485 | 2.7 |
| Buildings and Improvements | 16,924,985 | 15,902,415 | 6.4 |
| Equipment | 3,478,805 | 3,451,395 | 0.8 |
| Less: Accumulated Depreciation | <u>(13,759,663)</u> | <u>(13,095,377)</u> | 5.1 |
| Total | <u><u>\$ 9,937,516</u></u> | <u><u>\$ 8,749,827</u></u> | 13.6 |

**INTERNATIONAL FALLS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 361
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

Long-Term Liabilities

At year-end, the District had \$5,185,000 in general obligation bonds outstanding as shown in Note 5 to the financial statements. The District issued \$2,930,000 in bonds during the current fiscal year.

**Table A-9
The District's Long-Term Liabilities**

| | <u>2020</u> | <u>2019</u> | Percentage Change |
|----------------------------------|----------------------------|----------------------------|------------------------------|
| General Obligation Bonds | \$ 5,185,000 | \$ 2,490,000 | 108.2 % |
| Net Bond Premium and Discount | 387,996 | 189,414 | 104.8 |
| Obligations Under Capital Leases | 17,433 | 24,122 | (27.7) |
| Total | <u><u>\$ 5,590,429</u></u> | <u><u>\$ 2,703,536</u></u> | 106.8 |
| Long-Term Liabilities | | | |
| Due Within One Year | \$ 1,132,500 | \$ 241,689 | |
| Due in More Than One Year | 4,457,929 | 2,461,847 | |
| Total | <u><u>\$ 5,590,429</u></u> | <u><u>\$ 2,703,536</u></u> | |

FACTORS BEARING ON THE DISTRICT'S FUTURE

With the exception of voter-approved excess operating referendums, the District is dependent on the State of Minnesota for its revenue authority.

The general education program is the method by which school districts receive the majority of their financial support. This source of funding is primarily state aid and, as such, school districts rely heavily on the state of Minnesota for educational resources.

In the most recent two fiscal years, the state allocation for general education aid increased at a rate of 2% in both fiscal year 2019 and 2020. General education aid is a student enrollment based revenue formula, therefore, more students mean more funding and fewer students mean less funding. The District's historical enrollment trend has been a decline in student enrollment with future enrollment projections predict this trend to continue. Therefore, any increase gained on general education aid formula is negatively offset by lower student enrollment. Thus, the resulting impact is a slower decline in total revenue generated from general education aid vs an increase in general education aid funding for the District. The District will continue to be diligent in its efforts of maintaining a stable budget and maintaining a solid unassigned fund balance.

**INTERNATIONAL FALLS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 361
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Stacy Grover, the Business Manager, at the District offices located at, 1515 Eleventh Street, International Falls, Minnesota, 56649.

BASIC FINANCIAL STATEMENTS

**INTERNATIONAL FALLS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 361
STATEMENT OF NET POSITION
JUNE 30, 2020**

| | Governmental Activities |
|--|----------------------------|
| ASSETS | |
| Cash and Investments | \$ 6,333,417 |
| Cash Held by Fiscal Agent | 895,000 |
| Receivables | |
| Property Taxes | 1,270,430 |
| Other Governments | 1,387,335 |
| Other | 42,830 |
| Inventories | 32,470 |
| Capital Assets | |
| Land | 139,985 |
| Construction in Progress | 1,069,046 |
| Other Capital Assets, Net of Depreciation | 8,728,485 |
| Total Assets | 19,898,998 |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Pension Related | 5,430,141 |
| OPEB Related | 80,705 |
| Total Deferred Outflows of Resources | 5,510,846 |
| LIABILITIES | |
| Salaries and Payroll Deductions | 112,392 |
| Accounts and Contracts Payable | 228,167 |
| Accrued Interest | 41,123 |
| Due to Other Governmental Units | 171,697 |
| Unearned Revenue - Charges for Services | 20,457 |
| Long-Term Liabilities | |
| Net Pension Liability | 7,469,731 |
| Other Postemployment Benefit Liability Due Within One Year | 52,469 |
| Other Postemployment Benefit Liability Due Within More Than One Year | 1,123,557 |
| Portion Due Within One Year | 1,192,998 |
| Portion Due in More Than One Year | 4,605,757 |
| Total Liabilities | 15,018,348 |
| DEFERRED INFLOWS OF RESOURCES | |
| Pension Related | 8,833,927 |
| OPEB Related | 55,735 |
| Property Taxes Levied for Subsequent Year | 2,431,369 |
| Total Deferred Inflows of Resources | 11,321,031 |
| NET POSITION | |
| Net Investment in Capital Assets | 6,312,057 |
| Restricted for: | |
| General Fund Operating Capital Purposes | 403,193 |
| General Fund State-Mandated Reserves | 294,576 |
| Food Service | 65,878 |
| Community Service | 73,996 |
| Debt Service | 55,694 |
| Capital Projects - Building Construction | 86,837 |
| Unrestricted | (8,221,766) |
| Total Net Position | \$ (929,535) |

**INTERNATIONAL FALLS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 361
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020**

| Functions | Expenses | Program Revenues | | | Net (Expense) |
|--|----------------------|----------------------|------------------------------------|----------------------------------|-------------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Revenue and Changes in Net Position |
| | | | | | Total Governmental Activities |
| Governmental Activities | | | | | |
| Administration | \$ 760,035 | \$ - | \$ 2,716 | \$ - | \$ (757,319) |
| District Support Services | 630,175 | - | - | - | (630,175) |
| Regular Instruction | 7,192,734 | 170,729 | 1,142,955 | - | (5,879,050) |
| Vocational Education Instruction | 65,309 | - | 542 | - | (64,767) |
| Special Education Instruction | 2,008,058 | 121,075 | 1,218,686 | - | (668,297) |
| Instructional Support Services | 456,307 | - | 270,881 | - | (185,426) |
| Pupil Support Services | 1,363,959 | - | 723,523 | - | (640,436) |
| Sites and Buildings | 1,566,390 | - | - | 180,184 | (1,386,206) |
| Fiscal and Other Fixed Cost Programs | 55,459 | - | - | - | (55,459) |
| Food Service | 546,824 | 175,104 | 373,265 | - | 1,545 |
| Community Service | 433,558 | 58,760 | 280,230 | - | (94,568) |
| Building Fund | 55,582 | - | - | - | (55,582) |
| Interest and Fiscal Charges on Long-Term Liabilities | 96,574 | - | - | - | (96,574) |
| Unallocated Depreciation | 49,563 | - | - | - | (49,563) |
| Total School District | <u>\$ 15,280,527</u> | <u>\$ 525,668</u> | <u>\$ 4,012,798</u> | <u>\$ 180,184</u> | <u>(10,561,877)</u> |
| General Revenues | | | | | |
| Property Taxes Levied for: | | | | | |
| General Purposes | | | | | 2,859,012 |
| Community Service | | | | | 119,750 |
| Debt Service | | | | | 252,602 |
| State Aid Not Restricted to Specific Purposes | | | | | 6,705,710 |
| Earnings on Investments | | | | | 38,385 |
| Gain on Sale of Assets | | | | | 1,119 |
| Miscellaneous | | | | | 131,040 |
| Total General Revenues | | | | | <u>10,107,618</u> |
| CHANGE IN NET POSITION | | | | | <u>(454,259)</u> |
| Net Position - Beginning of Year | | | | | (490,952) |
| Change in Accounting Principle (Note 14) | | | | | 15,676 |
| Net Position - Beginning of Year, as Restated | | | | | <u>(475,276)</u> |
| NET POSITION - END OF YEAR | | | | | <u>\$ (929,535)</u> |

**INTERNATIONAL FALLS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 361
BALANCE SHEET
GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2020**

| | Major Funds | | | | | Total Governmental Funds |
|--|---------------------|------------------|----------------------|---------------------|---------------------|--------------------------------|
| | General | Food Service | Community Service | Capital Projects | Debt Service | |
| ASSETS | | | | | | |
| Cash and Investments | \$ 4,617,443 | \$ 65,236 | \$ 104,120 | \$ 1,334,942 | \$ 211,676 | \$ 6,333,417 |
| Cash and Investments in Escrow | - | - | - | - | 895,000 | 895,000 |
| Receivables | | | | | | |
| Current Property Taxes | 1,051,247 | - | 68,196 | - | 150,987 | 1,270,430 |
| Due from Other Minnesota School Districts | 171,831 | - | - | - | - | 171,831 |
| Due from Minnesota Department of Education | 425,990 | - | 13,238 | - | 10,078 | 449,306 |
| Due from Federal through Minnesota Department of Education | 766,198 | - | - | - | - | 766,198 |
| Other Receivables | 16,183 | 7,379 | 19,268 | - | - | 42,830 |
| Inventory | 20,632 | 11,838 | - | - | - | 32,470 |
| Total Assets | <u>\$ 7,069,524</u> | <u>\$ 84,453</u> | <u>\$ 204,822</u> | <u>\$ 1,334,942</u> | <u>\$ 1,267,741</u> | <u>\$ 9,961,482</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | | |
| Liabilities | | | | | | |
| Salaries and Payroll Deductions | \$ 112,392 | \$ - | \$ - | \$ - | \$ - | \$ 112,392 |
| Accounts and Contracts Payable | 49,830 | 38 | 164 | 178,135 | - | 228,167 |
| Due to Other Minnesota School Districts | 159,311 | - | - | - | - | 159,311 |
| Due to Other Governmental Units | 12,386 | - | - | - | - | 12,386 |
| Unearned Revenue - Charges for Services | - | 18,537 | 1,920 | - | - | 20,457 |
| Total Liabilities | <u>333,919</u> | <u>18,575</u> | <u>2,084</u> | <u>178,135</u> | <u>-</u> | <u>532,713</u> |
| Deferred Inflows of Resources | | | | | | |
| Property Taxes Levied for Subsequent Year | <u>2,028,786</u> | <u>-</u> | <u>128,742</u> | <u>-</u> | <u>273,841</u> | <u>2,431,369</u> |
| Fund Balance | | | | | | |
| Nonspendable: | | | | | | |
| Inventory | 20,632 | 11,838 | - | - | - | 32,470 |
| Restricted: | | | | | | |
| Student Activities | 31,662 | - | - | - | - | 31,662 |
| Operating Capital | 403,193 | - | - | - | - | 403,193 |
| Basic Skills Programs | 85,742 | - | - | - | - | 85,742 |
| Basic Skills Ext Time | 20,340 | - | - | - | - | 20,340 |
| Safe Schools - Crime | 32,585 | - | - | - | - | 32,585 |
| Staff Development | 30,929 | - | - | - | - | 30,929 |
| Medical Assistance | 1,217 | - | - | - | - | 1,217 |
| Long-Term Facilities Maintenance (LTFM) | 92,101 | - | - | - | - | 92,101 |
| Community Education Programs | - | - | 70,861 | - | - | 70,861 |
| Early Childhood and Family Educations Programs | - | - | 187 | - | - | 187 |
| School Readiness | - | - | 96 | - | - | 96 |
| Adult Basic Education | - | - | 1,308 | - | - | 1,308 |
| Bond Refundings | - | - | - | - | 895,000 | 895,000 |
| Other Restricted | - | 54,040 | 1,544 | 1,156,807 | 98,900 | 1,311,291 |
| Committed: | | | | | | |
| Other Committed | 15,137 | - | - | - | - | 15,137 |
| Assigned: | | | | | | |
| Other Assigned | 259,225 | - | - | - | - | 259,225 |
| Unassigned | 3,714,056 | - | - | - | - | 3,714,056 |
| Total Fund Balances | <u>4,706,819</u> | <u>65,878</u> | <u>73,996</u> | <u>1,156,807</u> | <u>993,900</u> | <u>6,997,400</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | <u>\$ 7,069,524</u> | <u>\$ 84,453</u> | <u>\$ 204,822</u> | <u>\$ 1,334,942</u> | <u>\$ 1,267,741</u> | <u>\$ 9,961,482</u> |

**INTERNATIONAL FALLS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 361
RECONCILIATION OF THE BALANCE SHEET
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES
JUNE 30, 2020**

Total Fund Balance for Governmental Funds \$ 6,997,400

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

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

| | |
|---|-----------|
| Land | 139,985 |
| Construction-in-Progress | 1,069,046 |
| Land Improvements, Net of Accumulated Depreciation | 736,694 |
| Buildings and Improvements, Net of Accumulated Depreciation | 7,216,692 |
| Equipment, Net of Accumulated Depreciation | 775,099 |

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. (41,123)

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

| | |
|--|-------------|
| Net Pension Liability | (7,469,731) |
| Deferred Inflows of Resources - Pension Related | (8,833,927) |
| Deferred Outflows of Resources - Pension Related | 5,430,141 |

The District's OPEB Liability and related deferred inflows and outflows are recorded only on the Statement of Net Position. Balances at year-end are:

| | |
|---|-------------|
| OPEB Liability | (1,176,026) |
| Deferred Inflows of Resources - OPEB Related | (55,735) |
| Deferred Outflows of Resources - OPEB Related | 80,705 |

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

| | |
|----------------------------------|-------------|
| Bonds Payable | (5,185,000) |
| Unamortized Premiums | (387,996) |
| Obligations Under Capital Leases | (17,433) |
| Severance Benefits Payable | (208,326) |

Total Net Position of Governmental Activities \$ (929,535)

**INTERNATIONAL FALLS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 361
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020**

| | Major Funds | | | | | Total Governmental Funds |
|--|---------------------|------------------|----------------------|---|-------------------|--------------------------------|
| | General | Food Service | Community Service | Capital Projects - Building Construction | Debt Service | |
| REVENUES | | | | | | |
| Local | | | | | | |
| Property Taxes | \$ 2,952,280 | \$ - | \$ 119,750 | \$ - | \$ 252,602 | \$ 3,324,632 |
| Earnings on Investments | 33,126 | - | - | 5,259 | - | 38,385 |
| Charges for Services | 218,885 | 175,104 | 58,260 | - | - | 452,249 |
| Other | 213,280 | - | 678 | - | - | 213,958 |
| State Sources | 9,387,401 | 24,775 | 202,281 | - | 100,791 | 9,715,248 |
| Federal Sources | 818,968 | 348,490 | - | - | - | 1,167,458 |
| Total Revenues | 13,623,940 | 548,369 | 380,969 | 5,259 | 353,393 | 14,911,930 |
| EXPENDITURES | | | | | | |
| Current | | | | | | |
| Administration | 692,372 | - | - | - | - | 692,372 |
| District Support Services | 612,414 | - | - | - | - | 612,414 |
| Regular Instruction | 6,405,729 | - | - | - | - | 6,405,729 |
| Vocational Education Instruction | 60,920 | - | - | - | - | 60,920 |
| Special Education Instruction | 1,878,013 | - | - | - | - | 1,878,013 |
| Instructional Support Services | 424,255 | - | - | - | - | 424,255 |
| Pupil Support Services | 1,205,174 | - | - | - | - | 1,205,174 |
| Sites and Buildings | 1,537,245 | - | - | - | - | 1,537,245 |
| Fiscal and Other Fixed Cost Programs | 49,707 | - | - | - | - | 49,707 |
| Food Service | - | 546,824 | - | - | - | 546,824 |
| Community Service | 49,495 | - | 359,936 | - | - | 409,431 |
| Capital Outlay | 282,821 | - | - | 1,345,104 | - | 1,627,925 |
| Debt Service | | | | | | |
| Principal | 6,689 | - | - | - | 235,000 | 241,689 |
| Interest and Fiscal Charges | 2,476 | - | - | - | 118,327 | 120,803 |
| Total Expenditures | 13,207,310 | 546,824 | 359,936 | 1,345,104 | 353,327 | 15,812,501 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 416,630 | 1,545 | 21,033 | (1,339,845) | 66 | (900,571) |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers In | - | - | - | - | 29,368 | 29,368 |
| Transfers Out | - | - | - | (29,368) | - | (29,368) |
| Proceeds from Sale of Bonds | - | - | - | 2,080,000 | 850,000 | 2,930,000 |
| Premium on Sale of Bonds | - | - | - | 153,089 | 66,539 | 219,628 |
| Sale of Capital Assets | 1,119 | - | - | - | - | 1,119 |
| Total Other Financing Sources (Uses) | 1,119 | - | - | 2,203,721 | 945,907 | 3,150,747 |
| NET CHANGE IN FUND BALANCE | 417,749 | 1,545 | 21,033 | 863,876 | 945,973 | 2,250,176 |
| Fund Balance - Beginning of Year | 4,273,394 | 64,333 | 52,963 | 292,931 | 47,927 | 4,731,548 |
| Change in Accounting Principle (Note 14) | 15,676 | - | - | - | - | 15,676 |
| Fund Balance - Beginning of Year, As Restated | 4,289,070 | 64,333 | 52,963 | 292,931 | 47,927 | 4,747,224 |
| FUND BALANCE - END OF YEAR | \$ 4,706,819 | \$ 65,878 | \$ 73,996 | \$ 1,156,807 | \$ 993,900 | \$ 6,997,400 |

See accompanying Notes to Financial Statements.

**INTERNATIONAL FALLS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 361
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
GOVERNMENTAL ACTIVITIES
YEAR ENDED JUNE 30, 2020**

Net Change in Fund Balance-Total Governmental Funds \$ 2,250,176

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, assets are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense.

| | |
|----------------------|-----------|
| Capital Outlays | 1,877,291 |
| Depreciation Expense | (689,602) |

Some capital asset additions are financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the Statement of Net Position, the lease obligation is reported as a liability. Repayment of capital lease principal is an expenditure in the governmental funds, but repayment reduces the lease obligation in the Statement of Net Position.

| | |
|---|-------|
| Change in Accrued Interest Expense - Capital Leases | 5 |
| Principal Payments - Capital Leases | 6,689 |

Payment of OPEB benefits are recognized as expenditures at the fund level while the change in the net prepaid OPEB obligation is recognized in the Statement of Net Position. (504,118)

Pension expenditures on the governmental funds are measured by current year employee contributions. Pension expenses on the statement of activities are measured by the change in Net Pension Liability and the related deferred inflows and outflows of resources. (422,529)

The governmental funds report bond proceeds as financing sources, while repayment of bond principal is reported as an expenditure. In the Statement of Net Position, however, issuing debt increases long-term liabilities and does not affect the Statement of Activities and repayment of principal reduces the liability. Also, governmental funds report the effect of premiums when debt is first issued, whereas these amounts are amortized in the Statement of Activities. Interest is recognized as an expenditure in the governmental funds when it is due. In the Statement of Activities, however, interest expense is recognized as it accrues, regardless of when it is due. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:

| | |
|---|-------------|
| Net Bond (Premium) Discount | (219,628) |
| Proceeds From Sale of Bonds | (2,930,000) |
| Repayment of Bond Principal | 235,000 |
| Change in Accrued Interest Expense | 702 |
| Amortization of Bond Premium/(Discount) | 21,046 |

Delinquent property taxes receivable will be collected this year, but are not available soon enough to pay for the current-period's expenditures and, therefore, are unavailable in the funds. (93,268)

In the Statement of Activities, severance benefits and compensated absences are measured on the accrual basis. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). 13,977

Change in Net Position of Governmental Activities \$ (454,259)

**INTERNATIONAL FALLS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 361
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2020**

| | Budgeted Amounts | | Actual Amounts | Over (Under) Final Budget |
|--|---------------------|---------------------|---------------------|------------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Local Sources | | | | |
| Property Taxes | \$ 2,417,895 | \$ 2,417,549 | \$ 2,952,280 | \$ 534,731 |
| Earnings on Investments | 15,000 | 40,000 | 33,126 | (6,874) |
| Charges For Services | 208,850 | 201,878 | 218,885 | 17,007 |
| Other | 190,500 | 209,276 | 213,280 | 4,004 |
| State Sources | 9,343,668 | 9,528,398 | 9,387,401 | (140,997) |
| Federal Sources | 762,555 | 831,619 | 818,968 | (12,651) |
| Total Revenues | <u>12,938,468</u> | <u>13,228,720</u> | <u>13,623,940</u> | <u>395,220</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| Administration | 700,634 | 700,031 | 692,372 | (7,659) |
| District Support Services | 632,172 | 659,740 | 612,414 | (47,326) |
| Elementary and Secondary Regular Instruction | 6,407,370 | 6,429,312 | 6,405,729 | (23,583) |
| Vocational Education Instruction | 44,900 | 53,610 | 60,920 | 7,310 |
| Special Education Instruction | 1,799,630 | 1,914,941 | 1,878,013 | (36,928) |
| Community Education | 59,285 | 58,683 | 49,495 | (9,188) |
| Instructional Support Services | 452,221 | 421,267 | 424,255 | 2,988 |
| Pupil Support Services | 1,210,274 | 1,248,763 | 1,205,174 | (43,589) |
| Sites and Buildings | 1,449,570 | 1,810,172 | 1,537,245 | (272,927) |
| Fiscal and Other Fixed Cost Programs | 48,000 | 49,707 | 49,707 | - |
| Capital Outlay | 544,713 | 295,223 | 282,821 | (12,402) |
| Debt Service | | | | |
| Principal | - | - | 6,689 | 6,689 |
| Interest and Fiscal Charges | - | - | 2,476 | 2,476 |
| Total Expenditures | <u>13,348,769</u> | <u>13,641,449</u> | <u>13,207,310</u> | <u>(434,139)</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (410,301) | (412,729) | 416,630 | 829,359 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sale of Capital Assets | - | 1,119 | 1,119 | - |
| NET CHANGE IN FUND BALANCE | <u>\$ (410,301)</u> | <u>\$ (411,610)</u> | <u>417,749</u> | <u>\$ 829,359</u> |
| FUND BALANCE | | | | |
| Beginning of Year | | | 4,273,394 | |
| Change in Accounting Principle (Note 14) | | | 15,676 | |
| Beginning of Year, as Restated | | | <u>4,289,070</u> | |
| END OF YEAR | | | <u>\$ 4,706,819</u> | |

See accompanying Notes to Financial Statements.

**INTERNATIONAL FALLS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 361
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOOD SERVICE FUND
YEAR ENDED JUNE 30, 2020**

| | Budgeted Amounts | | Actual Amounts | Over (Under) Final Budget |
|-----------------------------------|-------------------|-----------------|-------------------|------------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Local Sources | | | | |
| Other - Primarily Meal Sales | \$ 234,000 | \$ 182,268 | \$ 175,104 | \$ (7,164) |
| State Sources | 33,500 | 33,500 | 24,775 | (8,725) |
| Federal Sources | 293,000 | 324,798 | 348,490 | 23,692 |
| Total Revenues | 560,500 | 540,566 | 548,369 | 7,803 |
| EXPENDITURES | | | | |
| Current | | | | |
| Food Service | 562,486 | 535,509 | 546,824 | 11,315 |
| NET CHANGE IN FUND BALANCE | \$ (1,986) | \$ 5,057 | 1,545 | \$ (3,512) |
| FUND BALANCE | | | | |
| Beginning of Year | | | 64,333 | |
| END OF YEAR | | | \$ 65,878 | |

**INTERNATIONAL FALLS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 361
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
COMMUNITY SERVICE FUND
YEAR ENDED JUNE 30, 2020**

| | Budgeted Amounts | | Actual Amounts | Over (Under) Final Budget |
|-----------------------------------|--------------------|--------------------|-------------------|------------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Local Sources | | | | |
| Property Taxes | \$ 126,591 | \$ 126,591 | \$ 119,750 | \$ (6,841) |
| Charges for Services | 87,500 | 62,332 | 58,260 | (4,072) |
| Other | - | 58 | 678 | 620 |
| State Sources | 174,112 | 169,748 | 202,281 | 32,533 |
| Total Revenues | <u>388,203</u> | <u>358,729</u> | <u>380,969</u> | <u>22,240</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| Community Service | <u>409,901</u> | <u>376,986</u> | <u>359,936</u> | <u>(17,050)</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ (21,698)</u> | <u>\$ (18,257)</u> | 21,033 | <u>\$ 39,290</u> |
| FUND BALANCE | | | | |
| Beginning of Year | | | <u>52,963</u> | |
| END OF YEAR | | | <u>\$ 73,996</u> | |

**INTERNATIONAL FALLS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 361
STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUND
JUNE 30, 2020**

| | <u>Custodial Fund</u> |
|----------------------|-------------------------|
| ASSETS | |
| Cash and Investments | <u>\$ 63,697</u> |
| NET POSITION | |
| Held in Trust | <u>\$ 63,697</u> |

**INTERNATIONAL FALLS PUBLIC SCHOOLS
 INDEPENDENT SCHOOL DISTRICT NO. 361
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 CUSTODIAL FUND
 YEAR ENDED JUNE 30, 2020**

| | <u>Custodial Fund</u> |
|---|-----------------------|
| ADDITIONS | |
| Investment Earnings | \$ 50 |
| Miscellaneous | 1,000 |
| Total Additions | 1,050 |
| DEDUCTIONS | |
| Scholarships | 5,829 |
| CHANGE IN NET POSITION | (4,779) |
| Net Position - Beginning of Year | 61,426 |
| Change in Accounting Principal | 7,050 |
| Net Position - Beginning of Year, As Restated | 68,476 |
| NET POSITION - END OF YEAR | \$ 63,697 |

NOTES TO FINANCIAL STATEMENTS

**INTERNATIONAL FALLS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 361
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The financial statements of Independent School District No. 361 (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

B. Financial Reporting Entity

The District is an instrumentality of the state of Minnesota established to function as an educational institution. The elected Board of Education (Board) is responsible for legislative and fiscal control of the District. A Superintendent is appointed by the Board and is responsible for administrative control of the District.

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

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

**INTERNATIONAL FALLS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 361
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basic Financial Statement Presentation

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

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

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

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

The Fiduciary Fund is presented in the fiduciary fund financial statements by type (Custodial Fund). Since by definition these assets are being held for the benefit of a third-party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the District, these funds are not incorporated into the District-wide statements.

**INTERNATIONAL FALLS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 361
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting

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

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

1. Revenue Recognition

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

2. Recording of Expenditures

Expenditures are generally recorded when a liability is incurred. However, expenditures are recorded as prepaid for approved disbursements or liabilities incurred in advance of the year in which the item is to be used. Principal and interest on long-term debt issues are recognized on their due dates.

**INTERNATIONAL FALLS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 361
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

Description of Funds

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

Major Governmental Funds

General Fund

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

Food Service Special Revenue Fund

The Food Service Fund is used to account for food service revenues and expenditures. Revenues for the Food Service Fund are generated from user fees, federal reimbursements and state aids.

Community Service Special Revenue Fund

The Community Service Fund is used to account for services provided to residents in the areas of recreation, civic activities, nonpublic pupils, veterans, adult or early childhood programs, K-6 extended day programs or other similar services. Revenues for the Community Service Fund are generated primarily from user fees, local property taxes and state credits.

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and payment of, general long-term obligation bond principal, interest, and related costs.

Capital Projects Fund

The Capital Projects Fund is used to account for financial resources restricted, committed, or assigned to be used for the acquisition or construction of major capital facilities. The fund was established for building construction activity authorized by specific voter-approved bond issues.

Fiduciary Fund

Custodial Fund

The Custodial Fund is used to report fiduciary activities that are not required to be reported in pension or OPEB trust funds, investment trust funds, or private purpose trust funds.

**INTERNATIONAL FALLS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 361
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgeting

Budgets presented in this report for comparison to actual amounts are presented in accordance with GAAP. Each June, the Board of Education adopts an annual budget for the following fiscal year for the General, Food Service, and Community Service. The approved budget is published in summary form in the District's legal newspaper by November 30 of each year. Reported budgeted amounts represent the amended budget as adopted by the Board of Education. Legal budgetary control is at the fund level.

