

Regular Meeting
Monday, December 5, 2022 6:30 PM

Teaching & Learning Center, Becker High
School
12000 Hancock Street
Becker, MN 55308

Agenda

1. PROCEDURAL ITEMS
 - 1.A. Call to Order
 - 1.B. Moment of Silence
 - 1.C. Pledge of Allegiance
 - 1.D. Agenda
 - 1.E. Recognition of Visitors and Public Forum
2. REPORTS
 - 2.A. Student Report
 - 2.B. Superintendent's Report
 - 2.C. Committee Reports
 - 2.D. Board & Administrator
3. CONSENT AGENDA
 - 3.A. Minutes
 - 3.B. Financial Report
 - 3.C. Disbursements
 - 3.D. Personnel
4. GIFTS
5. APPROVE 11/8/22 SCHOOL BOARD GENERAL & SPECIAL ELECTION RESOLUTIONS & ABSTRACT OF VOTES CAST
6. RESOLUTION AUTHORIZING ISSUANCE OF CERTIFICATES OF ELECTION AND DIRECTING SCHOOL DISTRICT CLERK TO PERFORM OTHER ELECTION RELATED DUTIES
7. WORLD'S BEST WORKFORCE REPORT SUMMARY
8. FISCAL YEAR 2022 FINANCIAL AUDIT
9. TRUTH IN TAXATION INFORMATION/PAYBALE 2023 LEVY
10. FIRST READINGS
11. SECOND READING: POLICY 722
12. 2023 COMMITTEE MEETING DATES
13. JANUARY ORGANIZATIONAL BOARD MEETING DATE
14. AWARD BIDS: BECKER PUBLIC SCHOOLS TRANSPORTATION BUILDING FIRE PROTECTION WORK SCOPE RE-BID
15. ADJOURN

Chair Swanson called the regular meeting of the School Board of District #726 to order on the 14th day of November, 2022 at 6:30 p.m. in the Teaching & Learning Center.

Roll Call.

Members present: Troy Berning, Aaron Jurek, Connie Robinson, Mark Swanson, Pete Weismann

Members absent: Ryan Obermoller

Others present: Jeremy Schmidt, Superintendent & Kevin Januszewski, Director of Business Services

CITIZEN COMMENTS: None

REPORTS: Student Representative, Superintendent Schmidt, Early Childhood & Finance Committee Updates

Motion by Aaron Jurek, seconded by Troy Berning, to *Approve the Consent Agenda* as presented. Motion carried unanimously.

CONSENT AGENDA

MINUTES FROM THE OCTOBER 10, 2022 SPECIAL BOARD MEETING

FINANCIAL REPORT

Fund	2022-23		2022-23		Remaining Budget	% Spent
	Budget	September 2022	Year-to-Date	Budget		
General	37,190,159	3,600,212	5,291,940	31,898,219	14.23%	
Food Service	1,766,912	74,973	113,701	1,653,211	6.44%	
Community Service	1,643,530	115,869	294,869	1,348,661	17.94%	
Debt Service	3,820,440	-	381,095	3,439,345	9.98%	
	\$ 44,421,041	\$ 3,791,054	\$ 6,081,605	\$ 38,339,436	13.69%	

DISBURSEMENTS – in the amount of \$4,119,233.34

PERSONNEL

Name	Status	Job Title	Location	Hrs Per Day/FTE	Group	Replacing	Effective	Wage
Anderson, Hannah	Resignation	Camp Opportunity Lead	Camp Opportunity	Average 20 Hours Per Week	Community Education	n/a	11/7/22	n/a
Arrigoni, Ruth	New Assignment	Asst. Cook	PS	4 Hours, 15 Min Per Day	MultiUnit	D. Rose	10/6/22	\$18.75 + .50 = \$19.25 Per Hour
Bass, Gerry	New	9th Grade Girls Basketball Coach	HS	Seasonal	BEA - Schedule C	A. Stevens	11/14/22	\$3,431 Per Season
Beck, Susan	Resignation	Food Service Worker	MS	2 Hours, 20 Min Per Day	NonUnion	n/a	10/28/22	n/a
Beeler, Alyssa	New	Special Education Paraprofessional	MS	7 Hours Per Day	MultiUnit	n/a	10/18/22	\$17.34 Per Hour

Boyer, Isaac	Resignation	Field House Supervisor	MS	Varied	Community Education	n/a	11/2/2022	n/a
Brandt, Julie	Resignation	Administrative Assistant to Principal	MS	8 Hours Per Day	MultiUnit	n/a	11/28/2022	n/a
Bring, David	New	Bus Driver AM/PM	Bus Garage	3.5 Hours Per Day	Transportation	B. Condon	10/14/2022	\$38.81 Per Route
Engelhaupt, Barbie	Correction to Start Date	Health Asst.	IS	7 Hours Per Day	MultiUnit	n/a	10/17/22	\$20.30 Per Hour
Falde, Hanna	Resignation	Food Service Worker	MS	2 Hours, 20 Min Per Day	NonUnion	n/a	11/1/22	n/a
Fox, Lance	Resignation	Golf Coach	MS	Seasonal	BEA - Schedule C	n/a	06/29/22	n/a
Frandsen, Tara	New Assignment	Media Center Paraprofessional	HS	7.5 Hours Per Day	MultiUnit	J. Wensmann	8/29/22	Use Current Wage
Gervasi, Heather	Increase in Hours	Administrative Assistant: Counseling Office	HS	1 Hour Per Day	MultiUnit	n/a	11/1/22	Use Current Wage
Hemze, Crystal	Increase in Hours	Food Service Worker	HS	M/W/F: 30 Min T/TH: 45 Min	MultiUnit	n/a	10/24/22	Use Current Wage
Hoekstra, Robert	New	9th Grade Boys Basketball Coach	HS	Seasonal	BEA - Schedule C	R. Kragerud	11/21/22	\$3,431 Per Season
Johnson, Sondra	Change in Assignment	Special Education Paraprofessional	HS	7 Hours Per Day	MultiUnit	n/a	10/24/22	Use Current Wage
Kolbinger, Jackie	Resignation	Night Lead Custodian	PS	8 Hours Per Day	MultiUnit	n/a	10/28/22	n/a
Kolbinger, Jackie	New Assignment	Night Custodian	HS	8 Hours Per Day	MultiUnit	A. Kittleson	10/31/22	\$25.77 Per Hour
Kottke, Maria	Resignation	Special Education Paraprofessional	PS	6.75 Hours Per Day	MultiUnit	n/a	10/5/22	n/a
Martin, Kristin	New Assignment	Cashier	IS	3 Hours Per Day	MultiUnit	n/a	10/4/22	\$17.50 Per Hour

Middleton, Alexis	New	Bus Driver AM/PM	Bus Garage	3.5 Hours Per Day	Transportation	n/a	10/17/2022	\$38.62 Per Route
Mills, Samantha	Decrease in Hours	Camp Opportunity	Camp Opportunity	8 Hours Per Week	Community Education	n/a	10/05/22	n/a
Mills, Samantha	Decrease in Hours	Camp Opportunity	Camp Opportunity	16 Hours Per Week	Community Education	n/a	10/24/22	n/a
Nicolas, Melissa	End of Assignment	District P.R.	HS	Seasonal	Community Education	n/a	End of 21-22 School Year	n/a
O'Neill, Jesse	Increase in Hours	Administrative Assistant: Activities Dept.	HS	1 Hour Per Day	MultiUnit	n/a	11/01/22	Use Current Wage
Offerdahl, Denise	Resignation	SLD Teacher	IS	1 FTE	BEA	n/a	10/19/22	n/a
Osborne, Emily	Extracurricular Assignment	Head Speech Coach	HS	Seasonal	BEA - Schedule C	D. Olson	12/12/2022	\$3,772 Per Season
Peterson, Heather	Resignation	Asst. Gymnastics Coach	HS	Seasonal	BEA - Schedule C	n/a	4/29/2022	n/a
Rasmussen, Austin	New	Wrestling Coach	MS	Seasonal	BEA - Schedule C	D. Sommerdorf	11/21/22	\$2,285 Per Season
Rusley, Betsy	New	Special Education Paraprofessional	PS	6.75 Hours Per Day	MultiUnit	M. Kottke	10/10/22	\$17.34 Per Hour
Schendzielos, Elle	New	Camp Opportunity	Camp Opportunity	4 Hours Per Day	Community Education	n/a	10/14/22	\$14.41 Per Hour
Tegels, Tami	Resignation	Food Service Worker	IS		NonUnion	n/a	10/28/22	n/a
Thiel, Elizabeth	Resignation	District Custodian	IS/PS	8 Hours Per Day	MultiUnit	n/a	11/30/22	n/a
Vealezek, Jessica	New	Public Relations, Communications, Marketing Specialist	District Office	Up to 20 Hours Per Week	Individual	n/a	11/1/22	\$30.00 Per Hour
Vekved, Mariah	New Assignment	Health Asst.	HS	7 Hours Per Day	MultiUnit	S. Johnson	10/24/22	Use Current Wage

Vilmo, Justine	New	Asst. Gymnastics Coach	HS	Seasonal	BEA - Schedule C	H. Peterson	11/14/22	\$3,782 Per Season
Weir, Denise	New	Food Service Worker	MS	2.5 Hours Per Day	NonUnion	S. Beck	11/14/22	\$15.00 Per Hour
Weller, Lisa	New	Paraprofessional	IS	6.75 Hours Per day	MultiUnit	n/a	10/24/22	\$17.34 Per Hour
Wiedewitsch, Chantel	New	Special Education Paraprofessional	PS	6.75 Hours Per Day	MultiUnit	K. Jassmann	10/6/22	\$17.34 Per Hour
Wipper, Karen	Resignation	Van Driver	Bus Garage	4 Hours Per day	Transportation	n/a	10/21/2022	n/a
Wipper, Karen	Change in Assignment	Special Education Paraprofessional	HS	7 Hours Per Day	MultiUnit	n/a	10/24/2022	\$17.34 Per Hour

Motion by Troy Berning, seconded by Pete Weismann, to ***Accept the Following Gifts:***

BECKER LIONS CLUB	\$1,000	B3- BUILDING BETTER BULLDOGS
CLEAR LAKE LIONS CLUB	\$750	B3- BUILDING BETTER BULLDOGS
CLEAR LAKE LIONS CLUB	\$2,000.00	DANCE TEAM
CLEAR LAKE LIONS CLUB	\$10,000.00	ROBOTICS
COONTS, JEFF & JULIE	\$100.00	DANCE TEAM
LDI (LIBERTY DIVERSIFIED INT'L)	\$5,000.00	2022-2023 GRANT
MAIN STREET MARKET	\$100.00	DANCE TEAM
MS MELINDAS DANCE STUDIO INC	\$250.00	DANCE TEAM
PMMI EDUCATION & TRAINING FOUNDATION	\$2,000	ROBOTICS

Motion carried unanimously.

Motion by Mark Swanson, seconded by Connie Robinson, to ***Accept General and Special Election Results,*** as presented. Motion carried unanimously.

A ***First Reading*** was held on the following policy:

722 Public Data and Data Subject Requests

A Second Reading will be held at the next regular school board meeting.

Motion by Troy Berning, seconded by Aaron Jurek, to ***Approve the Communication Plan,*** as presented. Motion carried unanimously.

The meeting was **adjourned** at 7:19 p.m.

Mark Swanson, Chair

Ryan Obermoller, Clerk

Recorder: Angela Oswald

**BECKER PUBLIC SCHOOLS
MONTHLY FINANCIAL REPORT
November 2022**

EXPENDITURES

Fund	2022-23 Budget	November 2022	2022-23 Year-to-Date	Remaining Budget	% Spent
General	37,190,159	2,978,057	11,462,802	25,727,357	30.82%
Food Service	1,766,912	103,388	530,443	1,236,469	30.02%
Community Service	1,643,530	145,742	587,895	1,055,635	35.77%
Debt Service	3,820,440	-	381,095	3,439,345	9.98%
	\$ 44,421,041	\$ 3,227,187	\$ 12,962,235	\$ 31,458,806	29.18%

Name	Status	Job Title	Location	Hrs Per Day/FTE	Group	Replacing	Effective	Wage
Anderson, Suzie	Resignation	Camp Opportunity Lead	Camp Opportunity	Varies	Community Education	n/a	12/27/22	n/a
Arrigoni, Ruth	Resignation	Camp Opportunity Lead	Camp Opportunity	Varies	Community Education	n/a	11/23/22	n/a
Blad, Stacey	New Assignment	Van Float	Bus Garage	7 Hours Per Day	Transportation	n/a	11/21/2022	Current Wage (Step 5 @ \$19.75 Per Hour)
Blad, Stacey	Resignation	Food Service Worker	IS	2.5 Hours Per Day	NonUnion	n/a	11/21/22	n/a
Changamire, Gretchen	Additional Assignment	Field House Supervisor	MS	Up to 20 Hours Per Week	Community Education	I. Boyer	12/1/22	\$15.00 Per Hour
Gervasi, Heather	Correction to Increase in Hours	Administrative Assistant: Counseling Office	HS	1/2 Hour Per Day (Not 1 Hour as	MultiUnit	n/a	11/1/22	Use Current
Imholte, Kristin	New Assignment	Administrative Assistant: Principal	MS	8 Hours Per Day	MultiUnit	J. Brandt	11/22/22	Step 3 (Secretary Group): \$19.60 Per Hour
Kaiawe, Bonnie	Resignation	Night Custodian	MS	8 Hours Per Day	MultiUnit	n/a	1/4/23	n/a
Kaiawe, Treyson	New Employee	Night Custodian	PS	8 Hours Per Day	MultiUnit	E. Thiel	11/21/2022	\$17.50 Per Hour
Lawrance, Abigail	New Assignment	School Readiness Paraprofessional	ECFE	M/W/F: 6.5 Hours Per Day, T/TH: 6.75	MultiUnit	K. Imholte	11/28/22	Use Current Step/Lane
Metzger, Rhonda	Resignation	AM/PM Bus Driver	Bus Garage	3.5 Hours Per Day	Transportation	n/a	11/28/22	n/a
Meyer, Kayela	New Employee	Food Service Worker	PS	2.75 Hours Per Day	NonUnion	R. Arrigoni	10/24/2022	\$15.00 Per Hour
Olson, Dan	Resignation	JV Golf Coach	HS	Seasonal	BEA - Schedule C	n/a	11/21/22	n/a
Pingrey, Penny	Extracurricular Assignment	Musical Tech Director	MS	Seasonal	BEA - Schedule C	C. Hed	11/29/22	\$3,031 Per Season
Pishney, Jessica	Resignation	AM/PM Bus Driver	Bus Garage	3.5 Hours Per Day	Transportation	n/a	12/9/22	n/a
Watercott, Doug	Resignation	Mid-Day Bus Driver	Bus Garage	1 Hour, 45 Min Per Day	Transportation	n/a	12/9/22	n/a
Wipper, Karen	Correction to Starting Wage	Special Education Paraprofessional	HS	7 Hours Per Day	MultiUnit	n/a	10/24/22	Step 3 (Paraprofessional Group): \$18.82 Per Hour

Becker Lions Club ##### Robotics
Brain Freeze Ice Cream \$172 Althetic Director's General Activity Funds
Liberty Diversified Intern \$500 Baseball

Abstract of Votes Cast
Independent School District No. 726 (BECKER)
State of Minnesota
at the State General Election
Held Tuesday, November 8, 2022

Compiled from the Official Returns.

Summary of Totals
Independent School District No. 726 (BECKER)
Tuesday, November 8, 2022 State General Election

Number of persons registered as of 7 a.m.	12127
Number of persons registered on Election Day	391
Number of accepted regular, military, and overseas absentee ballots and mail ballots	1153
Number of federal office only absentee ballots	2
Number of presidential absentee ballots	0
Total number of persons voting	8491

Summary of Totals
Independent School District No. 726 (BECKER)
Tuesday, November 8, 2022 State General Election

KEY TO PARTY ABBREVIATIONS

NP - Nonpartisan

School Board Member (ISD #726) (Elect 3)

NP Pete Weismann 2063	NP Keri Rickard 1312	NP Sarah Colford 1165	NP Renee Regel 732	NP Nathan Koubsky 1363
NP Corey Stanger 2402	NP Aaron Jurek 2453	WI WRITE-IN 72		

Special Election for School Board Member (ISD #726) (Elect 2)

NP Troy Berning 2135	NP Carla Berger 1790	NP Ryan Hubbard 3001	WI WRITE-IN 31
----------------------------	----------------------------	----------------------------	----------------------

Detail of Election Results
Independent School District No. 726 (BECKER)
Tuesday, November 8, 2022 State General Election

Precinct	Persons Registered as of 7 A.M.	Persons Registered on Election Day	Total Number of Persons Voting
71 0010 : BECKER CITY	2992	95	1858
71 0015 : BECKER TWP	3769	129	2642
71 0040 : CLEAR LAKE TWP	1286	39	967
71 0080 : PALMER TWP	1857	57	1398
71 0105 : SANTIAGO TWP	1245	45	919
71 0121 : BIG LAKE TWP P3	978	26	707
Independent School District No. 726 (BECKER) Total:	12127	391	8491

Detail of Election Results
 Independent School District No. 726 (BECKER)
 Tuesday, November 8, 2022 State General Election

Office Title: School Board Member (ISD #726) (Elect 3)

Precinct	NP Pete Weismann	NP Keri Rickard	NP Sarah Colford	NP Renee Regel	NP Nathan Koubsky
71 0010 : BECKER CITY	743	459	428	246	437
71 0015 : BECKER TWP	782	473	365	235	433
71 0040 : CLEAR LAKE TWP	65	78	85	54	73
71 0080 : PALMER TWP	193	119	124	99	245
71 0105 : SANTIAGO TWP	279	182	163	98	175
71 0121 : BIG LAKE TWP P3	1	1	0	0	0
Total:	2063	1312	1165	732	1363

Precinct	NP Corey Stanger	NP Aaron Jurek	WI WRITE-IN
71 0010 : BECKER CITY	865	828	25
71 0015 : BECKER TWP	856	906	23
71 0040 : CLEAR LAKE TWP	111	111	4
71 0080 : PALMER TWP	297	256	6
71 0105 : SANTIAGO TWP	272	352	14
71 0121 : BIG LAKE TWP P3	1	0	0
Total:	2402	2453	72

Office Title: Special Election for School Board Member (ISD #726) (Elect 2)

Precinct	NP Troy Berning	NP Carla Berger	NP Ryan Hubbard	WI WRITE-IN
71 0010 : BECKER CITY	713	702	1040	14

Detail of Election Results
 Independent School District No. 726 (BECKER)
 Tuesday, November 8, 2022 State General Election

Office Title: Special Election for School Board Member (ISD #726) (Elect 2)

Precinct	NP	NP	NP	WI
	Troy Berning	Carla Berger	Ryan Hubbard	WRITE-IN
71 0015 : BECKER TWP	832	552	1078	9
71 0040 : CLEAR LAKE TWP	84	114	123	2
71 0080 : PALMER TWP	210	205	361	1
71 0105 : SANTIAGO TWP	295	217	399	5
71 0121 : BIG LAKE TWP P3	1	0	0	0
Total:	2135	1790	3001	31

We, the school board members of Independent School District No. 726 (BECKER), certify that we have canvassed the returns of the State General Election held on Tuesday, November 8, 2022 and have herein specified the names of any candidates receiving votes and the number of votes received by each candidate, and have herein specified the number of votes for and against any ballot questions voted on in this election.

As appears by the returns of the election precincts voting in this election, duly returned to, filed, opened, and canvassed, and now remaining on file in the office of the clerk of Independent School District No. 726 (BECKER).

Witness our official signature at _____ in _____ County this _____ day of _____, 2022.

School Board Member

School Board Member

School Board Member

School Board Member

School Board Member

School Board Member

School Board Member

State of Minnesota
Independent School District No. 726 (BECKER)

I, _____, Clerk of the Independent School District No. 726 (BECKER) do hereby certify the within and foregoing _____ pages to be a full and correct copy of the original abstract and return of the votes cast in the Independent School District No. 726 (BECKER) State General Election held on Tuesday, November 8, 2022.

Witness my hand and official seal of office this _____ day of _____, 2022.

RESOLUTION CANVASSING RETURNS
OF VOTES OF SCHOOL DISTRICT GENERAL ELECTION

BE IT RESOLVED by the School Board of Independent School District No.726, as follows:

1. It is hereby found, determined and declared that the general election of the voters of the district held on November 8, 2022, was in all respects duly and legally called and held.

2. As specified in the attached Abstract and Return of Votes Cast, a total of 8,491 voters of the district voted at said election on the election of (three) school board members for four year term vacancies on the board caused by expiration of term on the first Monday in January next following the general election as follows:

Aaron Jurek	2,453
Corey Stanger	2,402
Pete Weismann	2,063
Nathan Koubsky	1,363
Keri Rickard	1,312
Sarah Colford	1,165
Renee Regel	732

3. Aaron Jurek, Corey Stanger, and Pete Weismann, having received the highest number of votes, are elected to four year terms beginning the first Monday in January, 2023.

4. The school district clerk is hereby authorized to certify the results of the election to the county auditor of each county in which the school district is located in whole or in part.

RESOLUTION CANVASSING RETURNS
OF VOTES OF SCHOOL DISTRICT SPECIAL
ELECTION

BE IT RESOLVED by the School Board of Independent School District No.726 as follows:

5. It is hereby found, determined and declared that the general election of the voters of the district held on November 8, 2022, was in all respects duly and legally called and held.

6. As specified in the attached Abstract and Return of Votes Cast, a total of 8,491 voters of the district voted at said election on the election of (three) school board members for four year term vacancies on the board caused by expiration of term on the first Monday in January next following the general election as follows:

Ryan Hubbard 3,001

Troy Berning 2,135

Carla Berger 1,790

7. Ryan Hubbard and Troy Berning, having received the highest number of votes, are elected to four year terms beginning the first Monday in December, 2022.

8. The school district clerk is hereby authorized to certify the results of the election to the county auditor of each county in which the school district is located in whole or in part.

RESOLUTION AUTHORIZING ISSUANCE OF CERTIFICATES
OF ELECTION AND DIRECTING SCHOOL DISTRICT CLERK
TO PERFORM OTHER ELECTION RELATED DUTIES

WHEREAS, the board has canvassed the general and election for school board members held on November 8, 2022.

NOW THEREFORE, BE IT RESOLVED by the School Board of Independent School District No. 726, State of Minnesota, as follows:

1. The chair and clerk are hereby authorized to execute certificates of election on behalf of the school board of Independent School District No.726 to the following candidates:

- a. Aaron Jurek
- b. Corey Stanger
- c. Pete Weismann

who have received a sufficiently large number of votes to be elected to fill vacancies on the board caused by expiration of term on the first Monday in January next following the election, based on the results of the canvass.

2. The certificate of election shall be in substantially the form attached hereto.

3. After the time for contesting the election has passed and the candidate has filed all campaign financial reports required by Minnesota Statutes, Chapter 211A, the clerk of the school board is hereby directed to deliver the certificates to the persons entitled thereto personally or by certified mail.

4. The clerk is hereby directed to enclose with the certificate a form of acceptance of office and oath of office in substantially the form attached hereto.

CERTIFICATE OF ELECTION
Full 4 Year Term

This is to certify as follows:

1. The School Board of Independent School District No. 726 on November 14, 2022, canvassed the general election of school board members held on November 8, 2022.

2. _____ received the (largest/second largest/third largest) number of votes cast for the office of school board member of Independent School District No. _____ for a full four year term.

3. There are (one/two/three) full four year term vacancies on the board caused by expiration of term on the first Monday in January next following the election.

4. Therefore _____ is elected to the office of school board member of Independent School District No. _____ for a full four year term beginning the first Monday in January, 20 _____ and expiring the first Monday in January, 20 _____.

By authority of the School Board of Independent School District No. _____, pursuant to resolution dated _____, 20 _____.

Dated: _____

Dated: _____

Chair

Clerk

ACCEPTANCE OF OFFICE
AND OATH OF OFFICE

To: [The recipient of the Certificate of Election]

The following acceptance and oath of office must be filed with the school district clerk within 30 days of the date of mailing or personal service of the certificate of election.

ACCEPTANCE OF OFFICE

I hereby accept the office of school board member of Independent School District No. _____ for a term beginning the first Monday in January, 20____ and expiring the first Monday in January, 20____.

Date: _____

Signature

STATE OF MINNESOTA)

)

COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 20____ by
(name of candidate).

Notary Public

OATH OF OFFICE

I swear/affirm that I will support the Constitution of the United States and of this state, and that I will discharge faithfully the duties of the office of school board member of Independent School District No. _____ to the best of my judgment and ability.

Date: _____

Signature

STATE OF MINNESOTA)
)
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____,

2022, by (name of candidate).

Notary Public

RESOLUTION AUTHORIZING ISSUANCE OF CERTIFICATES
OF ELECTION AND DIRECTING SCHOOL DISTRICT CLERK
TO PERFORM OTHER ELECTION RELATED DUTIES

WHEREAS, the board has canvassed the general and special election for school board members held on November 8, 2022.

NOW THEREFORE, BE IT RESOLVED by the School Board of Independent School District No. 726, State of Minnesota, as follows:

1. The chair and clerk are hereby authorized to execute certificates of election on behalf of the school board of Independent School District No. 726 to the following candidates:

- a. Ryan Hubbard
- b. Troy Berning

who have received a sufficiently large number of votes to be elected to fill vacancies on the board caused by expiration of term on the first Monday in January next following the election, based on the results of the canvass.

2. The certificate of election shall be in substantially the form attached hereto.

3. After the time for contesting the election has passed and the candidate has filed all campaign financial reports required by Minnesota Statutes, Chapter 211A, the clerk of the school board is hereby directed to deliver the certificates to the persons entitled thereto personally or by certified mail.

4. The clerk is hereby directed to enclose with the certificate a form of acceptance of office and oath of office in substantially the form attached hereto.

CERTIFICATE OF ELECTION
Unexpired Term Expiring January 1, 2025

This is to certify as follows:

1. The School Board of Independent School District No. 726 on November 14, 2022, canvassed the special election of school board members held on November 8, 2022.

2. _____ received the largest number of votes cast for the office of school board member of Independent School District No. _____ for an unexpired term expiring the first Monday in January, 20____.

3. Therefore _____ is elected to the office of school board member of Independent School District No. _____ for an unexpired term expiring the first Monday in January, 20____.

By authority of the School Board of Independent School District No. _____, pursuant to resolution dated _____, 20__.

Dated: _____

Dated: _____

Chair

Clerk

ACCEPTANCE OF OFFICE
AND OATH OF OFFICE

To: [The recipient of the Certificate of Election]

The following acceptance and oath of office must be filed with the school district clerk within 30 days of the date of mailing or personal service of the certificate of election.

ACCEPTANCE OF OFFICE

I hereby accept the office of school board member of Independent School District No. _____ for a term beginning the first Monday in January, 20____ and expiring the first Monday in January, 20____.

Date: _____

Signature

STATE OF MINNESOTA)
)
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 20____ by
(name of candidate).

Notary Public

OATH OF OFFICE

I swear/affirm that I will support the Constitution of the United States and of this state, and that I will discharge faithfully the duties of the office of school board member of Independent School District No. _____ to the best of my judgment and ability.

Date: _____

Signature

STATE OF MINNESOTA)
)
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of
_____, 20____
_____ by (name of candidate).

Notary Public



*Preparing self-directed learners to thrive in
a changing global community*

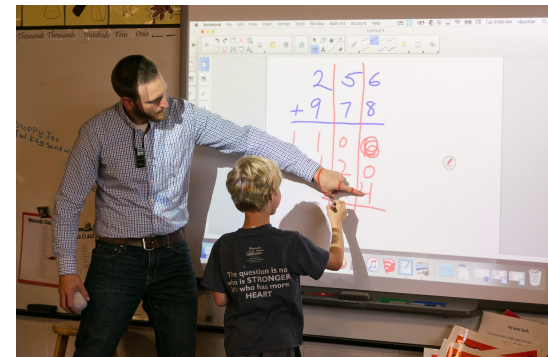
Becker School District #726

The Becker School District [World's Best Workforce Plan](#) is a comprehensive, long-term strategic plan designed to support and improve teaching and learning with the ultimate goal of creating the world's best workforce. This plan serves as a foundational document that aligns current district initiatives and plans that serve students Pre-K through High School.

World's Best Workforce Report 2021 - 2022

World's Best Workforce Plan Goals:

- All students ready for school
- All students in third grade achieve grade level literacy
- All students attain career and college readiness before graduating from high school
- All students graduate from high school
- Close the achievement gap:
 - Between students living in poverty and those who are not
 - Between students receiving special education services and those who do not



Performance Measures

Annual progress towards the goals indicated in the World's Best Workforce Plan is measured through the school district's assessment system. Each spring district and school leaders develop an assessment plan for the following year. Decisions regarding which assessments will be used for each grade level and building are guided by the following needs:

1. To ensure the availability of information regarding annual growth and achievement for each student. This enables building MTSS teams to make informed decisions about placement and programming for every student.
2. To ensure the availability of trend data on achievement and progress of groups of students. This enables administrators and teachers to evaluate the effectiveness of curriculum and instruction.

The [2021-2022 District Assessment Plan](#) Details the various assessments used. Student achievement data is housed in the Viewpoint data warehouse system for ease of access. Additional information on student assessment can be found [here](#).



All Students Ready for School

The Becker School District is committed to partnering with parents and community agencies to ensure ALL students enter Kindergarten ready to learn.

This table indicates the percentage of Becker students entering Kindergarten with adequate early literacy skills as measured by Fastbridge eReading assessment.

	Number of Students	Percentage Low Risk	Percentage Some Risk	Percentage High Risk
Fall 2017	193	71.5	21.2	7.3
Fall 2018	208	63.9	27.4	8.7
Fall 2019	226	80.0	18.0	2.0
Fall 2020	209	83.0*	12.0*	4.0*
Fall 2021	200	80.0	19.0	1.0
Fall 2022	194	75.8	20.6	3.6

*Due to COVID, a Tier 1 intervention was administered before students' were assessed.

GOAL: To increase the percentage of students scoring in the 'low risk' category and decrease the percentage of students scoring in the 'high risk' category on Fastbridge Early Literacy Assessments.

STRATEGIES AND ACTION STEPS 2014 - 2022

1. A school district assessment task force researched four systems recommended by the Minnesota Department of Education and selected Fastbridge Learning for use in Pre-Kindergarten and Kindergarten. This system can be used to screen students at risk in Early Literacy and Mathematics and can also be used to monitor student acquisition of important Developmental Milestones.
2. The Early Learning Scholarship Pathway II application was written to provide 6 hours a day of Literacy Intervention for students at-risk on early literacy assessments beginning Fall 2016.
3. Systems were developed to integrate early childhood Fastbridge into the school district warehouse system.
4. Ongoing efforts build capacity for data usage by analyzing winter and spring data to determine the success of the literacy intervention and appropriately expand use of this tool and using these data for planning purposes.
5. Ongoing efforts align early learning standards and essential outcomes to K-5 programming through lead staff attendance and collaboration at curriculum meetings.
6. Determine changes that may need to be made to School Readiness curriculum, instruction, and scheduling based on data.

All Students in Third Grade Achieving Grade Level Literacy

The table below indicates the percentages of Becker School District students scoring at or above proficiency on the Minnesota Comprehensive Assessments (MCA III) in **Reading** for all grade levels assessed from 2013 - 2022.

Reading

YR	All Grades		Grade 3		Grade 4		Grade 5		Grade 6		Grade 7		Grade 8		Grade 10	
	Dist	State	Dist	ST	Dist	ST	Dist	ST	Dist	ST	Dist	ST	Dist	ST	Dist	ST
2013	64.9	57.8	55.9	57.4	59.5	54.2	67.7	63.1	71.4	58.8	67.6	53.9	63.9	53.8	68.2	62.2
2014	68.5	59.1	71.7	58.2	52.2	55.2	76.6	66.9	70.0	60.2	71.7	55.8	67.7	55.6	67.0	60.0
2015	65.0	59.5	62.7	58.9	65.1	57.9	62.1	66.7	73.3	63.9	66.5	55.7	61.5	56.2	62.6	57.2
2016	69.1	59.9	73.1	57.5	64.5	58.4	73.0	67.7	75.5	62.3	71.7	56.7	65.3	57.3	61.5	59.1
2017	71.5	60.2	67.3	56.8	72.5	57.0	75.1	67.5	78.9	63.4	66.7	57.6	74.6	58.9	64.5	60.5
2018	69.2	60.4	64.1	56.2	62.9	56.2	77.1	67.4	73.2	64.9	74.7	58.7	67.5	59.1	62.9	59.9
2019	64.9	59.7	57.3	54.9	54.4	55.9	67.8	66.2	77.5	63.2	65.1	58.0	65.6	58.1	66.5	61.1
2020	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2021	56.3	52.5	51.5	48.5	57.2	49.3	57.7	59.4	59.0	55.0	52.6	48.6	56.0	49.7	60.4	58.3
2022	58.3	51.6	59.4	47.8	57.4	49.5	65.9	59.3	65.7	54.4	51.0	45.3	51.2	46.1	57.6	54.9

Due to Covid, no summarized assessment data is available for 2020.

During the 2020–21 school year, educators and students experienced significant and profound changes in teaching, learning, and social and emotional well-being. It is important to keep this in mind when interpreting assessment results, as these changes impact student scores. It is reasonable to expect statewide assessment results to look different from previous years.



The tables below provide information on the percentage of Becker students scoring at or above proficiency on the Minnesota Comprehensive Assessments (MCA III) in [Mathematics](#) for **all** grade levels assessed from 2013 - 2022.

Mathematics

YR	All Grades		Grade 3		Grade 4		Grade 5		Grade 6		Grade 7		Grade 8		Grade 11	
	Dist	State	Dist	ST	Dist	ST	Dist	ST	Dist	ST	Dist	ST	Dist	ST	Dist	ST
2013	70.9	60.2	78.9	71.5	77.6	71.3	65.9	59.1	70.0	55.9	71.4	54.3	77.1	57.3	52.7	51.5
2014	69.6	60.5	83.2	71.9	71.0	70.3	69.6	60.9	66.8	56.1	72.4	55.6	71.6	58.2	54.7	49.8
2015	71.7	60.2	80.4	70.9	73.4	70.0	66.5	59.7	74.5	57.9	70.5	55.0	76.0	58.0	60.6	48.7
2016	73.5	59.5	82.8	69.6	75.6	68.8	63.8	58.8	78.3	56.1	76.3	56.2	75.9	58.2	60.8	47.2
2017	73.6	58.7	76.9	68.1	78.0	66.8	61.8	57.1	76.0	55.5	79.2	54.9	86.2	58.2	55.3	48.4
2018	70.7	57.7	73.8	57.7	69.1	65.5	66.4	55.3	71.0	54.3	76.6	55.0	81.6	57.9	58.6	47.9
2019	66.2	55.5	66.7	66.0	67.2	64.3	56.1	52.4	73.4	50.9	69.1	52.6	77.5	55.7	53.7	45.4
2020	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2021	52.0	44.2	63.1	57.1	58.5	53.8	45.2	41.1	40.0	37.2	57.6	37.4	53.1	39.8	47.7	41.4
2022	54.8	45.2	69.7	58.8	65.1	56.2	53.1	42.9	43.0	39.0	45.9	37.4	58.9	39.8	47.3	36.3

Due to Covid, no summarized assessment data is available for 2020.

During the 2020–21 school year, educators and students experienced significant and profound changes in teaching, learning, and social and emotional well-being. It is important to keep this in mind when interpreting assessment results, as these changes impact student scores. It is reasonable to expect statewide assessment results to look different from previous years.

The tables below provide information on the percentage of Becker students scoring at or above proficiency on the Minnesota Comprehensive Assessments (MCA III) in [Science](#) for ***all*** grade levels assessed from 2013 - 2021.

Science

YEAR	Becker Gr. 5	State Gr. 5	Becker Gr. 8	State Gr. 8	Becker HS	State HS
2013	65.2	59.9	42.0	44.3	65.9	53.1
2014	73.8	61.4	56.8	45.4	62.9	53.4
2015	62.1	59.3	61.9	45.9	63.1	54.9
2016	68.5	61.6	61.3	47.5	69.3	55.8
2017	64.5	60.0	67.2	46.2	67.3	56.3
2018	70.7	58.7	63.7	45.7	68.5	52.9
2019	61.9	54.9	59.9	43.0	66.8	54.4
2020	N/A	N/A	N/A	N/A	N/A	N/A
2021	45.4	47.9	46.5	33.8	56.6	48.3
2022	49.7	49.8	38.0	28.6	58.2	45.3

Due to Covid, no summarized assessment data is available for 2020.