Procedurally, in establishing the budgetary data reflected in these financial statements, the Superintendent submits to the Board of Education prior to July 1, a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means to finance them. The budget is legally enacted by Board of Education action. Revisions to budgeted amounts must be approved by the Board of Education.

Total fund expenditures in excess of the budget require approval of the Board of Education. Spending control is established by the amount of expenditures budgeted for the funds, but management control is exercised at line item levels.

Budgeted amounts include interim budget amendments that increased and decreased revenue and expenditure budgets as follows:

| <u>Revenues</u> | Original Budget | Amendments | Amended Budget |
|-------------------------|--------------------|------------|-------------------|
| General Fund | \$12,938,468 | \$ 290,252 | \$13,228,720 |
| Special Revenue Funds | | | |
| Food Service Fund | 560,500 | (19,934) | 540,566 |
| Community Service Fund | 388,203 | (29,474) | 358,729 |
| <u>Expenditures</u> | | | |
| General Fund | 13,348,769 | 292,680 | 13,641,449 |
| Special Revenue Funds | | | |
| Food Service Fund | 562,486 | (26,977) | 535,509 |
| Community Service Fund | 409,901 | (32,915) | 376,986 |

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

**INTERNATIONAL FALLS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 361
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgeting (Continued)

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

F. Cash and Investments

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

G. Accounts Receivable

Represents amounts receivable from individuals, firms, and corporations for goods and services furnished by the District. No substantial losses are anticipated from present receivable balances, therefore, no allowance for uncollectible accounts is deemed necessary. The only receivables not expected to be collected within one year are property taxes receivable.

H. Inventories

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

**INTERNATIONAL FALLS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 361
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Property Taxes

Property tax levies are established by the Board of Education in December each year and are certified to the County for collection the following calendar year. In Minnesota, counties act as collection agents for all property taxes. The county spreads all levies over taxable property. Such taxes become a lien on January 1. Taxes are due on May 15 and October 15. The county generally remits taxes to the District at periodic intervals as they are collected. A portion of property taxes levied is paid by through various state tax credits which are included in revenue from state sources in the financial statements.

Generally, tax revenue is recognized in the fiscal year ending June 30, following the calendar year in which the tax levy is collectible, while the current calendar year tax levy is recorded as deferred inflow of resources (property taxes levied for subsequent year).

The majority of District revenue in the General and Special Revenue Funds is determined annually by statutory funding formulas. The total revenue allowed by these formulas is then allocated between taxes and state aids by the legislature based on education funding priorities. Changes in this allocation are periodically accompanied by a change in property tax revenue recognition referred to as the "tax shift." In the Debt Service Fund, all property taxes collected in a calendar year are recorded as revenue in the fiscal year which begins July 1 of that calendar year.

In accordance with state law, the current tax shift consists of an amount equal to 31% of the District's 2000 pay 2001 operating referendum levy (frozen at \$75,328) advance recognized as revenue each year with no corresponding state aid adjustment. Certain other portions of the District's 2019 Pay 2020 levy, normally revenue for the 2020-21 fiscal year, are also advance recognized as June 30, 2020, as required by state statute to match revenue with the same fiscal year as the related expenditures.

Taxes that remain unpaid are classified as delinquent taxes receivable. Revenue from these delinquent property taxes that is not collected within 60 days of year-end is unavailable because it is not known to be available to finance the operations of the District in the current year. No allowance for uncollectible taxes has been provided as such amounts are not expected to be material.

Current levies of local taxes, less the amount recognized as revenue in the current period, including portions assumed by the state which will be recognized as revenue in the next fiscal year beginning July 1, 2020, are included in the Property Taxes Levied for Subsequent Year account to indicate that, while they are current assets, they will not be recognized as revenue until the following year.

**INTERNATIONAL FALLS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 361
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Capital Assets

Capital assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their 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 District-wide financial statement, 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 generally sold for an immaterial amount when declared as no longer needed for public school purpose by the District, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 20 to 50 years for land improvements and buildings, and 5 to 20 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. Items such as sidewalks and other land improvements are considered to be part of the cost of buildings or other improvable property.

K. Deferred Outflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period. The District will not recognize the related outflow until a future event occurs.

L. Long-Term Obligations

In the District-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as an expense in the period they are incurred.

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

**INTERNATIONAL FALLS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 361
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Accrued Employee Benefits

Sick Pay

Employees are allowed to accrue and accumulate sick leave days in varying amounts in accordance with contractual agreements. Sick leave days do not vest, and accordingly, employees can be paid sick leave only when sick. Employees are not compensated for unused sick leave upon termination of employment, except in the calculation of severance as discussed below.

Vacation Pay

Certified staff do not receive paid vacations but rather have paid personal days in accordance with their contract. Noncertified and administrative employees are allowed vacation in varying amounts. In the event of termination, an employee is reimbursed for any unused accumulated leave. Vacation pay is charged to operations when taken by the employees of the District. Outstanding vacation pay is recorded as a liability in the district-wide financial statements.

Severance Pay

The District pays severance pay to retiring employees based upon years of service and accumulated sick leave. Upon notice of retirement, the amount of severance pay is determined in accordance with the contractual agreement and paid to the employee's Health Care Savings Plan as administered by the Minnesota Retirement System. This is a pay as you go system and there is no further District severance liability for the retired employee. Severance is not granted to an employee who is discharged by the District. A severance payable is included in the district-wide financial statements as a long-term liability. The payable is estimated using present values for those retired employees with amounts outstanding at June 30, 2020. The total cost of severance paid in fiscal year ended June 30, 2020 for all retirement groups was \$4,801.

OPEB

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's Retiree Benefits Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

N. Deferred Inflows of Resources

In addition to liabilities, the financial statements report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow or resources (revenue) until that time.

**INTERNATIONAL FALLS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 361
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Pensions

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

P. Unearned Revenue

Unearned revenues are those in which resources are received by the District before it has a legal claim to them. The District has reported unearned revenues for the unearned grant revenue, charges for services, and school lunch deposits.

Q. Fund Balance

In the fund financial statements, governmental funds report nonspendable, restricted, committed, assigned, and unassigned fund balances. Nonspendable portions of fund balance are related to prepaid items and inventories. Restricted funds are constrained by outside parties (statute, grantors, bond agreements, etc.). Committed fund balances are established and modified by a resolution approved by the Board of Education. The Board of Education passed a resolution authorizing the Director of Business Services to assign fund balances and its intended uses. Unassigned fund balances are considered the remaining amounts. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the District's policy to use restricted first, then unrestricted fund balance. When an expenditure is incurred for purposes for which committed, assigned, and unassigned amounts are available, it is the District's policy to use committed first, then assigned, and finally unassigned fund balance.

When the combined total of the General Fund committed, assigned and unassigned fund balance falls below two to three months of operating expenditures, the District shall initiate measures to either generate additional revenues or reduce expenditures through budget reduction, or a combination of both.

**INTERNATIONAL FALLS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 361
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources in the District-wide and Fiduciary Fund financial statements. Net investment in capital assets consists of capital assets, net of accumulation depreciation, reduced by the outstanding balance (less any unspent bond proceeds) of any debt used to build or acquire the capital assets. Net position is reported as restricted in the District-wide financial statement when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

NOTE 2 STEWARDSHIP AND ACCOUNTABILITY

A. Interfund Transfers for the year ended June 30, 2020 were as follows:

| Transfer Out: | Transfer In: Debt Service Fund |
|-----------------------|--------------------------------------|
| Capital Projects Fund | \$ 29,368 |

The transfer was related to capitalized interest being used to pay down the first interest payment in the Debt Service Fund.

B. Expenditures exceeded budgeted amounts in the following fund:

| | Budget | Expenditures | Excess |
|-------------------|------------|--------------|-----------|
| Food Service Fund | \$ 535,509 | \$ 546,824 | \$ 11,315 |

The overage above was considered by District management to be the result of necessary expenditures critical to operations.

NOTE 3 DEPOSITS AND INVESTMENTS

A. Deposits

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

Minnesota Statutes require that all deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or corporate surety bonds.

**INTERNATIONAL FALLS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 361
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 3 DEPOSITS AND INVESTMENTS

A. Deposits (Continued)

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

The District’s deposits in banks at June 30, 2020 were entirely covered by federal depository insurance or by surety bonds and collateral in accordance with Minnesota Statutes.

B. Investments

The District may invest idle funds as authorized by Minnesota Statutes Chapter 118A as follows:

- Direct obligations or obligations guaranteed by the United States or its agencies;
- Shares of investment companies registered under the Investment Act of 1940 and received the highest credit rating, is rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of 13 months or less;
- General obligations rated “A” or better; revenue obligations rated “AA” or better;
- General obligations of the Minnesota Housing Finance Agency rate “A” or better;
- Bankers’ acceptances of United States banks eligible for purchase by the Federal Reserve System;
- Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by a least two nationally recognized rating agencies, and maturing in 270 days or less;
- Guaranteed investment contracts guaranteed by United States commercial banks or domestic branches of foreign banks or United States insurance companies if similar debt obligations of the issuer or the collateral pledged by the issuer is in the top two rating categories and repurchase or reverse purchase agreement and securities lending agreements financial institutions qualified as a “depository” by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.

**INTERNATIONAL FALLS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 361
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

At June 30, 2020, the District had the following investments:

| | Amount |
|--|--------------|
| Minnesota School District Liquid Asset Fund Plus (MSDLAF+) | \$ 44,032 |
| MN Trust Investment Share | 1,698,555 |
| Mutual Funds | 3,085,692 |
| Total Investments | \$ 4,828,279 |

The MN Trust Investment Share is a money market accounts that is valued at amortized cost with maturities of investments of one year or less. The MSDLAF+ is an external investment pool (Pool) that is managed to maintain a dollar-weighted average portfolio maturity of no greater than 60 days and seeks to maintain a constant net asset value per share of \$1.00. The Pool elects to measure its investments at amortized cost in accordance with accounting statements issued by the Government Accounting Standards Board.

Credit Risk – Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District’s policy is that the obligations at the time of purchase must be rated at the highest classification by at least two of the four standard rating services. The following chart summarizes year-end ratings for the District’s investments as rated by Moody’s Investors Service:

| Type | Total | 12 Months or Less | 12 to 24 Months | 25 to 60 Months |
|----------------------------|--------------|----------------------|--------------------|--------------------|
| MSDLAF+ | \$ 44,032 | \$ 44,032 | \$ - | \$ - |
| MN Trust Investment Shares | 1,698,555 | 1,698,555 | - | - |
| Mutual Funds | 3,085,692 | 3,085,692 | - | - |
| Total | \$ 4,828,279 | \$ 4,828,279 | \$ - | \$ - |

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

The District’s deposits (\$2,463,835) and investments (\$4,828,279) are presented in the financial statements as follows:

| | |
|--|--------------|
| Cash and Investments - Statement of Net Position | \$ 6,333,417 |
| Cash and Investments - Held by Fiscal Agent | 895,000 |
| Cash and Investments - Agency Fund (Deposits) | 63,697 |
| Total Cash and Investments | \$ 7,292,114 |

**INTERNATIONAL FALLS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 361
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

C. Fair Value Measurements

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

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

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

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

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

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

Assets measured at fair value on a recurring basis:

| Type | Level 1 | Level 2 | Level 3 | Total |
|--|---------|---------|---------|---------------------|
| None Noted | \$ - | \$ - | \$ - | \$ - |
| Investments measured at Amortized Cost | | | | 4,828,279 |
| Total Investments | | | | <u>\$ 4,828,279</u> |

**INTERNATIONAL FALLS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 361
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 4 CAPITAL ASSETS

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

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|----------------------|---------------------|---------------------|---------------------|
| Governmental Activities: | | | | |
| Capital Assets, Not Being Depreciated | | | | |
| Land | \$ 139,985 | \$ - | \$ - | \$ 139,985 |
| Construction-in-Progress | 320,924 | 1,289,522 | (541,400) | 1,069,046 |
| Total Capital Assets, Not Being Depreciated | 460,909 | 1,289,522 | (541,400) | 1,209,031 |
| Capital Assets, Being Depreciated | | | | |
| Land Improvements | 2,030,485 | 53,873 | - | 2,084,358 |
| Buildings and Improvements | 15,902,415 | 1,022,570 | - | 16,924,985 |
| Equipment | 3,451,395 | 52,726 | (25,316) | 3,478,805 |
| Total Capital Assets, Being Depreciated | 21,384,295 | 1,129,169 | (25,316) | 22,488,148 |
| Accumulated Depreciation for | | | | |
| Land Improvements | (1,293,250) | (54,414) | - | (1,347,664) |
| Buildings and Improvements | (9,260,289) | (448,004) | - | (9,708,293) |
| Equipment | (2,541,838) | (187,184) | 25,316 | (2,703,706) |
| Total Accumulated Depreciation | (13,095,377) | (689,602) | 25,316 | (13,759,663) |
| Total Capital Assets, Being Depreciated, Net | 8,288,918 | 439,567 | - | 8,728,485 |
| Governmental Activities Capital Assets, Net | <u>\$ 8,749,827</u> | <u>\$ 1,729,089</u> | <u>\$ (541,400)</u> | <u>\$ 9,937,516</u> |

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

| | |
|---|-------------------|
| Administration | \$ 7,418 |
| District Support Services | 11,582 |
| Regular Instruction | 314,091 |
| Vocational Education Instruction | 569 |
| Special Education Instruction | 889 |
| Instructional Support Services | 592 |
| Pupil Support Services | 122,435 |
| Sites and Buildings | 182,463 |
| Unallocated | 49,563 |
| Total Depreciation Expense, Governmental Activities | <u>\$ 689,602</u> |

**INTERNATIONAL FALLS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 361
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 5 LONG-TERM LIABILITIES

A. Components of General Long-Term Debt

| Description of Issue | Issue Date | Interest Rate | Issue | Maturity | Outstanding |
|--|------------|---------------|--------------|-----------|--------------|
| Alternative Facilities Bonds | | | | | |
| Series 2010A | 9/8/2010 | 2.00 - 3.40% | \$ 2,000,000 | 2/1/2026 | \$ 895,000 |
| School Building Bond | | | | | |
| Series 2018A | 2/1/2018 | 2.00 - 4.00% | 1,550,000 | 2/1/2028 | 1,360,000 |
| Alternative Facilities Refunding Bond | | | | | |
| Series 2020A | 6/11/2020 | 2.00 - 4.00% | 850,000 | 2/1/2030 | 850,000 |
| Alternative Facilities Maintenance Bonds, Series 2020A | 6/11/2020 | 2.00 - 4.00% | 2,080,000 | 2/1/2030 | 2,080,000 |
| | | | | | |
| Total General Obligation Bonds | | | | | 5,185,000 |
| Capital Lease Payable | | | | | |
| Copier | 08/22/17 | 11.52% | \$ 34,932 | 7/22/2022 | 17,433 |
| Severance Benefits Payable | | | | | 208,326 |
| Total Long-Term Liabilities | | | | | \$ 5,410,759 |

B. Minimum Debt Payments

Minimum annual principal and interest payments required to retire long-term debt, not including compensated absences payable are as follows:

| Year Ending June 30, | General Obligation Bonds Payable | | Capital Leases Payable | |
|----------------------|-------------------------------------|------------|---------------------------|----------|
| | Principal | Interest | Principal | Interest |
| 2021 | \$ 1,125,000 | \$ 114,464 | \$ 7,500 | \$ 1,664 |
| 2022 | 390,000 | 134,850 | 8,430 | 734 |
| 2023 | 410,000 | 118,150 | 1,503 | 23 |
| 2024 | 425,000 | 100,500 | - | - |
| 20205 | 445,000 | 82,250 | - | - |
| 2026-2030 | 2,390,000 | 177,900 | - | - |
| Total | \$ 5,185,000 | \$ 728,114 | \$ 17,433 | \$ 2,421 |

C. Description of Long-Term Debt

1. General Obligation Alternative Facilities Bonds 2010A

On September 8, 2010, the District issued \$2,000,000 General Obligation Alternative Facilities Bonds, Series 2010A. Annual installments of \$105,000 to \$160,000 are due through February 1, 2026 with interest rates of 2.00% to 3.40%.

**INTERNATIONAL FALLS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 361
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

C. Description of Long-Term Debt (Continued)

2. General Obligation Building Bonds

On February 1, 2018, the District issued \$1,550,000 General Obligation Building Bonds, Series 2018A. Annual installments of \$90,000 to \$320,000 are due through February 1, 2028 with interest rates of 2.00% to 4.00%.

3. General Obligation Alternative Facilities Refunding and Facilities Maintenance Bonds

On June 11, 2020, the District issued \$2,930,000 General Obligation Alternative Facilities Refunding and Facilities Maintenance Bonds, Series 2020A with interest rates ranging from 2% to 4%. The bonds are comprised of three parts:

- a. Health & Safety Portion of \$1,820,000 due in annual installments beginning Feb 1, 2021 through Feb 1, 2030.
- b. Deferred Maintenance portion of \$260,000 due in annual installments beginning Feb 1, 2021 through Feb 1 2028.
- c. Refund Series of \$850,000 which refunds the 2010A General Obligation School Building Bonds due in annual installments beginning Feb 1, 2021 through Feb 1 2026.

Assets of the Debt Service Fund, together with scheduled future ad valorem tax levies are dedicated for the retirement of these bonds. Deferred future years' tax levies available to retire bond principal and interest payable at June 30, 2020 are approximately \$5,269,020. These levies are subject to reduction if fund balance amounts exceed limitations imposed by Minnesota Statutes.

4. Capital Lease Obligations

Equipment-

On August 22, 2017, the District entered into a five-year capital lease arrangement for two copiers. The total lease was \$34,878. The capital assets relating to the lease has a cost of \$34,878 and accumulated depreciation of \$19,084 as of June 30, 2020.

D. Changes in Long-Term Debt

| | June 30, 2019 | Net Additions | Retirements | June 30, 2020 | Due Within One Year |
|------------------------------|---------------------|---------------------|-------------------|---------------------|------------------------|
| General Obligation Bonds | \$ 2,490,000 | \$ 2,930,000 | \$ 235,000 | \$ 5,185,000 | \$ 1,125,000 |
| Net Bond Premiums (Discount) | 189,414 | 219,628 | 21,046 | 387,996 | - |
| Capital Leases | 24,122 | - | 6,689 | 17,433 | 7,500 |
| Subtotal | 2,703,536 | 3,149,628 | 262,735 | 5,590,429 | 1,132,500 |
| Severance Benefits Payable | 222,303 | 22,419 | 36,396 | 208,326 | 60,498 |
| Total | <u>\$ 2,925,839</u> | <u>\$ 3,172,047</u> | <u>\$ 299,131</u> | <u>\$ 5,798,755</u> | <u>\$ 1,192,998</u> |

**INTERNATIONAL FALLS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 361
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 6 RESTRICTED FUND BALANCES

A. Restricted for Student Activities

Represents available resources to be used for extracurricular activity funds raised by students.

B. Restricted for Operating Capital

Represents tax levies and state aid in the General Fund to be used for purchase of equipment and facilities.

C. Restricted for Safe Schools Crime Levy

Restriction for Safe Schools – crime represents available resources to be used only to provide for safe schools – crime projects.

D. Restricted for Basic Skills

E. Represents resources to be used for basic skills activities according to state statute.

F. Restricted for Basic Skills Ext Time

Represents resources to be used for extended time activities according to state statute.

G. Restricted for Staff Development

Represents cumulative unspent staff development dollars.

H. Restricted for Medical Assistance

Represents resources available to be used for medical assistance expenditures.

I. Restricted for Long-Term Facility Maintenance (LTFM)

Represents available resources to be used for LTFM capital projects in accordance with the ten-year plan.

J. Restricted for Community Education

Represents the resources available to provide programming such as: nonvocational, recreational and leisure time activities, programs for adults with disabilities, noncredit summer programs, adult basic education programs, youth development and youth service programming, early childhood family education, and extended day programs.

K. Restricted for Early Childhood and Family Education

Represents the resources available to provide for services for Early Childhood Family Education programming.

L. Restricted for School Readiness

Represents the resources available to provide for School Readiness Program.

**INTERNATIONAL FALLS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 361
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 6 RESTRICTED FUND BALANCES (CONTINUED)

M. Restricted for Adult Basic Education

Represents the resources available to provide for Adult Basic Education Programs.

N. Restricted for Other Purposes

Restricted for other purposes represents amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. See break out below:

| | |
|------------------------|---------------------|
| Other Restricted | |
| Food Service | \$ 54,040 |
| Community Service | 1,544 |
| Capital Projects | 1,156,807 |
| Debt Service | 98,900 |
| Total Other Restricted | <u>\$ 1,311,291</u> |

NOTE 7 COMMITTED FUND BALANCES

Other Committed

Represents amounts constrained for a specific purpose by the district using the highest level of decision making authority (generally the Board of Education). It requires action by the same group to remove or change the constraints place on the resources. The General Fund Committed Fund Balance of \$15,137 is for the Bronco Hall of Fame.

**INTERNATIONAL FALLS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 361
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 8 ASSIGNED FUND BALANCES

Assigned for Other Purposes

Represents amounts constrained by the District's intent to be used for a specific purpose, but are not restricted or committed. The Board of Education has delegated the authority to assign amounts to be used for specific purposes. See detailed break out of General Fund Assigned Fund Balances below:

| | |
|--|-------------------|
| Other Assigned | |
| Assigned Donations | \$ 12,489 |
| 3rd Grade Field Trip Funds | 157 |
| 4th Grade Field Trip Funds | 1 |
| 5th Grade Field Trip Funds | 3,096 |
| 6th Grade Field Trip Funds | 6,368 |
| All Class Reunion | 4,501 |
| Falls Education Foundation Donation | 2,033 |
| FHS PBIS | 7,863 |
| Mr Pete Foundation Projects | 1,888 |
| Project Read | 1,302 |
| Purple Pride | 4,389 |
| PIE Projects | 1,793 |
| FES Miscellaneous Donations | 2,226 |
| FHS Miscellaneous Donations | 3,313 |
| Science Trip | 215 |
| NW Student Group | 319 |
| Track Projects | 3,500 |
| Volleyball Projects | 132 |
| Baseball Projects | 560 |
| Boys Hockey Projects | 4,973 |
| Technology | 150,000 |
| Arena Advertising | 39,295 |
| Arena Projects | 1,841 |
| Cross Country Ski Project | 1,622 |
| Weight Room | 5,180 |
| FES Library | 169 |
| Total Other Assigned | <u>\$ 259,225</u> |

NOTE 9 PENSION PLANS

A. Plan Description

The District participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA) and Teachers Retirement Fund (TRA). PERA's and TRA's defined benefit pension plans are established and administered in accordance with *Minnesota Statutes*, Chapters 353 and 356. PERA's and TRA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

**INTERNATIONAL FALLS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 361
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 9 PENSION PLANS (CONTINUED)

A. Plan Description (Continued)

1. General Employees Retirement Plan

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

2. Teachers Retirement Fund (TRA)

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

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

B. Benefits Provided

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

The benefit provisions stated in the following paragraphs of this section are current provisions and apply to active plan participants.

1. General Employees Plan Benefits

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

**INTERNATIONAL FALLS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 361
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 9 PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

1. General Employees Plan Benefits (Continued)

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

2. TRA Benefits

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

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

Tier 1 Benefits

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

With these provisions:

Normal retirement age is 65 with less than 30 years of allowable service and age 62 with 30 or more years of allowable service.

(b) 3.0% per year early retirement reduction factor for all years under normal retirement age.

**INTERNATIONAL FALLS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 361
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 9 PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

2. TRA Benefits (Continued)

(c) Unreduced benefits for early retirement under a Rule-of-90 (age plus allowable service equals 90 or more).

or

Tier II Benefits

For years of service prior to July 1, 2006, a level formula of 1.7% per year for coordinated members and 2.7% per year for basic members. For years of service July 1, 2006 and after, a level formula of 1.9% per year for Coordinated members and 2.7% for Basic members applies. Beginning July 1, 2015, the early retirement reduction factors are based on rates established under Minnesota 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 calculation with a normal retirement age that is their retirement age for full Social Security retirement benefits, but not to exceed age 66.

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

C. Contributions

1. General Employees Fund Contributions

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature. Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2019 and the District was required to contribute 7.50% for Coordinated Plan members. The District's contributions to the General Employees Fund for the year ended June 30, 2020, were \$176,024. The District's contributions were equal to the required contributions as set by state statute.

**INTERNATIONAL FALLS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 361
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 9 PENSION PLANS (CONTINUED)

C. Contributions (Continued)

2. TRA Contributions

Per Minnesota Statutes, Chapter 354 rates for the fiscal year for coordinated were 7.50% for the employee and 7.92% for the employer. Basic rates were 11.00% for the employee and 11.92% for the employer. The District's contributions to TRA for the plan's fiscal year ended June 30, 2020, were \$421,925. The District's contributions were equal to the required contributions for each year as set by state statute.

D. Pension Costs

1. General Employees Plan Pension Costs

At June 30, 2020, the District reported a liability of \$1,796,852 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 to the fund in 2019. 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 \$55,831. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's 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, 2018 through June 30, 2019, relative to the total employer contributions received from all of PERA's participating employers

At June 30, 2019, the District's proportionate share was .0325% which was a increase of .0006% from its proportionate share measured as of June 30, 2018.

There were no provision changes during the measurement period.

For the year ended June 30, 2020, the District recognized pension expense of \$156,570 for its proportionate share of the General Employees Plan's pension expense. In addition, the District recognized an additional \$4,181 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

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

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INDEPENDENT SCHOOL DISTRICT NO. 361
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 9 PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

1. General Employees Plan Pension Costs (Continued)

| Description | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Differences Between Expected and Actual Economic Experience | \$ 49,797 | \$ - |
| Changes in Actuarial Assumptions | - | 141,234 |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | - | 182,132 |
| Changes in Proportion | 7,622 | 69,865 |
| District Contributions Subsequent to the Measurement Date | 176,024 | - |
| Total | <u>\$ 233,443</u> | <u>\$ 393,231</u> |

\$176,024 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year Ending June 30,</u> | <u>Pension Expenses Amount</u> |
|-----------------------------|--|
| 2021 | \$ (118,500) |
| 2022 | (174,902) |
| 2023 | (45,306) |
| 2024 | 2,896 |

2. TRA Pension Costs

At June 30, 2020 the District reported a liability of \$5,672,879 for its proportionate share of TRA's net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to TRA in relation to total system contributions including direct aid from the State of Minnesota, City of Minneapolis and Minneapolis School District.

The District's proportionate share was 0.089% at the end of the measurement period and 0.0904% at the beginning of the period.

The pension liability amount reflected a reduction due to direct aid provided to TRA. The amount recognized by the District as its proportionate share of the net pension liability, the direct aid, and total portion of the net pension liability that was associated with the District were as follows: 116

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INDEPENDENT SCHOOL DISTRICT NO. 361
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 9 PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. TRA Pension Costs (Continued)

| Description | Amount |
|---|---------------------|
| District's Proportionate Share of the TRA Net Pension Liability | \$ 5,672,879 |
| State's Proportionate Share of TRA's Net Pension Liability Associated with the District | 502,032 |
| Total | <u>\$ 6,174,911</u> |

For the year ended June 30, 2020, the District recognized pension expense of \$867,189. It also recognized \$38,160 as pension expense and grant revenue for the support provided by direct aid.

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

| Description | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------|-------------------------------|
| Differences Between Expected and Actual Economic Experience | \$ 807 | \$ 137,736 |
| Changes in Actuarial Assumptions | 4,773,966 | 7,525,814 |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | - | 470,112 |
| Changes in Proportion | - | 307,034 |
| District Contributions Subsequent to the Measurement Date | 421,925 | - |
| Total | <u>\$ 5,196,698</u> | <u>\$ 8,440,696</u> |

\$421,925 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year Ending June 30,</u> | Pension Expenses Amount |
|-----------------------------|-------------------------|
| 2021 | \$ 241,684 |
| 2022 | (112,838) |
| 2023 | (2,219,446) |
| 2024 | (1,542,821) |
| 2025 | (32,502) |

The District's total pension expense for all plans for the year ended June 30, 2020 was \$1,066,100.