During the 2020–21 school year, educators and students experienced significant and profound changes in teaching, learning, and social and emotional well-being. It is important to keep this in mind when interpreting assessment results, as these changes impact student scores. It is reasonable to expect statewide assessment results to look different from previous years.

College and Career Readiness

To meet the goal of all students *graduating college and career ready*, the [Ramp-Up to Readiness](#) Curriculum has been implemented in Grades 6-12 since 2012. As part of this program every high school student develops a post-secondary plan for success.

The table below indicates the percentage of Grade 11 students meeting College and Career Readiness Benchmarks on the ACT.

College and Career Readiness Benchmarks are the minimum ACT test scores required for students to have a high probability of success in credit-bearing college courses in English, Social Sciences, Algebra and Biology.

	# Students tested		English		Math		Reading		Science		Met All Four	
	BHS	State	BHS	State	BHS	State	BHS	State	BHS	State	BHS	State
2013	115	44,676	78	78	62	62	55	57	47	52	37	39
2014	138	45,305	80	77	54	61	55	56	52	53	31	39
2015	123	46,862	82	74	72	58	60	57	58	53	40	39
2016*	215	64,145	60	61	52	46	48	45	43	40	31	29
2017	218	61,101	58	63	51	48	41	50	39	42	22	31
2018	205	61,253	57	60	44	47	49	48	41	42	26	30
2019	208	59,186	60	61	48	47	46	48	36	42	23	30
2020	167	56,706	65	59	59	46	46	48	46	42	29	30
2021	121	41,924	74	61	68	48	63	52	62	45	44	32
2022	117	49,624	48	52	50	34	46	42	37	35	25	21

*Note that beginning in 2015 - 2016 the ACT test was taken by all 11th grade Becker Students during school hours.

Percentage of students enrolled in postsecondary education fall of graduating year or 16 months post graduation (after 2019).*

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Becker	68	69	67	76	73	72	68	71	74	N/A	N/A
State	68	70	70	69	74	70	70	63	71	N/A	N/A

*These data from 2011 - 2019 are obtained from the [National Student Clearinghouse](#). Reports are provided to the school district twice-annually. Data after 2019 are from the MN Report Card.

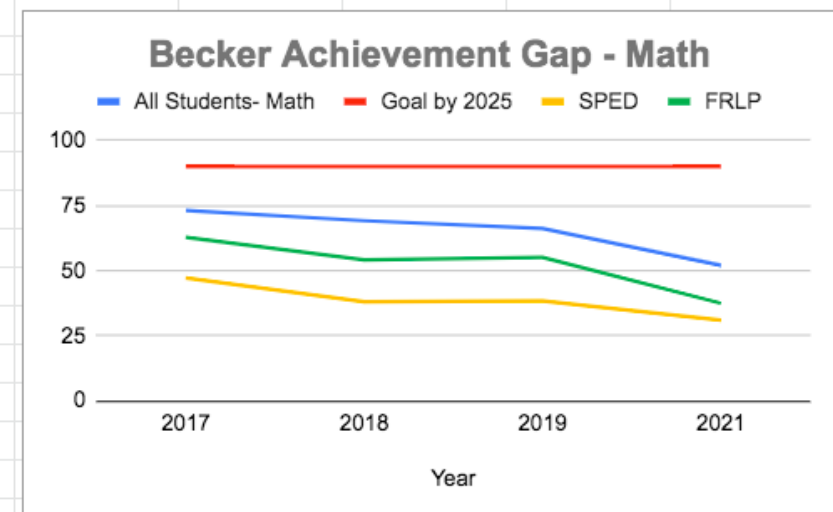
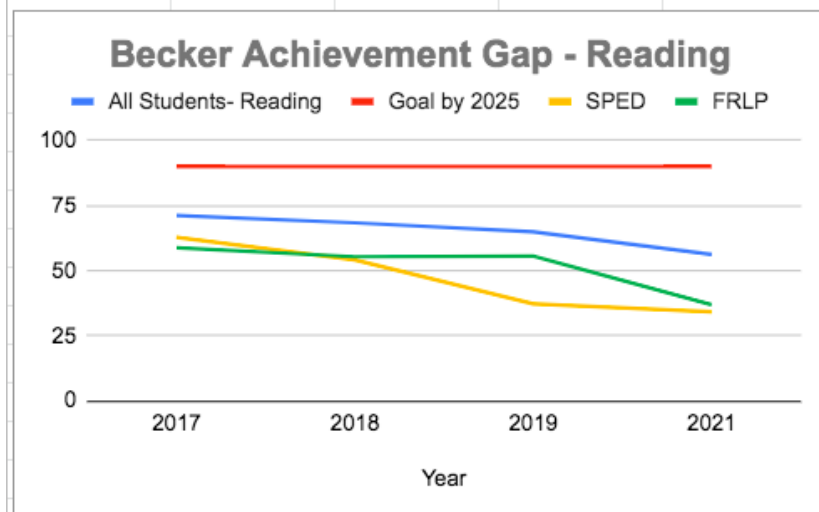
Closing the Achievement Gap

- Between students living in poverty and those that are not (FRLP)
- Between students receiving special education services and those that do not (SPED)

The graphs below indicate the percentages of students proficient in reading and math in each group in 2017 - 2022. 2025 proficiency goals for each group have been set by the Minnesota Department of Education. These goals are designed to increase the proficiency of all students and reduce the achievement gap.

Percent of Students Proficient on MCA Reading				
Year	All Students-Reading	Goal by 2025	SPED	FRLP
2017	71.2	90	62.9	58.8
2018	68.4	90	54.2	55.4
2019	64.9	90	37.3	55.7
2021	56.3	90	34.3	37.0

Percent of Students Proficient on MCA Math				
Year	All Students-Math	Goal by 2025	SPED	FRLP
2017	73.1	90	47.3	62.9
2018	69.2	90	38.2	54.2
2019	66.2	90	38.4	55.2
2021	52.1	90	31.1	37.6



Due to Covid, no summarized assessment data is available in 2020.

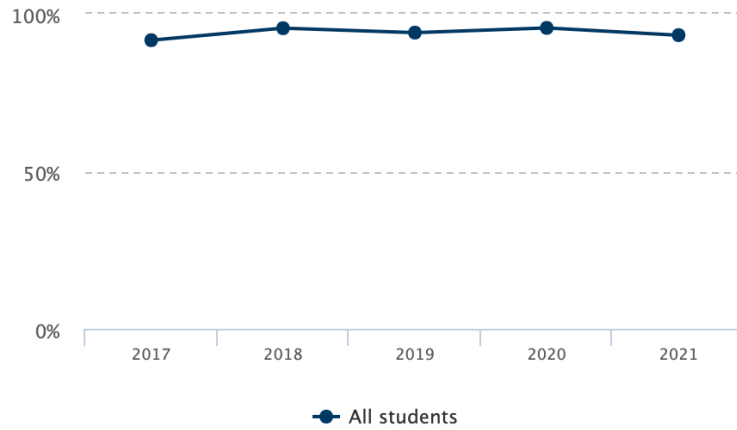
BECKER GRADUATION RATES

The graphs below indicate the number and percentage of students who have graduated from 2016 to 2020.

Data is found on the Minnesota Report Card.

Graduation rate over time

Export to PDF



Demographic	Year	Graduated count	Graduated %
All students	2017	207	91.6%
All students	2018	206	95.4%
All students	2019	204	94.0%
All students	2020	213	95.5%
All students	2021	221	93.2%

BEST PRACTICE STRATEGIES AND ACTION STEPS

Ensuring Individual Student Success: Multi-Tiered System of Support (MTSS)

In order to continuously evaluate each student's progress towards meeting state and local academic standards, teachers and grade level teams supported by building MTSS teams and building principals monitor the progress of each student using multiple data points. The **Title I** and **Alternative Delivery of Specialized Instructional Services (ADSIS)** programs support a Multi-Tiered System of Support. The progress of all students in core curriculum is reviewed during data meetings and PLCs. The progress of students receiving Tier 2 support is reviewed every six weeks in a PLC meeting facilitated by intervention staff.

An individualized plan is written for all students receiving Tier 2 and Tier 3 support. This plan documents the research-based intervention used, fidelity checks, progress monitoring, data-based decision making, and student response. The progress of students served in Tier 3 is reviewed on a frequent basis by a Tier 3 team that includes the School Psychologist and Special Education Staff.

Complete information on the district Multi-Tiered System of Support (MTSS) program can be found at this link: [Multi-Tiered System of Support \(MTSS/RTI\)](#).

Curriculum Review Process

The school district [Curriculum Review Process](#) ensures continuous evaluation and review of curriculum and instruction. During 2017 - 2018 school year new materials were selected for grades 7 and 8 Mathematics, grades 6 - 8 English Language Arts, high school World History, and the special education area of developmentally and cognitively delayed (DCD). During the 2018-2019 school year new materials were selected for Handwriting and Coding for K-5; Writing for grades K-2; and Spanish, Geometry, and Psychology in the High School. During the 2020-2021 school year new materials were purchased for district-wide SEL and middle school science.

Principal and Teacher Evaluation

In Spring 2014, the Becker School Board and the Becker Education Association approved a Teacher Evaluation Plan compliant with MS 122A.40. The plan was implemented beginning 2014-2015 and includes the following components:

- Individual growth and development plan
 - Teachers set an annual professional development goal
- Student survey to measure student engagement
 - Teachers survey a class of students annually and submit a reflection based on the results
- Student academic growth
 - Based on the content area taught each teacher monitors student growth on building goals, small group goals, and state or standardized testing
- Summative evaluation
 - Every third year teachers are provided with a summative evaluation by a licensed principal
- Optional portfolio
 - Teachers have the option of submitting a professional portfolio

In order to ensure effectiveness, this plan is evaluated annually by a district team which includes teachers and administrators. Changes and adjustments are made based on the recommendations of this team.

Educator Effectiveness

[Reading Coach](#)

In order to support teachers in the delivery of effective research-based reading instruction the school district approved 1.0 FTE reading coach beginning 2017 - 2018. The school district also entered into a consulting contract with a reading expert to work with middle and high school English and Reading teachers on curriculum and instruction and with all high school teachers on content area reading strategies and vocabulary. This continued in 2018 - 2019. This position was eliminated in 2019-2020 due to budget reductions.

[District Instructional Framework](#)

The Becker Public Schools Instructional Framework based on the research of Dr. Robert Marzano provides many opportunities for teacher professional growth in research-based instructional strategies.

[Equitable Access to Effective and Diverse Teachers](#)

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. All teachers at Becker public School meet the criteria as an effective teacher. 10.5% of teachers are considered to be inexperienced (taught for three or fewer years). Currently Becker Public School has 1% of teachers teaching out-of field.

Digital Learning Mentors

Under the leadership of the Director of Instructional Technology, Digital Learning Mentors provide opportunities for teacher growth in the development of [Communication, Collaboration, Critical Thinking, and Creativity](#) in students. This program is supported by a 1-1 iPad learning environment in grades K-12.

Professional Learning Communities

The [Professional Learning Community \(PLC\)](#) model of Professional Development is utilized to ensure a collaborative professional development culture with a focus on continuous clarification of standards-based essential student outcomes and common formative and summative assessments. Instructional Technology is tightly aligned to essential curriculum and continuous improvement of instruction to improve student engagement and achievement.



Reporting and Communication

The Becker School District Advisory Committee reviewed this report on December 5, 2022.

The Becker School Board will receive this report at a public meeting on December 5, 2022.

A summary will be submitted to the Commissioner of the Minnesota Department of Education by **December 15, 2022**.

In order to communicate with all constituents the World's Best Workforce Report will be displayed on the school district website. Additional copies are on request from the District Office.



**Independent School District No. 726
Becker, Minnesota**

Communications Letter

June 30, 2022

PRELIMINARY



Independent School District No. 726
Table of Contents

Report on Matters Identified as a Result of the Audit of the Basic Financial Statements	1
Significant Deficiency	3
Required Communication	4
Financial Analysis	9
Legislative Summary	21
Emerging Issues	23

PRELIMINARY

**Report on Matters Identified as a Result of
the Audit of the Basic Financial Statements**

To the School Board and Management
Independent School District No. 726
Becker, Minnesota

In planning and performing our audit of the basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 726, Becker, Minnesota, as of and for the year ended June 30, 2022, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, we considered the District's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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

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

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

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

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

The accompanying memorandum also includes financial analysis provided as a basis for discussion. The matters discussed herein were considered by us during our audit and they do not modify the opinion expressed in our Independent Auditor's Report dated November 9, 2022, on such statements.

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

St. Cloud, Minnesota
November 9, 2022

**Independent School District No. 726
Significant Deficiency**

Lack of Segregation of Accounting Duties

The District has a lack of segregation of accounting duties due to a limited number of office employees. Segregation of accounting duties related to four key areas: initiation/authorization, processing/recording, reconciling/reporting of financial data, and custody of assets. The lack of adequate segregation of accounting duties could adversely affect the District's ability to initiate, record, process, and report financial data consistent with the assertions of management in the basic financial statements. This lack of segregation can be demonstrated in the following areas, which is not intended to be an all-inclusive list:

- The Payroll Clerk records and processes all payroll transactions, has access to the electronic signature file, runs all checks, and stuffs envelopes.
- The Finance Assistant enters purchase orders and processes received invoices for payment.
- The Director of Business Services has access to all areas of the accounting system and the ability to make journal entries, while performing some initiation and reconciliation duties.

Management and the School Board are aware of this condition and have taken certain steps to compensate for the lack of segregation, but due to the number of staff needed to properly segregate all of the accounting duties, the costs of obtaining desirable segregation of accounting duties can often exceed benefits which could be derived. Due to this reason, management has determined a complete segregation of accounting duties is impractical to correct. However, management and the School Board must remain aware of this situation and should continually monitor the accounting system, including changes that occur.

We recommend segregation or independent review be implemented whenever practical and cost effective.

Independent School District No. 726 Required Communication

We have audited the basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information the District as of and for the year ended June 30, 2022. Professional standards require that we advise you of the following matters related to our audit.

Our Responsibility in Relation to the Basic Financial Statement Audit

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

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

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

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

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

Our Responsibility in Relation to *Government Auditing Standards*

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

**Independent School District No. 726
Required Communication**

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

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

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

Planned Scope and Timing of the Audit

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

Compliance with All Ethics Requirements Regarding Independence

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

Significant Risks Identified

We have identified the following significant risks of material misstatement:

- Risk of misappropriation of assets. If duties cannot be appropriately segregated within the accounting and finance department, there is a risk of unauthorized electronic fund transfers (EFT) being made from the District.
- Risk of fraudulent financial reporting. If duties cannot be appropriately segregated within the accounting and finance department, there is a risk of improper recording of year-end adjustments that can impact fund balance.
- Misappropriation of assets and management override of controls through the journal entry process.
- Improper revenue recognition specific to state aids. Revenue recognition is considered a fraud risk on substantially all engagements as it is generally the largest line item impacting a district's operating results.
- Risk of noncompliant federal expenditures including transfers of the federal program funds.

Independent School District No. 726 Required Communication

Qualitative Aspects of the District's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the District is included in the notes to the basic financial statements. There have been no initial selection of accounting policies and no changes to significant accounting policies or their application during 2022. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

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

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

Expense Allocation – The District is currently allocating certain costs among the programs and supporting services benefited. The costs are allocated based on management's estimates.

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

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

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

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

Financial Statement Disclosures

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

**Independent School District No. 726
Required Communication**

Significant Difficulties Encountered during the Audit

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

Uncorrected and Corrected Misstatements

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

We identified uncorrected misstatements of the basic financial statements in the areas listed below. Management has determined their effects are immaterial, both individually and in the aggregate, to the basic financial statements taken as a whole.

- State special education revenues and receivables were under-booked in the General Fund.

Disagreements with Management

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

Representations Requested from Management

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

Management's Consultations with Other Accountants

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

Other Significant Matters, Findings, or Issues

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

**Independent School District No. 726
Required Communication**

Other Information Included in Annual Reports

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

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

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

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

**Independent School District No. 726
Financial Analysis**

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

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

Average Daily Membership and Pupil Units

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

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

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

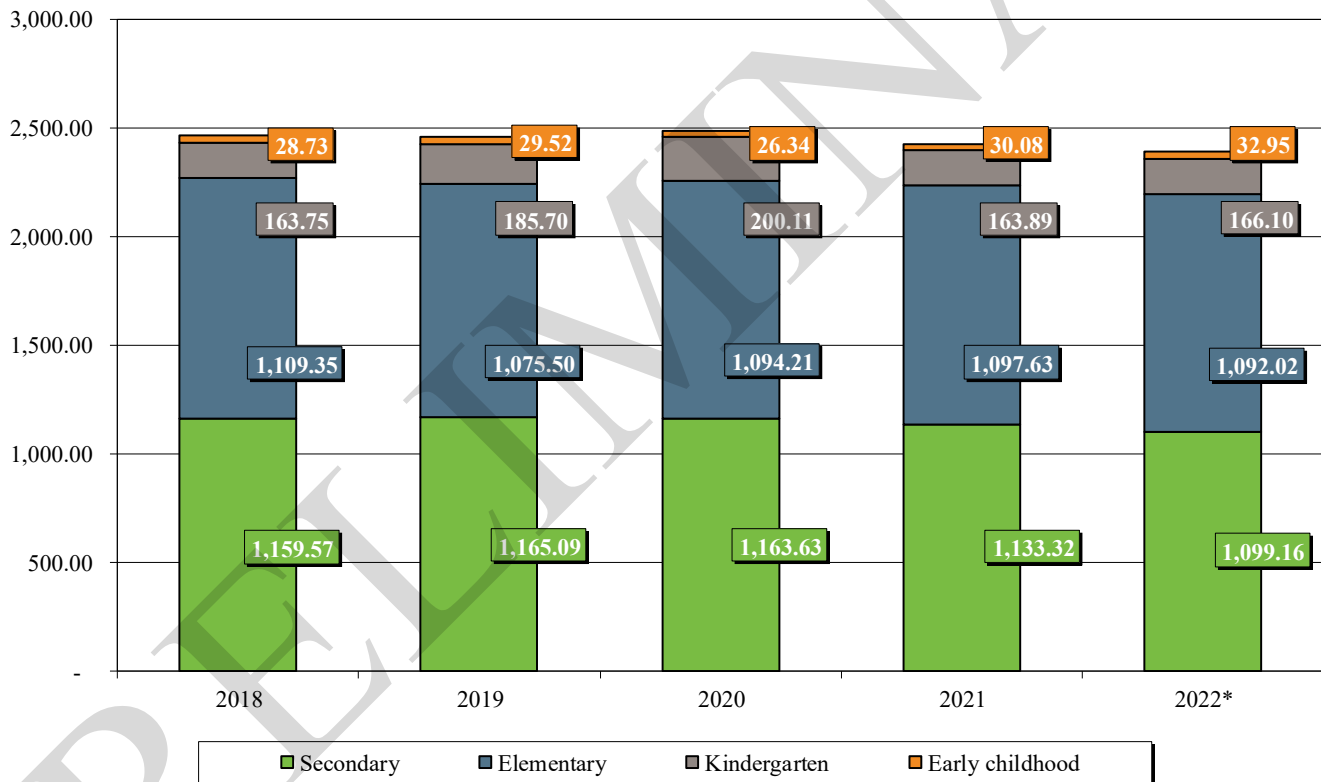
Independent School District No. 726 Financial Analysis

Average Daily Membership and Pupil Units (Continued)

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

ADM	2018	2019	2020	2021	2022*
Early childhood	28.73	29.52	26.34	30.08	32.95
Kindergarten	163.75	185.70	200.11	163.89	166.10
Elementary	1,109.35	1,075.50	1,094.21	1,097.63	1,092.02
Secondary	1,159.57	1,165.09	1,163.63	1,133.32	1,099.16
Total resident ADM	2,461.40	2,455.81	2,484.29	2,424.92	2,390.23
Total adjusted ADM	2,850.64	2,866.46	2,897.25	2,798.19	2,777.34

Students (Average Daily Membership)



* Estimate

The table and graph above illustrate the change in resident ADM. The District experienced a decrease in 2022 of approximately 35 resident ADM based on 2022 estimates.