**INTERNATIONAL FALLS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 361
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 9 PENSION PLANS (CONTINUED)

E. Actuarial Assumptions

The total pension liability in the June 30, 2020, actuarial valuation was determined using the following actuarial assumptions:

| Assumptions | PERA | TRA |
|---------------------------|-------|--|
| Inflation | 2.50% | 2.50% |
| Salary Growth | 3.25% | 2.85% for 9 years and 3.25%, thereafter |
| Investment Rate of Return | 7.50% | 7.50% |

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

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

Actuarial assumptions used in the June 30, 2019 valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2019. Economic assumptions were updated in 2018 based on a review of inflation and investment return assumptions.

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

General Employees Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

TRA

- There were no changes in actuarial assumptions for plan provisions for TRA in 2019.

**INTERNATIONAL FALLS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 361
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 9 PENSION PLANS (CONTINUED)

E. Actuarial Assumptions (Continued)

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

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|--------------------------------------|----------------------|--|
| Domestic Stocks | 36.0 % | 5.10 % |
| International Stocks | 17.0 | 5.90 |
| Bonds (Fixed Income) | 20.0 | 0.75 |
| Alternative Assets (Private Markets) | 25.0 | 5.90 |
| Cash | 2.0 | - |
| Totals | <u>100.0 %</u> | |

F. Discount Rate

The discount rate used to measure the PERA General Employees Plan pension liability in 2019 was 7.5%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at rates set in Minnesota statutes. Based on that assumption, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The discount rate used to measure the TRA pension liability was 7.5%. There was no change since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year 2019 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was not projected to be depleted and, as a result, the Municipal Bond Index Rate was not used in the determination of the Single Equivalent Interest Rate (SEIR).

**INTERNATIONAL FALLS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 361
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 9 PENSION PLANS (CONTINUED)

G. Pension Liability Sensitivity

The following 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 one percentage point lower or one percentage point higher than the current discount rate:

| Description | 1% Decrease | Current Discount Rate | 1% Increase in Discount Rate |
|--|--------------|--------------------------|---------------------------------|
| <u>General Employees Plan Discount Rate</u> | 6.50% | 7.50% | 8.50% |
| District's Proportionate Share of the General Employees Plan Net Pension Liability | \$ 2,953,928 | \$ 1,796,852 | \$ 841,456 |
| <u>TRA Discount Rate</u> | 6.50% | 7.50% | 8.50% |
| District's Proportionate Share of the TRA Net Pension Liability | \$ 9,043,956 | \$ 5,672,879 | \$ 2,893,475 |

H. Pension Plan Fiduciary Net Position

Detailed information about General Employees Plan's fiduciary's net position is available in a separately-issued PERA financial report. That report may be obtained on the Internet at www.mnpera.org.

Detailed information about TRA'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 TRA at 60 Empire Drive #400, St. Paul, Minnesota, 55103-2088; or by calling (651) 296-2409 or 1-800-657-3669.

NOTE 10 OTHER POSTEMPLOYMENT BENEFIT PLAN

A. Plan Description

The District operates a single-employer retiree benefit plan (the Plan) that provides health and dental insurance to eligible employees and their spouses through the District's health insurance plan. There are 142 active participants, 9 retired participants, and 3 spouses receiving payments. Benefit and eligibility provisions are established through negotiations between the District and various unions representing District employees and are renegotiated each two-year bargaining period. The Plan does not issue a publicly available financial report.

**INTERNATIONAL FALLS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 361
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 10 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

B. Funding Policy

The District does not have assets designated to pay for OPEB related costs. Contribution requirements are negotiated between the District and union representatives. The eligibility for, amount of, duration of, and District's contribution to the cost of the benefits provided varies by contract and date of retirement. The District is funding this liability on a pay-as-you-go basis. For fiscal year 2020, the District contributed \$52,469 to the plan.

C. Actuarial Methods and Assumptions

The District's OPEB liability was measured as of July 1, 2019, and the total OPEB liability was determined by an actuarial valuation as of July 1, 2018.

The total OPEB liability was determined by an actuarial valuation as of July 1, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

| | |
|-------------------------|---|
| Inflation | 2.50% |
| Salary Increases | 3.00% |
| | 6.25% Decreasing to 5.0% Over 5 Years |
| Health Care Trend Rates | |

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

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2017 to June 30, 2018.

The discount rate used to measure the total OPEB liability was 3.1%. The discount rate is based on the estimated yield of 20-Year Municipal Bond Yield.

Since the most recent valuation, one assumption change was been made for the measurement date July 1, 2019. The discount rate was changed from 3.5% to 3.1%.

Since the most recent valuation, the following plan change was made for the measurement date July 1, 2019:

- The Early Retirement Incentive of 50% of the difference between an employee's step/lane annual wage and the BA-1 step/lane annual wage, payable as a lump sum to a Health Care Savings Plan, was added to the substantive plan for all eligible Teachers.

**INTERNATIONAL FALLS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 361
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 10 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

D. Changes in the OPEB Liability

| | Total OPEB Liability |
|---------------------------|-------------------------|
| Balances at June 30, 2019 | \$ 635,579 |
| Changes for the Year: | |
| Service Cost | 67,310 |
| Interest | 23,813 |
| Change of Assumptions | 31,766 |
| Plan Changes | 463,000 |
| Benefit Payments | (45,442) |
| Net Changes | 540,447 |
| Balances at June 30, 2020 | \$ 1,176,026 |

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

| | 1% Decrease (2.1%) | Discount Rate (3.1%) | 1% Increase (4.1%) |
|----------------|-----------------------|-------------------------|-----------------------|
| OPEB Liability | \$ 1,257,271 | \$ 1,176,026 | \$ 1,097,559 |

**INTERNATIONAL FALLS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 361
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 10 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

D. Changes in the OPEB Liability (Continued)

The following presents the OPEB liability of the District, as well as what the District's OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (5.5% decreasing to 4.0% over five years) or 1% higher (7.5% decreasing to 6.0% over five years) than the current healthcare cost trend rates:

| | 1% Decrease (5.25% decreasing to 4.0%) | Current Trend Rates (6.25% decreasing to 5.0%) | 1% Increase (7.25% decreasing to 6.0%) |
|--------------------|---|---|---|
| Medical Trend Rate | | | |
| OPEB Liability | <u>\$ 1,068,707</u> | <u>\$ 1,176,026</u> | <u>\$ 1,300,765</u> |

At June 30, 2020, the District reported its proportionate share of the OPEB's deferred outflow of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, related to OPEB from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Difference Between Expected and Actual Liability | \$ - | \$ 36,480 |
| Change of Assumptions | 28,236 | 19,255 |
| District Contributions Subsequent to the Measurement Date | <u>52,469</u> | <u>-</u> |
| Total | <u><u>\$ 80,705</u></u> | <u><u>\$ 55,735</u></u> |

\$52,469 reported as deferred outflows of resources related to OPEB resulting from District contributions to OPEB subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| <u>Year Ending June 30</u> | <u>OPEB Expense</u> |
|----------------------------|-------------------------|
| 2021 | \$ (10,746) |
| 2022 | (10,746) |
| 2023 | (10,746) |
| 2024 | (9,377) |
| 2025 | 3,530 |
| Thereafter | 10,586 |

**INTERNATIONAL FALLS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 361
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 11 COMMITMENTS AND CONTINGENCIES

A. Federal and State Programs

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. The financial assistance received is subject to an audit pursuant to the Uniform Grant Guidance or audits by the grantor agency.

B. Construction Commitments

As of June 30, 2020, the District had outstanding commitments with various vendors in the amount of \$1,729,285. These commitments are related to the Falls Elementary School HVAC project.

NOTE 12 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters and workers compensation. The District purchases commercial insurance coverage for such risks.

NOTE 13 DEFINED CONTRIBUTION PLAN

The District provides eligible employees future retirement benefits through the District's 403(b) Plan (the Plan). Employees of the District are eligible to participate in the Plan commencing on the date of their employment. Eligible employees may elect to have a percentage of their pay contributed to the Plan. Some employees are eligible to receive a District match of employee contributions up to the qualifying amounts set forth in their respective collective bargaining agreements. Contributions are invested in tax-deferred annuities selected and owned by Plan participants. The District contributions for the years ended June 30, 2020, 2019, and 2018 were \$113,655, \$115,625, \$116,755, respectively. The related employee contributions were \$281,989, \$271,057, and \$249,240 for the years ended June 30, 2020, 2019, and 2018, respectively.

**INTERNATIONAL FALLS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 361
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 14 RESTATEMENT

During fiscal year ended June 30, 2020, the District adopted GSAB Statement No. 84, Fiduciary Activities. As a result of the implementation of this standard, the District reported a restatement for the change in accounting principle of \$15,676 for the general fund and governmental activities and \$7,050 for the custodial fund.

| | Governmental Activities | General Fund | Custodial Fund |
|---|----------------------------|---------------------|-------------------|
| Fund Balance/Net Position | | | |
| - Beginning of Year, as Previously Reported | \$ (490,952) | \$ 4,273,394 | \$ 61,426 |
| Change in Accounting Principle | 15,676 | 15,676 | 7,050 |
| Fund Balance/Net Position | | | |
| - Beginning of Year, as Restated | <u>\$ (475,276)</u> | <u>\$ 4,289,070</u> | <u>\$ 68,476</u> |

REQUIRED SUPPLEMENTARY INFORMATION

**INTERNATIONAL FALLS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 361
SCHEDULE OF CHANGES IN THE DISTRICT'S OPEB LIABILITY AND RELATED RATIOS
LAST TEN MEASUREMENT DATES**

| Measurement Date | <u>June 30, 2019</u> | <u>June 30, 2018</u> | <u>June 30, 2017</u> |
|---|----------------------------|--------------------------|--------------------------|
| Total OPEB Liability | | | |
| Service Cost | \$ 67,310 | \$ 36,922 | \$ 39,674 |
| Interest | 23,813 | 23,553 | 20,525 |
| Changes of Assumptions | 31,766 | (6,833) | (26,751) |
| Plan Changes | 463,000 | 44,423 | - |
| Differences between Expected and Actual Experience | - | (54,720) | - |
| Benefit Payments | <u>(45,442)</u> | <u>(64,348)</u> | <u>(80,209)</u> |
| Net Change in Total OPEB Liability | 540,447 | (21,003) | (46,761) |
| Total OPEB Liability - Beginning | 635,579 | 656,582 | 703,343 |
| Total OPEB Liability - Ending (a) | <u><u>\$ 1,176,026</u></u> | <u><u>\$ 635,579</u></u> | <u><u>\$ 656,582</u></u> |
| Covered-employee Payroll | 6,722,869 | 6,527,057 | \$ 6,719,428 |
| District's OPEB Liability as a Percentage of Covered Payroll | 17.49% | 9.74% | 9.77% |

Note: The District implemented GASB Statement No. 75 in fiscal year 2017, and the above table will be expanded to ten years of information as the information becomes available.

**INTERNATIONAL FALLS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 361
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST TEN MEASUREMENT DATES**

| | Measurement Date June 30, 2019 | Measurement Date June 30, 2018 | Measurement Date June 30, 2017 | Measurement Date June 30, 2016 | Measurement Date June 30, 2015 | Measurement Date June 30, 2014 |
|--|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| General Employees Plan | | | | | | |
| District's Proportion of the Net Pension Liability | 0.0325% | 0.0331% | 0.0344% | 0.0339% | 0.0369% | 0.0412% |
| District's Proportionate Share of the Net Pension Liability | \$ 1,796,852 | \$ 1,836,252 | \$ 2,196,073 | \$ 2,752,512 | \$ 1,912,350 | \$ 1,935,370 |
| State's Proportionate Share of the Net Pension Liability Associated with District | 55,831 | 60,257 | 27,653 | 35,904 | - | - |
| Total of District's and State's Proportionate Share of the Net Pension Liability | \$ 1,852,683 | \$ 1,896,509 | \$ 2,223,726 | \$ 2,788,416 | \$ 1,912,350 | \$ 1,935,370 |
| District's Covered Payroll | \$ 2,309,320 | \$ 2,226,093 | \$ 2,233,053 | \$ 2,105,213 | \$ 2,167,266 | \$ 2,165,437 |
| District's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll | 77.81% | 82.49% | 98.34% | 130.75% | 88.24% | 89.38% |
| Plan Fiduciary Net Position as a Percentage of the total Pension Liability | 80.23% | 79.53% | 75.90% | 68.91% | 78.20% | 78.75% |
| TRA | | | | | | |
| District's Proportion of the Net Pension Liability | 0.0890% | 0.0904% | 0.0909% | 0.0940% | 0.0949% | 0.102% |
| District's Proportionate Share of the Net Pension Liability | \$ 5,672,879 | \$ 5,678,239 | \$ 18,145,289 | \$ 22,421,243 | \$ 5,870,504 | \$ 4,677,047 |
| State's Proportionate Share of the Net Pension Liability Associated with District | 502,032 | 533,486 | 1,754,275 | 2,249,743 | 719,800 | 328,902 |
| Total of District's and State's Proportionate Share of the Net Pension Liability | \$ 6,174,911 | \$ 6,211,725 | \$ 19,899,564 | \$ 24,670,986 | \$ 6,590,304 | \$ 5,005,949 |
| District's Covered Payroll | \$ 5,017,419 | \$ 4,994,747 | \$ 5,142,693 | \$ 4,892,093 | \$ 4,817,481 | \$ 4,631,978 |
| District's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll | 113.06% | 113.68% | 352.84% | 458.32% | 121.86% | 100.97% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 78.21% | 78.07% | 51.57% | 44.88% | 76.77% | 81.50% |

See accompanying Notes to Required Supplementary Information.

**INTERNATIONAL FALLS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 361
SCHEDULE OF DISTRICT CONTRIBUTIONS
LAST TEN MEASUREMENT DATES**

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|
| General Employees Plan | | | | | | |
| Contractually Required Contribution | \$ 176,024 | \$ 173,199 | \$ 166,957 | \$ 167,479 | \$ 157,891 | \$ 160,096 |
| Contributions in Relation to the Contractually Required Contribution | (176,024) | (173,199) | (166,957) | (167,479) | (157,891) | (160,096) |
| Contribution Deficiency (Excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| District's Covered Payroll | \$ 2,346,987 | \$ 2,309,320 | \$ 2,226,093 | \$ 2,233,053 | \$ 2,105,213 | \$ 2,167,266 |
| Contributions as a Percentage of Covered Payroll | 7.50% | 7.50% | 7.50% | 7.50% | 7.50% | 7.39% |
| TRA | | | | | | |
| Contractually Required Contribution | \$ 421,925 | \$ 386,843 | \$ 374,606 | \$ 385,702 | \$ 366,907 | \$ 361,311 |
| Contributions in Relation to the Contractually Required Contribution | (421,925) | (386,843) | (374,606) | (385,702) | (366,907) | (361,311) |
| Contribution Deficiency (Excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| District's Covered Payroll | \$ 5,327,336 | \$ 5,017,419 | \$ 4,994,747 | \$ 5,142,693 | \$ 4,892,093 | \$ 4,817,481 |
| Contributions as a Percentage of Covered Payroll | 7.92% | 7.71% | 7.50% | 7.50% | 7.50% | 7.50% |

See accompanying Notes to Required Supplementary Information.

**INTERNATIONAL FALLS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 361
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020**

NOTE 1 LEGAL COMPLIANCE – BUDGETS

The budget and the actual amounts are both prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

In the following fund, expenditures exceeded the appropriations during the year ended June 30, 2020:

| | Budget | Expenditures | Excess |
|-------------------|------------|--------------|-----------|
| Food Service Fund | \$ 535,509 | \$ 546,824 | \$ 11,315 |

The overage above was considered by District management to be the result of necessary expenditures critical to operations.

NOTE 2 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS

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

2019

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2018

Changes in Actuarial Assumption

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed postretirement benefit increase was changed from 1.0% per year through 2044 and 2.50% per year thereafter to 1.25% per year.

Changes in Plan Provisions

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00% to 3.00%, beginning July 1, 2018.

**INTERNATIONAL FALLS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 361
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020**

**NOTE 2 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS,
AND ASSUMPTIONS (CONTINUED)**

2018 (Continued)

Changes in Plan Provisions (Continued)

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

2017

Changes in Actuarial Assumption

- The Combined Service Annuity (CSA) loads were changed from 0.8% for active members and 60% for vested and nonvested deferred members. The revised CSA loads are now 0.0% for active member liability, 15.0% for vested deferred member liability, and 3.0% for nonvested deferred member liability.
- The assumed postretirement benefit increase rate was changed from 1.0% per year for all years to 1.0% per year through 2044 and 2.5 % per year thereafter.

Changes in Plan Provisions

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

2016

Changes in Actuarial Assumptions

- The assumed postretirement benefit increase rate was changed from 1.00% per year through 2035 and 2.50% per year thereafter to 1.00% per year for all future years.
- The assumed investment return was changed from 7.90% to 7.50%. The single discount rate was changed from 7.90% to 7.50%.

**INTERNATIONAL FALLS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 361
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020**

**NOTE 2 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS,
AND ASSUMPTIONS (CONTINUED)**

2016 (Continued)

Changes in Actuarial Assumptions (Continued)

- 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% to 3.25% for payroll growth and 2.50% for inflation.

Changes in Actuarial Plan Provisions

- There have been no changes since the prior valuation.

2015

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

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

2019

Changes in Actuarial Assumptions

- There have been no changes since the prior valuation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2018

Changes in Actuarial Assumptions

- The investment return assumption was changed from 8.5% to 7.5%.
- The price inflation assumption was lowered from 3.0% to 2.5%.
- The payroll growth assumption was lowered from 3.5% to 3.0%.
- The wage inflation assumption (above price inflation) was reduced from 0.75% to 0.35% for the next 10 years, and 0.75% thereafter.

**INTERNATIONAL FALLS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 361
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020**

**NOTE 2 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS,
AND ASSUMPTIONS (CONTINUED)**

2018 (Continued)

Changes in Actuarial Assumptions (Continued)

- The total salary increase assumption was adjusted by the wage inflation change.
- The amortization date for the funding of the Unfunded Actuarial Accrual Liability (UAAL) was reset to June 30, 2048 (30 years).
- The mechanism in the law that provided the TRA Board with some authority is set contribution rates was eliminated.

Changes in Plan Provisions

- The COLA was reduced from 2.0% each January 1 to 1.0%, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.1% each year until reaching the ultimate rate of 1.5% in January 1, 2028.
- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit are exempt.
- The COLA trigger provision, which would have increased the COLA to 2.5% if the funded ratio was at least 90% for two consecutive years, was eliminated.
- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019 and ending June 30, 2024 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt.
- Augmentation on deferred benefits will be reduced to 0% beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.0% to 3.0%, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.5% to 7.5%, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next 4 years, (7.92% in 2019, 8.13% in 2021, 8.55% in 2022, and 8.75% in 2023). In addition, the employee contribution rate will increase from 7.50% to 7.75% on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.

2017

Changes in Actuarial Assumptions

- The cost of living adjustment (COLA) was assumed to increase from 2.0% annually to 2.5% annually on July 1, 2045.
- Adjustment were made to the combined service annuity loads. The active load was reduced from 1.4% to 0.0%, the vested inactive load increased from 4.0% to 7.0% and the nonvested inactive load increased from 4.0% to 9.0%.
- The investment return assumption was changed from 8.0% to 7.5%.

**INTERNATIONAL FALLS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 361
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020**

**NOTE 2 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS,
AND ASSUMPTIONS (CONTINUED)**

2017 (Continued)

Changes in Actuarial Assumptions (Continued)

- The COLA was not assumed to increase to 2.5%, but remain at 2.0% for all future years.
- The price inflation assumption was lowered from 2.75% to 2.5%.
- The payroll growth assumption was lowered from 3.5% to 3.0%.
- The general wage growth assumption was lowered from 3.5% to 2.85% for 10 years followed by 3.25% thereafter.
- The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2016

Changes in Actuarial Assumptions

- The cost of living adjustment was not assumed to increase (it remained at 2.0% for all future years).
- The price inflation assumption was lowered from 3.0% to 2.75%.
- The general wage growth and payroll growth assumptions were lowered from 3.75% to 3.5%.
- Minor changes at some durations for the merit scale of the salary increase assumption.
- The pre-retirement mortality assumption was changed to the RP-2014 white collar employee table, male rates set back 6 years, and female rates set back five years. Generational projection uses the MP-2015 scale.
- The post-retirement mortality assumption was changed to the RP-2014 while collar annuitant table, male rates set back 3 years and female rates set back 3 years, with further adjustments of the rates. Generational projection uses the MP-2015 scale.
- The post-disability mortality assumption was changed to the RP-2014 disabled retiree mortality table, without adjustments.
- Separate retirement assumptions for members hired before or after July 1, 1989 were created to better reflect each group's behavior in light of different requirements for retirement eligibility.
- Assumed termination rates were changed to be based solely on years of service in order to better fit the observed experience.
- A minor adjustment and simplification of the assumption regarding the election of optional forms of payment at retirement were made.

**INTERNATIONAL FALLS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 361
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020**

NOTE 2 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2016 (Continued)

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2014

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

NOTE 3 CHANGES IN SIGNIFICANT OTHER POSTEMPLOYMENT BENEFIT PLAN PROVISION, ACTUARIAL METHODS, AND ASSUMPTIONS

The following assumption change was made for the measurement date July 1, 2019.

- The discount rate was changed from 3.5% to 3.1%.

The following plan change was made for the measurement date July 1, 2019:

- The Early Retirement Incentive of 50% of the difference between an employee's step/lane annual wage and the BA-1 step/lane annual wage, payable as a lump sum to a Health Care Savings Plan, was added to the substantive plan for all eligible Teachers.

**INTERNATIONAL FALLS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 361
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020**

NOTE 3 CHANGES IN SIGNIFICANT OTHER POSTEMPLOYMENT BENEFIT PLAN PROVISION, ACTUARIAL METHODS, AND ASSUMPTIONS

The following assumption changes were made for the measurement date July 1, 2018:

- The health care trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale with varying setbacks to the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale.
- The retirement tables for all employees and withdrawal tables for Non-Teachers only were updated.
- The discount rate was changed from 3.56% to 3.50%.
- The inflation rate was changed from 2.75% to 2.50%.
- The salary scale was changed from service graded rates which differed for Teachers and Non-Teachers to 3.00% for all active employees.
- The percentage of future retired Teachers, At Will employees, and all Administrators who are assumed to continue on one of the District's medical plans postemployment was reduced from 75% to 70%.
- The percentage of future spouses who are assumed to continue on one of the District's medical plans postemployment was increased from 0% to 15%.
- Post-age 65 retirees as of the valuation date who are eligible for Medicare are assumed to have no implicit rate liability. Previously, a liability was valued for 50% of these post-age 65 retirees for life.
- These assumption changes decreased the liability (\$6,833).

The following plan change was made for the measurement date July 1, 2018:

- An Early Retirement Incentive of 50% of the difference between an employee's step/lane annual wage and the BA-1 step/lane annual wage, payable as a lump sum to a Health Care Savings Plan, was elected by one Teacher who retired during June 2018 and one Teacher who retired during June 2019. This plan change, along with the increase in implicit liability due to adjusting the retirement decrement for the Teacher retiring during June 2019, increased the liability \$44,423.

SUPPLEMENTARY INFORMATION

**INTERNATIONAL FALLS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 361
UNIFORM FINANCIAL ACCOUNTING AND REPORTING
STANDARDS COMPLIANCE TABLE
JUNE 30, 2020**