**Independent School District No. 726
Financial Analysis**

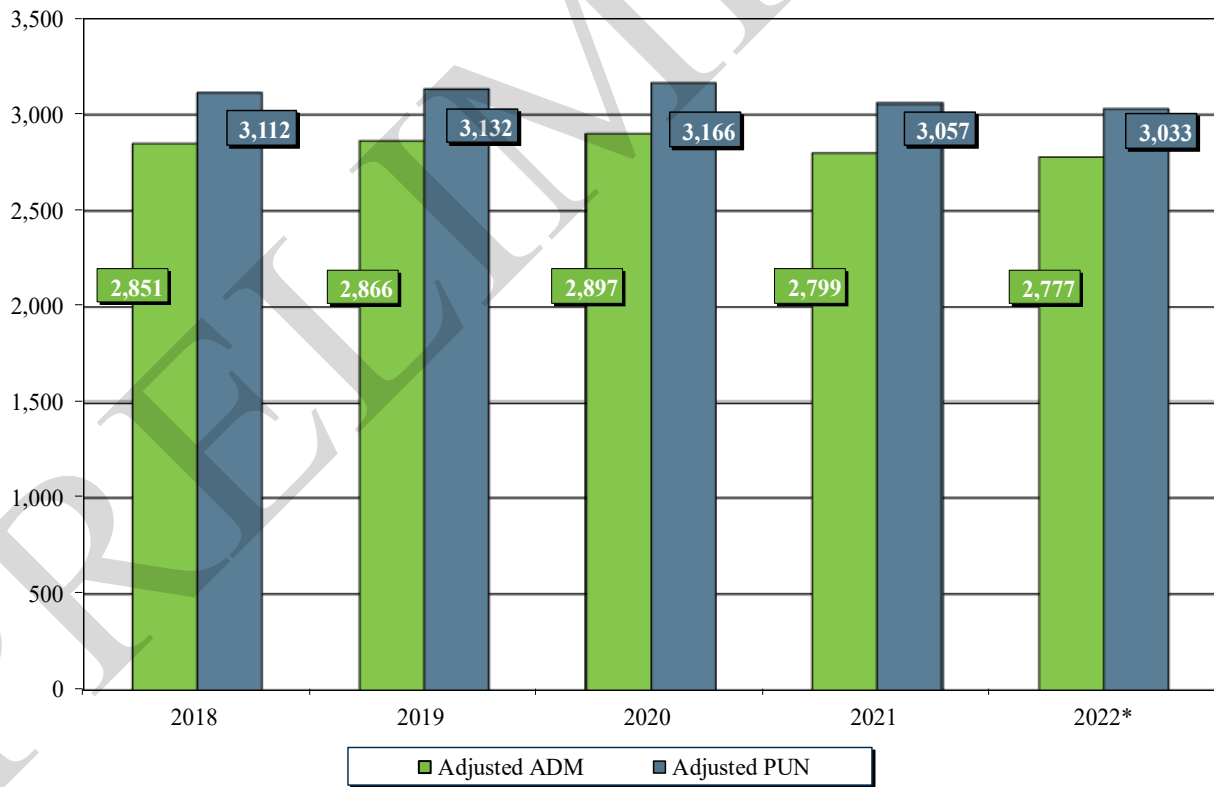
Resident ADM and Pupil Units

	Pupil Units Weighting					
	Early Childhood	Handicapped Kindergarten	Kindergarten	Elementary Grades 1-3	Elementary Grades 4-6	Secondary
2018-2022	1.000	1.000	1.000	1.000	1.000	1.200

The table and graph below convert the resident ADM into adjusted pupil unit numbers (PUN) for the past five years, taking into consideration the above weighting factors and open enrollment. Since the majority of state aid is dependent on student counts, the change in students has a significant impact on the budget. Adjusted PUN decreased approximately 24 students, or 0.8%, for 2022.

Adjusted PUN	2018	2019	2020	2021	2022*
Residents	2,693.32	2,688.84	2,717.01	2,651.59	2,610.05
Resident loss	(126.58)	(136.75)	(157.40)	(166.11)	(164.56)
Nonresident gain	545.53	579.94	606.48	571.74	587.26
Total adjusted PUN	3,112.27	3,132.03	3,166.09	3,057.22	3,032.75

Adjusted ADM and Adjusted PUN



* Estimate

Independent School District No. 726
Financial Analysis

General Fund Budget and Actual

The graph below outlines the District's final budget and actual results for the General Fund. The District initially approved a budget anticipating revenues (including other financing sources) would exceed expenditures (including other financing uses) by \$254,755. This was modified in June 2022, increasing revenue by approximately \$1,541,000, increasing expenditures by \$1,506,000. As of June 30, 2022, actual revenues and other financing sources exceeded actual expenditures and other financing uses by \$974,822.

Total General Fund revenues came in 1.1% less than final budgeted amounts. The largest budget variance was state sources of revenue which were under budget primarily due to special education funding being less than anticipated. General education aid received was also less than budgeted.

Overall, expenditures were 2.9% under budget due to expenditures for salaries and benefits coming in less than budgeted as well as conservative budgeting for supplies and repairs and maintenance expenditures.

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues				
Local property taxes	\$ 7,372,678	\$ 7,372,678	\$ 7,435,971	\$ 63,293
State sources	27,041,710	27,386,636	26,635,884	(750,752)
Other	1,177,461	2,374,321	2,668,956	294,635
Total revenues	<u>35,591,849</u>	<u>37,133,635</u>	<u>36,740,811</u>	<u>(392,824)</u>
Expenditures				
Administration	1,635,319	1,634,249	1,656,890	22,641
District support services	641,846	641,846	645,729	3,883
Elementary and secondary regular instruction	17,386,930	17,956,244	17,498,417	(457,827)
Vocational education instruction	44,143	45,054	59,127	14,073
Special education instruction	6,630,715	6,630,715	6,214,406	(416,309)
Instructional support services	2,265,430	2,806,978	2,647,691	(159,287)
Pupil support services	2,764,615	3,120,303	3,040,062	(80,241)
Sites and buildings	3,647,338	3,686,763	3,613,620	(73,143)
Debt service, fiscal, and other fixed costs	549,758	549,758	608,688	58,930
Total expenditures	<u>35,566,094</u>	<u>37,071,910</u>	<u>35,984,630</u>	<u>(1,087,280)</u>
Excess of revenues over expenditures	25,755	61,725	756,181	694,456
Net Other Financing Sources (Uses)				
Total other financing sources (uses)	<u>229,000</u>	<u>229,000</u>	<u>218,641</u>	<u>(10,359)</u>
Net change in fund balances	<u>\$ 254,755</u>	<u>\$ 290,725</u>	<u>\$ 974,822</u>	<u>\$ 684,097</u>

Independent School District No. 726
Financial Analysis

General Fund Operations

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

For the Year Ended June 30,	2018	2019	2020	2021	2022
Revenues	\$ 31,579,876	\$ 33,234,805	\$ 35,182,563	\$ 37,080,691	\$ 36,740,811
Expenditures	32,636,654	34,503,824	34,347,042	34,967,805	35,984,630
Excess of revenues over (under) expenditures	(1,056,778)	(1,269,019)	835,521	2,112,886	756,181
Net other financing sources	682,127	485,674	45,846	138,829	218,641
Fund balance, July 1	1,620,126	1,245,475	462,130	1,345,218	3,596,933
Change in accounting principle	-	-	1,721	-	-
Fund Balance, June 30	\$ 1,245,475	\$ 462,130	\$ 1,345,218	\$ 3,596,933	\$ 4,571,755

Components	2018	2019	2020	2021	2022
Nonspendable	\$ 254,734	\$ 194,665	\$ 447,816	\$ 238,988	\$ 536,706
Restricted/reserved for*					
Operating capital	20,035	1,648	22,530	37,550	77,970
Achievement and integration	-	-	-	-	-
Long-term facilities maintenance	(29,503)	(64,072)	1,250	20,592	89,421
Health and safety	-	-	-	-	-
Student Activities	-	-	89,608	97,733	157,481
Scholarships	-	-	3,721	3,471	6,811
Assigned for					
Building level activity	251,043	153,912	115,864	116,890	142,739
Unassigned	749,166	175,977	664,429	3,081,709	3,560,627
Total	\$ 1,245,475	\$ 462,130	\$ 1,345,218	\$ 3,596,933	\$ 4,571,755

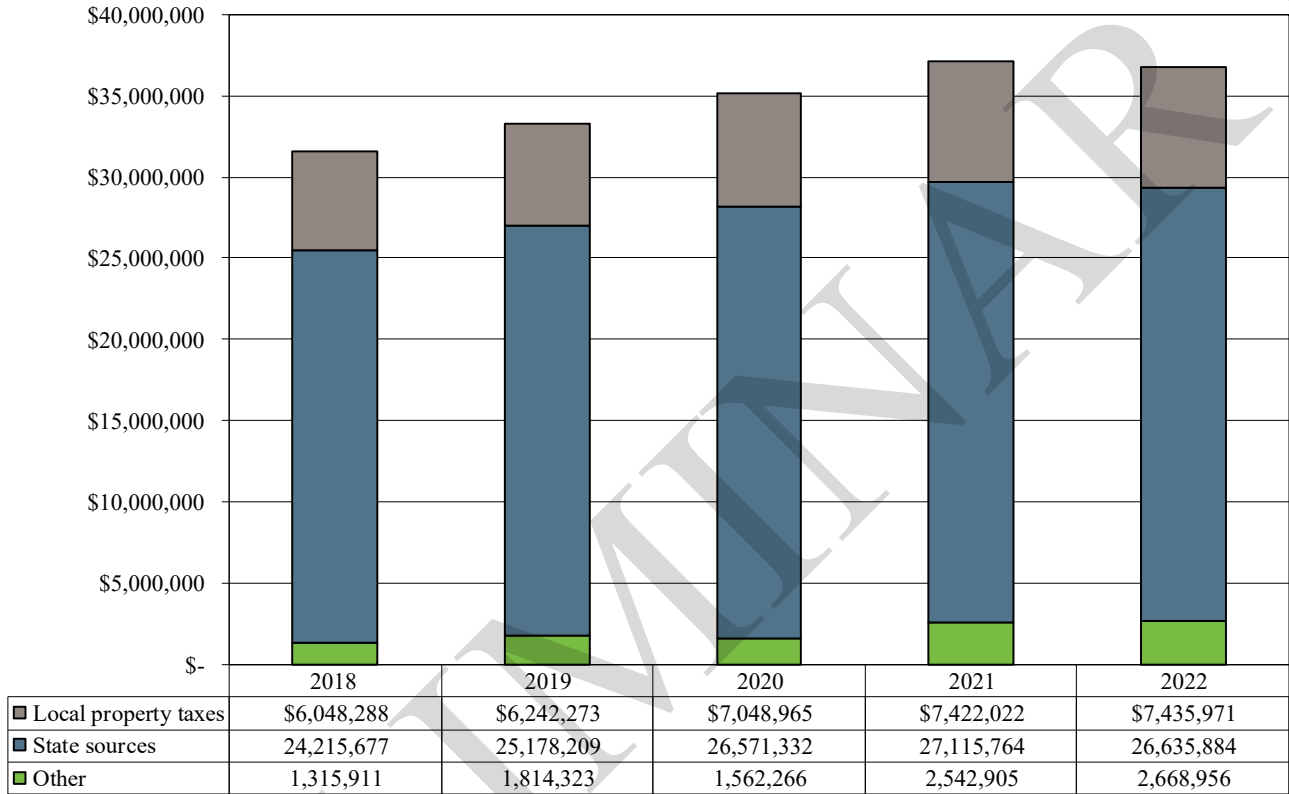
* Deficit amounts are reported as unassigned fund balance on the Balance Sheet.

The District has a minimum unassigned fund balance goal of one month, or 8% of the annual budget. As of June 30, 2022, the District had approximately 9.9% of the annual budget (based on year 2022 expenditure levels) in unassigned fund balance.

**Independent School District No. 726
Financial Analysis**

General Fund Sources of Revenue

General Fund Sources of Revenue



Total General Fund revenues decreased \$339,880, or 0.9%, from 2021.

State revenue, which makes up the largest percentage of the District's revenue, decreased \$479,880 due to an decrease in special education aid.

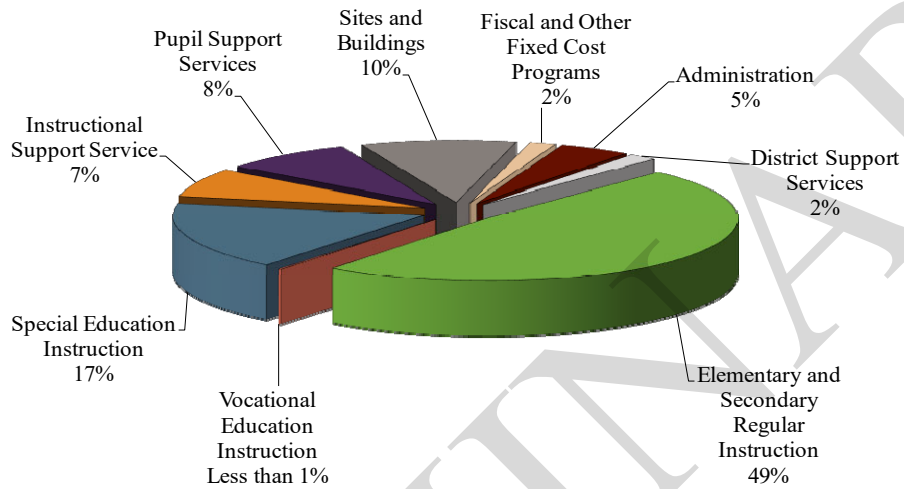
Revenues from local property taxes and federal sources were fairly consistent with the prior year.

Independent School District No. 726 Financial Analysis

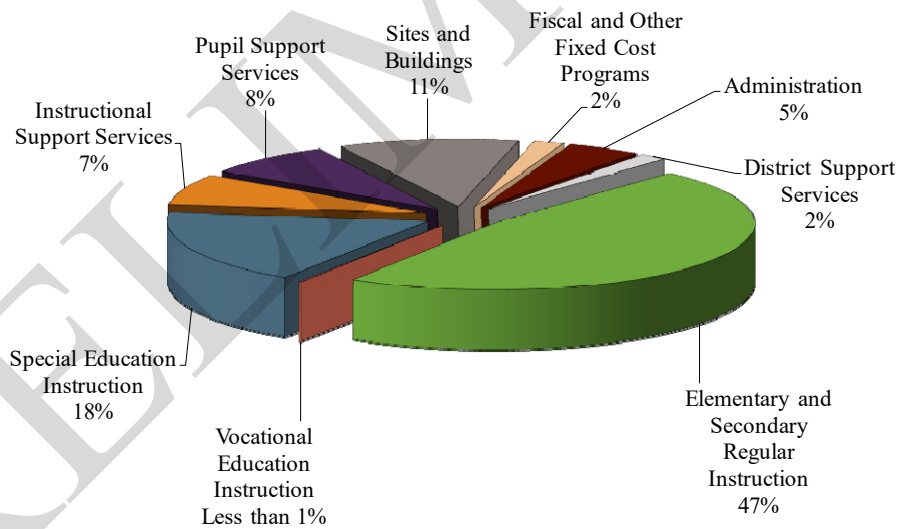
General Fund Expenditures

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

2022 General Fund Expenditures \$35,984,630



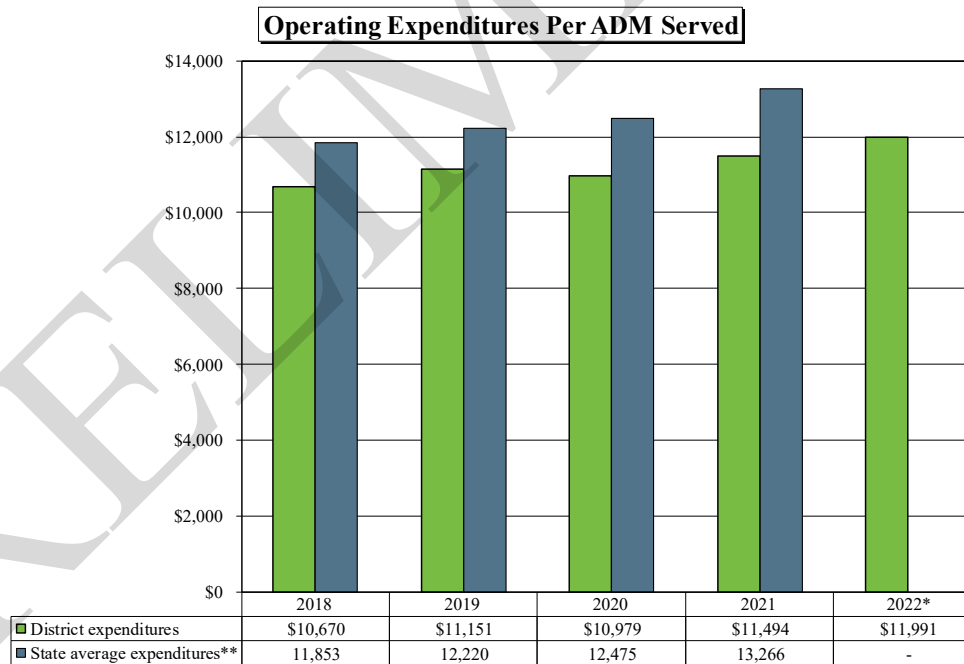
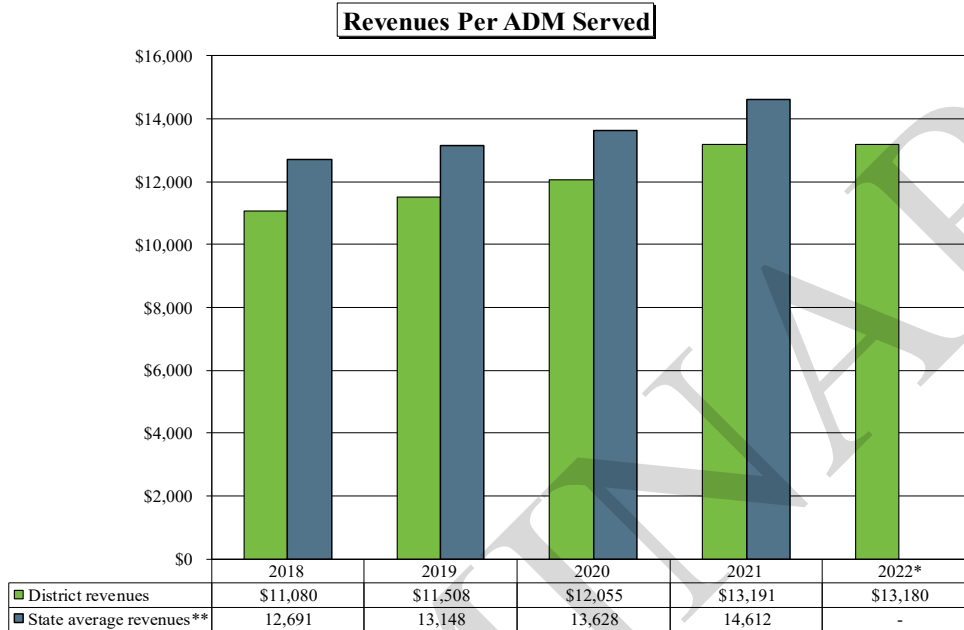
2021 General Fund Expenditures \$34,967,805



Compared to the prior year, 2022 expenditures increased \$1,016,825, or 2.9%. Regular instruction expenditures increased primarily due to increases in wages and benefits related to contract settlements and step and lane movement.

Independent School District No. 726 Financial Analysis

General Fund Revenues and Expenditures Per ADM Served



* Estimate

** State averages obtained from the Minnesota Department of Education's (MDE) publication *School District Profiles*. Amounts for 2022 are not yet available.

The District's General Fund operating expenditures and revenues per ADM served have been overall increasing, although consistently less than the state averages.

Independent School District No. 726 Financial Analysis

General Fund Expenditures by Program and General Fund Operations

District and state expenditures by program are shown below as a percentage of the total spent.

	District	State	District	State
	2021**	Average 2021**	2022*	Average 2022*
District and school administration	7.2%	8.8%	6.2%	N/A
Regular instruction***	47.4%	43.3%	48.3%	N/A
Vocational instruction	0.1%	1.3%	0.2%	N/A
Special education instruction	17.9%	18.6%	17.3%	N/A
Instructional support services	4.9%	5.6%	5.2%	N/A
Pupil support services****	7.0%	8.5%	7.9%	N/A
Sites, buildings, and equipment	8.6%	7.5%	9.1%	N/A
Capital outlay	6.9%	6.4%	5.8%	N/A
Total	100.0%	100.0%	100.0%	N/A

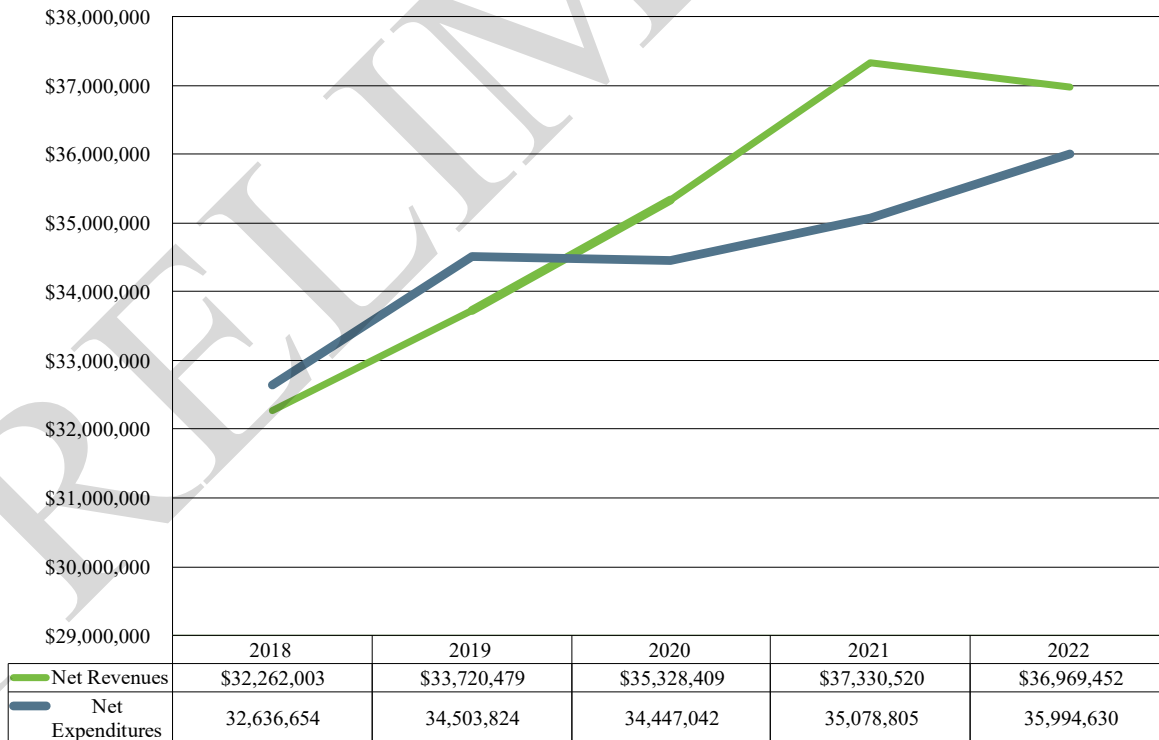
* Estimate

** State averages obtained from the Minnesota Department of Education's (MDE) publication *School District Profiles*. Amounts for 2022 are not yet available.

*** Includes student activities and athletics.

**** Includes transportation.

General Fund Net Revenues and Expenditures



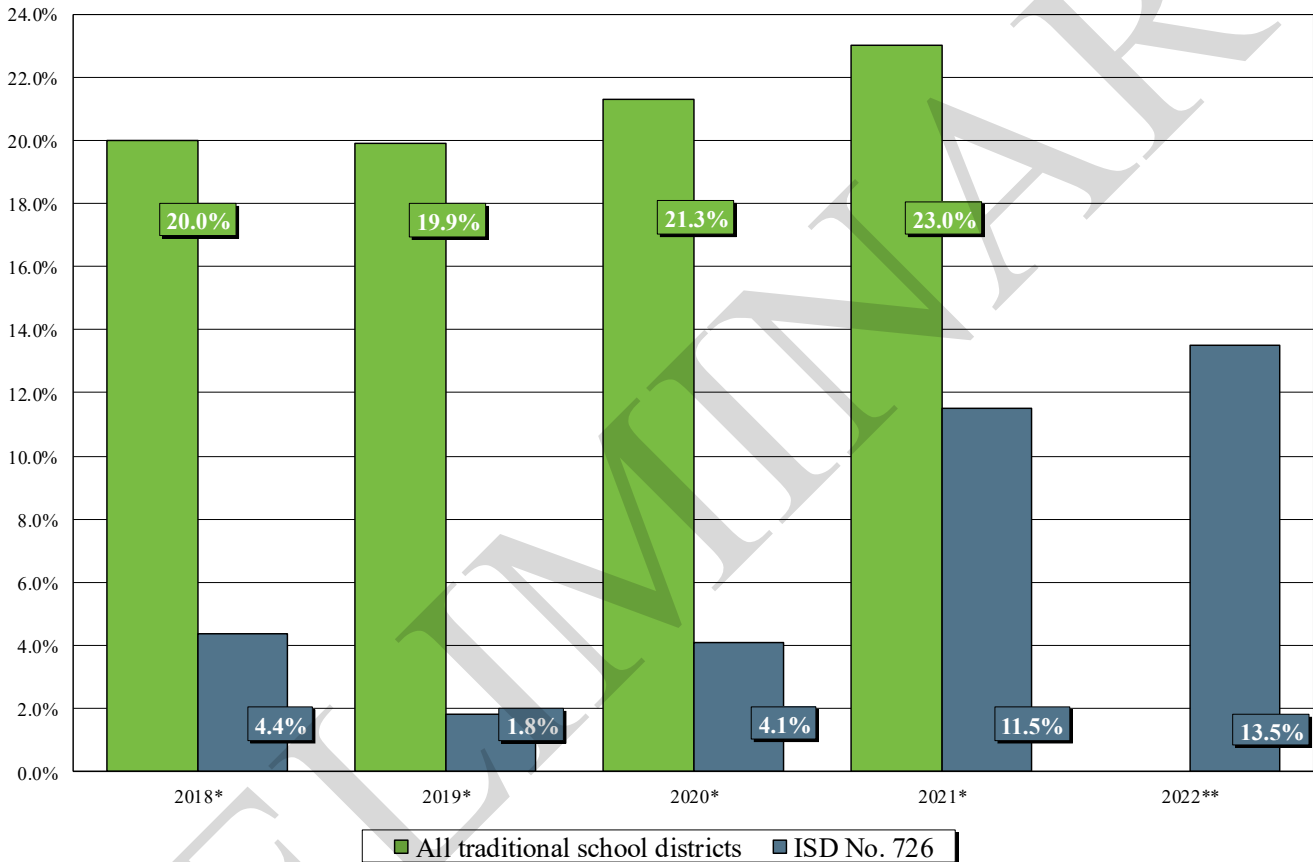
While expenditures and other financing uses increased \$915,825 and revenues and other financing sources decreased \$361,068 from the prior year, net revenues exceeded net expenditures again in 2022.

Independent School District No. 726 Financial Analysis

General Fund Financial Health

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

General Fund Expenditures of Fund Balance



* Information was obtained from the MDE web site report *Fiscal Year 2013-2020 General Fund Unreserved Balance*. 2022 information is not available.

** Estimate

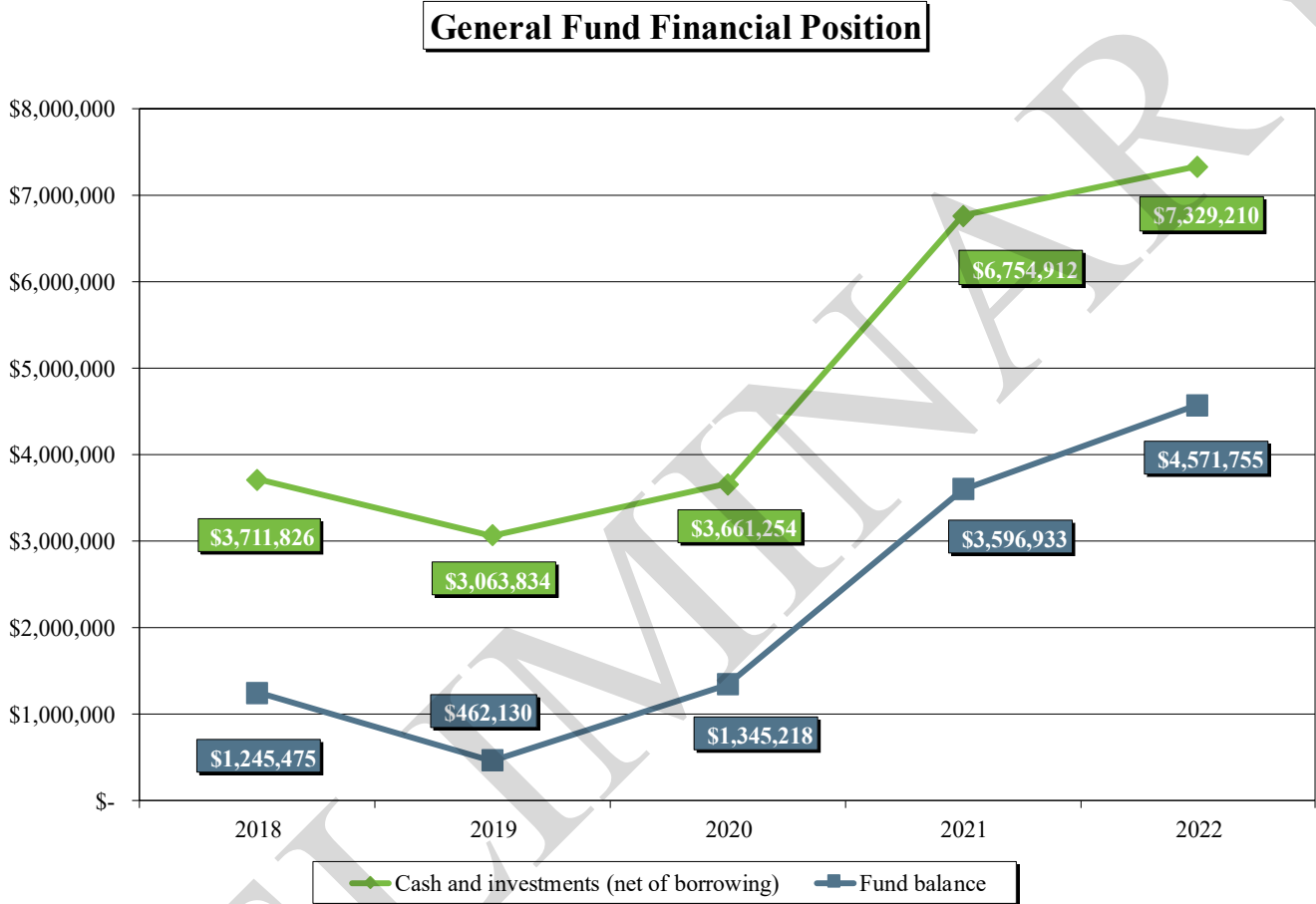
The calculations above reflect the unassigned, assigned, committed and nonspendable fund balances of the General Fund and the corresponding expenditures, which is the same method the state uses for the statutory operating debt (SOD) calculation.

The District's percentage has been consistently below state averages but did increase from 11.5% in 2021 to 13.7% in 2022.

Independent School District No. 726 Financial Analysis

General Fund Operations

The graph below charts cash and investments (net of borrowing) for the General Fund versus the total fund balance for the General Fund.



The General Fund's cash and investments balance significantly exceeds the fund balance due to the large amount of salaries and benefits payable primarily related to July and August teacher payrolls and property taxes received prior to being recognized as revenue.

Independent School District No. 726
Financial Analysis

Food Service Fund

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

For the Year Ended June 30,	2018	2019	2020	2021	2022
Revenues	\$ 1,448,016	\$ 1,517,153	\$ 1,533,416	\$ 2,078,853	\$ 2,775,538
Expenditures	1,444,000	1,476,030	1,470,741	1,649,404	2,044,357
Excess of revenues over expenditures	4,016	41,123	62,675	429,449	731,181
Fund balance, July 1	10,598	14,614	55,737	118,412	547,861
Fund Balance, June 30	\$ 14,614	\$ 55,737	\$ 118,412	\$ 547,861	\$ 1,279,042

In 2022, fund balance increased \$731,181. Revenues increased \$696,685 due an increase in the reimbursement rates as well as the number of meals served. Expenditures increased \$394,953 due to an increase in food costs with the increase in meals served.

Community Service Fund

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

For the Year Ended June 30,	2018	2019	2020	2021	2022
Revenues	\$ 1,202,977	\$ 1,325,962	\$ 1,258,603	\$ 1,355,510	\$ 1,592,931
Expenditures	1,249,256	1,471,172	1,311,818	1,385,024	1,616,519
Excess of revenues under expenditures	(46,279)	(145,210)	(53,215)	(29,514)	(23,588)
Transfer in	-	-	100,000	111,000	10,000
Fund balance, July 1	322,790	276,511	131,301	178,086	259,572
Fund Balance, June 30	\$ 276,511	\$ 131,301	\$ 178,086	\$ 259,572	\$ 245,984

Components	2018	2019	2020	2021	2022
Nonspendable	\$ 8,227	\$ 8,781	\$ 9,840	\$ 8,833	\$ 12,738
Restricted/reserved for					
Community education*	55,374	(7,917)	8,555	25,549	(6,880)
Early childhood and family education	116,982	113,464	150,717	185,376	210,906
School readiness	95,425	16,540	5,833	35,852	20,884
Community service	503	433	3,141	3,962	8,336
Fund Balance, June 30	\$ 276,511	\$ 131,301	\$ 178,086	\$ 259,572	\$ 245,984

* In years when deficit, the deficit amount is shown in the unassigned fund balance on the Balance sheet.

In 2022, both revenues and expenditures increased due to classes and programs returning to more typical levels since the pandemic began. The General Fund transferred \$10,000 to offset revenue shortfalls in the early childhood screening program.

Independent School District No. 726 Legislative Summary

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

State Aid Appropriations

The formula allowance for 2022 is set at \$6,728 and for 2023, the formula allowance is set at \$6,863.