| | Audit | UFARS | Audit-UFARS | | Audit | UFARS | Audit-UFARS |
|--------------------------------|---------------|---------------|-------------|----------------------------------|--------------|--------------|-------------|
| 01 GENERAL FUND | | | | 06 BUILDING CONSTRUCTION | | | |
| Total Revenues | \$ 13,623,940 | \$ 13,623,939 | \$ 1 | Total Revenues | \$ 5,259 | \$ 5,259 | \$ - |
| Total Expenditures | \$ 13,207,310 | \$ 13,207,311 | \$ (1) | Total Expenditures | \$ 1,345,104 | \$ 1,345,092 | \$ 12 |
| <i>Non Spendable:</i> | | | | <i>Non Spendable:</i> | | | |
| 460 Non Spendable Fund Balance | \$ 20,632 | \$ 20,632 | \$ - | 460 Non Spendable Fund Balance | | | |
| <i>Restricted/Reserve:</i> | | | | <i>Restricted/Reserve:</i> | | | |
| 401 Student Activities | \$ 31,662 | \$ 31,662 | \$ - | 407 Capital Projects Levy | \$ - | \$ - | \$ - |
| 402 Scholarships | \$ - | \$ - | \$ - | 409 Alternative Fac. Program | \$ - | \$ - | \$ - |
| 403 Staff Development | \$ 30,929 | \$ 30,929 | \$ - | 467 LTFM | \$ 1,156,807 | \$ 1,156,819 | \$ (12) |
| 407 Capital Project Levy | \$ - | \$ - | \$ - | <i>Restricted:</i> | | | |
| 408 Cooperative Rev. | \$ - | \$ - | \$ - | 464 Restricted Fund Balance | \$ - | \$ - | \$ - |
| 409 Deferred Maintenance | \$ - | \$ - | \$ - | <i>Unassigned:</i> | | | |
| 414 Operating Debt | \$ - | \$ - | \$ - | 463 Unassigned Fund Balance | \$ - | \$ - | \$ - |
| 416 Levy Reduction | \$ - | \$ - | \$ - | | | | |
| 419 Encumbrances | \$ - | \$ - | \$ - | 07 DEBT SERVICE | | | |
| 423 Certain Teacher Programs | \$ - | \$ - | \$ - | Total Revenues | \$ 353,393 | \$ 353,393 | \$ - |
| 424 Operating Capital | \$ 403,193 | \$ 403,193 | \$ - | Total Expenditures | \$ 353,327 | \$ 353,327 | \$ - |
| 426 \$25 Taconite | \$ - | \$ - | \$ - | <i>Non Spendable:</i> | | | |
| 427 Disabled Accessibility | \$ - | \$ - | \$ - | 460 Non Spendable Fund Balance | \$ - | \$ - | \$ - |
| 428 Learning & Development | \$ - | \$ - | \$ - | <i>Restricted/Reserve:</i> | | | |
| 434 Area Learning Center | \$ - | \$ - | \$ - | 425 Bond Refundings | \$ 895,000 | \$ 895,000 | \$ - |
| 435 Contracted Alt. Programs | \$ - | \$ - | \$ - | 451 QZAB Payments | \$ - | \$ - | \$ - |
| 436 St. Approved Alt. Prog. | \$ - | \$ - | \$ - | <i>Restricted:</i> | | | |
| 438 Gifted & Talented | \$ - | \$ - | \$ - | 464 Restricted Fund Balance | \$ 98,900 | \$ 98,901 | \$ (1) |
| 441 Basic Skills | \$ 85,742 | \$ 85,742 | \$ - | <i>Unassigned:</i> | | | |
| 443 Telecomm. Access Cost | \$ - | \$ - | \$ - | 463 Unassigned Fund Balance | \$ - | \$ - | \$ - |
| 446 First Grade Preparedness | \$ - | \$ - | \$ - | | | | |
| 449 Safe Schools Levy | \$ 32,585 | \$ 32,585 | \$ - | 18 CUSTODIAL FUND | | | |
| 450 Pre-Kindergarten | \$ - | \$ - | \$ - | Total Revenues | \$ 1,050 | \$ 1,050 | \$ - |
| 459 Basic Skills Ext Time | \$ 20,340 | \$ 20,340 | \$ - | Total Expenditures | \$ 5,829 | \$ 5,829 | \$ - |
| 467 LTFM | \$ 92,101 | \$ 92,101 | \$ - | 402 Scholarships | \$ 63,697 | \$ 63,697 | \$ - |
| 472 Medical Assistance | \$ 1,217 | \$ 1,217 | \$ - | | | | |
| <i>Restricted:</i> | | | | 20 INTERNAL SERVICE | | | |
| 464 Restricted Fund Balance | \$ - | \$ - | \$ - | Total Revenues | \$ - | \$ - | \$ - |
| <i>Committed:</i> | | | | Total Expenditures | \$ - | \$ - | \$ - |
| 418 Committed for Separation | \$ - | \$ - | \$ - | 422 Net Position | \$ - | \$ - | \$ - |
| 461 Committed Fund Balance | \$ 15,137 | \$ 15,137 | \$ - | | | | |
| <i>Assigned:</i> | | | | 25 OPEB REVOCABLE TRUST | | | |
| 462 Assigned Fund Balance | \$ 259,225 | \$ 259,225 | \$ - | Total Revenues | \$ - | \$ - | \$ - |
| <i>Unassigned:</i> | | | | Total Expenditures | \$ - | \$ - | \$ - |
| 422 Unassigned Fund Balance | \$ 3,714,056 | \$ 3,714,055 | \$ 1 | 422 Net Position | \$ - | \$ - | \$ - |
| | | | | | | | |
| 02 FOOD SERVICE | | | | 45 OPEB IRREVOCABLE TRUST | | | |
| Total Revenues | \$ 548,369 | \$ 548,368 | \$ 1 | Total Revenues | \$ - | \$ - | \$ - |
| Total Expenditures | \$ 546,824 | \$ 546,823 | \$ 1 | Total Expenditures | \$ - | \$ - | \$ - |
| <i>Non Spendable:</i> | | | | 422 Net Position | \$ - | \$ - | \$ - |
| 460 Non Spendable Fund Balance | \$ 11,838 | \$ 11,838 | \$ - | | | | |
| <i>Restricted:</i> | | | | 47 OPEB DEBT SERVICE | | | |
| 452 OPEB Liab. Not in Trust | \$ - | \$ - | \$ - | Total Revenues | \$ - | \$ - | \$ - |
| 464 Restricted Fund Balance | \$ 54,040 | \$ 54,040 | \$ - | Total Expenditures | \$ - | \$ - | \$ - |
| <i>Unassigned:</i> | | | | <i>Non Spendable:</i> | | | |
| 463 Unassigned Fund Balance | \$ - | \$ - | \$ - | 460 Non Spendable Fund Balance | | | |
| | | | | <i>Restricted:</i> | | | |
| | | | | 425 Bond Refundings | \$ - | \$ - | \$ - |
| | | | | 464 Restricted Fund Balance | \$ - | \$ - | \$ - |
| | | | | <i>Unassigned:</i> | | | |
| | | | | 463 Unassigned Fund Balance | \$ - | \$ - | \$ - |
| | | | | | | | |
| 04 COMMUNITY SERVICE | | | | | | | |
| Total Revenues | \$ 380,969 | \$ 380,970 | \$ (1) | | | | |
| Total Expenditures | \$ 359,936 | \$ 359,939 | \$ (3) | | | | |
| <i>Non Spendable:</i> | | | | | | | |
| 460 Non Spendable Fund Balance | \$ - | \$ - | \$ - | | | | |
| <i>Restricted/Reserve:</i> | | | | | | | |
| 426 \$25 Taconite | \$ - | \$ - | \$ - | | | | |
| 431 Community Education | \$ 70,861 | \$ 70,861 | \$ - | | | | |
| 432 E.C.F.E. | \$ 187 | \$ 187 | \$ - | | | | |
| 444 School Readiness | \$ 96 | \$ 96 | \$ - | | | | |
| 447 Adult Basic Education | \$ 1,308 | \$ 1,308 | \$ - | | | | |
| 452 OPEB Liab. Not in Trust | \$ - | \$ - | \$ - | | | | |
| <i>Restricted:</i> | | | | | | | |
| 464 Restricted Fund Balance | \$ 1,544 | \$ 1,544 | \$ - | | | | |
| <i>Unassigned:</i> | | | | | | | |
| 463 Unassigned Fund Balance | \$ - | \$ - | \$ - | | | | |

SINGLE AUDIT AND OTHER REQUIRED REPORTS



INDEPENDENT AUDITORS' 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

Board of Education
International Falls Public Schools
Independent School District No. 361
International Falls, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 361 (the District), as of and for the year ended June 30, 2020, and the related notes to the basic financial statements and have issued our report thereon dated November 4, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the 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 entity'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2020-001 through 2020-003 that we consider to be material weaknesses.

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 determination of financial statement amounts. 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*.

The District’s Responses to Findings

The District’s responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The District’s responses were not subjected to auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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



CliftonLarsonAllen LLP

Brainerd, Minnesota
November 4, 2020



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Education
International Falls Public Schools
Independent School District No. 361
International Falls, Minnesota

Report on Compliance for Each Major Federal Program

We have audited the Independent School District No. 361's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2020. The District's major federal programs are identified in the summary of auditors' 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.

Auditors' 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

Opinion on Each Major Federal Program

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2020-004. Our opinion on each major federal program is not modified with respect to this matter.

The District's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2020-004 that we consider to be a material weakness.

The District's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express not opinion on the response.

Board of Education
International Falls Public Schools
Independent School District No. 361

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 result of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

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Brainerd, Minnesota
November 4, 2020

**INTERNATIONAL FALLS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 361
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2020**

| Federal Agency/ Pass-Through Grantor/Program Title | Federal CFDA Number | Pass-Through Grantor's Number | Federal Expenditures | Passed Through to Subrecipients |
|--|---------------------------|-------------------------------------|-------------------------|------------------------------------|
| U.S. DEPARTMENT OF AGRICULTURE | | | | |
| Passed Through Minnesota Department of Agriculture: | | | | |
| Child Nutrition Cluster: | | | | |
| Non-Cash Assistance (Commodities): | | | | |
| National School Lunch Program | 10.555 | 1-0361-000 | \$ 40,734 | \$ - |
| Cash Assistance: | | | | |
| School Breakfast Program | 10.553 | 1-0361-000 | 43,258 | - |
| National School Lunch Program | 10.555 | 1-0361-000 | 139,151 | - |
| Summer Food Service Program for Children | 10.559 | 1-0361-000 | 125,347 | - |
| Cash Assistance Subtotal | | | <u>307,756</u> | <u>-</u> |
| Total Child Nutrition Cluster/U.S. Department of Agriculture | | | 348,490 | - |
| U.S. DEPARTMENT OF THE INTERIOR | | | | |
| Passed Through Minnesota Chippewa Tribe: | | | | |
| Cash Assistance: | | | | |
| Indian Education Assistance to Schools | 15.130 | A17AV00260 | 4,196 | - |
| U.S. DEPARTMENT OF EDUCATION | | | | |
| Passed Through Minnesota Department of Education: | | | | |
| Cash Assistance: | | | | |
| Title II, Part A - Improving Teacher Quality | 84.367 | S367A190022 | 52,058 | - |
| Carl Perkins Vocational and Applied Technology | 84.048 | N/A | 436 | - |
| Education Stabilization Fund: | | | | |
| Governor's Emergency Education Relief Fund | 84.425 | S425C200015 | 14,256 | - |
| Title IV, Part A, Student Support and Academic Enrichment | 84.424 | S424A190024 | 33,227 | - |
| Title VII - Indian Education | 84.060 | N/A | 31,166 | - |
| Special Education Cluster: | | | | |
| Special Education | 84.027 | H027A180087 | 171,453 | - |
| Special Education Preschool Grants | 84.173 | H173A180086 | 378 | - |
| Title I, Part A | 84.010 | S010A180023A | 332,282 | - |
| Total U.S. Department of Education | | | <u>635,256</u> | <u>-</u> |
| U.S. DEPARTMENT OF HUMAN SERVICES | | | | |
| Passed Through Minnesota Department of Human Services: | | | | |
| Cash Assistance: | | | | |
| Alcohol & Drug Abuse Prevention | 93.959 | 2B08T1010027-15 | 179,516 | - |
| Total Federal Awards Expended | | | <u>\$ 1,167,458</u> | <u>\$ -</u> |

Notes to Schedule of Expenditures of Federal Awards:

Note 1:

The Schedule of Expenditures of Federal Awards presents the activity of federal award programs expended by Independent School District No. 361.

Note 2:

The expenditures on this schedule are on the modified accrual basis of accounting, which is described in Note 1 to the basic financial statements of the District. The District has not elected to use the 10% de minimis indirect cost rate as allowed under Uniform Guidance.

Note 3:

The total of CFDA No. 10.555 is \$179,885



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INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE

Board of Education
International Falls Public Schools
Independent School District No. 361
International Falls, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 361 (the District), Minnesota, as of and for the year ended June 30, 2020, and the related notes to the financial statements which collectively comprise the District's basic financial statements and have issued our report thereon dated November 4, 2020.

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 Minn. Stat. § 6.65, insofar as they relate to accounting matters, except as it relates to findings 2020-005 and 2020-006. 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

The purpose of this report is solely to describe the scope of our testing of compliance relating to the provisions of the *Minnesota Legal Compliance Audit Guide for School Districts* and the results of that testing, and not to provide an opinion on compliance. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Brainerd, Minnesota
November 4, 2020

**INTERNATIONAL FALLS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 361
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2020**

A. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? X yes no
- Significant deficiency(ies) identified? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? X yes no
- Significant deficiency(ies) identified? yes X none reported

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

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

Identification of major programs:

| <u>CFDA Numbers</u> | <u>Name of Federal Program or Cluster</u> |
|------------------------|---|
| 84.010 | Title I |
| 10.553, 10.555, 10.559 | Child Nutrition Cluster |

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

Auditee qualified as low-risk auditee? yes X no

**INTERNATIONAL FALLS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 361
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2020**

B. FINDINGS – FINANCIAL STATEMENT AUDIT

Finding 2020-001 – Financial Statement Preparation

Criteria: Management is responsible for establishing and maintaining internal controls, including monitoring, and for the fair presentation in the financial statements in accordance with GAAP.

Condition: The District does not have an internal control policy in place over annual financial reporting that would enable management to prepare its annual financial statements and related footnote disclosures are complete and presented in accordance with GAAP.

Context: Management has informed us that they do not have an internal control policy in place over the annual financial reporting and that they do not have the necessary staff capacity to prepare the annual financial statements including footnote disclosures.

Cause: The District relies on the audit firm to prepare the annual financial statements and related footnote disclosures. However, they have reviewed and approved the annual financial statements and the related footnote disclosures.

Effect: The potential exists that a material misstatement of the annual financial statements could occur and not be prevented or detected by the District's internal controls.

Recommendation: Management should continue to evaluate their internal staff capacity to determine if an internal control policy over the annual financial reporting is beneficial.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS:

Contact Person: Stacy Grover, Business Manager

Corrective Action Plan: The District will continue to have the audit firm prepare the financial statements; however, the District has established internal control procedures to document the annual review of the financial statements.

Anticipated Completion Date: June 30, 2021.

**INTERNATIONAL FALLS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 361
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2020**

B. FINDINGS – FINANCIAL STATEMENT AUDIT (CONTINUED)

Finding 2020-002 - Segregation of Duties

Criteria: A good system of internal accounting control contemplates an adequate segregation of duties so that no one individual handles a transaction from its inception to its completion.

Condition: The District has a limited number of office personnel and accordingly, does not have adequate internal controls in certain areas because of a lack of segregation of duties.

Cause: The District's resources have not allowed for additional personnel to address this issue.

Effect: Inadequate segregation of duties could adversely affect the District's ability to detect misstatements in amounts that would be material in relation to the financial statements in a timely period by employees in the normal course of performing their assigned functions.

Recommendation: While we recognize that your staff may not be large enough to permit complete segregation of duties in all material respects for an effective system of internal control, the functions should be reviewed to determine if additional segregation of duties is feasible and to improve efficiency and effectiveness of financial management of the District.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS:

Contact Person: Stacy Grover, Business Manager

Corrective Action Plan: The District reviews and makes improvements to its internal controls on an ongoing basis, and attempts to maximize the segregation of duties in all areas within the limits of the staff available.

Anticipated Completion Date: June 30, 2021.

**INTERNATIONAL FALLS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 361
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2020**

B. FINDINGS – FINANCIAL STATEMENT AUDIT (CONTINUED)

Finding 2020-003 – Material Audit Adjustments

Criteria: Management is responsible for establishing and maintaining internal controls, including monitoring, and for the fair representation in the financial statements in accordance with U.S. GAAP. Management is responsible for the accuracy and completeness of all financial records and related information.

Condition: As part of the audit, we proposed material adjustments related to adjusting tax revenue in the Community Service Fund, and related to county apportionment revenue and related receivable in the General Fund.

Cause: The District's resources have not allowed for additional personnel to address this issue.

Effect: Errors in the preparation of year-end balances increases the risk related to financial statement misstatements. The amounts were, in our judgment, material to the financial statements and therefore, we concluded that a material weakness existed in the District's control policies and procedures related to recording such adjustments, which are required to be reported under professional standards.

Recommendation: We recommend that District management and financial personnel establish a process to ensure the recording of all related transactions to properly adjust financial statements at year-end.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS:

Contact Person: Stacy Grover, Business Manager

Corrective Action Plan: The District will review the prior year audit journal entries and create a process to ensure the proper and timely recording of all adjustments in order to produce accurate and timely financial statements.

Anticipated Completion Date: June 30, 2021.

**INTERNATIONAL FALLS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 361
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2020**

C. FINDINGS – FEDERAL AWARD PROGRAMS

Finding 2020-004

Federal Agency: U.S. Department of Agriculture

Federal Program: Child Nutrition Cluster

CFDA Number: 10.553, 10.555, 10.559

Pass-Through Agency: Minnesota Department of Education

Pass-Through Numbers: Not applicable

Award Period: July 1, 2019 – June 30, 2020

Type of Finding: Material Weakness over Internal Control and Other Matters

Repeat Finding: The finding is a repeat of a finding in the immediately prior year. Prior year finding number was 2019-003.

Criteria: Title 2 U.S. Code of Federal Regulations §200.320 states that for small purchases, that the district must obtain quotes from an adequate number of qualified sources, or for micro purchases, must retain documentation that they have considered all qualified vendors. Title 2 U.S. Code of Federal Regulations §200.213 states that nonfederal entities are subject to the nonprocurement debarment and suspension regulations.

Condition/Context: For 2 vendors used, the District did not have quotes on file from an adequate number of qualified sources, nor did they have documentation to support that they have considered all qualified vendors. One vendor tested for suspension/debarment did not have documentation to show that the District verified the vendor was not on the list.

Questioned Costs: Not applicable.

Cause: District is still in process of implementing procedures to properly document procurement requirements in line with the Uniform Guidance. The District did not sufficiently document that suspension/debarment checks were completed.

Possible Effect: This could result in the District paying higher prices for goods since they are not attempting to find lower prices with other vendors. The District could enter into a contract with a vendor that is suspended/debarred, which is against federal guidelines for awards.

Recommendation: We recommend the District attempt to obtain quotes from an adequate number of sources for small purchases. Additionally, if the purchases are considered micro purchases, we recommend the District retain support that they have considered all qualified vendors. We also recommend that the District document that suspension/debarment procedures are taking place prior to entering into a contract.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS:

Contact Person: Stacy Grover, Business Manager

Corrective Action Plan: A corrective action plan is in place.

**INTERNATIONAL FALLS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 361
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2020**

D. FINDINGS – MINNESOTA LEGAL COMPLIANCE FINDINGS

Finding 2020-005 – Responsible Contractor Requirement

Criteria: Minnesota Statute §16C.285 states that for each construction contract in excess of \$50,000, each contractor must submit a verification of compliance.

Condition: A verification of compliance was not submitted by the contractor to the District for one of the construction contracts in excess of \$50,000.

Cause: Oversight of contract details by the District which had multiple large contracts with contractors throughout the year.

Effect: The District is not in compliance with state statute.

Recommendation: We recommend that District follow the responsible contractor requirements, and ensure contractors are providing all required information for each contract the district enters into.

View of Responsible Official: No disagreement with the finding.

**INTERNATIONAL FALLS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 361
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2020**

D. FINDINGS – MINNESOTA LEGAL COMPLIANCE FINDINGS (CONTINUED)

Finding 2020-006 – Contractor’s Withholding Affidavit Confirmation

Criteria: Minnesota Statue §270C.66 requires the district, before making final settlement with any contractor under a contract requiring the employment of employees for wages by said contractor and by subcontractors, obtain a certificate by the Commissioner of Revenue that the contractor or subcontractor has complied with the withholding requirements of Minnesota Statue §290.92 (either Form IC134 or a Contractor’s Withholding Affidavit Confirmation).

Condition: This certificate was not obtained for one contract that was completed and finalized during the year under audit.

Cause: Oversight of contract details by the District which had multiple large contracts with contractors throughout the year.

Effect: The District is not in compliance with state statute.

Recommendation: We recommend that District management ensure they obtain either Form IC134 or a Contractor’s Withholding Affidavit Confirmation before making final settlement with contractors.

View of Responsible Official: No disagreement with the finding.

Independent School District #361

1515 11th Street, International Falls, MN 56649-2501 www.isd361.k12.mn.us
BOARD OF EDUCATION: Ted Saxton, Chairperson • Michelle Hebner, Vice-Chairperson • Jennifer Windels, Clerk
Mike Holden, Treasurer • Terry Murray, Director • Toni Korpi, Director • Roxanne Skogstad-Ditsch, Director

INTERNATIONAL FALLS PUBLIC SCHOOL CORRECTIVE ACTION PLAN YEAR ENDED JUNE 30, 2020

International Falls Public School respectfully submits the following corrective action plan for the year ended June 30, 2020.

Audit period: July 1, 2019 – June 30, 2020

The findings from the June 30, 2020 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS – FINANCIAL STATEMENT AUDIT

MATERIAL WEAKNESS

2020-001 Financial Statement Preparation

Recommendation: Management should continue to evaluate their internal staff capacity to determine if an internal control policy over the annual financial reporting is beneficial.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: The District will continue to have the audit firm prepare the financial statements; however, the District has established internal control procedures to document the annual review of the financial statements.

Name of the contact person responsible for corrective action: Stacy Grover, Business Manager

Planned completion date for corrective action plan: June 30, 2021

INTERNATIONAL FALLS PUBLIC SCHOOL
CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2019

FINDINGS – FINANCIAL STATEMENT AUDIT (CONTINUED)

MATERIAL WEAKNESS

2020-002 Segregation Duties

Recommendation: While we recognize that your staff may not be large enough to permit complete segregation of duties in all material respects for an effective system of internal control, the functions should be reviewed to determine if additional segregation of duties is feasible and to improve efficiency and effectiveness of financial management of the District.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: The District reviews and makes improvements to its internal controls on an ongoing basis, and attempts to maximize the segregation of duties in all areas within the limits of the staff available.

Name of the contact person responsible for corrective action: Stacy Grover, Business Manager

Planned completion date for corrective action plan: June 30, 2021

2020-003 Material Audit Adjustments

Recommendation: We recommend that District management and financial personnel establish a process to ensure the recording of all related transactions to properly adjust financial statements at year-end.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: The District will review the prior year audit journal entries and create a process to ensure the proper and timely recording of all adjustments in order to produce accurate and timely financial statements.

Name of the contact person responsible for corrective action: Stacy Grover, Business Manager

Planned completion date for corrective action plan: June 30, 2021

**INTERNATIONAL FALLS PUBLIC SCHOOL
CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2019**

FINDINGS – FEDERAL AWARD FINDINGS

2020-004

Federal Agency: U.S. Department of Agriculture
Federal Program: Child Nutrition Cluster
CFDA Number: 10.553, 10.555, 10.559
Pass Through Agency: Minnesota Department of Education
Pass Through Numbers: Not applicable
Award Period: July 1, 2019 – June 30, 2020

Condition: It was noted during testing that an adequate number of quotes were not received for some contracts. The District did not have on file documentation to support that the vendor were not suspended or debarred.

Recommendation: We recommend the District attempt to obtain quotes from an adequate number of sources for small purchases. Additionally, if the purchases are considered micro purchases, we recommend the district retain support that they have considered all qualified vendors. We also recommend that the District document that suspension/debarment procedures are taking place prior to entering into a contract.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: The District will ensure they receive more than one quote for small purchases in order to comply with the uniform guidance and the board approved policies.

Name of the contact person responsible for corrective action: Stacy Grover, Business Manager

Planned completion date for corrective action plan: June 30, 2021

**INTERNATIONAL FALLS PUBLIC SCHOOL
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2019**

International Falls Public School respectfully submits the following summary schedule of prior audit findings for the year ended June 30, 2019.

Audit period: July 1, 2018 – June 30, 2019

The findings from the prior audit's schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the prior year.

FINDINGS - FINANCIAL STATEMENT

Prior Year Reference Number: 2019-001

Condition: The District does not have an internal control policy in place over annual financial reporting that would enable management to prepare its annual financial statements and related footnote disclosures are complete and presented in accordance with GAAP.

Status: See current year finding 2020-001.

Reason for Finding's Recurrence: Limited number of District personnel and the cost of hiring an additional person to prepare the financial statements is not beneficial to the District.

Corrective Action: The District continues to rely on the auditors to prepare financial statements in accordance with the generally accepted accounting principles.

Prior Year Reference Number: 2019-002

Condition: The District has a limited number of office personnel and accordingly, does not have adequate internal controls in certain areas because of lack of segregation of duties.

Status: See current year finding 2020-002.

Reason for Finding's Recurrence: Limited number of District personnel within the Business Office makes it difficult to resolve this finding. District management continues to evaluate the concentration of duties and responsibilities within the smaller departments and will segregate duties as deemed cost beneficial.

Corrective Action: The District continues to evaluate the accounting functions to segregate them as it is cost beneficial.

**INTERNATIONAL FALLS PUBLIC SCHOOL
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2019**

FINDINGS - FINANCIAL STATEMENT (CONTINUED)

Prior Year Reference Number: 2019-003

Condition: It was noted during testing for procurement that more than one quote was not received for some contracts.

Status: See current year finding 2020-004.

Reason for Finding's Recurrence: Limited number of District personnel. District management will ensure that procurement procedures are followed.

Corrective Action: The District continues to evaluate the procedures in place and monitors that the procedures are followed.

If involved agencies have any questions regarding this plan, please call Stacy Grover at 218-283-2571

Sincerely yours,


Stacy Grover, Business Manager
International Falls Public School

2019-20 Combined World's Best Workforce (WBWF) Summary and Achievement and Integration (A&I) Progress Report

Report Instructions and Information

Tips when completing the report:

All questions in one section must be answered before the survey will advance to the next section. You must advance to the end of the form to save your answers.

Districts/charters may wish to enter short text as a placeholder to advance in the form and return at a later time to answer the question.

When asked for results from 2019-20, please provide the relevant data when possible. Options are available to indicate where disruptions from COVID-19 have made collecting the data impossible.

When you have reached the end of the form, you will be able to submit your completed/in progress summary report and receive a specific link. Each district/charter will have their own unique link to access their answers at a later time. Via that specific link, you can update/edit your responses until December 15, 2020. Save your specific survey link for easy access to your district/charter's summary report.

Contact Venessa Moe at Venessa.Moe@state.mn.us if you need a copy of your specific survey link.

If you would like a Word copy of the summary report questions, you can access the document [here](#).

Cover Page

District or Charter Name

0361-01 International Falls School District

Grades Served

Please check all that apply:

Prekindergarten - 12th grade

WBWF Contact Information

WBWF Contact Name

Kevin Grover

WBWF Contact Title

Superintendent

WBWF Contact Phone Number

2182832571

WBWF Contact Email

kgrover@isd361.org

Did you have an MDE approved Achievement and Integration plan implemented in the 2019-20 school year?

[Click here](#) for a list of districts with an MDE approved Achievement and Integration plan during the 2019-20 SY.

Did you have an MDE approved Achievement and Integration plan during 2019-20 SY?

No

What year of your Achievement & Integration plan are you reporting on?

Did you have a Racially Identifiable School (RIS) in the 2019-20 SY?

A&I Contact Name

A&I Contact Title

A&I Contact Phone Number

A&I Contact Email

Annual Report

MDE understands this past school year (2019-2020) ended under unique circumstances due to the COVID-19 pandemic. Therefore, we are providing reporting options that reflect this disruption in your ability to appropriately report annual progress.

WBWF Requirement: For each school year, the school board must publish a report in the local newspaper, by mail or by electronic means on the district website.

A&I Requirement: Districts must post a copy of their A&I plan, a preliminary analysis on goal progress, and related data on student achievement on their website 30 days prior to the annual public meeting.

Provide the link to the district's WBWF annual report and A&I materials.

Provide the direct website link to the district's WBWF annual report. If a link is not available, describe how the district disseminates the report to stakeholders.

<https://www.isd361.k12.mn.us/o/isd-361/documents>

Provide the direct website link to the A&I materials.

Annual Public Meeting

These annual public meetings were to be held in the fall of each school year. Report on this measure for the 2019-2020 school year.

WBWF Requirement: School boards are to hold an annual public meeting to communicate plans for the upcoming school year based on a review of goals, outcomes and strategies from the previous year. Stakeholders should be meaningfully involved, and this meeting is to occur separately from a regularly scheduled school board meeting.

A&I Requirement: The public meeting for A&I is to be held at the same time as the WBWF annual public meeting.

Provide the date of the school board annual public meeting to review progress on the WBWF plan and Achievement and Integration plan for the 2019-20 school year.

December 21, 2020

World's Best Workforce

District Advisory Committee

The District Advisory Committee should be in place at the start of the school year. Report on your membership list.

WBWF Requirement: The district advisory committee must reflect the diversity of the district and its school sites. It must include teachers, parents, support staff, students, and other community residents. Parents and other community residents are to comprise at least two-thirds of advisory committee members, when possible. The district advisory committee makes recommendations to the school board.

District Advisory Committee Members

Complete the list of your district advisory committee members for the 2019-20 school year. Ensure roles are clear (teachers, parents, support staff, students, and other community residents).

First and Last Name

Mike Holden

Role in District

School Board

Part of Achievement and Integration Leadership Team?

No

First and Last Name

Michelle Hebner

Role in District

School Board

Part of Achievement and Integration Leadership Team?

No

First and Last Name

Beth Slatinski

Role in District

Parent

Part of Achievement and Integration Leadership Team?

No

First and Last Name

Melissa Tate

Role in District

FES Principal/Parent

Part of Achievement and Integration Leadership Team?

No

First and Last Name

Tim Everson

Role in District

FHS Principal

Part of Achievement and Integration Leadership Team?

No

First and Last Name

Kevin Grover

Role in District

Superintendent/parent

Part of Achievement and Integration Leadership Team?

No

First and Last Name

Karla Olson-Line

Role in District

Teacher/parent

Part of Achievement and Integration Leadership Team?

No

First and Last Name

Alysa Hackenmueller

Role in District

parent

Part of Achievement and Integration Leadership Team?

No

Equitable Access to Effective and Diverse Teachers

Staffing should be in place by the start of the 2019-20 school year. Report on your equitable access to excellent and diverse educators for the start of the 2019-20 school year.

WBWF Requirement: WBWF requires districts and charters to have a process in place to ensure students from low income families, students of color, and American Indian students are not taught at disproportionate rates by inexperienced, out-of-field, and ineffective teachers. The legislation also requires that districts have strategies to increase access to teachers who reflect the racial and ethnic diversity of students.

While districts/charters may have their own local definitions, please note the definitions developed by Minnesota stakeholders during the Every Student Succeeds Act (ESSA) state plan development process:

An **ineffective teacher** is defined as a teacher who is not meeting professional teaching standards as defined in local teacher development and evaluation (TDE) systems.

An **inexperienced teacher** is defined as a licensed teacher who has taught for three or fewer years.

An **out-of-field teacher** is defined as a licensed teacher who is providing instruction in an area which he or she is not licensed.

The term “equitable access gap” refers to the difference between the rate(s) at which students from low income families, students of color, and American Indian students are taught by inexperienced, out-of-field, or ineffective teachers and the rate at which other students are taught by the same teacher types. This is not to be confused with the “achievement gap” (how groups of students perform academically); rather, “equitable access gap” is about which student groups have privileged or limited access to experienced, in-field, and effective teachers.

Districts/charters are encouraged to monitor the distribution of teachers and identify equitable access gaps between and within schools, but they may also make comparisons to the state averages or to similar schools. It is important to note that some of the most significant equitable access gaps occur at the school and classroom level.

Districts/charters may also use other indicators of “effectiveness” such as teachers receiving stronger evaluations overall, teachers with strengths in particular dimensions of practice (e.g., culturally responsive practices), teachers certified by the National Board for Professional Teaching Standards, or teachers with demonstrated student growth and achievement results.

Describe your process for ensuring students of color, American Indian students and students from low income families have equitable access to experienced, in-field, and effective teachers.

How did the district examine equitable access data? What data did you look at? How frequently do you review the data?

Who was included in conversations to review equitable access data?

(200 word limit)

All of our staff is in-field at this time so it was not a major issue. Administration does place students via scheduling and works to equitably distribute students and if anything we put more of our struggling students with our more experienced educators. We are looking for best fits as relationships mean a lot in the education process. At the upper grades, many classes all have the same teacher or there is a single section so the discussion is a mute point.

What strategies has the district initiated to improve student equitable access to experienced, in-field, and effective teachers?

What goal(s) do you have to reduce and eventually eliminate equitable access gaps?

(200 word limit)

Our focus is to have the best educators possible and work to mentor inexperienced staff to grow into great educators. Unfortunately we have cut programs as we can't find licensed staff to teach in these areas.

WBWF Requirement: WBWF requires districts and charters to examine student access to licensed teachers who reflect the racial and ethnic diversity of students. A growing body of research has demonstrated that all students benefit when they are taught by racially and ethnically diverse staff throughout their career, and students of color and indigenous students benefit even more. Consequently, working to increase teacher racial diversity is beneficial to all schools.

Describe your efforts to increase the racial and ethnic diversity of teachers in your district.

Which racial and ethnic student groups are present in your district that are not yet represented in your licensed teacher staff? How many additional teachers of color and American Indian teachers would you need in order to reflect your student population?

(200 word limit)

We are predominately White or American Indian in our racial makeup. We do have a few African American, Mexican, and Russian students and staff, but lack representation in teaching ranks. We are limited on applications for most jobs and are looking for the best applicants.

What strategies has the district initiated to increase and retain teachers of color and American Indian teachers in the district? What goal(s) are you pursuing?

(200 word limit)

Teachers of color have not been in the pool of applicants in the past, not sure what is to explain this other than our location. We do have teachers with American Indian heritage and it is higher than our student population percentage.

Local Reporting of Teacher Equitable Access to Effective and Diverse Teachers Data

Districts are required to publicly report data on an annual basis related to student equitable access to teachers, including data on access for low-income students, students of color, and American Indian students to experienced, in-field, and effective teachers and data on all student access to racially and ethnically diverse teachers.

For this 2019-20 WBWF summary report submission, please check the boxes to confirm that your district publicly reported this data.

District/charter publicly reports data on an annual basis related to equitable teacher distribution, including data on access for low-income students, students of color, and American Indian students to effective, experienced, and in-field teachers.

District/charter publicly reports data on an annual basis related to student access to racially and ethnically diverse teachers.

Goals and Results

SMART goals are: specific and strategic, measurable, attainable (yet rigorous), results-based and time-based. Districts may choose to use the data profiles provided by MDE in reporting goals and results or other locally determined measures.

All Students Ready for School

Does your district/charter enroll students in kindergarten?

Yes

Goal

Provide the established SMART goal for the 2019-20 school year.

75% of kindergarteners participate in FES school readiness program (preschool).

Result

Provide the result for the 2019-20 school year that directly ties back to the established goal. If unable to report a result because of disruptions due to COVID-19, please respond, "Unable to report."

62 percent of the kindergarten class attended FES school readiness program. 38 out of 61 enrolled had attended school readiness the year prior.

Goal Status

Check one of the following:

Goal Not Met (one year goal)

Narrative

What data have you used to identify needs for all students in this goal area? How is this data disaggregated by student groups and inclusive of all students?

What strategies are in place to support this goal area?

(Narrative is required. 200 word limit)

We examine the Kindergarten class and compare it to our enrollment in prior Preschool classes. We are looking at Star data as student begin Kindergarten to see what level they are at and if they are on grade level. Majority of students regardless of student groups, students that are in our program for multiple years are at grade level. We also are monitoring students that we are not aware were in a learning program or that were in a program that was not ours. We are also looking at barriers for why some students did not attend our program.

Do you have another goal for All Students Ready for School?

No

All Students in Third Grade Achieving Grade-Level Literacy

Does your district/charter enroll students in grade 3?

Yes

Goal

Provide the established SMART goal for the 2019-20 school year.

61.7 % of current 3rd grade students at FES will meet or exceed the 3rd grade MCA reading assessment in the spring of 2020, an increase of 2% from 2019.

Result

Provide the result for the 2019-20 school year that directly ties back to the established goal. If unable to report a result because of disruptions due to COVID-19, please respond, "Unable to report."

Unable to report, No MCA test

Goal Status

Check one of the following:

Unable to report

Narrative

What data have you used to identify needs for all students in this goal area? How is this data disaggregated by student groups and inclusive of all students?

What strategies are in place to support this goal area?

(Narrative is required. 200 word limit)

167

MCA data was used to set goal, but no data available if it was met. Star data showed we were on track.

Do you have another goal for All Students in Third Grade Achieving Grade-Level Literacy?

No

Close the Achievement Gap(s) Between Student Groups

Goal

Provide the established SMART goal for the 2019-20 school year.

FES special education students will increase from 26.6% proficient in Math in 2019 to 29.6 % proficient in 2020 on the MCA. (Statewide 27.6%)

Result

Provide the result for the 2019-20 school year that directly ties back to the established goal. If unable to report a result because of disruptions due to COVID-19, please respond, "Unable to report."

Unable to report, no MCA data

Goal Status

Check one of the following:

Unable to report

Narrative

What data have you used to identify needs for all students in this goal area? How is this data disaggregated by student groups and inclusive of all students?

What strategies are in place to support this goal area?

(Narrative is required. 200 word limit)

Staff that work in this area and with the subgroup had worked on tasks to help this subgroup along with a district wide approach to teaming, PBIS, and various other strategies.

Do you have another goal for Close the Achievement Gap(s) Between Student Groups?

Yes

Close the Achievement Gap(s) Between Student Groups

Goal

Provide the established SMART goal for the 2019-20 school year.

FHS special education students will increase from 13.6% in 2019 to 16.6% proficient in 2020 on the Math MCA. (Statewide is 27.6%)

Result

Provide the result for the 2019-20 school year that directly ties back to the established goal. If unable to report a result because of disruptions due to COVID-19, please respond, "Unable to report."

Unable to report, no MCA data.

Goal Status

Check one of the following:

Unable to report

Narrative

What data have you used to identify needs for all students in this goal area? How is this data disaggregated by student groups and inclusive of all students?

What strategies are in place to support this goal area?

(Narrative is required. 200 word limit)

Staff that work in this area and with the subgroup had worked on tasks to help this subgroup along with a district wide approach to teaming, PBIS, and various other strategies.

Do you have another goal for Close the Achievement Gap(s) Between Student Groups?

Yes

Close the Achievement Gap(s) Between Student Groups

Goal

Provide the established SMART goal for the 2019-20 school year.

FES special education students will increase from 20.0% proficient in Reading in 2019 to 23.0% proficient in 2020 on the MCA. (Statewide 29.8%)

Result

Provide the result for the 2019-20 school year that directly ties back to the established goal. If unable to report a result because of disruptions due to COVID-19, please respond, "Unable to report."

No MCA data.

Goal Status

Check one of the following:

Unable to report

Narrative

What data have you used to identify needs for all students in this goal area? How is this data disaggregated by student groups and inclusive of all students?

What strategies are in place to support this goal area?

(Narrative is required. 200 word limit)

Staff that work in this area and with the subgroup had worked on tasks to help this subgroup along with a district wide approach to teaming, PBIS, and various other strategies.

All Students Career- and College-Ready by Graduation

Goal

Provide the established SMART goal for the 2019-20 school year.

All current 8th grade students will complete a 4 year plan while registering for 9th grade

Result

Provide the result for the 2019-20 school year that directly ties back to the established goal. If unable to report a result because of disruptions due to COVID-19, please respond, "Unable to report."

2020 8th grade students completed a 4 year plan with the school counselor as part of registration.

Goal Status

Check one of the following:

Goal Met (one year goal)

Narrative

What data have you used to identify needs for all students in this goal area? How is this data disaggregated by student groups and inclusive of all students?

What strategies are in place to support this goal area?

(Narrative is required. 200 word limit)

School counselor meets to register students and helps advise on classes they need as well as courses that are of interest.

Do you have another goal for All Students Career- and College-Ready by Graduation?

Yes

All Students Career- and College-Ready by Graduation

Goal

Provide the established SMART goal for the 2019-20 school year.

International Falls will score the state average or higher on the ACT test. (District composite for 2019 was 20.0 compared to the state composite of 21.4)

Result

Provide the result for the 2018-19 school year that directly ties back to the established goal. If unable to report a result because of disruptions due to COVID-19, please respond, "Unable to report."

The district slightly dropped with a composite of 19.4. It is likely that the number tested dropped a little due to state shutdown that could have impacted the district composite score.

Goal Status

Check one of the following:

Goal Not Met (one year goal)

Narrative

What data have you used to identify needs for all students in this goal area? How is this data disaggregated by student groups and inclusive of all students?

What strategies are in place to support this goal area?

(Narrative is required. 200 word limit)

All teachers are working to make sure all students are ready for upper level testing. This is tough as not all kids are off to a 4 year college and thus trying to force them into more challenging areas of study is not realistic. Teachers in upper level courses work hard with students enrolled to be prepared for ACT and college.

Do you have another goal for All Students Career- and College-Ready by Graduation?

No

All Students Graduate

Does your district/charter enroll students in grade 12?

Yes

Goal

Provide the established SMART goal for the 2019-20 school year.

International Falls' students will have a 90% or higher graduation rate for 2020. (Data lags - district graduation rate in 2018 was 90.2% to the states 83.2%)

Result

Provide the result for the 2019-20 school year that directly ties back to the established goal. If unable to report a result because of disruptions due to COVID-19, please respond, "Unable to report."

89.7 percent graduated compared to the state rate of 83.7%.

Goal Status

Check one of the following:

Goal Not Met (one year goal)

Narrative

What data have you used to identify needs for all students in this goal area? How is this data disaggregated by student groups and inclusive of all students?

What strategies are in place to support this goal area?

(Narrative is required. 200 word limit)

School counselor and social worker connecting and tracking all students along with teachers working to get all students to graduation. Disappointed we had a slight drop, but also tougher to keep all kids moving as we were distant learning last spring.

Do you have another goal for All Students Graduate?

No

Thank you for completing the 2019-20 Combined WBWF and A&I Progress Report. Please save the unique link below to add to or edit your application through 11:59 pm on December 15, 2020.

http://survey.alchemer.com/s3/5822165/7ff22aa74a8f/?snc=1606248880_5fbd69b0089638.20528373&sg_navigate=start

World's Best Work Force WBWF Plan



2020 2021

**International Falls Public School District
ISD #361**

Adopted: December 09, 2020

ISD #361: INTERNATIONAL FALLSPUBLIC SCHOOL DISTRICT World's Best Work Force (WBWF) Plan

School District #361 Mission Statement

In partnership with parents and the community, the International Falls School District will prepare every student to become a productive citizen by developing their maximum potential within a safe climate of mutual respect and trust.

Overview & Requirements for WBWF Plan

A School District must set SMART Goals:

Specific
Measurable
Attainable
Results-Oriented
Time-Bound

Goals & Benchmarks MUST be focused on Progress from Pre-K to Post-Secondary, including:

- #1. **Ready for K**
- #2. **Read Well by Gr. 3**
- #3. **Closing the Achievement Gap in Student Subgroups**
 - **White**
 - **Hispanic**
 - **Black**
 - **Asian / Pacific Islander**
 - **American Indian / Alaskan Native**
 - **Free / Reduced Price Lunch**
 - **Special Education**
 - **Limited English Proficiency**
- #4. **100% Graduation Rate**
- #5. **Career & College Readiness**

Assessment Measures MUST include at least the following Five (5) Elements:

- 1) **MCA's (Minnesota Comprehensive Assessments)**
- 2) **NAEP (National Association of Education Progress)**
- 3) **Size of Academic Achievement Gap by Student Subgroup**
- 4) **Actual Graduation Rate**
- 5) **Career & College Readiness (as defined in MS 120B.30, Subdivision 1)**

District & Site Goals

Our districts' student achievement goal is to continually improve academic performance in the following areas: (This is looking at individual student growth from where they were the previous year or previous corresponding assessment.)

We will assess all students that attended ISD 361 for grades 2-10 both 1st and 2nd semester using the Star Reading and Math assessments.

The percentage of all students in grades 2-10 at ISD #361 who meet or exceed the 40% Spring Cut Score on the Star Assessment in reading will be at or above 65.5% in 2021. This is baseline data.

The percentage of all students in grades 2-10 at ISD #361 who meet or exceed the 40% Spring Cut Score on the Star Assessment in math will be at or above 71.5% in 2021. This is baseline data.

This will be our first year using Star Reading and Math scores for setting our Qcomp goals.(2019/20 was not valid as couldn't complete base year). That said we do not have a lot of solid data to use to predict a benchmark. We have taken recommendations from Star as to levels that predict proficiency on MCA's and are using scaled scores and student growth percentiles.

| Falls Elementary School | | | | | | |
|-------------------------|--------------|-------|--------------------|------------|-------|--------------------|
| School Year | Reading | | | Math | | |
| | Proficient | Total | Percent Proficient | Proficient | Total | Percent Proficient |
| 2016-17 | 128 | 224 | 57.14% | 149 | 223 | 66.82% |
| 2017-18 | 140 | 222 | 63.06% | 162 | 223 | 72.65% |
| 2018-19 | 146 | 227 | 64.32% | 140 | 226 | 61.95% |
| 2019-20 | Invalid year | | | | | |
| Falls High School | | | | | | |
| School Year | Reading | | | Math | | |
| | Proficient | Total | Percent Proficient | Proficient | Total | Percent Proficient |
| 2016-17 | 186 | 321 | 57.94% | 164 | 314 | 52.23% |
| 2017-18 | 186 | 318 | 58.49% | 154 | 296 | 52.03% |
| 2018-19 | 173 | 280 | 61.79% | 129 | 269 | 47.96% |
| 2019-20 | Invalid year | | | | | |

District-Wide Goals

Our district's student achievement goal is to improve student academic performance. This focus is determined on a yearly basis. We have an elementary site and a high school site which will each have a specific site goal. Teachers instructing in both buildings will be considered part of the building in which they attend team meetings with regards to compensation for site goal. Our goal for 2020-21 is focused on individual student growth using the Star scores.

Falls High School Goal

We will assess all students that attended Falls High School both 1st and 2nd semester using the Star Reading and Math assessments.

The percentage of all students in grades 6-10 at Falls High School who meet or exceed the 40% Spring Cut Score on the Star Assessment in reading will be at or above 60.5% in 2021. This is baseline data.

The percentage of all students in grades 6-10 at Falls High School who meet or exceed the 40% Spring Cut Score on the Star Assessment in math will be at or above 66.5% in 2021. This is baseline data.

This will be our first year using Star Reading and Math scores for setting our Qcomp goals. That said we do not have a lot of solid data to use to predict a benchmark. We have taken recommendations from Star as to levels that predict proficiency on MCA's and are using scaled scores and student growth percentiles.

Falls Elementary School Goal

We will assess all students that attended Falls Elementary both 1st and 2nd semester using the Star Reading and Math assessments.

The percentage of all students in grades 2-5 at Falls Elementary School who meet or exceed the 40% Spring Cut Score on the Star Assessment in reading will be at or above 70.5% in 2021. This is baseline data.

The percentage of all students in grades 2-5 at Falls Elementary School who meet or exceed the 40% Spring Cut Score on the Star Assessment in math will be at or above 76.5% in 2021. This is baseline data.

This will be our first year using Star Reading and Math scores for setting our Qcomp goals. That said we do not have a lot of solid data to use to predict a benchmark. We have taken recommendations from Star as to levels that predict proficiency on MCA's and are using scaled scores and student growth percentiles.

Goal #1: Ready for K

- 75% of kindergarteners participate in FES school readiness program (preschool)
Improve learning readiness for Kindergarten.
 - All day section of Preschool 5 days / week for 4-year-olds.
 - Half day sessions for 4-year old Preschool.
 - Half day sessions for 3-year-old Preschool.
 - All day sessions 3 days per week (4 year olds)
 - All day sessions 2 days per week (3 year olds)
 - Language Screener & IGD1 Screener for all Preschoolers.

Goal #2: Read Well by Gr. 3

- 61.7 % of current 3rd grade students at FES will meet or exceed the 3rd grade MCA reading assessment in the spring of 2020, an increase of 2% from 2019.
59.7% of Minnesota's 3rd grade students met or exceeded state standards as shown in their overall performance on the MCA Reading Assessment for the 2018-2019 school year.

| | |
|----------|---|
| Goal #3: | Close the Achievement Gap in Student Sub Groups |
|----------|---|

- FES special education students will increase from 26.6% proficient in Math in 2019 to 29.6 % proficient in 2021 on the MCA. (Statewide 27.6%)
- FHS special education students will increase from 13.6% in 2019 to 16.6% proficient in 2021 on the Math MCA. (Statewide is 27.6%)
- FES special education students will increase from 20.0% proficient in Reading in 2019 to 23.0% proficient in 2021 on the MCA. (Statewide 29.8%)
- FHS special education students will increase from 25.0% in 2019 to 28.0% proficient in 2021 on the Reading MCA. (Statewide is 29.8%)
- FES American Indian students will increase from 30.0 in 2019 to 33.0% proficient in 2021 on the Math MCA. (Statewide is 27.5%)
- FHS American Indian students will increase from 26.6% in 2019 to 29.6% proficient in 2021 on the Math MCA. (Statewide is 27.5%)

- FES American Indian students will increase from 50.0% in 2019 to 53.0% proficient in 2021 on the Reading MCA. (Statewide is 36.1%)
- FHS American Indian students will increase from 42.4% in 2019 to 45.4% proficient in 2021 on the Reading MCA. (Statewide is 36.1%)

- FES Free/Reduced Priced lunch students will increase from 50.0% in 2019 to 53.0% proficient in 2021 on the Reading MCA. (Statewide is 40.0%)
- FHS Free/Reduced Priced lunch students will increase from 49.0% in 2019 to 52.0% proficient in 2021 on the Reading MCA. (Statewide is 40.0%)
- FES Free/Reduced Priced lunch students will increase from 50.0% in 2019 to 53.0% proficient in 2021 on the Math MCA. (Statewide is 34.2%)
- FHS Free/Reduced Priced lunch students will increase from 34.3% in 2019 to 37.3% proficient in 2021 on the Math MCA. (Statewide is 34.2%)

| | |
|----------|----------------------|
| Goal #4: | 100% Graduation Rate |
|----------|----------------------|

- International Falls' students will have a 90% or higher graduation rate for 2021. (Data lags - district graduation rate in 2019 was 89.7% to the states 83.7%)

| | |
|----------|----------------------------|
| Goal #5: | Career & College-Readiness |
|----------|----------------------------|

- All current 8th grade students will complete a 4 year plan while registering for 9th grade.
- International Falls will score the state average or higher on the ACT test. (District composite for 2020 was 20.6 compared to the state composite of 21.4)

Students in Gr. 8-12 will be assisted in preparing for life beyond high school through:

- Career Exploration
- ASVAB Test → Gr. 11
- ACT / SAT Test → Gr. 11 & 12 (Taken on an Individual Basis as Necessary)
- PSAT Gr 11

| |
|--|
| Process for the Assessment & Evaluation of Student Progress |
|--|

Meeting State & Local Academic Standards

Demographics for PreK-12 Students by Sub Group for International Falls Public School District is as follows: (Data from MDE School Report Card 2020)

| <u>Student Population Sub Group</u> | <u>% of Total Student Population</u> |
|-------------------------------------|--------------------------------------|
| Free / Reduced Hot Lunch | 37.3 % |
| Special Education | 19.0 % |
| English Language Learner (ELL) | 0.8 % |
| American Indian / Alaskan Native | 5.0 % |
| Asian / Pacific Islander | 0.1 % |
| Hispanic | 1.6 % |
| Black (Not of Hispanic Origin) | 0.2 % |
| White (Not of Hispanic Origin) | 89.1 % |
| Two or more Races | 3.9 % |

Students at International Falls Public Schools take Assessments to determine Student Progress in specific content areas, including the following:

| <u>Grade Level</u> | <u>Assessment</u> | <u>Content Area Assessed</u> |
|--------------------------|---|-----------------------------------|
| Gr. 4, 8, 12 | NAEP (National Assessment of Education Program) | Reading, Math, & Science |
| Gr. 3, 4, 5, 6, 7, 8 | MCA - III | Reading & Math |
| Gr. 10 | MCA - III | Reading |
| Gr. 11 | MCA - III | Math |
| Gr. 5, 8, 10 | MCA - III | Science |
| Gr. K-12 ELL Students | Test of Emerging English Listening Learners | Oral Language |
| Gr. 3-12 ELL Students | Test of Emerging English | Reading & Writing |
| Gr. 3, 4, 5, 6, 7, 8, 11 | Math Test for English Language Learners | Math |
| Gr. K-10 | Star Reading and Math | Reading & Math |
| Preschool | IGDI | Literacy & Number Skills |
| Gr. 6, 9, 12 | MSS (Minnesota Student Survey) [Every 3 rd Year] | At-Risk Behaviors |
| Gr. 11 | ASVAB (Interest Inventory / Aptitude Test) | Career & College Readiness |
| Gr. 11 | PSAT | Post-Secondary Planning |
| Gr. 11 & 12 | ACT / SAT | College Readiness |
| Gr. 11, 12 | AP (Advanced Placement for College Courses) | English, Reading, Math, & Science |

Summary View: The ACT (All Data)

Showing students who are College Reportable

| Group | Year | Composite | | Math | | Science | | STEM | | English | | Reading | | Writing | | ELA | |
|---|-----------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | | Mean Score | Mean Score | Mean Score | Mean Score | Mean Score | Mean Score | Mean Score | Mean Score | Mean Score | Mean Score | Mean Score | Mean Score | Mean Score | Mean Score | Mean Score | Mean Score |
| INTERNATIONAL FALLS INDEPENDENT SCHOOL DISTRICT 361 | 2019-2020 | 20.6 | 22.1 | 20.7 | 21.6 | 20.3 | 19.0 | 20.3 | 5.5 | 18.5 | | | | | | | |
| INTERNATIONAL FALLS INDEPENDENT SCHOOL DISTRICT 361 | 2018-2019 | 20.3 | 20.7 | 20.8 | 21.0 | 20.6 | 18.5 | 20.6 | 5.9 | 17.7 | | | | | | | |
| INTERNATIONAL FALLS INDEPENDENT SCHOOL DISTRICT 361 | 2017-2018 | 20.2 | 20.9 | 20.9 | 21.2 | 20.2 | 18.5 | 20.2 | 6.1 | 17.9 | | | | | | | |
| FALLS HIGH SCHOOL | 2019-2020 | 20.6 | 22.1 | 20.7 | 21.6 | 20.3 | 19.0 | 20.3 | 5.5 | 18.5 | | | | | | | |
| FALLS HIGH SCHOOL | 2018-2019 | 20.3 | 20.7 | 20.8 | 21.0 | 20.6 | 18.5 | 20.6 | 5.9 | 17.7 | | | | | | | |
| FALLS HIGH SCHOOL | 2017-2018 | 20.2 | 20.9 | 20.9 | 21.2 | 20.2 | 18.5 | 20.2 | 6.1 | 17.9 | | | | | | | |

Strengths of Instruction & Curriculum

| <u>STRENGTHS</u> | |
|---|--|
| <u>Instruction</u> | <u>Curriculum</u> |
| Daily 5 / Learning Stations / Centers | Preschool Program for 3-year olds & 4-year olds. |
| Small Guided Reading Groups | Everyday Math used in Preschool. |
| School-wide Title I (Gr. K-5) | Core Reading Program used in Preschool. |
| 10 iPads in Each Elementary Classroom for Math & Reading Interventions (Gr. PreK-5) | iExcel / Raz Kids / Interventions for Reading & Math |
| Aligning curriculum in Professional Learning Communities (PLCs) | Myriad number of Career & Technical Education Classes |
| Weekly 1 Hour Early Out Staff Development Time | College in the High School Courses |
| Q-Comp provides Mentoring & PLC Time by focusing on a specific content area (e.g. Reading) | Accelerated Reader (AR) |
| PBIS (Positive Behavior Intervention Supports) for PreK-12 (Proactive rather than Reactive) | “Read Naturally” for At-Risk Students (Gr. 1-5) |
| Devoted staff | Ojibwe & Spanish Offerings |
| Learning Sciences International Professional Development – ongoing training for all staff | Member of Applied Learning Institute (Computer & Industrial Tech Labs are State-of-the-Art) |
| chromebook carts | STAR Screening for Reading & Math |
| Teaming | Concurrent Enrollment Classes for High School & College Credit (Lake Superior College & Bemidji State) |
| | Journey’s literature curriculum at FES |

Weaknesses of Instruction & Curriculum

| <u>WEAKNESSES</u> | |
|--|--|
| <u>Instruction</u> | <u>Curriculum</u> |
| Differentiation is Difficult if there is not enough time to look at Student Data and plan instruction | Less Emphasis on Science Standards in the past |
| Access to Resources & Professional Development Opportunities is Limited due to Location | Amount on staff plates keeps growing |
| Very Difficult to get Highly Qualified Licensed Teachers to Apply for Teaching Positions due to Location | |

Evaluation of Effectiveness of Instruction & Curriculum

International Falls School District, ISD #361, currently has **1015 students** in Gr. PreK-12. The Elementary School has an enrollment of **464 students** & the high school serves **551 students**. Falls Elementary continues a Preschool Program and houses grades 1- 5 and Falls High school houses Preschool and grades 6 – 12..

The International Falls Public School District is a long-established school system with a proud history of both academic and athletic achievements. The schools are located in International Falls, Minnesota, which is the county seat of Koochiching County. Geographically, the District includes an area of 491 square miles. International Falls has a population of approximately 6,500, while Koochiching County has 13,300 residents; approximately 10,000 people live within the School District. There are **74 Licensed Teaching Staff**, **42Paraprofessionals**, and **30 Support Staff Members**. The majority of licensed staff holds advanced degrees.