Special Education

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

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

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

Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act

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

American Rescue Plan (ARP) Act

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

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

Property Tax Bill

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

**Independent School District No. 726
Legislative Summary**

Voluntary Prekindergarten (VPK)/School Readiness Plus

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

Pension Bill

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

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

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

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

Pension adjustment revenue will increase to match the required contribution increases.

Independent School District No. 726 Emerging Issues

Executive Summary

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

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

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

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

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

Independent School District No. 726
Emerging Issues

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

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

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

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

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

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

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

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

Independent School District No. 726
Emerging Issues

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

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

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

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

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

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

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

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

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

Independent School District No. 726
Emerging Issues

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

This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this Statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. This statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements.

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

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

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

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

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

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

Independent School District No. 726
Emerging Issues

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

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

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

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

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

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

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

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

**Independent School District No. 726
Becker, Minnesota**

Basic Financial Statements

June 30, 2022

PRELIMINARY



**Independent School District No. 726
Table of Contents**

Board of Education and Administration	1
Independent Auditor's Report	2
Management's Discussion and Analysis	5
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	18
Statement of Activities	19
Fund Financial Statements	
Balance Sheet – Governmental Funds	20
Reconciliation of the Balance Sheet to the Statement of Net Position – Governmental Funds	21
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	22
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities – Governmental Funds	23
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	24
Statement of Net Position – Proprietary Funds	25
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	26
Statement of Cash Flows – Proprietary Funds	27
Notes to Basic Financial Statements	29
Required Supplementary Information	
Schedule of Changes in Total OPEB Liability and Related Ratios	66
Schedule of District's and Non-Employer Proportionate Share of Net Pension Liability General Employees Retirement Fund	67
Schedule of District's and Non-Employer Proportionate Share of Net Pension Liability TRA Retirement Fund	67
Schedule of District Contributions General Employees Retirement Fund	78
Schedule of District Contributions TRA Retirement Fund	78
Notes to the Required Supplementary Information	69
Supplementary Information	
Combining Balance Sheet – Nonmajor Governmental Funds	78
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	79
Uniform Financial Accounting and Reporting Standards Compliance Table	80
Schedule of Expenditures of Federal Awards	81
Notes to the Schedule of Expenditures of Federal Awards	82

**Independent School District No. 726
Table of Contents**

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Basic Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	83
Report on compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance	85
Schedule of Findings and Questioned Costs in Accordance with the Uniform Guidance	88
Minnesota Legal Compliance	91

PRELIMINARY

**Independent School District No. 726
Board of Education and Administration
June 30, 2022**

<u>Board of Education</u>	<u>Position</u>	<u>Term Expires</u>
Mark Swanson	Chair	December 31, 2022
Connie Robinson	Vice-Chair	December 31, 2024
Aaron Jurek	Treasurer	December 31, 2022
Ryan Obermoller	Clerk	December 31, 2022
Troy Berning	Director	December 31, 2022
Pete Weismann	Director	December 31, 2022
 <u>Administration</u>		
Jeremy Schmidt	Superintendent	
Kevin Januszewski	Director of Business Services	

Independent Auditor's Report

To the School Board
Independent School District No. 726
Becker, Minnesota

Report on the Audit of the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 726, Becker, Minnesota, as of and for the year ended June 30, 2022, and the related notes to basic financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 726, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The management of Independent School District No. 726 is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, which raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2022, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

St. Cloud, Minnesota
November 9, 2022

Independent School District No. 726 Management's Discussion and Analysis

This section of Independent School District 726, Becker Public Schools' (the "District"), annual financial report presents a discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2022. Please read it in conjunction with the District's financial statements, which immediately follows this section.

Financial Highlights

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

- Enrollment for the District decreased 20 students compared to fiscal year 2021. Projections indicate the District should experience steady enrollment or enrollment growth over the next several years.
- The unassigned fund balance of the General Fund ended at \$3,560,627 on June 30, 2022, as compared to an equivalent balance of \$3,081,709 at June 30, 2021. This is an increase of \$478,918. Funds assigned for future use by student groups increased by \$25,849 and non-spendable fund balance increased by \$297,718. All of these categories represent funds available for use in future fiscal years and are included in the calculation of unrestricted fund balance; the total change in unrestricted fund balance was an increase of \$802,485.
- General Fund revenues were under budget by \$392,824 (1.1%) while expenditures were under budget by \$1,087,280 (2.9%). The largest difference in expenditures under the budget was the result of less expenditures due to COVID - 19.
- Governmental net position increased by 69% compared to June 30, 2021. Page 23 illustrates the reconciliation between the change in fund balance and the change in net position for the District, indicating a \$2,800,754 increase in net position for the current year.

Overview of the Financial Statements

The financial section of the annual report consists of four parts – Independent Auditor's Report, required supplementary information, which includes the management's discussion and analysis (MD&A, 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.

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

Independent School District No. 726 Management's Discussion and Analysis

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 and liabilities. 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 it has changed. Net position, the difference between the District's assets and deferred outflows of resources, and 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 health of the District you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

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

- **Governmental Activities** – All of the District's basic services are included here, such as regular and special education, transportation, administration, food services, and community education. Property taxes and state 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., child nutrition grants).

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 information after the governmental funds statements to explain the relationship (or differences) between them.

**Independent School District No. 726
Management's Discussion and Analysis**

Overview of the Financial Statements (Continued)

Fund Financial Statements (Continued)

- Proprietary Fund – The Self-Funding Health and Dental Insurance Internal Service fund is used to account for health and dental insurance for District employees.

Financial Analysis of the District as A Whole

The District's combined net position was (\$1,233,486) on June 30, 2022. This was a increase of 69% from the prior year (see Table A-1).

**Table A-1
Net Position**

	Governmental Activities		Percentage Change
	2022	2021	
Assets			
Current and other assets	\$ 63,052,829	\$ 20,951,083	201.0%
Capital and noncurrent assets	49,978,863	49,180,954	1.6%
Total assets	<u>113,031,692</u>	<u>70,132,037</u>	61.2%
Total Deferred Outflows of Resources	<u>9,802,725</u>	<u>11,424,197</u>	-14.2%
Liabilities			
Current liabilities	7,788,219	8,215,926	-5.2%
Long-term liabilities	81,991,409	50,387,229	62.7%
Total liabilities	<u>89,779,628</u>	<u>58,603,155</u>	53.2%
Total Deferred Inflows of Resources	<u>34,288,275</u>	<u>26,987,319</u>	27.1%
Net Position			
Net investment in capital assets	27,142,303	26,898,707	0.9%
Restricted	2,185,768	1,246,864	75.3%
Unrestricted	<u>(30,561,557)</u>	<u>(32,179,811)</u>	5.0%
Total net position	<u>\$ (1,233,486)</u>	<u>\$ (4,034,240)</u>	69.4%

**Independent School District No. 726
Management's Discussion and Analysis**

Financial Analysis of the District as A Whole (Continued)

The change in the District's financial position is the product of many factors. Governmental activity changed total net position of the District by \$2,800,754 from June 30, 2021 to June 30, 2022. Current assets increased by approximately \$42 million. This is largely the result of issuing bonds for the building projects approved by voters in November of 2021 and positive fund operations. The District's net investment in capital assets increased mostly as a result of paying bonds obligations related to the acquisition of assets. Unrestricted net position, increased by \$1.6 million as the result of paying down of pension contribution liabilities.

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

	Governmental Activities for the Fiscal Year Ended June 30,		Total % Change
	2022	2021	
Revenues			
Program revenues			
Charges for services	\$ 2,092,891	\$ 1,624,743	28.8%
Operating grants and contributions	10,057,808	9,817,746	2.4%
Capital grants and contributions	765,927	1,027,439	-25.5%
General revenues			
Property taxes	10,957,020	10,823,720	1.2%
Unrestricted state aid	20,488,230	20,510,956	-0.1%
			-
Investment earnings	(394,516)	8,359	4819.7%
Other	57,543	54,385	5.8%
Total revenues	<u>44,024,903</u>	<u>43,867,348</u>	0.4%
Expenses			
Administration	1,626,462	1,797,896	-9.5%
District support services	608,475	598,663	1.6%
Regular instruction	17,187,494	18,255,297	-5.9%
Vocational education instruction	59,680	42,070	41.9%
Special education instruction	6,041,200	7,099,708	-14.9%
Instructional support services	2,674,261	2,717,007	-1.6%
Pupil support services	2,866,704	2,830,922	1.3%
Sites and buildings	3,202,271	3,567,174	-10.2%
Fiscal and other fixed cost programs	134,039	135,243	-0.9%
Food service	2,031,074	1,635,920	24.2%
Community service	1,570,014	1,451,931	8.1%
Unallocated depreciation	1,976,514	1,979,377	-0.1%
Interest and fiscal charges on long-term	1,245,961	667,685	86.6%
Total expenses	<u>41,224,149</u>	<u>42,778,893</u>	-3.6%
Increase in Net Position	2,800,754	1,088,455	
Beginning net position	(4,034,240)	(5,122,695)	
Ending net position	<u>\$ (1,233,486)</u>	<u>\$ (4,034,240)</u>	69.4%

Independent School District No. 726 Management's Discussion and Analysis

Financial Analysis of the District as A Whole (Continued)

The District's total revenues were \$44,024,903 for the year ended June 30, 2022. Property taxes and unrestricted state formula aid accounted for 71% of total revenue for the year. Operating grants attributed for \$10.0 million of revenues district-wide; these include state and federal aids that are set aside for specific programs, such as special education, federal title programs, and aids for community education programs as well as those required to be spent for specific purposes.

The total cost of all programs and services including interest and fiscal charges was \$41,224,149. Total revenues exceeded expenses, increasing net position by \$2,800,754 from the prior year. Page 23 illustrates the reconciliation between the change in fund balance and the change in net position for the District.

The cost of all governmental activities this year was \$41,224,149.

- Some of the cost was paid by the users of the District's programs \$2,092,891
- The federal and state governments subsidized certain programs with grants and contributions \$10,823,735.
- Most of the District's costs, however, were paid for by District taxpayers and the taxpayers of our state. Remaining governmental activities were paid for with \$10,957,020 in property taxes, with the balance from state aid based on the education aid formula and with investment earnings and other general revenues.

All governmental funds include not only funds received for the general operation of the District, which are used for classroom instruction, but also includes resources from the entrepreneurial-type funds of food service and community education, and from resources for debt service transactions. Funding for the general operation of the District is controlled by the state and the District does not have the latitude to allocate money received in food service or community education or for debt service to enhance classroom instruction resources. The District cannot take funds from these restricted areas and use the funds to hire teachers to enhance instruction.

**Independent School District No. 726
Management's Discussion and Analysis**

Governmental Activities

Total costs of services decreased by approximately 3.6% across all programs. The decrease is due to negative pension expense in 2022 as the District's proportionate shares of the TRA and PERA net pension liabilities decreased.

**Table A-3
Program Expenses and Net Cost of Services**

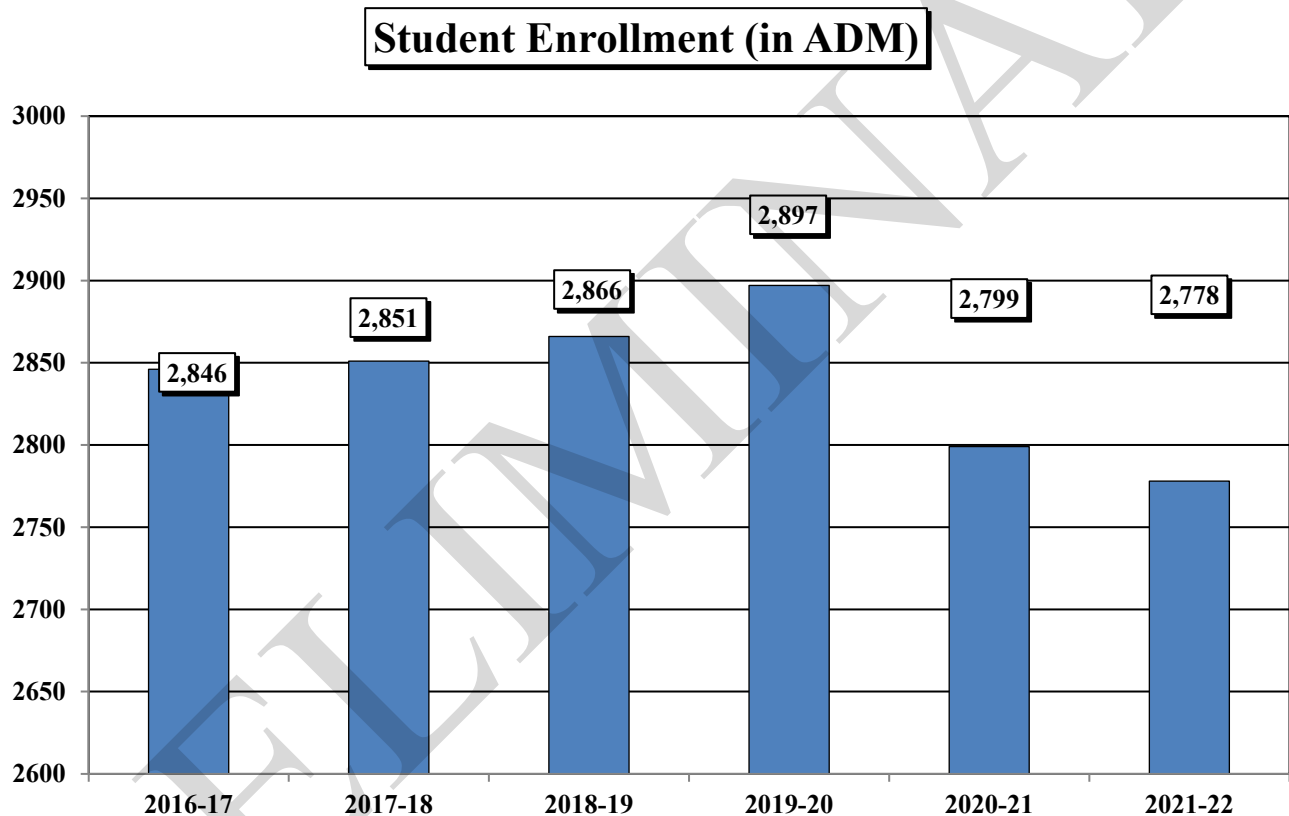
	Total Cost of Services		Percent Change	Net Cost of Services		Percent Change
	2022	2021		2022	2021	
Administration	\$ 1,626,462	\$ 1,797,896	-9.5%	\$ 1,626,462	\$ 1,776,442	-8.4%
District support services	608,475	598,663	1.6%	608,475	591,153	2.9%
Regular instruction	17,187,494	18,255,297	-5.8%	14,418,365	15,440,399	-6.6%
Vocational education instruction	59,680	42,070	41.9%	52,837	37,970	39.2%
Special education instruction	6,041,200	7,099,708	-14.9%	1,903,546	2,431,922	-21.7%
Instructional support services	2,674,261	2,717,007	-1.6%	2,087,843	2,237,304	-6.7%
Pupil support services	2,866,704	2,830,922	1.3%	2,405,638	2,642,081	-8.9%
Sites and buildings	3,202,271	3,567,174	-10.2%	2,398,568	2,500,475	-4.1%
Fiscal and other fixed cost programs	134,039	135,243	-0.9%	134,039	135,243	-0.9%
Food service	2,031,074	1,635,920	24.2%	(744,464)	(442,933)	68.1%
Community education and services	1,570,014	1,451,931	8.1%	193,739	311,847	-37.9%
Unallocated depreciation	1,976,514	1,979,377	-0.1%	1,976,514	1,979,377	-0.1%
Interest and fiscal charges on long-term debt	1,245,961	667,685	86.6%	1,245,961	667,685	86.6%
Total governmental activities	\$ 41,224,149	\$ 42,778,893	-3.6%	\$ 28,307,523	\$ 30,308,965	-6.6%

Independent School District No. 726 Management's Discussion and Analysis

Enrollment

Enrollment is a critical factor in determining District revenue with approximately 90% of General Fund revenue being determined by enrollment. The following chart shows the number of students has decreased by approximately 68 average daily membership (ADM) since 2016-2017; due to COVID-19 the district saw a decrease of 21 ADM from 2020-21. It is anticipated the District should experience 1% growth over the next several years. Of the 2,778 ADM for 2021-2022, approximately 374 are the result of net open enrollment gain for the District.

Table A-4
Six-Year Enrollment Trend ADM



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 majority of General Fund operational revenue is controlled by a complex set of state funding formulas resulting in the local School Board having no meaningful authority to determine the level of resources. This includes Special Education Aid that is based primarily upon a cost reimbursement model. Other state formulas then determine what portion of the revenue will be provided by property taxes and what portion will come from state aid.

**Independent School District No. 726
Management's Discussion and Analysis**

General Fund (Continued)

The following schedule presents a summary of General Fund revenues:

**Table A-5
General Fund Revenues**

Source	Year Ended		Change	
	June 30, 2022	June 30, 2021	Increase/ (Decrease)	Percent
Local sources				
Property taxes	\$ 7,435,971	\$ 7,422,022	\$ 13,949	0.2%
Earnings on investments	4,903	8,359	(3,456)	-41.3%
Other	1,340,982	1,009,238	331,744	32.9%
State sources	26,635,884	27,115,764	(479,880)	-1.8%
Federal sources	1,323,071	1,525,308	(202,237)	-13.3%
Total General Fund revenue	\$ 36,740,811	\$ 37,080,691	\$ (339,880)	-0.9%

Basic general education revenue is determined by multiple state formulas, largely enrollment driven, and consists of an equalized mix of property tax and state aid revenue. Other state authorized revenue, including operating levy referendum and the property tax shift, also involve an equalized mix of property tax and state aid revenue. Therefore, the mix of property tax and state aid can change significantly from year-to-year without any net change on total revenue.

For fiscal year 2022, local property taxes increased by \$13,949, or 0.2%, in the General Fund.

Other revenues include fees, donations, fundraising, and other payments collected. These are revenues used to offset the costs of certain programs, typically extracurricular in nature.

Of the total revenue decrease, \$479,880 is a decrease in revenue from state sources. State aid for special education accounted for this increase as the result of a decrease in the special education aid entitlement.