School District facilities are comprised of:

- Falls Elementary Gr. Pre-K - 5
- Falls High School Gr. 6 - 12, Community Education, District Offices
- ALC space at Backus Community Center
- Indoor Swimming Pool
- All-weather Track
- Baseball and Softball Fields
- Football Stadium
- Indoor Ice Arena

The community serves as a residential location for people employed in a variety of professions. Packaging Corporation of America serves as a primary employer within the area. International Falls is a major international border crossing and has customs and immigration offices, as well as a Border Patrol station serving traffic between Minnesota and Ontario, Canada. Situated adjacent to Voyagers National Park and not far from the Boundary Waters Canoe Wilderness Area, International Falls has a large fishing and tourism industry. The geography of the area serves a number of recreational opportunities.

| <u>Population</u> | <u>Koochiching County</u> | <u>State of Minnesota</u> |
|--|---------------------------|---------------------------|
| Age 5 & Under | 4.56 % | 6.7 % |
| Age 18 & Under | 19.42 % | 25.1 % |
| Age 65 & Over | 21.75 % | 12.2 % |
| Distribution of People of Color | 6.5 % | 19.2 % |
| Unemployment Rate | 4.4 % | 3.3 % |
| Median Household Income | \$47,131 | \$65,699 |
| Median Value of Homes | \$108,300 | \$199,700 |
| Population in Poverty (All Ages) | 17.1 % | 10.5 % |
| High School Graduation Rate (25 & under) | 92.6 % | 92.8 % |

*Census Reporter

Our district is a Q-Comp District and we find the program to be valuable for our goals of team building, mentoring new teachers, professional development, observation of fellow educators, and helping to focus on growth goals. The District has embedded PBIS and is seeing encouraging responses.

Strategies & Best Practices

- 2 Social Worker + 1 Elementary Principal → Truancy Team
- 1 Counselor
- 1 Mental Health Assistant
- Dean of Students
- Flexible Scheduling for Credit Recovery (CR)

- Online Classes for Credit Recovery (CR) @ Northern Star Online
- Online CR Summer School
- ESY Sped Students
- ELL Program
- Planning and Implementation Grant (5 year grant to focus on reducing alcohol use by teens)
- College in the School Program (CIS)
- Alternative Learning Center

Areas of Focus for 2020 - 2021 School Year Include:

- Tier II and III instruction continued at FES and Tier II at FHS.
- Continued effort put into continuing and improving our PBIS program
- Early out every Wednesday to focus on PBIS, analyze data, and work on LSI topics.
- Provide paraprofessional assistance for Preschool classrooms as well as to assist Tier II & III student populations.
- Continue to keep four (4) sections of Kindergarten.
- Reduce class size due to Covid-19 so an additional section in each grade in place of Title I classes.
- Continue to utilize universal screening measures to assist with Tier placement.
- STAR for universal screening and progress monitoring.
- Early Out meetings weekly to review best practice instructional strategies based on student data. These meetings are also necessary for placing students into appropriate tier populations. These meetings are necessary to engage teachers in active dialogue about student progress and needs. These conversations allow time to talk about the “whole” child.
- Students will be provided with scheduled structured time to access technology based interventions. This will happen on a daily basis which had not happened in the past.
- With the implementation of the RTI model struggling students receive both the core instruction as well as additional instruction within the appropriate Tier location (Tier II / III).
- Guided Reading Instruction, Book Club, Literature Circles, Drill & Practice.
- Successful Reading & Leveled Literacy Interventions (LLI) utilized with Tier II / III student populations including free reduced lunch as well as special education populations.
- Maintain low student to teacher ratios for Tier II & III student populations. Tier II: 1:5 or 1:6, Tier III 1:3.
- Continue our “College in the School” (CIS) opportunities for College Credit.
- Continue Applied Learning Institute (ALI) Classes for High School Students.

Student Outcomes

Student Outcomes on MCA Reading, Math, & Science assessments indicate student achievement levels compared to state averages as follows:

| MCA Math Average 2019 | | | | | | | | |
|-----------------------|--|--------------------|-----------------|---------------|--------------------|--------|-----------------|---------------|
| Grade | International Falls District-Wide Math Average | Total % Proficient | | | State of Minnesota | | Math Average | |
| | | 54.30% | | | 55.00% | | | |
| | Exceeds | Meets | Partially Meets | Does NOT Meet | Exceeds | Meets | Partially Meets | Does NOT Meet |
| Gr. 3 | 31.30% | 35.80% | 14.90% | 17.90% | 27.40% | 38.10% | 17.00% | 17.40% |
| Gr. 4 | 36.30% | 37.50% | 13.80% | 12.50% | 30.30% | 33.60% | 15.80% | 20.40% |
| Gr. 5 | 8.90% | 36.70% | 29.10% | 25.30% | 16.20% | 35.90% | 24.30% | 23.70% |
| Gr. 6 | 13.30% | 33.30% | 31.70% | 21.70% | 20.60% | 29.90% | 23.20% | 26.40% |
| Gr. 7 | 9.70% | 33.30% | 34.70% | 22.20% | 20.40% | 31.70% | 25.80% | 22.20% |
| Gr. 8 | 29.90% | 28.60% | 23.40% | 18.20% | 25.30% | 29.90% | 21.70% | 23.10% |
| Gr. 11 | 16.70% | 25.00% | 26.70% | 31.70% | 16.80% | 28.20% | 22.00% | 33.00% |

| MCA Reading Average 2019 | | | | | | | | |
|--------------------------|---|--------------------|-----------------|---------------|--------------------|--------|--------------------|---------------|
| Grade | International Falls District-Wide Reading Average | Total % Proficient | | | State of Minnesota | | Total % Proficient | |
| | | 62.90% | | | Reading Average | | 59.20% | |
| | Exceeds | Meets | Partially Meets | Does NOT Meet | Exceeds | Meets | Partially Meets | Does NOT Meet |
| Gr. 3 | 13.40% | 46.30% | 16.40% | 23.90% | 14.00% | 40.60% | 16.20% | 29.20% |
| Gr. 4 | 23.50% | 40.70% | 19.80% | 16.00% | 16.30% | 39.10% | 21.80% | 22.80% |
| Gr. 5 | 11.40% | 57.00% | 19.00% | 12.70% | 18.60% | 47.20% | 17.80% | 16.40% |
| Gr. 6 | 13.30% | 45.00% | 25.00% | 16.70% | 23.90% | 38.90% | 17.40% | 19.80% |
| Gr. 7 | 16.70% | 45.80% | 16.70% | 20.80% | 18.70% | 38.80% | 19.90% | 22.60% |
| Gr. 8 | 18.20% | 36.40% | 22.10% | 23.40% | 20.30% | 37.40% | 18.40% | 23.90% |
| Gr. 10 | 29.60% | 42.30% | 19.70% | 8.50% | 22.80% | 37.60% | 21.00% | 18.60% |

| MCA Science Average 2019 | | | | | | | | |
|--------------------------|-----------------------------------|--------------------|-----------------|---------------|--------------------|--------|--------------------|---------------|
| Grade | International Falls District-Wide | Total % Proficient | | | State of Minnesota | | Total % Proficient | |
| | | 49.50% | | | Science Average | | 52.50% | |
| | Exceeds | Meets | Partially Meets | Does NOT Meet | Exceeds | Meets | Partially Meets | Does NOT Meet |
| Gr. 5 | 2.50% | 44.30% | 29.10% | 24.10% | 9.60% | 45.30% | 21.70% | 23.40% |
| Gr. 8 | 6.50% | 35.10% | 36.40% | 22.10% | 8.90% | 34.10% | 29.30% | 27.70% |
| High School | 16.20% | 45.90% | 25.70% | 12.20% | 15.90% | 38.50% | 21.80% | 23.90% |

| MCA Math Average 2018 | | | | | | | | |
|------------------------------|-----------------------------------|--------|--------------------|---------------|--------------------|--------|--------------------|---------------|
| Grade | International Falls District-Wide | | Total % Proficient | | State of Minnesota | | Total % Proficient | |
| | Math Average | | 61.60% | | Math Average | | 57.70% | |
| | Exceeds | Meets | Partially Meets | Does NOT Meet | Exceeds | Meets | Partially Meets | Does NOT Meet |
| Gr. 3 | 42.70% | 40.20% | 7.30% | 9.80% | 27.80% | 39.20% | 16.80% | 16.30% |
| Gr. 4 | 30.80% | 41.00% | 17.90% | 10.30% | 31.50% | 34.00% | 15.30% | 19.10% |
| Gr. 5 | 6.60% | 55.70% | 26.20% | 11.50% | 18.10% | 37.20% | 23.50% | 21.20% |
| Gr. 6 | 11.70% | 31.20% | 24.70% | 32.50% | 22.90% | 31.40% | 22.20% | 23.50% |
| Gr. 7 | 21.80% | 32.10% | 28.20% | 17.90% | 22.50% | 32.50% | 25.30% | 19.80% |
| Gr. 8 | 25.30% | 32.50% | 24.10% | 18.10% | 26.80% | 31.10% | 21.00% | 21.10% |
| Gr. 11 | 7.50% | 49.10% | 30.20% | 13.20% | 17.70% | 30.20% | 21.50% | 30.60% |

| MCA Reading Average 2018 | | | | | | | | |
|---------------------------------|-----------------------------------|--------|--------------------|---------------|--------------------|--------|--------------------|---------------|
| Grade | International Falls District-Wide | | Total % Proficient | | State of Minnesota | | Total % Proficient | |
| | Reading Average | | 60.70% | | Reading Average | | 60.40% | |
| | Exceeds | Meets | Partially Meets | Does NOT Meet | Exceeds | Meets | Partially Meets | Does NOT Meet |
| Gr. 3 | 22.00% | 48.80% | 14.60% | 14.60% | 14.60% | 41.60% | 15.70% | 28.10% |
| Gr. 4 | 12.80% | 39.70% | 32.10% | 15.40% | 16.70% | 39.50% | 21.50% | 22.30% |
| Gr. 5 | 6.60% | 60.70% | 21.30% | 11.50% | 19.60% | 47.80% | 17.30% | 15.20% |
| Gr. 6 | 22.10% | 35.10% | 19.50% | 23.40% | 26.00% | 38.90% | 16.00% | 19.10% |
| Gr. 7 | 23.40% | 39.00% | 13.00% | 24.70% | 19.30% | 39.40% | 19.30% | 22.00% |
| Gr. 8 | 20.30% | 38.80% | 18.10% | 22.70% | 9.60% | 41.00% | 24.10% | 25.30% |
| Gr. 10 | 16.90% | 49.40% | 20.80% | 13.00% | 22.80% | 37.10% | 20.60% | 19.50% |

| MCA Science Average 2018 | | | | | | | | |
|---------------------------------|-----------------------------------|--------|--------------------|---------------|--------------------|--------|--------------------|---------------|
| Grade | International Falls District-Wide | | Total % Proficient | | State of Minnesota | | Total % Proficient | |
| | Science Average | | 49.50% | | Science Average | | 52.50% | |
| | Exceeds | Meets | Partially Meets | Does NOT Meet | Exceeds | Meets | Partially Meets | Does NOT Meet |
| Gr. 5 | 8.20% | 47.50% | 19.70% | 24.60% | 12.00% | 46.70% | 22.00% | 19.20% |
| Gr. 8 | 3.60% | 37.30% | 21.70% | 37.30% | 8.00% | 37.70% | 29.00% | 25.30% |
| High School | 15.40% | 38.50% | 28.20% | 17.90% | 16.60% | 36.30% | 24.30% | 22.90% |

Principal Evaluation

The International Falls Public School District uses the principal evaluation system outlined below which meets the requirements outlined in statute with regards to at least 35% of a principal's evaluation needs to be based on student achievement.

Summative Evaluation

Principal

School Year

Previous year

Current year

| | | | |
|-----------------------------|---|----------------------------|------|
| Strategic Leadership | 0 | Strategic Leadership (1) | 0.00 |
| Instructional Leadership | 0 | Educational Leadership (5) | 0.00 |
| Managerial Leadership | 0 | Management (4) | 0.00 |
| Cultural Leadership | 0 | Cultural Integrity (6) | 0.00 |
| Communications Leadership | 0 | Communication (2) | 0.00 |
| School Community Leadership | 0 | Community Involvement (3) | 0.00 |
| Ethical Leadership | 0 | Ethics (7) | 0.00 |

Total 0 0.00

Average 0.00 0.00

Possible Percentage Earned percentage

| | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|
| Goal 1: | | | | | | | | | |
| Goal 2: | | | | | | | | | |
| Goal 3: | | | | | | | | | |
| Building achievement goal: Increase MCA's reading scores by 3% | | | | | | | | | |
| Staff Survey | | | | | | | | | |
| other (administrative analysis) | | | | | | | | | |

8.34
8.33
8.33
35.00
20.00
20.00
100.00

Signature signifies that a meeting was conducted to review your summative evaluation and does not indicate agreement with ratings.

Signature:

Kevin Grover:

| | | |
|---------------------------------|------|---|
| Break Down | | |
| Personal Goals | 25% | Break up proportionally based on 2 to 4 goals Drop 3% or more -earn 0%, drop more than 1% but less than 3% - earn 25%, from -1 to +1 -earn 50%, increase more than 1 but less than 3% -earn 75%, |
| Student Achievement | 35% | Increase 3% or more - earn 100% Overall score with all employees surveyed: stay the same or have positive growth - earn 100%, drop .01 - 1 point - earn 10%, drop more than 1 point - earn 0% |
| Staff Survey | 20% | |
| other (administrative analysis) | 20% | |
| | 100% | |

Teacher Evaluations

The International Falls Teacher Evaluation / Observation Plan

Overall Description

Each member completes 4 self-observations based on Charlotte Danielson. Pre and Post observation meetings are part of each observation. Team Leaders will conduct two evaluation of each team member throughout the year with a pre and post observation and will do one observation for each member of one additional team. Administration also conducts an evaluation of staff on a rotating basis (1 time for each member over 3 year period).

Description of Rubric & System:

We have training to inform new staff of the rubric and process to be used. This training will focus on components of Charlotte Danielson rubrics, processes for documenting observations, inter-rater reliability, and instructive feedback. A specific part of the training will focus on inter-rater reliability by using a video to watch/score the lesson and train on this topic. (Train the Trainer model) Team leaders will work to find ongoing trainings to attend throughout the year and come back and train each other at quarterly leader meetings.

- Pre- & Post-Observation Conferences
 - The pre-observation conference needs to be done at least one day in advance of the observation.
 - The post-observation should be done within one week of the observation.
- Self-Analysis & Reflection
 - This will be done once per quarter.

Teacher observers are trained to use the observation rubrics and give written feedback on the post-observation form. Team leaders will have time at their quarterly release time to compare evaluations to ensure reliability and collaborate.

- Teacher observers will create a formal observation schedule for each person they are observing.
- Deadlines for completing evaluations will be marked on the District Professional Development Calendar.
- Team leaders will be trained to observe other team members' classrooms.
- Team teachers will be responsible for developing an observation evaluation calendar & team meeting calendar

Probationary teachers will be observed three times (3x's) by a school administrator. Initial training will take place prior to the start of the school and will be followed up at in-services throughout the school year. Probationary teachers will also participate in sessions with the Mentor Coordinator.

| Position Title | Number of Teachers this Person will Observe | Number of Times per year this Teacher will Observe Each Teacher | Other Evaluation / Observation Responsibilities |
|------------------------|--|---|---|
| Building Administrator | All probationary teachers 1/3 of staff | 3 times 1 time | Improvement conferences Pre & post conferences |
| Learning Team Leader | As determined by amount of members in ATPPS learning teams | 2 times per team member and 1 time per team member for paired team | Pre & Post conferences for all formal evaluations |

Evaluation / Observation Documents.

- Evaluation / observation rubrics.
- Pre-observation conference forms.
- Post-observation conference forms.
- Self-analysis and reflection forms.
- Other forms, as applicable, to ensure the reviewer is able to completely understand the process.

Charlotte Danielson's Components of Professional Practice to be used in Teacher Evaluations

Component 1C → Selecting Instructional Goals

- Value
- Clarity
- Suitability for Diverse Students
- Balance

Component 2C → Managing Classroom Procedures

- Instructional Groups
- Transitions
- Materials & Supplies
- Non-Instructional Duties
- Supervision of Volunteers & Paraprofessionals

Component 3A → Communicating Clearly & Accurately

- Directions & Procedures
- Oral & Written Language

Component 3B → Using Questioning & Discussion Techniques

- Quality of Questions
- Discussion Techniques
- Student Participation

Component 3C → Engaging Students in Learning

- Representation of Content
- Activities & Content
- Grouping of Students
- Instructional Materials & Resources
- Structure & Pacing

Component 3D → Providing Feedback to Students

- Quality of Feedback
 - Accurate
 - Substantive
 - Constructive
 - Specific
- Timeliness

Component 4A → Reflecting on Teaching

- Accuracy
- Use in Future Teaching

Appeals Process

- Teachers who have concerns with the reliability / accuracy of their formative evaluations.
 - A teacher who receives a performance evaluation less than satisfactory, may request an additional evaluation by submitting completed form within 2 weeks of post observation conference to the Quality Oversight Team.
 - Quality Oversight Team will appoint a new observer.
- Staff member may appeal at the point in which they receive what they feel is an inaccurate / unsatisfactory review.
 - Once the QOC receives the appeal, they will appoint another observer within a week.
 - The new observer and teacher needing the observation will make arrangements to get a new observation done within one (1) month.
 - The new observation rating from the appointed observer will be final for this round of observation.

TLC MEMBERS MUST ATTEND 27 OF 32 WEEKLY MEETINGS TO BE ELIGIBLE FOR TLC STIPEND!! (2 meetings per month with assigned team)

| SEPTEMBER 2020 | | | | | | | OCTOBER 2020 | | | | | | | | | | | | | | | | |
|------------------|----|----|----|----|----|------------------|--------------|----|----|----|----|------------------|-----|--|--|--|--|------------------|--|--|--|--|--|
| Sun | M | T | W | T | F | Sat | Sun | M | T | W | T | F | Sat | | | | | | | | | | |
| | | 1 | 2 | 3 | 4 | 5 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | | | | | | | | | | |
| 6 | 7 | 8 | 9 | 10 | 11 | 12 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | | | | | | | | | | |
| 13 | 14 | 15 | 16 | 17 | 18 | 19 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | | | | | | | | | | |
| 20 | 21 | 22 | 23 | 24 | 25 | 26 | 25 | 26 | 27 | 28 | 29 | 30 | 31 | | | | | | | | | | |
| 27 | 28 | 29 | 30 | | | | | | | | | | | | | | | | | | | | |
| Student Days: 17 | | | | | | Teacher Days: 20 | | | | | | Student Days: 19 | | | | | | Teacher Days: 20 | | | | | |

| NOVEMBER 2020 | | | | | | | DECEMBER 2020 | | | | | | |
|---------------|----|----|----|----|----|-----|---------------|----|----|----|----|----|-----|
| Sun | M | T | W | T | F | Sat | Sun | M | T | W | T | F | Sat |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| 8 | 9 | 10 | 11 | 12 | 13 | 14 | 13 | 14 | 15 | 16 | 17 | 18 | 19 |
| 15 | 16 | 17 | 18 | 19 | 20 | 21 | 20 | 21 | 22 | 23 | 24 | 25 | 26 |
| 22 | 23 | 24 | 25 | 26 | 27 | 28 | 27 | 28 | 29 | 30 | 31 | | |
| 29 | 30 | | | | | | | | | | | | |

| <u>September & October</u> | |
|---|-------------------------------|
| Sept. 1st: | Teacher Work Day |
| Sept. 2nd: | Teacher Work Day |
| Sept. 3rd: | Teacher Work Day |
| Sept. 7th: | NO SCHOOL - Labor Day |
| Sept. 8th: | First Day of School |
| Oct. 5th: | Teacher Work Day |
| Oct. 9th: | FHS Mid Term Reports |
| Oct. 15 th -16 th : | NO SCHOOL - MEA Break |
| Oct. 20th&22nd | FHS Parent/Teacher Conference |

| <u>November & December</u> | |
|--|-------------------------------|
| Nov. 6th | End of 1st Quarter |
| Nov 9th: | NO SCHOOL - Exchange Day |
| Nov 26 th -27 th : | NO SCHOOL - Thanksgiving |
| Dec. 11th | FHS Mid Term Reports |
| Dec. 16th | FHS Parent/Teacher Conference |
| Dec 23 - Jan 1: | NO SCHOOL - Winter Break |

| <i>Teacher Days:</i> 19 <i>Student Days:</i> 18 | | | | | | | <i>Teacher Days:</i> 16 <i>Student Days:</i> 16 | | | | | | |
|--|----|----|----|----|----|-----|--|----|----|----|----|----|-----|
| JANUARY 2021 | | | | | | | FEBRUARY 2021 | | | | | | |
| Sun | M | T | W | T | F | Sat | Sun | M | T | W | T | F | Sat |
| | | | | | 1 | 2 | | | | | | | |
| 3 | 4 | 5 | 6 | 7 | 8 | 9 | | 1 | 2 | 3 | 4 | 5 | 6 |
| 10 | 11 | 12 | 13 | 14 | 15 | 16 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |
| 17 | 18 | 19 | 20 | 21 | 22 | 23 | 14 | 15 | 16 | 17 | 18 | 19 | 20 |
| 24 | 25 | 26 | 27 | 28 | 29 | 30 | 21 | 22 | 23 | 24 | 25 | 26 | 27 |
| 31 | | | | | | | 28 | | | | | | |
| <i>Teacher Days:</i> 20 <i>Student Days:</i> 19 | | | | | | | <i>Teacher Days:</i> 19 <i>Student Days:</i> 19 | | | | | | |
| MARCH 2021 | | | | | | | APRIL 2021 | | | | | | |
| Sun | M | T | W | T | F | Sat | Sun | M | T | W | T | F | Sat |
| | | | | | | | | | | | 1 | 2 | 3 |
| | 1 | 2 | 3 | 4 | 5 | 6 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| 7 | 8 | 9 | 10 | 11 | 12 | 13 | 11 | 12 | 13 | 14 | 15 | 16 | 17 |
| 14 | 15 | 16 | 17 | 18 | 19 | 20 | 18 | 19 | 20 | 21 | 22 | 23 | 24 |
| 21 | 22 | 23 | 24 | 25 | 26 | 27 | 25 | 26 | 27 | 28 | 29 | 30 | |
| 28 | 29 | 30 | 31 | | | | | | | | | | |
| <i>Teacher Days:</i> 23 <i>Student Days:</i> 22 | | | | | | | <i>Teacher Days:</i> 20 <i>Student Days:</i> 20 | | | | | | |
| MAY 2021 | | | | | | | JUNE 2021 | | | | | | |
| Sun | M | T | W | T | F | Sat | Sun | M | T | W | T | F | Sat |
| | | | | | | 1 | | | | | 3 | 4 | 5 |
| 2 | 3 | 4 | 5 | 6 | 7 | 8 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| 9 | 10 | 11 | 12 | 13 | 14 | 15 | 13 | 14 | 15 | 16 | 17 | 18 | 19 |
| 16 | 17 | 18 | 19 | 20 | 21 | 22 | 20 | 21 | 22 | 23 | 24 | 25 | 26 |
| 23 | 24 | 25 | 26 | 27 | 28 | 29 | 27 | 28 | 29 | 30 | | | |
| 30 | 31 | | | | | | | | | | | | |
| <i>Teacher Days:</i> 20 <i>Student Days:</i> 20 | | | | | | | <i>Teacher Days:</i> 4 <i>Student Days:</i> 3 | | | | | | |

January & February

| | |
|-------------------------|------------------------------|
| Jan. 4th: | Return from Winter Break |
| Jan. 22nd | End of 2nd Qtr / Sem 1 |
| Jan 25 th | NO SCHOOL - Teacher Work Day |
| Feb. 15 th : | NO SCHOOL - Presidents Day |
| Feb. 26th | FHS Mid Term Reports |

March & April

| | |
|--------------------------|-------------------------------|
| Mar. 3rd | FHS Parent/Teacher Conference |
| March 19 th : | NO SCHOOL - Exchange Day |
| April 1st | End of 3rd Quarter |
| April 2nd: | NO SCHOOL - Good Friday |
| April 5 th : | NO SCHOOL - Spring Break |

May & June

| | |
|-----------------------|---------------------------------|
| May 4th | FHS Mid Term Reports |
| May 28th | Last Day for Seniors |
| May 31st: | NO SCHOOL - Memorial Day |
| Jun 3rd: | LAST DAY OF CLASSES K-11 |
| Jun 4 th : | Last Day for Teachers |
| June 6th | Graduation Day |

Strategies for Improving Instruction, Curriculum, & Student Achievement

Instruction & Student Achievement

District-Wide Strategies (PreK-12)

Goal #1: Ready for K

- Students are assessed **three times** (3x's) a year (Fall / Winter / Spring) using the STAR Early Literacy Assessment.
- Preschool students are assessed **three times** (3x's) a year (Fall / Winter / Spring) using Individual Growth and Development Indicators (IGDIs).
- A community-wide Early Childhood Screening is required before entry into Kindergarten. All enrolling children must be 5 by September 1, been screened, and have required immunizations in place.

- Continue to improve/advertise Kindergarten/pre-school round-up in order to attract and retain student numbers.
- The district offers pre-school classes and is driving to make pre-school more accessible to families in the community whose children hadn't attended due to limited space and / or cost in the past.

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| <u>Goal #2:</u> Read Well by Gr. 3 |
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- Alignment of curriculum including writing "I Can" statements and pacing guides.
- Ensuring Reading, Math, and Science curriculum is aligned

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| <u>Goal #3:</u> Closing the Achievement Gap in Student Sub Groups |
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- Currently using STAR as a method of screening and progress monitoring students.
- IGDIS assessment for pre-school aged children. IGDIS assessment data will drive instruction and interventions.
- Continue to maintain the bookroom of leveled materials that was created for use in Tier I, II, and III interventions.
- Staff will continue implementation of Journey's phonics program for grades K-3.
- Implement Math Expressions
- Continue use of Journey's Curriculum
- Leveled Literacy Intervention materials for Tier III student populations.
- Continue with the after school & summer targeted services programs.
- Additional intervention software titles have been purchased and computers have been added to the prep schedule to allow students time to utilize these intervention software programs.
- After-school tutoring program for Students in Gr. 6-12.
- Continue technology discussions to continue to move forward with investigation of what technology needs are necessary for 21st century learning.
- Learning Sciences International – all students
- Teaming activities

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| <u>Goal #4:</u> 100% Graduation Rate |
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- The district has purchased iPads to be utilized within the general, Title, and special education classrooms.
- The leadership team continues to visit other schools in order to observe and bring back best practice strategies.
- Continue to move forward with PBIS staff training and implementation in order to decrease behaviors and increase instructional opportunities.
- Support the Strive program which assigns a mentor to senior students who are showing signs of struggling to meet graduation requirements.

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| <u>Goal #5:</u> Career & College Readiness |
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- Develop & maintain a strong curriculum to prepare students for life-long learning & the World's Best Workforce.
- Increase academic rigor, accountability, & learning opportunities for all students by developing a plan to prepare students for the World's Best Work Force (WBWF).
- Maintain financial stability & an adequate Fund Balance.
- Monitor the District's financial condition while maintaining programs & services at maximum efficiency.
 - Monitor & evaluate the effects of fiscal governance on program effectiveness.
- Work with Legislative Leaders & Government Organizations to address funding, policy, & issues affecting education:
 - Provide Legislative Leaders & Government Organizations with information and data supporting initiatives that affect International Falls Public Schools and Public Education.
 - Invite Legislators to attend a school board meeting and meet with Legislators
- Develop individualized learning plans for all 8th grade students.
 - Guidance Department will initiate learning plans for all prospective 9th grade students with the oversight from their families for grades 9 – 12.
- Career exploration activities conducted by Guidance Department
- Support Office of Job Training programs offered to high school students which includes career assessments.

ADOPTION CYCLE: CALENDAR BUDGET INFORMATION

| 10/1/2012 | Department | Pro Code | Planning Year | Budget / Adoption Year | 1st School Year in Classroom | Department | Pro Code | Planning Year | Budget / Adoption Year | 1st School Year in Classroom | Department | Pro Code | Planning Year | Budget / Adoption Year | 1st School Year in Classroom |
|-----------|--------------------------------------|---------------|---------------|------------------------|------------------------------|-------------------------------|-------------------|--|------------------------|------------------------------|--------------------------------------|-------------------|---------------|------------------------|------------------------------|
| | Science | Pro 260 | 2001 - 2002 | | ----- | Science | Pro 260 | 2008 - 2009 | 2008 - 2009 | 2008 - 2009 | Science | Pro 260 | 2015 - 2016 | 2016 - 2017 | 2016 - 2017 |
| | Language Arts | Pro 220 & 230 | 2002 - 2003 | | ----- | Math | Pro 256 | 2009 - 2010 | 2010 - 2011 | 2010 - 2011 | Math | Pro 256 | 2016 - 2017 | 2017 - 2018 | 2017 - 2018 |
| | Math | Pro 256 | 2003 - 2004 | FY 2005 | FY 2005 | Language Arts | Pro 220 & 230 | 2010 - 2011 | 2011 - 2012 | 2011 - 2012 | Language Arts | Pro 220 & 230 | 2017 - 2018 | 2018 - 2019 | 2018 - 2019 |
| | Social Studies | Pro 270 | 2004 - 2005 | FY 2006 | FY 2006 | Social Studies | Pro 270 | 2011 - 2012 | 2012 - 2013 | 2012 - 2013 | Social Studies | Pro 270 | 2018 - 2019 | 2019 - 2020 | 2019 - 2020 |
| | Business | Pro 215 | 2004 - 2005 | FY 2006 | FY 2006 | Business | Pro 215 | Switch adoption cycle year to 2013 - 2014 2011 - 2012 | 2012 - 2013 | 2012 - 2013 | Business | Pro 215 | 2018 - 2019 | 2019 - 2020 | 2019 - 2020 |
| | Family Living Science (FACS) | Pro 250 | 2005 - 2006 | FY 2007 | FY 2007 | Family Living Science (FACS) | Pro 250 | 2012 - 2013 | 2013 - 2014 | 2013 - 2014 | Family Living Science (FACS) | Pro 250 | 2019 - 2020 | 2020 - 2021 | 2020 - 2021 |
| | Family Life Science (Vo-Tech) | Pro 331 | 2005 - 2006 | FY 2007 | FY 2007 | Family Life Science (Vo-Tech) | Pro 331 | 2012 - 2013 | 2013 - 2014 | 2013 - 2014 | Family Life Science (Vo-Tech) | Pro 331 | 2019 - 2020 | 2020 - 2021 | 2020 - 2021 |
| | Industrial Education | Pro 255 | 2005 - 2006 | FY 2007 | FY 2007 | Industrial Education | Pro 255 | Switch adoption cycle year to 2012 - 2013 2012 - 2013 | 2013 - 2014 | 2013 - 2014 | Industrial Education | Pro 255 | 2019 - 2020 | 2020 - 2021 | 2020 - 2021 |
| | Trade & Industrial | Pro 361 | 2005 - 2006 | FY 2007 | FY 2007 | Trade & Industrial | Pro 361 | 2012 - 2013 | 2013 - 2014 | 2013 - 2014 | Trade & Industrial | Pro 361 | 2019 - 2020 | 2020 - 2021 | 2020 - 2021 |
| | PE / Health | Pro 240 | 2006 - 2007 | FY 2008 | FY 2008 | PE / Health | Pro 240 | 2012 - 2013 | 2013 - 2014 | 2013 - 2014 | PE / Health | Pro 240 | 2020 - 2021 | 2021 - 2022 | 2021 - 2022 |
| | PE / Health | Pro 240 | 2006 - 2007 | FY 2008 | FY 2008 | PE / Health | Pro 240 | 2013 - 2014 | 2014 - 2015 | 2014 - 2015 | PE / Health | Pro 240 | 2020 - 2021 | 2021 - 2022 | 2021 - 2022 |
| | Music | Pro 258 | 2006 - 2007 | FY 2008 | FY 2008 | Music | Pro 258 | 2013 - 2014 | 2014 - 2015 | 2014 - 2015 | Music | Pro 258 | 2020 - 2021 | 2021 - 2022 | 2021 - 2022 |
| | Music | Pro 258 | 2006 - 2007 | FY 2008 | FY 2008 | Music | Pro 258 | 2013 - 2014 | 2014 - 2015 | 2014 - 2015 | Music | Pro 258 | 2020 - 2021 | 2021 - 2022 | 2021 - 2022 |
| | Community Ed | Pro 500's | 2006 - 2007 | ??? | ??? | Music | Pro 258 | 2013 - 2014 | 2014 - 2015 | 2014 - 2015 | Community Ed | Fd 04 / Pro 500's | 2020 - 2021 | 2021 - 2022 | 2021 - 2022 |
| | Arts | Pro 212 | 2006 - 2007 | ??? | ??? | Music | Pro 258 | 2013 - 2014 | 2014 - 2015 | 2014 - 2015 | Arts | Pro 212 | 2020 - 2021 | 2021 - 2022 | 2021 - 2022 |
| | Special Needs (Work Experience) | Pro 380 | 2006 - 2007 | ??? | ??? | Community Ed | Fd 04 / Pro 500's | 2013 - 2014 | 2014 - 2015 | 2014 - 2015 | Special Needs (Work Experience) | Pro 380 | 2020 - 2021 | 2021 - 2022 | 2021 - 2022 |
| | General Instruction (non-curriculum) | TBD | 2007 - 2008 | 2008 - 2009 | 2008 - 2009 | Arts | Pro 212 | 2013 - 2014 | 2014 - 2015 | 2014 - 2015 | General Instruction (non-curriculum) | TBD | 2021 - 2022 | 2022 - 2023 | 2022 - 2023 |

Effective Practices Being Used**High-Quality Instruction****Ready for K**

Currently, teachers have been trained in STAR Early Literacy, which provides information to better understand student performance & improve instruction regarding reading readiness.

- 2.0 FTE → Preschool Teachers
- 1.0 FTE → Early Childhood / Family Education (ECFE) Teacher

In addition, Pre-K staff uses a variety of materials to cover the Early Childhood Indicators of Progress. These materials include:

- Splash into PreK Literacy Program
- Visual Phonics
- Everyday Math
- 2nd Step Social Skills curriculum
- Literacy Stations



BRONCO PRIDE

PRESCHOOL REGISTRATION!

FEBRUARY 27, 2020

OPEN HOUSE 5:30-8:00

EARLY REGISTRATION AVAILABLE FOR CURRENTLY ENROLLED FAMILIES

11:00-1:00

MEET THE TEACHERS, SHARE IN A DELICIOUS SPAGHETTI, AND EXPLORE OUR PRESCHOOL CLASSROOMS

- Splash into Pre K Reading Curriculum
- Everyday Math Curriculum
- Second Step Social Skills Curriculum
- Different Curriculum for 3 and 4-Year Old Students
- Music and Movement
- Nutritious Snacks Provided
- Science and Exploration
- Language and Literacy
- Positive Behavior Intervention and Supports System



- iPads and Smartboards in every classroom
- Highly Qualified Teachers Specialized in Early Childhood Education

Bus provided in the morning and after school.

*Half day program children can take the bus to school for the morning program and can take the bus home from the afternoon program.

Tuition Fees will be similar to 19-20 fees. Fees are waived based on income eligibility guidelines.

3/4 Combo

Tuesday-Friday: 8:30-11:00
 Tuesday-Friday: 12:30-3:00

3 yr. olds

Tuesday & Thursday:
 8:30-3:00

4 yr. olds

Monday-Friday: 8:30-3:00
 Monday-Wednesday-Friday:
 8:30-3:00

ECFE Play & Learn Classes**ECFE Play & Learn Classes**

Our Play & Learn class is open to parents/caregivers AND their children, ages birth through 5 years. All classes have mixed ages. Children and parents spend the first portion of class together, learning through art, music, stories and a variety of developmental activities. Your child will have the opportunity to build relationships with peers and to participate in small and large group activities, free play, teacher-led experiences and a short snack time.

For the remainder of class time, the children's learning experience continues while parents meet together to discuss various parenting topics.

Not only is this a time for you and your young child to bond outside of his or her usual home environment, it is also a time to connect with other parents, talk about concerns, exchange stories and offer/receive advice about the struggles that parents of young children face. This time will allow you to form friendships and a network of support with others who experience the same joys and challenges of parenting that you do.

**ECFE Event Planning Committee**

Education is a partnership between home and school. We value parent involvement and encourage you to partner with us. That is why the ECFE Event Planning Committee is comprised of both teachers and parents, whose input helps us create a program that meets the needs of its participating families. We work together to plan ECFE events and to brainstorm new ideas for the future in order to keep the classes and events fun and exciting.

We encourage you to consider volunteering to be a representative from your class! New board members are always welcome and greatly appreciated. Also, please feel free to contact the board at any time with questions, concerns and ideas by contacting your class instructor.

Contact Information

You may contact Community Education at any time for general ECFE information or to register for classes at (218) 283-2571 Ext. 1186

Play & Learn Classes

School Readiness Classes

You may also contact the ECFE instructors directly:

ECFE Special Events

Mandi Baron (ECFE Play & Learn Instructor and 3 year old School Readiness Instructor) – Ext. 1273

Missy Walls (4 year old School Readiness Instructor) – Ext. 1267

Kristie LaVigne (3 & 4 year old School Readiness Instructor) – Ext. 1268

Located in

Falls Elementary School



Building Blocks for Family & School Success



What is ECFE?

Early Childhood Family Education (ECFE) classes are designed for any and all families with children ages birth through 5. At ECFE, we understand that you are your child's first and most influential teacher. Our goal is to support you in your child-raising journey and it is our mission to provide the best possible environment for the healthy growth and development of your children.

Goals of ECFE

- ❖ To support children's optimal physical, intellectual, social and emotional development during the important early years of life
- ❖ To encourage parent involvement in children's learning, development and education
- ❖ To promote healthy relationships and effective communication between parents and children
- ❖ To help parents develop informed, realistic attitudes and expectations about raising children
- ❖ To help parents build strong support networks and utilize community resources for families

Please read on about the different classes and activities that ECFE offers to decide what level of involvement is right for you and your family.

ECFE School Readiness Classes

School Readiness Preschool is for children ages 3 to 5. The goal of school readiness is to prepare and support all students in achieving high standards of learning and development before they enter Kindergarten – emotionally, intellectually, physically and socially. Our preschool program includes:

- Reading and Math Curriculum used by ISD 361
- Character Education / Social Skills
- Music & Movement
- Science Exploration
- Language & Literacy
- Technology

Income based tuition options

Class Options:

❖ **3 yr. olds:**

- T-Fri...8:30-11:00
- T-Fri...12:30-3:00
- T & Th...8:30-3:00

❖ **4 yr. olds:**

- M-Fri...8:30-3:00
- M-W-F...8:30-3:00



ECFE Class Options

Monday..8:30-10:00am

Monday.....6:00-7:30pm

Tuition is \$30 per quarter

+\$15 for an additional child

ECFE Special Events for 2019-20

Special Note:

All quarterly events are open to the public – enrollment in an ECFE class is not necessary in order to attend.

September.....ECFE Class Registration
 October.....Halloween Spooktacular
 December.....Stories with Santa
 February..... Valentine's Dance
 April.....Easter Eggstravaganza
 May.....Fishing with Family

Other Events

Aside from the events listed above, we also have “mini” events that we partake in during scheduled class times, and therefore are only available to children enrolled in ECFE classes. Some examples are:

- Cooking with kids night
- Winter sledding
- Special musical guests
- A visit to the local fire station
- Nature Hike in Voyageurs National Park

| |
|---------------------------|
| Read Well by Gr. 3 |
|---------------------------|

Kindergarten through Grade 3: Currently, teachers have been trained in STAR Early Literacy / STAR Reading Assessments, and Guided Reading. Some staff members have been trained in the use of Leveled Literacy Intervention. Working on alignment of curriculum to state standards.

Assessments

- STAR Early Literacy or STAR Reading assessment (K-3)
- Tier I, II, III Assessments
- Journey's Comprehensive Reading assessment will be done in the fall and spring of the year (Grades K-5).
- STAR assessment
- Star Early Literacy (Pre-K)—Fall / Winter / Spring.
- Tier II & III Intervention

The chart below uses the 40th & 50th % rankings for each grade level assessment given. The scale score range shows where a student needs to be in Fall, Mid-Year, & Spring to make adequate growth towards Grade Level Proficiency.

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| | | | | |
|------------|--------------|-------------|--------------|-------------|
| Pre School | Kindergarten | First Grade | Second Grade | Third Grade |
|------------|--------------|-------------|--------------|-------------|

| | | | | | |
|--|--|------------------------------|---|---|---|
| Scale Score to Achieve Proficiency FALL | Informal assessment to establish baseline skills | 469-494 (STAR Early Lit.) | 560-587 (STAR Early Lit.) 72-78 (STAR Reading) | 705-730 (STAR Early Lit.) 166-197 (STAR Reading) | 775-796 (STAR Early Lit.) 310-344 (STAR Reading) |
| Scale Score to Achieve Proficiency MID-YEAR | Informal assessment to establish baseline skills | 519-546 (STAR Early Lit.) | 645-672 (STAR Early Lit.) 88-99 (STAR Reading) | 747-770 (STAR Early Lit.) 232-263 (STAR Reading) | 802-819 (STAR Early Lit.) 352-384 (STAR Reading) |
| Scale Score to Achieve Proficiency SPRING | Informal assessment to establish baseline skills | 574-600 (STAR Early Lit.) | 723-747 (STAR Early Lit.) 150-181 (STAR Reading) | 783-803 (STAR Early Lit.) 299-334 (STAR Reading) | 825-838 (STAR Early Lit.) 394-436 (STAR Reading) |

Multi-tiered System of Support

Our district uses the RTI (Response to Intervention) model. In this model, all students receive grade level material in Tier I. Tier II is designed for those students who are identified as slightly below grade level. Tier III is designed for those students who are significantly below grade level. Based on STAR Early Literacy and STAR Reading results students are moved within the multi-tiered system.

Pre-K:

Teachers will use data to drive instruction to have all learners meeting Early Childhood Indicators of Progress. For students not meeting the indicators of progress, instruction is modified based upon individual student need.

Kindergarten through Gr. 3:

All students are initially tested using the STAR Early Literacy and STAR Reading Assessment.. If results show they are struggling in a specific area, teachers may further screen students using the Journey's Comprehensive Assessments, or Leveled Literacy Intervention Assessments. Based on results from the previously mentioned assessments, Tier II and Tier III teachers will meet with classroom teachers to identify those students that score in the "on watch", "intervention" or "urgent intervention" categories.

Pre-K through Gr. 3:

For students in preschool through grade 3 we have staff to provide students with Indian Education Tutoring and English as a Second Language (ESL) services. If a student's parent or grandparent is a member of or affiliated with a band or tribe in the United States or Canada and the student is enrolled in the school district, they are eligible for Indian Education Tutoring services. Students focus on basic skills needed to successfully complete daily work and are given the tools they need to succeed in their academic achievement. They are also provided with cultural enrichment programs, help in developing positive self-concepts and confidence. Students also can attend workshops and go on field trips to help in their decision making about post-secondary education, which in turn will help reduce the dropout rate.

Staff members work with general education teachers to pinpoint specific areas of need or intervention. Both programs use the same Tier I, II and III language arts curriculums that students in general education classes, but students in both programs work with staff in a 1:1 setting which allows for an increase in language and linguistic needs for students.

Closing the Achievement Gap in Student Subgroups

- 1.0 FTE → Licensed English Language Learner (ELL) Teacher (Gr. K-12)
- 11.0 FTE → Licensed Special Education (SPED) Teachers (Gr. PreK-12)
 - 6.0 FTE Licensed Teachers (Birth – Gr. 5)
 - 5.0 FTE Licensed Teachers (Gr. 6 – 12)
- 3.2 FTE → Title I Personnel

- 1.6 FTE Licensed Teachers
- 1.6 FTE Paraprofessional Aides

Graduation Rate

- According to the North Star Report, the 4 year Graduation Rate for Falls High School for the 2020 fiscal year was **89.7%**.

Career & College Readiness

- 1.0 FTE → Licensed School Counselor (LSC) dedicated to students in Gr. PreK – 12.
- 2.0 FTE → Licensed Social Worker dedicated to Gr. PreK – 12.
- The *iSEEK* and *O*NET* Programs are used to begin tracking student goals for Careers or Colleges beginning in Gr. 9-12.

| Grade Level Offered | Career & Technical Education (CTE) Courses Offered | Elective Area |
|---------------------|--|---------------------------------------|
| Gr. 8 | Family & Consumer Science | FACS |
| Gr. 9, 10, & 11 | Life Skills & Parenting | FACS |
| Gr. 9, 10, 11, & 12 | Food & Sport | FACS |
| Gr. 9, 10, 11, & 12 | Textiles & Fashion | FACS |
| Gr. 9, 10, 11, & 12 | Art Metals | Industrial Technology |
| Gr. 9, 10, 11, & 12 | Introduction to Computer Aided Drafting & Design (CADD I & II) | Industrial Technology |
| Gr. 9, 10, 11, & 12 | Introduction to Wood Technology (Woods I) | Industrial Technology |
| Gr. 9, 10, 11, & 12 | Wood Technology, Process, & Design (Woods II) | Industrial Technology |
| Gr. 9, 10, 11, & 12 | Hot Metals I | Industrial Technology |
| Gr. 9, 10, 11, & 12 | Hot Metals II | Industrial Technology |
| Gr. 9, 10, 11, & 12 | Introduction to Desktop Publishing | Business Education |
| Gr. 10, 11, & 12 | Cabinet Making | Industrial Technology |
| Gr. 10, 11, & 12 | Engineering | Engineering |
| Gr. 10, 11, & 12 | C / E MR Graphic Production / Yearbook | Business Education |
| Gr. 11 & 12 | Nutrition for Today | FACS |
| Gr. 11 & 12 | On Your Own | FACS |
| Grade Level Offered | College in the High School Courses / Concurrent Enrollment | College Credit / College Partner |
| Gr. 11 & 12 | AP (Advanced Placement) English Language Composition | Exam Score may Waive Freshman English |
| Gr. 11 & 12 | English Composition I | BSU |
| Gr. 11 & 12 | English Composition II | BSU |
| Gr. 11 & 12 | World Literature | Lake Superior |
| Gr. 11 & 12 | American Literature of the 19 th Century | BSU |
| Gr. 11 & 12 | Beginning College Algebra | BSU |
| Gr. 11 & 12 | College Algebra | BSU |
| Gr. 11 & 12 | Pre-Calculus | BSU |
| Gr. 11 & 12 | Calculus | BSU |
| Gr. 11 & 12 | Modern European History (To 1815) | Lake Superior |
| Gr. 11 & 12 | Modern European History (From 1815 – Present) | Lake Superior |
| Gr. 11 & 12 | Introduction to Business | BSU |
| Gr. 11 & 12 | Graphic Productions: Design & Layout with InDesign | Mesabi Range |
| Gr. 11 & 12 | Nursing - CNA | Hibbing Community College |
| | | |

Rigorous Curriculum

Ready for K

School Readiness:

Students in the **International Falls Public School District** ECFE School Readiness **Pre-K Program** who are not proficient in early literacy reading skills receive daily one-on-one support or small group interventions from licensed teachers.

Read Well by Gr. 3

Literacy Plan

Currently the district has a Reading Well by Third grade committee who will be doing leg work on best practice strategies for teaching reading to all grade levels Pre K-5. Although it is reading well by third grade the district has chosen to implement initiatives with all grades appropriate.

- The Elementary Principal will continue to provide staff with current research based best practice academic instruction.
- The Elementary Principal plays an active role in communicating with staff, reviewing student data & assisting with various committees to ensure that appropriate research based instruction is occurring.
- The Elementary Principal has formed a Leadership Team that will help develop & implement best practices for all staff. This team does site visits in order to stay current in best practice strategies.

Leveled Literacy Intervention (LLI) is a small-group intervention program designed to help teachers provide daily, small-group instruction to our most struggling readers in K-3. The program components are:

- Interactive Read-Aloud and Literature Discussion
- Shared Reading
- Writing
- Phonics
- Spelling
- Word Study
- Guided Reading

Interventions used at the Elementary Schools in the International Falls Public School include the following:

- Response to Intervention
- Differentiated Instruction
- Cognitively Guided Instruction

Currently, grades Kindergarten through Grade 3 use the following curriculum resources:

- Journey's Reading & Writing
- Guided Reading (Tier I Instruction)
- Leveled Libraries in each classroom and a book room to supplement differentiated reading instruction.
- Journey's Phonics series

Closing the Achievement Gap in Student Subgroups

Title 1

Title I is a federally funded program that ensures that all children have a fair, equal, and significant opportunity to obtain a high-quality education and reach -- at a minimum -- proficiency on challenging state academic achievement standards and state academic assessments.

Title I funds in 2018 - 19 will pay for the following to assist struggling students with Reading & Math:

- 1.6 FTE Licensed Teachers
- 1.6 FTE Paraprofessional Aides
- Administrative Assistance
- Instructional Supplies
 - Accelerated Reader Site License
 - Star Reading Site License
 - STAR Assessment
 - Compass Learning
- Staff Development
 - Curriculum alignment
 - Formative assessment

The Title I program is Site-Based & currently serves students in Gr. K – 5.

Special Education

CIMP – Continuous Improvement Monitoring Process

This is a collection & analysis of data with the principle objective of determining special education program quality and compliance. This process is about systemic practice and not intended for individual staff evaluation or specific student review. CIMP is a 5-year cycle and involves review of special education files, correction of any errors found and an onsite review from MDE (Minnesota Department of Education). The **Northland Special Education Cooperative** serves the **International Falls School District** and is responsible for the CIMP process involving special education files within the district.

The Special Education Program & services that each child requires is based on an assessment or evaluation. If the student meets the criteria for special education and is in need of special education services, a comprehensive **Individual Educational Plan (IEP)** or **Individual Interagency Intervention Plan (IIIP)** is then written which includes the results of the evaluation, student needs, goals & objectives set by the team, services to be provided, and times & frequency of progress reports.

Students in the **International Falls Public School District** who are eligible for Special Education Services receive those services through the **Northland Special Education Cooperative**. Special Services are provided to children (Birth through Age 21) with the following handicapping conditions (see next page):

Special Education Categories

- Early Childhood Special Education
- Autism Spectrum Disorders
- Deaf – Blind
- Emotional or Behavioral Disorders (EBD)
- Deaf & Hard of Hearing
- Developmental Cognitive Disability (DCD)
- Other Health Disabilities (OHD)
- Physically Impaired
- Severely Multiply Impaired
- Specific Learning Disability (SLD)
- Speech or Language Impairments
- Traumatic Brain Injury
- Visual Impairment
- Development Adaptive Physical Education (DAPE) 202

Program for Developmental Cognitive Disability (DCD)

The secondary program for students with DCD serves students ages twelve (12) through twenty-one (21). This program features concentration on developing skills & abilities in areas including:

- Independent Living
- Vocational Work Experience
- Community Integration
- Functional Academics
- Speech
- Language
- Communication
- Gross & Fine Motor Coordination
- Socio-Behavioral Adaptation

Additionally, supplemental support services are provided based on individual needs. The overall goal of the program for students with DCD is to assist each student in reaching his / her fullest potential.

Program for Specific Learning Disability (SLD)

The purpose of this program is to serve students identified as Learning Disabled through individualized testing by qualified personnel. Referrals are made by teachers, counselors, or parents. Students with SLD may be assisted in the Resource Room or the Regular Classroom. They may be helped during class time with:

- Reading Tests Aloud
- Classroom Assignments
- Other Areas as Deemed Appropriate in the IEP

If necessary, these students may be served in a SLD Class instead of a mainstream class in any academic area in which the student qualifies.

Program for Emotional / Behavioral Disorders (EBD)

The Emotional / Behavioral Disorder Program (EBD) is designed to accommodate and meet the individual needs of students in Gr. 7-12 who are experiencing some behavioral & emotional difficulties in school. Students are referred to the program by parents, classroom teachers, counselors, or the principal. In order for students to qualify for the EBD program, they must first be tested to determine the student's eligibility and educational needs.

The Special Education Department currently serves approximately 15.8 % of the K - 12 student population.

ELL Program (English Language Learner)

International Falls Public Schools offers a comprehensive program of educational services for students who are in the process of learning the English Language (EL). The goals of this program are to:

- Support students within the framework of our regular education programs.
- Provide direct English language instruction necessary for the students to be able to fully participate in all facets of their education.
- Ensure that students have the opportunity to successfully meet educational standards.
- Produce students who can show proficiency on accountability testing within three to six years of entering the program.

English language instruction is based on the WIDA Standards, and addresses the social and academic language needs in the areas of reading, writing, listening, and speaking. For students in levels 2-5, the bulk of language instruction is content-based. As much as possible, the district avoids isolating EL students from their peers. Through service learning and participation in school and extra-curricular activities, every effort is made to assure that EL students have equal, meaningful opportunities in all facets of their education.

Students who qualify for English as a Second Language services are students whose first language is not English. Staff assesses these students to see where the student is performing at and what areas they need help in. Students use a wide range of resources to aid in the development of their oral language skills.

The ELL Program currently serves approximately 0.8% (or < 1%) of the K-12 student population.

Targeted Services

Targeted Services are for students in Gr. K-8. It is a learning-year program and is funded with general education revenue. Instruction is designed to meet individual student learning styles as well as their social and emotional needs. Targeted Services must be a year-round program and occur outside the typical school day. Targeted Services are offered through the **Northland Learning Center** for the **International Falls Public School District**.

Instructional Technology

Technology Plan

Mission Statement:

School District #361 Mission Statement

In partnership with parents and the community, the International Falls School District will prepare every student to become a productive citizen by developing their maximum potential within a safe climate of mutual respect and trust.

School District 361 Vision Statement

The vision of the International Falls Schools is to be a model of excellence in academics, student activities, technology, and efficient school district operations.

Technology Mission Statement

The technology mission of the International Falls Public School System is to address the need for all students and stakeholders to be literate and competent in the use of technology.

Technology Vision for the Use of Technology

The technology vision of the International Falls Public School System is to provide a technologically-rich, standards-driven environment that supports all learners and staff and enables them to maximize their personal successes in a rapidly changing world.

Technology Needs Assessment:

ISD 361 utilizes the MDE Technology Survey for assessing not only our technology needs, but our technological proficiency, as well, within the classroom. Please see the **Evaluation** section, part **D**, for details and summary.

Goals & Strategies:

It is often said that a vision is a dream with a plan. It is through intellectualized dreaming, with careful planning, that great things happen. Too often educators are cited for limiting their vision because of their past experiences. However, it is the nature & culture of the International Falls school district to look beyond what has been and dare to create what can be. When educators, with the support of their community, model greatness, enthusiasm, care, and encouragement, students gain the energy to become engaged in the learning process and perform to greater expectations.

The School District #361 technology and mission statements have been developed through a consensus process by the Technology Committee. The statements and philosophy have been developed through a series of committee meetings and reflect a desire to support the overall mission statement of the International Falls School District.

Students in ISD 361 encounter structured computer use curriculum from kindergarten on up through graduation. Core instruction is required at the elementary level, including keyboarding, along with a variety of online curriculum and assessment tools. This culminates with our mandatory eighth grade Exploring Computers course, ensuring computer literacy of all students. Coursework past this point includes elective courses in desktop publishing, accounting, computer assisted drafting and design, graphic production, and a whole suite of productivity software.