**Independent School District No. 726
Management's Discussion and Analysis**

General Fund (Continued)

The following schedule presents a summary of General Fund expenditures:

**Table A-6
General Fund Expenditures**

Source	Year Ended		Change	
	June 30, 2022	June 30, 2021	Increase/ (Decrease)	Percent
Salaries	\$ 20,579,315	\$ 19,871,510	\$ 707,805	3.6%
Employee benefits	8,814,750	8,857,335	(42,585)	-0.5%
Purchased services	2,030,245	2,092,934	(62,689)	-3.0%
Supplies and materials	2,258,799	1,555,887	702,912	45.2%
Capital expenditures	2,144,853	2,451,940	(307,087)	-12.5%
Other expenditures	156,668	138,199	18,469	13.4%
Total expenditures	\$ 35,984,630	\$ 34,967,805	\$ 1,016,825	2.9%

Total General Fund expenditures increased by 2.9% from the previous year. Salaries and benefits increased as a result of contract settlements and hiring additional staffing. Supplies and materials increased by \$702,912 due to spending for COVID-19 supplies (cleaning, protective supplies).

Unassigned fund balance is an important aspect of the District's overall financial health. The unassigned fund balance of \$3,560,627 at June 30, 2022, represents 9.9% of annual expenditures. Fund balance retention of the District's minimum 8.0% Fund Balance Policy is a priority of the District in order to avoid reductions in programming and to reduce short-term borrowing costs in the future.

General Fund Budgetary Highlights

Following approval of the budget prior to the beginning of the fiscal year, the District revises the annual operating budget near year-end. These budget amendments fall into two general categories:

- Implementing budgets for specially funded projects, which include both federal and state grants and reinstating unexpended funds being carried over.
- Legislation passes subsequent to budget adoption, changes necessitated by collective bargaining agreements, and changes in appropriations for significant unbudgeted costs or unbudgeted cost savings.

**Independent School District No. 726
Management's Discussion and Analysis**

Debt Service Fund

The Debt Service Fund expenditures exceeded revenues and other financing resources by \$1,011, resulting in a fund balance of \$613,186 as of June 30, 2022.

Building Construction Capital Project Fund

The building construction fund revenues consisted of issuance of general obligation bonds of \$44,395,976 during the year. The fund also had construction and other costs of \$3,168,656.

Other Nonmajor Funds

In the Food Service Fund, revenues exceeded expenditures by \$731,181, resulting in a fund balance of \$1,279,042 as of June 30, 2022. In the Community Service Fund, expenditures exceeded revenues and a transfer from general fund by \$13,588, resulting in a fund balance of \$245,984 as of June 30, 2022.

Capital Asset and Debt Administration

Capital Assets

By the end of 2022, the District had invested \$96.6 million in a broad range of capital assets, including land, school buildings, athletic facilities, computer, and audiovisual equipment and administrative offices (see Table A-7). More detailed information about capital assets can be found in Note 3 to the financial statements. Total depreciation expense for the year was \$2.7 million.

**Table A-7
Capital Assets**

Asset Category	2022	2021	Percent Change
Land	\$ 639,386	\$ 639,386	0.0%
Construction in progress	2,474,914	-	100.0%
Land improvements	8,417,992	8,084,646	4.1%
Buildings and improvements	74,485,144	74,336,137	0.2%
Equipment	10,591,034	10,353,000	2.3%
Less: accumulated depreciation	(46,629,607)	(44,232,215)	5.4%
Total	<u>\$ 49,978,863</u>	<u>\$ 49,180,954</u>	1.5%

Long-Term Liabilities

At year-end, the District had \$63,377,309 in G.O. bonds, net of related premiums and discount, the result of voter-approved construction bonds, certificates of participation and note from direct borrowing issued, as shown in Note 4 to the financial statements. The District had an estimated \$432,934 in severance payable as of June 30, 2022, a increase of \$82,382 from June 30, 2021. The District also recorded a net pension liability in the amount of \$14.3 million, compared to \$24.0 million as of June 30, 2021.

**Independent School District No. 726
Management's Discussion and Analysis**

Capital Asset and Debt Administration (Continued)

Long-Term Liabilities (Continued)

**Table A-8
Long-Term Liabilities**

Category	2022	2021	Percent Change
General obligation bonds	\$ 62,400,771	\$ 21,229,539	193.9%
Net bond premium and discount	976,538	818,369	19.3%
Financed purchase agreements	404,479	388,878	4.0%
Other postemployment benefits payable	6,702,349	6,474,819	3.5%
Net pension liability	14,326,081	24,020,220	-40.4%
Severance benefits payable	432,934	350,552	23.5%
Compensated absences payable	206,820	189,856	8.9%
Total	<u>\$ 85,449,972</u>	<u>\$ 53,472,233</u>	59.8%
Long-term liabilities			
Due within one year	\$ 3,458,563	\$ 3,085,004	
Due in more than one year	<u>81,991,409</u>	<u>50,387,229</u>	
Total	<u>\$ 85,449,972</u>	<u>\$ 53,472,233</u>	

Factors Bearing on the District's Future

With the exception of the voter-approved excess operating referendum, the District is dependent on the State of Minnesota for its revenue authority. Recent experience demonstrates that legislated revenue increases have not been sufficient to meet instructional program needs and increased costs due to inflation.

District voters approved \$525 per pupil in a November 2019 operating referendum in order to prevent significant budget reductions and to restore unassigned fund balance to the 8% level outlined in district policy.

The District will need to closely monitor these variables in the years ahead to strive to maintain its long-standing commitment to academic excellence and educational opportunity for students within a framework of financial fiduciary responsibility.

Contacting the District's Financial Management

This financial report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Independent School District 726, 12000 Hancock Street, Becker, Minnesota 55308.

(THIS PAGE LEFT BLANK INTENTIONALLY)

PRELIMINARY

PRELIMINARY

BASIC FINANCIAL STATEMENTS

Independent School District No. 726
Statement of Net Position
June 30, 2022

	Governmental Activities
Assets	
Cash and investments	\$ 53,737,206
Current property taxes receivable	5,559,938
Delinquent property taxes receivable	62,509
Accounts receivable	152,120
Interest receivable	110,226
Due from Department of Education	2,376,325
Due from Federal Government through Department of Education	279,880
Due from other governmental units	187,714
Inventory	26,180
Prepaid items	560,731
Capital assets not being depreciated	
Land	639,386
Construction in progress	2,474,914
Capital assets, net of accumulated depreciation	
Land improvements	8,417,992
Buildings	74,485,144
Machinery and equipment	10,591,034
Less accumulated depreciation	(46,629,607)
Total assets	113,031,692
Deferred Outflows of Resources	
Deferred outflows of resources related to other post employment benefits (OPEB)	712,784
Deferred outflows of resources related to pensions	9,089,941
Total deferred outflows of resources	9,802,725
 Total assets and deferred outflows of resources	 \$ 122,834,417
Liabilities	
Accounts and contracts payable	\$ 888,612
Salaries and benefits payable	2,989,677
Interest payable	348,952
Unearned revenue	102,415
Bonds and certificates of participation payable, net of premiums	
Payable within one year	3,184,141
Payable after one year	60,075,841
Note from direct borrowing payable	
Payable within one year	38,145
Payable after one year	79,182
Financed purchase agreements payable	
Payable within one year	141,279
Payable after one year	263,200
Compensated absences payable	
Payable within one year	51,705
Payable after one year	155,115
Severance payable	
Payable within one year	43,293
Payable after one year	389,641
Total OPEB liability	6,702,349
Net pension liability	14,326,081
Total liabilities	89,779,628
Deferred Inflows of Resources	
Deferred outflows of resources related to OPEB	551,219
Deferred inflows of resources related to pensions	23,195,460
Property taxes levied for subsequent year's expenditures	10,541,596
	34,288,275
Net Position	
Net investment in capital assets	27,142,303
Restricted for	
Debt service	320,943
Community service	254,100
Other purposes	1,610,725
Unrestricted	(30,561,557)
Total net position	(1,233,486)
 Total liabilities, deferred inflows of resources, and net position	 \$ 122,834,417

See notes to basic financial statements.

**Independent School District No. 726
Statement of Activities
Year Ended June 30, 2022**

Functions/Programs	Expenses	Program Revenues		Capital Grants and Contributions	Governmental Activities	Net (Expense) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions			
Governmental activities						
Administration	\$ 1,626,462	\$ -	\$ -	\$ -		\$ (1,626,462)
District support services	608,475	-	-	-		(608,475)
Elementary and secondary regular instruction	17,187,494	517,444	2,251,685	-		(14,418,365)
Vocational education instruction	59,680	-	6,843	-		(52,837)
Special education instruction	6,041,200	130,657	4,006,997	-		(1,903,546)
Instructional support services	2,674,261	-	586,418	-		(2,087,843)
Pupil support services	2,866,704	8,511	379,555	73,000		(2,405,638)
Sites and buildings	3,202,271	110,776	-	692,927		(2,398,568)
Fiscal and other fixed cost programs	134,039	-	-	-		(134,039)
Food service	2,031,074	223,273	2,552,265	-		744,464
Community education and services	1,570,014	1,102,230	274,045	-		(193,739)
Unallocated depreciation	1,976,514	-	-	-		(1,976,514)
Interest and fiscal charges on long-term debt	1,245,961	-	-	-		(1,245,961)
Total governmental activities	<u>\$ 41,224,149</u>	<u>\$ 2,092,891</u>	<u>\$ 10,057,808</u>	<u>\$ 765,927</u>		(28,307,523)
General revenues						
Taxes						
						7,442,302
						214,315
						3,300,403
						20,488,230
						57,543
						(394,516)
						<u>31,108,277</u>
						2,800,754
						<u>(4,034,240)</u>
						<u>\$ (1,233,486)</u>

See notes to basic financial statements.

Independent School District No. 726
Balance Sheet - Governmental Funds
June 30, 2022

	General	Debt Service	Building Construction Capital Project	Nonmajor Funds	Total Governmental Funds
Assets					
Cash and investments	\$ 7,239,210	\$ 2,539,328	\$ 41,057,944	\$ 1,645,125	\$ 52,481,607
Current property taxes receivable	3,562,549	1,891,892	-	105,497	5,559,938
Delinquent property taxes receivable	40,915	20,358	-	1,236	62,509
Accounts receivable	80,126	-	-	63,666	143,792
Interest receivable	-	-	110,226	-	110,226
Due from Department of Education	2,338,460	12,778	-	25,087	2,376,325
Due from Federal Government through Department of Education	239,242	-	-	40,638	279,880
Due from other governmental units	170,990	-	-	16,724	187,714
Inventory	-	-	-	26,180	26,180
Prepaid items	536,706	-	-	24,025	560,731
	<u>\$ 14,208,198</u>	<u>\$ 4,464,356</u>	<u>\$ 41,168,170</u>	<u>\$ 1,948,178</u>	<u>\$ 61,788,902</u>
Total assets					
Liabilities					
Accounts and contracts payable	\$ 180,773	\$ 2,150	\$ 340,269	\$ 31,645	\$ 554,837
Salaries and benefits payable	2,920,483	-	-	69,194	2,989,677
Unearned revenue	-	-	-	102,415	102,415
Total liabilities	<u>3,101,256</u>	<u>2,150</u>	<u>340,269</u>	<u>203,254</u>	<u>3,646,929</u>
Deferred Inflows of Resources					
Property taxes levied for subsequent year's expenditures	6,494,272	3,828,662	-	218,662	10,541,596
Unavailable revenue - delinquent property taxes	40,915	20,358	-	1,236	62,509
Total deferred inflows of resources	<u>6,535,187</u>	<u>3,849,020</u>	<u>-</u>	<u>219,898</u>	<u>10,604,105</u>
Fund Balances					
Nonspendable	536,706	-	-	50,205	586,911
Restricted	331,683	613,186	40,827,901	1,481,701	43,254,471
Assigned	142,739	-	-	-	142,739
Unassigned	3,560,627	-	-	(6,880)	3,553,747
Total fund balances	<u>4,571,755</u>	<u>613,186</u>	<u>40,827,901</u>	<u>1,525,026</u>	<u>47,537,868</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 14,208,198</u>	<u>\$ 4,464,356</u>	<u>\$ 41,168,170</u>	<u>\$ 1,948,178</u>	<u>\$ 61,788,902</u>

Independent School District No. 726
Reconciliation of the Balance Sheet to
the Statement of Net Position - Governmental Funds
June 30, 2022

Total fund balances - governmental funds	\$ 47,537,868
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds.	
Cost of capital assets	96,608,470
Less accumulated depreciation	(46,629,607)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.	
Long-term liabilities at year-end consist of:	
Bonds and certification of participation payable	(62,283,444)
Premiums on bonds payable	(976,538)
Note from direct borrowing payable	(117,327)
Financed purchase agreements payable	(404,479)
Compensated absences payable	(206,820)
Severance payable	(432,934)
Total OPEB liability	(6,702,349)
Net pension liability	(14,326,081)
Deferred outflows of resources and deferred inflows of resources are created as a result of various differences related to pensions that are not recognized in the governmental funds.	
Deferred outflows of resources related to pensions	9,089,941
Deferred inflows of resources related to pensions	(23,195,460)
Deferred outflows of resources are created as a result of various differences related to postemployment benefits that are not recognized in the governmental funds.	
Deferred outflows of resources related to OPEB	712,784
Deferred inflows of resources related to OPEB	(551,219)
Delinquent property taxes receivables will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.	
	62,509
The health and dental self insured benefit plan internal service fund is used by management to charge the costs of the self-insured health and dental plans. The assets and liabilities of the internal service fund are included in the governmental activities in the Statement of Net Position.	
	930,152
Governmental funds do not report a liability for accrued interest on bonds, certificates of participation, and capital leases until due and payable.	
	<u>(348,952)</u>
Total net position - governmental activities	<u><u>\$ (1,233,486)</u></u>

Independent School District No. 726
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds
Year Ended June 30, 2022

	General	Debt Service	Building Construction Capital Project	Nonmajor Funds	Total Governmental Funds
Revenues					
Local property taxes	\$ 7,435,971	\$ 3,297,958	\$ -	\$ 214,146	\$ 10,948,075
Other local and county revenues	1,298,970	-	(399,419)	1,102,230	2,001,781
Revenue from state sources	26,635,884	128,532	-	294,236	27,058,652
Revenue from federal sources	1,323,071	-	-	2,534,584	3,857,655
Sales and other conversion of assets	46,915	-	-	223,273	270,188
Total revenues	<u>36,740,811</u>	<u>3,426,490</u>	<u>(399,419)</u>	<u>4,368,469</u>	<u>44,136,351</u>
Expenditures					
Current					
Administration	1,656,890	-	-	-	1,656,890
District support services	584,741	-	-	-	584,741
Elementary and secondary regular instruction	17,395,224	-	-	-	17,395,224
Vocational education instruction	59,127	-	-	-	59,127
Special education instruction	6,212,735	-	-	-	6,212,735
Instructional support services	1,875,209	-	-	-	1,875,209
Pupil support services	2,616,755	-	-	-	2,616,755
Sites and buildings	2,891,481	-	-	-	2,891,481
Fiscal and other fixed cost programs	134,039	-	-	-	134,039
Food service	-	-	-	2,012,305	2,012,305
Community education and services	-	-	-	1,616,285	1,616,285
Capital outlay					
District support services	60,988	-	-	-	60,988
Elementary and secondary regular instruction	103,193	-	-	-	103,193
Special education instruction	1,671	-	-	-	1,671
Instructional support services	772,482	-	-	-	772,482
Pupil support services	423,307	-	-	-	423,307
Sites and buildings	722,139	-	2,502,539	-	3,224,678
Food service	-	-	-	32,052	32,052
Community education and services	-	-	-	234	234
Debt service					
Principal	390,252	2,660,000	-	-	3,050,252
Interest and fiscal charges	84,397	767,501	666,117	-	1,518,015
Total expenditures	<u>35,984,630</u>	<u>3,427,501</u>	<u>3,168,656</u>	<u>3,660,876</u>	<u>46,241,663</u>
Excess of revenues over (under) expenditures	756,181	(1,011)	(3,568,075)	707,593	(2,105,312)
Other financing sources (uses)					
Bond issuance	-	-	44,008,444	-	44,008,444
Bond premium	-	-	387,532	-	387,532
Proceeds from capital leases	228,641	-	-	-	228,641
Transfers in	-	-	-	10,000	10,000
Transfers out	(10,000)	-	-	-	(10,000)
Total other financing sources (uses)	<u>218,641</u>	<u>-</u>	<u>44,395,976</u>	<u>10,000</u>	<u>44,624,617</u>
Net change in fund balances	974,822	(1,011)	40,827,901	717,593	42,519,305
Fund Balances					
Beginning of year	<u>3,596,933</u>	<u>614,197</u>	<u>-</u>	<u>807,433</u>	<u>5,018,563</u>
End of year	<u>\$ 4,571,755</u>	<u>\$ 613,186</u>	<u>\$ 40,827,901</u>	<u>\$ 1,525,026</u>	<u>\$ 47,537,868</u>

See notes to basic financial statements.

**Independent School District No. 726
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances to
the Statement of Activities - Governmental Funds
Year Ended June 30, 2022**

Net change in fund balances - total governmental funds \$ 42,519,305

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

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

Capital outlays	3,498,885
Depreciation expense	(2,689,236)
Disposal of capital assets	(11,740)
Donated assets	

OPEB, severance and compensated absences payable are not reported as expenditures in the governmental funds because funds because they do not require the use of current financial resources; instead, they are expensed in the Statement of Activities.

(270,080)

Principal payments on long-term debt and leases are recognized as expenditures in the governmental funds but have no effect on the net position in the Statement of Activities.

3,050,252

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and thus requires use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

42,691

Governmental funds report the effect of bond premiums when the debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

229,363

Premiums on new issuances

(387,532)

Proceeds from the sale of bonds and leases are recognized as other financing sources in the governmental funds increasing fund balance but having no effect on net position in the Statement of Activities.

(44,237,085)

Governmental funds recognize pension contributions as expenditures at the time of payment in the funds whereas the Statement of Activities factors in items related to pensions on a full accrual perspective.

1,247,372

The dental and health self insured benefit plan internal service fund is used by management to charge the costs of the self-insured health and dental plans. The increase in net position is reported within the governmental activities column in the Statement of Activities.

(200,386)

Delinquent property taxes receivable will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.