Evaluation:

ISD 361 will continue to implement the MDE Technology Survey for assessing our current state of technological proficiency within the classroom, retaken annually, thereby identifying our weaknesses and strengths. Only certified teachers working directly with students took the survey. Of course, our ultimate goal is for all teachers to consider themselves leaders and fully prepared in all areas of technology.

Level of Skill

By and large, the overall message inferred from the mass of responses is that the teaching staff of ISD 361 uses technology frequently and feels comfortable and prepared to do so. No teachers responded that they are non-users of technology and only 3% indicated novice status. Most declared themselves average, while over a third estimated their abilities to be very good. A handful felt confident enough to accept leadership roles.

Preparedness

By far, teachers felt most prepared to use email and word processing, the two most pervasive and effective means of communication, as well as utilizing Internet resources, with 0% reporting they were not prepared. In contrast, this same group felt they needed the most training with PowerPoint and Excel, however, PowerPoint has a much greater student impact than Excel, which is not a frequently used application. Teachers were comfortable with content specific applications, drill and practice, using online catalogs, and performing online research, with an average of 90% committing to being somewhere between *somewhat* and *fully prepared* to use these resources. Over a quarter felt unprepared to use our integrated learning system, *Compass*, but that has primarily an elementary availability, skewing our K-12 survey results. Of most interest, were the SMART Board results. Even though these tools are used daily and effectively, nearly a quarter of responders said they felt unprepared. Upon further investigation, it was revealed that teachers were very comfortable exercising the skill set they have developed, within its constraints, but wanted to expand it to areas, capabilities, and applications of which they are unfamiliar.

Training Requests

We can break requests down into two areas; applications and resources where teachers reported they specifically don't need training, and the one stand-out where training is sought. Teachers are not interested in further in-service time spent on Internet resources, library catalogs, online research, PowerPoint, word processing, and even spreadsheets, even though the latter was reported as an area where teachers were not prepared. The root of the apparent contradiction is that spreadsheets are not viewed as being terribly useful in many classrooms, especially elementary. Therefore, further study here is not a priority. SMART Boards have proven to be an effective and engaging classroom tool. Teachers use these frequently as a daily lesson plan component. SMART offers many tools, utilities, and functions that teachers have not had opportunity to learn. More SMART Board training is the top teacher request.

Frequency of Use

For those that have a SMART Board, it is used daily, sometimes heavily each day. The data here is misleading, as a number responded they never use a SMART Board, but do not have one in their classroom. The survey, unfortunately, didn't break down responders according to their room appointments. Other daily or weekly used materials include Internet resources and word processing as the most popular. The least utilized, all the way down to never, are library catalogs, online databases, PowerPoint, and online videos.

Methodology of Instruction

Half of the responders indicated the most common delivery of technology in the classroom is a mix of incorporating the whole group during instruction, but, at other times, to involve students in independent endeavors. The remaining half was a near equal split between those exclusively incorporating a whole group approach and those exclusively relying on structuring students to work independently.

Communication Tools

When teachers initiate communication with parents, they prefer e-mail or phone as primary delivery means. Few initiate contact through our student management system & social media avenues are blocked within the ISD 361 network.

Technology Adequacy

When asked a Yes / No question, 74% of teachers indicated that the technology tools they have available allow them to complete their work both efficiently & effectively. Regarding students, this affirmative response drops to 67%. Obviously, this also means that a 1/3 of the teachers feel that technology availability to students is inadequate.

Summary

The good news is that, as a whole, our teaching staff feels prepared and adequately appointed to deliver curriculum and other course content through technology. However, there is room for progress. Clearly, as a district, we must work together to find means to overcome the challenges of providing in-service and workshop sessions for teachers regarding any new technology. In particular, the survey exposed SMART Board training as an area where over half of responders reported they wanted more training.

Best Practices:

Technology Objectives for Learners

Goal #1 → Apply Technology

Equal instructional opportunities will be developed for each student and teacher by integrating technology into all areas of the curriculum as well as classroom and administrative management.

Goal #2 → Increase Knowledge

Core knowledge, technological learning, and social skills will be enhanced for lifelong success.

Goal #3 → Distribute Resources

The School District will provide and maintain District-wide networks so that all learners, teachers, and administrators will have equal access to all resources.

Strengths:

- We have a strong wireless infrastructure and are in the process of putting new fiber from FHS to FES.
- The following initiative has been discussed as sustainable implementations. Cost feasibility and learner ability to benefit are primary decision-making factors. The technological premise for delivering these resources mandates the deployment of current desktop hardware and operating systems, stable infrastructure (cabling), adequate web filter with acceptable throughput, scalable firewall and router(s), fiber transport, and a reliable ISP (Internet Service Provider).
 - Online Testing and Assessment – ISD 361 principals, superintendent, and K-12 teachers, after research and workshops, are using STAR assessments as our assessment tool in mathematics and reading.
 - Online Curriculum and Reference – We employ a variety of online curriculums, drill and practice, combined with their integrated assessment utilities.

<http://www.isd361.k12.mn.us/districtwide/onlineservices.shtml>

<http://www.isd361.k12.mn.us/schools/fhs/index-fhslmc.shtml>

- Infrastructure – Redundancy needs to be built into our telecommunication closet interconnectivity and migration from a layer 2 network to a layer 3 network needs to commence. This process began with the addition of a Cisco 3750 layer 3 Gbit / fiber switch at the top of our network some years ago. Our closet switches, Cisco 3548s, supplying 100 Mbit / sec to the desktop, were installed in 2000. At the time of this writing, they are almost thirteen years old. We need to consider the imminent need to replace these with newer hardware that delivers 1 Gbit / sec to the desktop, along with increased management capabilities, such as prioritizing and throttling specific traffic flows. It must be stressed that these closet switches are at the heart of our data infrastructure. A failure instantly results from just a few users to many users losing connectivity, until that switch is replaced. We can include these in our ERATE reimbursements, within the 2 / 5 year Internal Connections submission.
- Interactive White Boards – We have adopted SMART Technology products as a district-wide standard and they are utilized in most of our classrooms. Due to their repeated success and faculty endorsement, demand continues to grow among teachers and students. In order to properly complement the new wide-screen format white boards, aging projectors need to be replaced with higher lumen output, 16:9/:10 aspect ratio capable units. Rather than purchase an expensive failed lamp in a legacy projector, we found a higher cost benefit with applying those dollars toward a new display device.
 - Tablets / WiFi – Having their roots in special education, tablet technology, such as Apple’s iPad, has proven to be both useful as a teaching/learning aid from a specialized curriculum standpoint, as well as intrinsically engaging for hard to motivate students. This writer anticipates a trend, albeit slow, constrained, and defined, in expanded demand and use of tablet technology. It hasn’t found its way into our mainstream classrooms at present, but that may change in the foreseeable future. We are planning and budgeting for two iPad carts at the elementary level and further Chromebook distribution at the high school level.
- We also need to provide continuing, essential maintenance of software, hardware, & services:
 - ✓ Software
 - ✓ Licensing
 - ✓ Maintenance Agreements
 - ✓ Services
- In addition, the following services and resources are provided to all ISD 361 stakeholders, and demand their own maintenance and support:
 - District Website Communication
 - SKYWARD FAMILY ACCESS
 - ✓ Real time view of your child’s attendance
 - ✓ Emergency contact information
 - ✓ Class schedule
 - ✓ Term grades
 - ✓ Direct links to Edline classes
 - ✓ Teacher contacts
 - ✓ Calendar
 - ✓ Vaccination records and compliance status
 - ✓ Real time grades and grade book entries
 - ✓ Real time lunch purchases
 - ✓ Lunch account balance
 - ACTIVITIES SCHEDULES
 - ✓ View and print schedules for all sports and activities at Falls High School
 - ✓ Register for email alerts
 - FACILITIES SCHEDULES
 - ✓ View facilities reservations for all buildings within ISD 361
 - ✓ Real time view into scheduling
 - COMMUNITY EDUCATION
 - ✓ Class schedules
 - ✓ Course catalog

EMPLOYEE DIRECTORY

- ✓ Listing of all ISD 361 staff
 - ✓ Email Addresses
 - ✓ Pictures
 - ✓ Phone extensions
 - ✓ Fully searchable
- SUBSCRIPTION RESEARCH
 - ✓ Library and book reservation tools
 - ✓ A number of products covering a wide variety of research
 - Student Information System (SIS)
 - ✓ Finance and Human Resources
 - ✓ Lunch
 - ✓ Teacher access
 - ✓ Student/Family Access
 - ✓ Graduation requirements
 - ✓ Data Mining
 - Telephone / E-Mail Alert Communication
 - ✓ ISD 361 uses a telephone / e-mail alert system that connected to the student management system for parent notifications. The nature of the calls ranges from daily attendance, to P/T conferences, to emergency alerts.
 - Wireless laptops
 - ✓ We have laptop carts at Falls High School (36 computers / cart) providing a mobile resource on both floors. In addition, the science & math departments have laptop carts specifically for their needs. Chromebook carts are in various classrooms as well.

Collaborative Professional Culture

Mentoring has been an essential piece of the Teaching, Learning, & Communicating (TLC) Project since its inception in order to help provide new educators with a positive experience entering the International Falls School District. Each new educator will have a person that they can go to with questions that range from Education to the Community.

The Mentor & Mentee should minimally be in contact on a weekly basis. A record of meetings & broad topics dealt with should be kept for documentation. The hope is that the Mentor & Mentee can develop a professional relationship in which both participants are comfortable in confiding in each other and specific topics discussed are completely confidential.

Mentor & Mentee Group Meetings will be held a quarterly (4x's / year) basis to bring all new educators together to touch on how the program is going. This time should be used to collaborate on what has been of help & to possibly share concerns of areas that the program is lacking.

District-Wide Staff Development Goals:

Currently, elementary teachers and specialists collaborate across grades, subjects, and disciplines during Qcomp and early-out meetings. During this time, teachers (including Tier II and III teachers) review assessment data. These meetings are used to move students within Tier II and III programs based on many factors including teacher observation, data and level of student's abilities.

In the past, staff has received training from reading specialists for Tier I, II, & III Reading instruction. We would like to expand that training to include more staff & provide training in phonics and other reading components.

Student data is used to prioritize & select professional development. Students in Tier I are assessed every other month; Tier II & Tier III students are assessed every month. Scores determine how to modify reading instruction. Based on the area(s) of need identified in student scores, professional development should reflect changes in instruction, which will help modify how we teach reading.

ISD 361 administration also strongly supports technology integration and backs this up with funds for professional development. We use in-service days to train as a group and provide and track professional development applications on an individual basis through our groupware, Google platform.

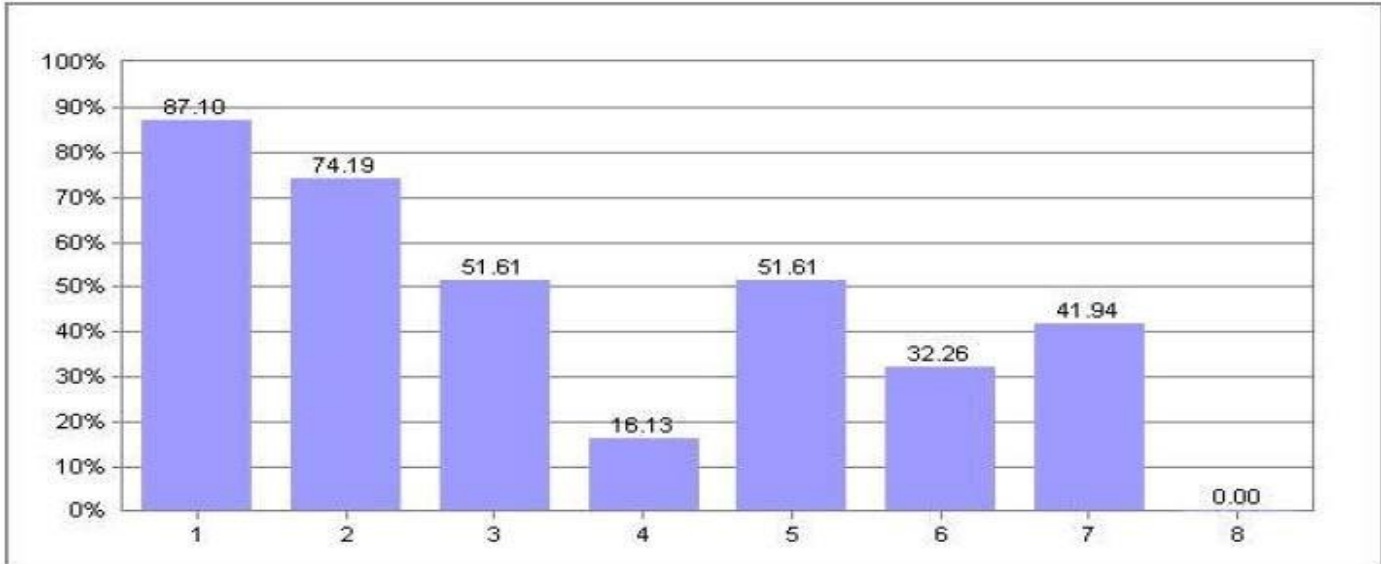
High expectations for administrators' and educators' effective uses of technology must be accompanied by high-quality professional development linked directly to student performance.

In a past survey, educators were asked the following question:

"If given a choice, in which types of professional growth opportunities do you prefer to participate?"

1. Workshops and seminars
2. Attending conferences
3. District or school sponsored courses
4. On-demand, online, or Web-delivered professional development
5. One-on-one or group training with technology coordinators or aides
6. Release time for department or grade level planning related to technology
7. Release time for individual professional development related to technology
8. None apply.

Results were as follows:



District-Wide Professional Development Goals

Goal #1 → Increase instructional effectiveness of staff to promote maximum student achievement.

- Additional staff development will be provided in the area of Learning Sciences International (LSI)
- Support Q comp. All grade level teams will be working on creating anchor charts, posting them, and referencing during instruction.
- Continuing to work with administration and support staff to create standards based report cards will assist with communicating student needs to parents.
- Continued investigation on going to a 1-1 initiative.
- Support of PBIS
- Instruction and training from LSI staff to move towards a more student centered with rigor environment.

High School Staff Development Goals:

Goal #1: Closing the Achievement Gap in Student Sub Groups

- Falls High School plans to have staff participate in LSI trainings and form an LSI leadership team.
- Implement Tier II instruction
- Transition Special Education rooms into more instructional focused based on IEP goals.

Goal #2: 100% Graduation Rate

- PBIS
- LSI
- P & I grant
- Tier II implementation

Goal #3: Career & College-Readiness

- Continue implementation of 4 year plans
- Continue advocating for Applied Learning Institute courses along with College in the School courses
- Counselor to work with students on career exploration

Elementary School Staff Development Goals:

Goal #1: Ready for K

- Falls Elementary School plans to have staff participate in LSI trainings and form an LSI leadership team.
- Continued work and training on Journey’s Phonics curriculum
- Advocate for free school readiness program open to all students

Goal #2: Read Well by Gr. 3

- Differentiated Instruction
- LSI
- Continued use of RTI with Tier I,II, & III instruction
- Continued use and education with STAR Math/Reading
- Continued collaboration on curriculum

Goal #3: Closing the Achievement Gap in Student Sub Groups

- Develop essential learner outcomes for all curricular areas PreK – 5.
- Continue Tier I, II, & III instruction

List of Staff Development Advisory Committee Members

| | | |
|---------------|-----------------------------|--------------------------|
| Tim Everson | Principal Falls High School | Grades 6 - 12 |
| Melissa Tate | Principal Falls Elementary | Grades PreK – 5 / Parent |
| Lisa Auran | Teacher Falls Elementary | Grade 1 |
| Lisa West | Teacher Falls High School | Grade 6 |
| John Sandberg | Teacher Falls High School | Social Studies |
| Laurie Youso | Teacher Falls Elementary | School Social Worker |
| Molly Pavleck | Teacher Falls Elementary | Grade 4 / parent |
| Missy Walls | Teacher Falls Elementary | Preschool |

List the district staff development goal(s)

An increase from a z score of -.1439 in 2018 to a z score of -.1189 in 2019 for students enrolled with the district on October 1st, 2018 in grades 4,5,6,7,8,abd 11 and take the 2019 MCA Math Assessment.

An increase from a z score of -.0494 in 2018 to a z score of -.0244 in 2019 for students enrolled with the district on October 1st, 2018 in grades 4,5,6,7,8,and 10 and take the 2019 MCA Reading Assessment.

***What were the findings of each goal?**

As a district, the reading and math goals were not met, but there was positive growth in most areas for the district and the high school meet their math site goal.

***What was the impact on student learning?**

The impact on student achievement was positive, because there was positive growth, but not as much as we would have like to have seen. These test results will add to the picture of achievement, but are not the only measure of

student success. Students became more motivated and interested in lessons as teachers approached lessons with focus and enthusiasm. The pre-observation and post-observation meetings allowed time to discuss how the lesson will/did impact student achievement. Weekly meetings allowed teachers to discuss strategies to impact student achievement.

***What was the impact on teacher practice?**

Teachers have focused on curriculum alignment, student centered instruction, and formative assessments. Teachers have also identified essential learning outcomes (I can statements) to help students take ownership of their own learning and increase accountability. Teachers have also identified at-risk students to build positive relationships with in hopes of increasing student achievement.

List the staff development goal(s) for each school site in the district.

Falls High school will show:

The average z score for all students enrolled October 1, 2018 in grades 6, 7, 8, 10 and 11 will increase by .025 in Math and Reading on all state accountability tests (MCA and MTAS) in 2019

An increase from a z score of -0.1565 in 2018 to a z score of -0.1315 in 2019 for students enrolled with the district on October 1, 2018 and take the 2019 MCA Math Assessment in grades 6,7,8, and 11.

An increase from a z score of -0.0244 in 2018 to a z score of 0.0006 in 2019 for students enrolled with the district on October 1, 2018 and take the 2019 MCA Reading Assessment in grades 6, 7, 8, and 10.

Falls Elementary School will show:

The average z score for all students enrolled October 1, 2018 in grades 4 and 5 will increase by .025 in Math and Reading on all state accountability tests (MCA and MTAS) in 2019

An increase from a z score of -0.1175 in 2018 to a z score of -0.0925 in 2019 for students enrolled with the district on October 1, 2018 and take the 2019 MCA Math Assessment in grades 4 and 5.

An increase from a z score of -0.1058 in 2018 to a z score of -0.0808 in 2019 for students enrolled with the district on October 1, 2018 and take the 2019 MCA Reading Assessment in grades 4 and 5.`

***How does the school site goal align with district staff development goals?**

Each school (Falls High School and Falls Elementary School) had their own goals to increase MCA benchmarks in math and reading. These goals aligned with the school site goals that were to improve student academic performance in the areas of reading and math using the MCA Z scores.

***What were the findings of each goal?**

Falls High School met Math goal but not Reading goal.

Falls Elementary School didn't meet the math or reading goal.

***What was the impact on student learning?**

The impact on student achievement using the z score measurement was not substantial. When you look by grade at meet and exceeds, math has 3 out of 7 grades above the state average and composite is very close to state average. Reading we are above the state average with 5 out of 7 grades above the state average. Students grew in knowledge and learning strategies as measured in various ways, including classroom assessments and standardized tests. These test results will add to the picture of achievement, but are not the only measure of student success. Students became more motivated and interested in lessons as teachers approached lessons with focus and enthusiasm. The pre-observation and post-observation meetings allowed time to discuss how the lesson will/did impact student achievement. Weekly meetings allowed teachers to discuss strategies to impact student achievement.

***What was the impact on teacher practice?**

Teachers have focused on curriculum alignment, student centered activities, and formative assessments. Teachers have also identified essential learning outcomes (I can statements) to help students take ownership of their own learning and increase accountability. Teachers have also identified at-risk students to build positive relationships with in hopes of increasing student achievement.

List the percentage of teachers and other staff involved instruction who participated in effective staff development activities.

100% of teachers participated in effective staff development activities.

District Advisory Committees

| STAFF DEVELOPMENT COMMITTEE | MEMBER | | |
|--------------------------------------|------------------|--|--|
| High School Teacher | Charlie Anderson | | |
| High School Teacher | John Sandberg | | |
| High School Teacher | Lisa West | | |
| Elementary School Teacher | Molly Pavleck | | |
| Elementary School Teacher | Paul Peterson | | |
| Elementary School Teacher | Lisa Auran | | |
| High School Principal (Gr. 6-12) | Tim Everson | | |
| Elementary School Principal (PreK-5) | Missy Tate | | |
| Education Support Professional | Heidi Kerry | | |
| | | | |
| | | | |

| <u>LITERACY COMMITTEE</u> | <u>MEMBER</u> | <u>TITLE I SCHOOL-WIDE PLANNING TEAM (SWP)</u> | <u>MEMBER</u> |
|--|------------------|--|------------------|
| Member | Shawn Johnson | Parent | Terry Mason |
| Member | Missy Walls | Community Member | Jen Windels |
| Member | Mandi Baron | Elementary School Principal (K-5) | Melissa Tate |
| Teacher (Gr. K) | Molly Pavleck | Teacher (Gr. K) | Molly Pavleck |
| Member | Jill Katrin | Teacher (SPED / SLD) | Jody Hamilton |
| Member | Jody Hamilton | Teacher | Jen Wenberg |
| Member | Marci Nemec | Title I SWP Program Administrator | Melissa Tate |
| Member | Katie Winkel | Superintendent | Kevin Grover |
| Teacher | Jen Wenberg | | |
| Elementary School Principal (K-6) | Melissa Tate | | |
| | | | |
| <u>DISTRICT LEADERSHIP TEAM (DLT)</u> | <u>MEMBER</u> | <u>TEACHER DEVELOPMENT COMMITTEE</u> | <u>MEMBER</u> |
| District Superintendent* | Kevin Grover | High School Principal | Tim Everson |
| High School Principal* | Tim Everson | Elementary School Principal (K-6) | Melissa Tate |
| Elementary School Principal* | Melissa Tate | Superintendent | Kevin Grover |
| Dean of Students* | Marc Glowack | Teacher | John Sandberg |
| Transportation Director* | Tom Holt | Teacher | Charlie Anderson |
| Food Service Director* | Karla Olson-Line | Teacher | Paul Peterson |
| Technology Coordinator* | Mike Blesi | | |
| Building & Grounds / Facilities Director | Tom Holt | | |
| Activities Director | Bill Mason | | |
| *Member of the District Administrative Team | | | |

Annual Budget for Sustaining Implementation of the WBWF Plan

| | |
|--|-------------------|
| • Staff Development Dollars to provide High Quality Professional Development expense) | \$ 206,442 (2020) |
| • Staff Development Dollars to provide High Quality Professional Development reserves) | \$ 55,967 (2020) |
| • Q-Comp / Pay for Performance expense) | \$ 202,023 (2020) |
| • School Readiness Dollars to Promote Learning Readiness expense) | \$ 85,424 (2020) |
| • Title I Dollars for Assistance in Reading & Math expense) | \$ 316,744 (2020) |
| • Title II (Part A) Dollars for Class Size Reduction expense) | \$ 53,282 (2020) |
| • ELL Dollars for additional Assistance to English Language Learners expense) | \$ 14,611 (2020) |
| • Carl Perkins Dollars for Career & Technical Education (CTE) expense) | \$ 6,254 (2020) |
| <u>Technology Budget</u> expense) | \$ 292,712 (2020) |

District Reporting Requirements

The School Board shall publish an Annual Report to the Public entitled:

ISD # 361 District Name International Falls Public School District
 “Local World’s Best Workforce (WBWF) Plan”

(Check which Reporting Method will be used & the Title of Said Method.)

Local Newspaper
 U.S. Mail

District Website at: www.isd361.k12.mn.us

The School Board shall hold an Annual Meeting to:

1. *Review & revise the WBWF Plan as appropriate.*
2. *Review District success in achieving previously adopted goals & improvement plans.*

(Enter Date / Time / Location of Annual Meeting.)

Date: Wednesday, December 9th, 2020
 Time: Meeting Begins at 5:00pm
 Location: International Falls Public School

The School Board must submit an electronic summary of its report to the Commissioner of the Minnesota Department of Education by October 1st of each year. The summary report entitled:

ISD # 361 District Name International Falls Public School District
 “Local World’s Best Workforce (WBWF) Summary Report”

FY 2020-2021 Revised Revenue Budgets

General Fund Budgeted Revenues and Percentage by Source

| REVENUE SOURCES | <u>FY 20-21 REVISED</u> | | <u>FY 20-21 Original</u> | | <u>FY 19-20</u> | | <u>FY 18-19</u> | |
|------------------------------|-------------------------|----------------|--------------------------|----------------|-------------------|----------------|-------------------|----------------|
| | BUDGET | % | BUDGET | % | ACTUAL | % | ACTUAL | % |
| LOCAL LEVY | 2,293,360 | 16.87% | 2,293,360 | 17.75% | 2,952,282 | 21.94% | 2,485,088 | 18.47% |
| STATE AIDS | 9,499,654 | 69.87% | 9,514,884 | 73.63% | 9,387,402 | 69.77% | 9,841,765 | 73.15% |
| FEDERAL AIDS | 1,509,991 | 11.11% | 798,124 | 6.18% | 818,966 | 6.09% | 807,015 | 6.00% |
| OTHER MISC | 292,254 | 2.15% | 315,350 | 2.44% | 296,281 | 2.20% | 320,838 | 2.38% |
| TOTAL REVENUE SOURCES | 13,595,259 | 100.00% | 12,921,718 | 100.00% | 13,454,931 | 100.00% | 13,454,706 | 100.00% |

Food Service Fund Budgeted Revenues and Percentage by Source

| REVENUE SOURCES | <u>FY 20-21 REVISED</u> | | <u>FY 20-21 Original</u> | | <u>FY 19-20</u> | | <u>FY 18-19</u> | |
|------------------------------|-------------------------|----------------|--------------------------|----------------|-----------------|----------------|-----------------|----------------|
| | BUDGET | % | BUDGET | % | ACTUAL | % | ACTUAL | % |
| STATE AIDS | 8,747 | 2.39% | 33,500 | 5.98% | 24,774 | 4.52% | 33,961 | 6.08% |
| FEDERAL AIDS | 339,966 | 93.04% | 293,000 | 52.27% | 348,490 | 63.55% | 295,078 | 52.81% |
| PUPIL SALES & MISC | 16,700 | 4.57% | 234,000 | 41.75% | 175,103 | 31.93% | 229,738 | 41.11% |
| TOTAL REVENUE SOURCES | 365,413 | 100.00% | 560,500 | 100.00% | 548,367 | 100.00% | 558,777 | 100.00% |

Community Service Fund Budgeted Revenues & Percentage by Source

| REVENUE SOURCES | <u>FY 20-21 REVISED</u> | | <u>FY 20-21 Original</u> | | <u>FY 19-20</u> | | <u>FY 18-19</u> | |
|------------------------------|-------------------------|----------------|--------------------------|----------------|-----------------|----------------|-----------------|----------------|
| | BUDGET | % | BUDGET | % | ACTUAL | % | ACTUAL | % |
| LOCAL LEVY | 115,757 | 31.41% | 130,378 | 33.40% | 119,751 | 31.43% | 112,318 | 26.85% |
| LOCAL REVENUE | 59,142 | 16.05% | 94,120 | 24.11% | 58,937 | 15.47% | 118,451 | 28.31% |
| STATE AIDS | 193,672 | 52.55% | 165,856 | 42.49% | 202,282 | 53.10% | 187,595 | 44.84% |
| TOTAL REVENUE SOURCES | 368,571 | 100.00% | 390,354 | 100.00% | 380,970 | 100.00% | 418,364 | 100.00% |