8,945

Change in net position - governmental activities

\$ 2,800,754

Independent School District No. 726
Statement of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual - General Fund
Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Local property taxes	\$ 7,372,678	\$ 7,372,678	\$ 7,435,971	\$ 63,293
Other local and county revenues	948,854	1,053,854	1,298,970	245,116
Revenue from state sources	27,041,710	27,386,636	26,635,884	(750,752)
Revenue from federal sources	185,357	1,277,217	1,323,071	45,854
Sales and other conversion of assets	43,250	43,250	46,915	3,665
Total revenues	<u>35,591,849</u>	<u>37,133,635</u>	<u>36,740,811</u>	<u>(392,824)</u>
Expenditures				
Current				
Administration	1,633,319	1,632,249	1,656,890	24,641
District support services	555,046	555,046	584,741	29,695
Elementary and secondary regular instruction	17,299,830	17,853,244	17,395,224	(458,020)
Vocational education instruction	40,243	40,818	59,127	18,309
Special education instruction	6,625,715	6,625,715	6,212,735	(412,980)
Instructional support services	1,871,400	2,001,048	1,875,209	(125,839)
Pupil support services	2,535,615	2,728,803	2,616,755	(112,048)
Sites and buildings	2,855,109	2,894,534	2,891,481	(3,053)
Fiscal and other fixed cost programs	115,000	115,000	134,039	19,039
Capital outlay				
Administration	2,000	2,000	-	(2,000)
District support services	86,800	86,800	60,988	(25,812)
Elementary and secondary regular instruction	87,100	103,000	103,193	193
Vocational education instruction	3,900	4,236	-	(4,236)
Special education instruction	5,000	5,000	1,671	(3,329)
Instructional support services	394,030	805,930	772,482	(33,448)
Pupil support services	229,000	391,500	423,307	31,807
Sites and buildings	792,229	792,229	722,139	(70,090)
Debt service				
Principal	355,000	355,000	390,252	35,252
Interest and fiscal charges	79,758	79,758	84,397	4,639
Total expenditures	<u>35,566,094</u>	<u>37,071,910</u>	<u>35,984,630</u>	<u>(1,087,280)</u>
Excess of revenues over expenditures	25,755	61,725	756,181	694,456
Other financing sources (uses)				
Proceeds from capital leases	229,000	229,000	228,641	(359)
Transfers out	-	-	(10,000)	(10,000)
Total other financing sources (uses)	<u>229,000</u>	<u>229,000</u>	<u>218,641</u>	<u>(10,359)</u>
Net change in fund balances	<u>\$ 254,755</u>	<u>\$ 290,725</u>	974,822	<u>\$ 684,097</u>
Fund Balances				
Beginning of year			<u>3,596,933</u>	
End of year			<u>\$ 4,571,755</u>	

Independent School District No. 726
Statement of Net Position - Proprietary Fund
June 30, 2022

	<u>Governmental Activities - Internal Service Fund</u>
Assets	
Cash	\$ 1,255,599
Accounts receivable	8,328
Total assets	<u>\$ 1,263,927</u>
 Liabilities	
Medical and dental withholding payable	\$ 333,775
 Net Position	
Unrestricted	<u>930,152</u>
Total liabilities and net position	<u>\$ 1,263,927</u>

Independent School District No. 726
Statement of Revenues, Expenses, and Changes
in Fund Net Position - Proprietary Fund
Year Ended June 30, 2022

	Governmental Activities - Internal Service Fund
Operating Revenue	
Charges for services	\$ 5,594,976
Operating Expense	
Employee benefits	5,775,810
Professional services	18,496
Supplies	1,056
Total operating expenses	5,795,362
Operating loss	(200,386)
Net Position	
Beginning of year	1,130,538
End of year	\$ 930,152

Independent School District No. 726
Statement of Cash Flows - Proprietary Fund
Year Ended June 30, 2022

	Governmental Activities - Internal Service Fund
Cash Flows - Operating Activities	
Receipts from employee contributions	\$ 5,590,004
Employee claims and fees paid	(6,192,284)
Net cash flows - operating activities	<u>(602,280)</u>
Cash and Cash Equivalents	
Beginning of year	<u>1,857,879</u>
End of year	<u>\$ 1,255,599</u>
Reconciliation of Operating Income to Net Cash Flows - Operating Activities	
Operating loss	\$ (200,386)
Adjustments to reconcile net cash flows - operating activities	
Change in liabilities:	
Accounts receivable	(4,972)
Accounts payable	(396,922)
Net adjustments	<u>(401,894)</u>
Net cash flows - operating activities	<u>\$ (602,280)</u>

(THIS PAGE LEFT BLANK INTENTIONALLY)

PRELIMINARY

Independent School District No. 726
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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

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

The student activity accounts of the District are under board control and are reported in the General Fund.

B. Basic Financial Statement Information

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) display information about the reporting government as a whole. These statements include all the financial activities of the District

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

Depreciation expense that can be specifically identified by function is included in the direct expenses of that function. Depreciation expense relating to assets that serve multiple functions is presented as unallocated depreciation in the Statement of Activities. Interest on general long-term debt is considered an indirect expense and is reported separately in the Statement of Activities. The effect of interfund activity has been removed from these statements.

Independent School District No. 726
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statement Information (Continued)

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

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied is determined by its measurement focus and basis of accounting. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this basis of accounting transactions are recorded in the following manner.

1. Revenue Recognition

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

2. Recording of Expenditures

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

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

The proprietary fund distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Internal Service Fund are employee and District contributions. Operating expenses for proprietary funds include claims paid and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Description of Funds:

Major Funds:

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

Independent School District No. 726
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

Description of Funds: (Continued)

Major Funds: (Continued)

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

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

Nonmajor Funds:

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

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

Proprietary Fund:

Self-Funding Health and Dental Insurance Internal Service Fund – This fund is used to account for health and dental insurance for District employees.

D. Deposits and Investments

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

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments held by investment pools are measured at amortized cost.

Independent School District No. 726
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Deposits and Investments (Continued)

Cash and investments at June 30, 2022, were comprised of deposits, shares in the Minnesota School District Liquid Asset Fund (MSDLAF) liquid class and MAX class, shares in MNTrust including Investment Shares and Limited Term Duration Series, U.S. Treasury Notes, and Wisconsin State Treasury Securities. In accordance with GASB Statement No. 79, the various MSDLAF and MNTrust shares are valued at amortized cost, which approximates fair value. There are no restrictions or limitations on withdrawals from the MSDLAF or MNTrust Investment Shares Portfolio. Investments in the MSDLAF MAX must be deposited for a minimum of 14 calendar days with the exception of direct investments of funds distributed by the State of Minnesota. Withdrawals prior to the 14-day restriction period may be subject to a penalty and there is a 24 hour hold on all requests for redemptions. Withdrawals from the MNTrust Limited Term Duration are available on the third Wednesday of each month upon at least two weeks advance notice.

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

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

E. Property Tax Receivable

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

F. Property Taxes Levied for Subsequent Year's Expenditures

Property taxes levied for subsequent year's expenditures consist principally of property taxes levied in the current year which will be collected and recognized as revenue in the District's following year to properly match those revenues with the budgeted expenditures for which they were levied. This amount is equal to the amount levied by the School Board in December 2021, less various components and their related adjustments as mandated by the state. These portions of that levy were recognized as revenue in the fiscal year 2022. The remaining portion of the levy will be recognized when measurable and available.

G. Inventories

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

Independent School District No. 726
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Prepaid Items

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

I. Property Taxes

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

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

J. Capital Assets

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

Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of five years. Such assets are capitalized at historical cost or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their acquisition cost.

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

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

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

Independent School District No. 726
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The District has two items that qualify for reporting in this category. A deferred outflow relating to pensions is recorded on the government-wide Statement of Net Position for various estimate differences that will be amortized and recognized over future years. A deferred outflow of resources related to OPEB is recorded for various estimate differences that will be amortized and recognized over future years.

In addition to liabilities, the statement of financial position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has four types of items which qualify for reporting in this category. The first item, unavailable revenue from property taxes, arises under a modified accrual basis of accounting and is reported only in the governmental funds Balance Sheet. Delinquent property taxes not collected within 60 days of year-end are deferred and recognized as an inflow of resources in the governmental funds in the period the amounts become available. The second item is property taxes levied for subsequent years, which represent property taxes received or reported as a receivable before the period for which the taxes are levied, and is reported as a deferred inflow of resources in both the government-wide Statement of Net Position and the governmental funds Balance Sheet. Property taxes levied for subsequent years are deferred and recognized as an inflow of resources in the government-wide financial statements in the year for which they are levied and in the governmental fund financial statements during the year for which they are levied, if available. The third item, deferred inflows of resources related to pensions, is recorded on the government-wide Statement of Net Position for various estimate differences that will be amortized and recognized over future years. The last item, deferred inflows of resources related to OPEB, is recorded on the government-wide Statement of Net Position for various estimate differences that will be amortized and recognized over future years.

L. Long-Term Obligations

In the government-wide financial statements long-term debt and other long term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

Independent School District No. 726
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Compensated Absences

District employees earn vacation days based upon the number of completed years of service and may be accrued to various levels. The District compensates certain employees for unused vacation leave upon termination of employment and records an expenditure in the governmental fund when payment is made.

Compensated absences that are earned and unused as of June 30, 2022, are shown as a liability in the Statement of Net Position.

N. Pensions

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

TRA has a special funding situation created by direct aid contributions made by the State of Minnesota, City of Minneapolis, and Minneapolis School District. The direct aid is a result of the merger of the Minneapolis Teachers Retirement Fund Association merger into TRA in 2006. A second direct aid source is from the State of Minnesota for the merger of the Duluth Teacher's Retirement Fund Association (DTRFA) in 2015.

O. Severance

The District maintains various early retirement incentive payment plans for its employee groups. Each employee group plan contains benefit formulas based on years of service and/or minimum age requirements. For substantially all employees, early retirement incentive benefits are eliminated if retirement occurs at the normal retirement age of 65 as specified in their contracts. In addition, certain bargaining unit members are eligible to be compensated for unused accumulated sick leave upon termination, subject to certain conditions.

Severance and sick leave that are earned and unused as of June 30, 2022, are shown as a liability in the Statement of Net Position.

P. Fund Equity

In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor the constraints on the specific purpose for which amounts in these funds can be spent.

- **Nonspendable Fund Balances** – These are amounts that cannot be spent because they are not in spendable form as they are legally or contractually required to be maintained intact and include items that are inherently not spendable, such as, but not limited to, inventory, prepaid items, long-term receivables, nonfinancial assets held for resale, or the permanent principal of endowment funds.

Independent School District No. 726
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Fund Equity (Continued)

- Restricted Fund Balances – These are amounts that are comprised of funds that have legally enforceable constraints placed on their use that either are externally imposed by resource providers or creditors (such as through debt covenants), grantors, contributors, voters, or laws or regulations of other governments, or are imposed by law through constitutional provisions or enabling legislation.
- Committed Fund Balance – These are amounts that can only be used for specific purposes pursuant to constraints imposed by the School Board (highest level of decision making authority) through resolution.
- Assigned Fund Balance – These are amounts that are constrained by the District's intent to be used for specific purposes but are neither restricted nor committed. Assignments are made by the Director of Business Services or the Superintendent.
- Unassigned Fund Balance – This is the amount that is the residual in the General Fund not reported in any other classification. The unassigned amount in the General Fund is technically available for expenditure for any purpose. The General Fund is the only fund that can report a positive unassigned fund balance. Other funds would report a negative unassigned fund balance should the total of nonspendable, restricted, and committed fund balances exceed the total net resources of that fund.
- Minimum Fund Balance Policy – The District will strive to maintain a minimum unassigned General Fund balance of one month, or 8%, of the annual budget.

Q. Net Position

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

R. Use of Estimates

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

Independent School District No. 726
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. Budgetary Information

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

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

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Deposits

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

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

The District's deposits had a book balance as follows:

Pooled	
Checking	\$ 374,612
MN Trust savings deposit account	2,002,819
Nonpooled	
MN Trust savings deposit accounts	1,502,783
MN Trust certificate of deposit	249,300
	<hr/>
Total deposits	<u>\$ 4,129,514</u>

Independent School District No. 726
Notes to Basic Financial Statements

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments

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

Investment Type	Total	Less than 1 year	1-2 years	Rating
Pooled				
MNTrust Investment Shares	\$ 9,239,116	\$ 9,239,116	\$ -	AAAm
MNTrust Limited Term Duration Series	1,054,200	1,054,200	-	AAAm
MSDLAF Liquid Class	6,049	6,049	-	AAAm
MSDLAF MAX Class	2,466	2,466	-	AAAm
Nonpooled				
MNTrust Investment Shares	854,036	854,036	-	AAAm
U.S. Treasury Notes	37,458,113	18,269,247	19,188,866	AAA
Wisconsin State Treasury Security	993,712	993,712	-	AAA
Total investments	<u>\$ 49,607,692</u>	<u>\$ 30,418,826</u>	<u>\$ 19,188,866</u>	

The District has a formal investment policy in place as of June 30, 2022, to address the following risks:

Credit Risk: This is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The District's investment policy refers to *Minnesota Statutes* 118A.01 through 118A.06. Statutes limit investments in the top two ratings issued by nationally recognized statistical rating organizations. The District's investments were rated in the table above by Standard & Poor's (S&P).

Concentration of Credit Risk: The District's investment policy indicates the District shall diversify its investments to avoid incurring unreasonable risks inherent in over investing in specific instruments, individual financial institutions, or maturities. The District's investment policy places no specific limits on the amount the District may invest in any one issuer.

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

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

Independent School District No. 726
Notes to Basic Financial Statements

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

C. Deposits and Investments

Summary of cash, deposits, and investments as of June 30, 2022:

Deposits	\$ 4,129,514
Investments	<u>49,607,692</u>
Total deposits and investments	<u><u>\$ 53,737,206</u></u>

Cash, deposits, and investments are presented in the June 30, 2022, basic financial statements as follows:

Statement of Net Position	
Cash and investments	<u><u>\$ 53,737,206</u></u>

PRELIMINARY

Independent School District No. 726
Notes to Basic Financial Statements

NOTE 3 – CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets not being depreciated				
Land	\$ 639,386	\$ -	\$ -	\$ 639,386
Construction in progress	-	2,474,914	-	2,474,914
Total capital assets not depreciated	<u>639,386</u>	<u>2,474,914</u>	<u>-</u>	<u>3,114,300</u>
Capital assets being depreciated				
Land improvements	8,084,646	333,346	-	8,417,992
Buildings	74,336,137	149,007	-	74,485,144
Machinery and equipment	<u>10,353,000</u>	<u>541,618</u>	<u>303,584</u>	<u>10,591,034</u>
Total capital assets being depreciated	<u>92,773,783</u>	<u>1,023,971</u>	<u>303,584</u>	<u>93,494,170</u>
Less accumulated depreciation for				
Land improvements	4,611,605	273,908	-	4,885,513
Buildings	32,421,064	1,782,882	-	34,203,946
Furniture and equipment	<u>7,199,546</u>	<u>632,446</u>	<u>291,844</u>	<u>7,540,148</u>
Total accumulated depreciation	<u>44,232,215</u>	<u>2,689,236</u>	<u>291,844</u>	<u>46,629,607</u>
Total capital assets being depreciated, net	<u>48,541,568</u>	<u>(1,665,265)</u>	<u>11,740</u>	<u>46,864,563</u>
Governmental activities, capital assets, net	<u>\$ 49,180,954</u>	<u>\$ 809,649</u>	<u>\$ 11,740</u>	<u>\$ 49,978,863</u>

Independent School District No. 726
Notes to Basic Financial Statements

NOTE 3 – CAPITAL ASSETS (CONTINUED)

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

Administration	\$ 4,974
District support services	1,391
Elementary and secondary regular instruction	128,456
Vocational education instruction	151
Special education instruction	3,220
Instructional support services	74,449
Pupil support services	299,716
Sites and buildings	183,245
Food service	15,080
Community service	2,040
Unallocated	<u>1,976,514</u>
Total depreciation expense	<u><u>\$ 2,689,236</u></u>

NOTE 4 – LONG-TERM DEBT

A. Components of Long-Term Liabilities

	Issue Date	Interest Rates	Original Issue	Final Maturity	Principal Outstanding	Due Within One Year
Long-term liabilities						
G.O. bonds						
2013A G.O. School Building Bonds	04/09/13	3.00%	\$10,000,000	02/01/30	\$10,000,000	\$ -
2016A G.O. Crossover Refunding Bonds	10/24/16	2.0%-2.5%	2,235,000	02/01/32	1,770,000	160,000
2020A G.O. Refunding Bonds	11/23/20	5.00%	7,085,000	02/01/24	4,585,000	2,600,000
2022A G.O. School Building Bonds	02/15/22	1.0%-2.93%	37,498,444	02/01/43	37,498,444	89,141
2022B G.O. School Building Bonds	02/15/22	3.0%-4.0%	6,510,000	02/01/46	<u>6,510,000</u>	<u>190,000</u>
Total G.O. bonds					<u>60,363,444</u>	<u>3,039,141</u>
Certificates of Participation 2018A	06/15/18	3.0%-4.0%	2,325,000	02/01/33	1,920,000	145,000
Note from direct borrowing	12/18/19	2.49%	190,284	02/01/25	117,327	38,145
Unamortized premiums on bonds					976,538	-
Financed purchase agreements					404,479	141,279
Compensated absences					206,820	51,705
Severance					<u>432,934</u>	<u>43,293</u>
Total long-term liabilities					<u><u>\$64,421,542</u></u>	<u><u>\$ 3,458,563</u></u>

The long-term bond and certificate of participation liabilities listed on above were issued to finance acquisition and construction of capital facilities or to refinance (refund) previous bond issues. The note from direct borrowing is payable to the Sherburne and Northern Wright Special Education Cooperative for the District's share of the Cooperative's lease purchase agreement debt. The District entered into various financed purchase agreements for the acquisition of school buses.

Independent School District No. 726
Notes to Basic Financial Statements

NOTE 4 – LONG-TERM DEBT (CONTINUED)

B. Minimum Debt Payments for Bonds

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

Year Ending June 30,	G.O. Bonds	
	Principal	Interest
2023	\$ 3,039,141	\$ 771,299
2024	3,172,887	640,000
2025	3,253,608	556,930
2026	3,288,560	523,528
2027	3,315,375	491,362
2028-2032	16,148,357	2,912,830
2033-2037	13,638,293	5,377,007
2038-2042	11,869,761	7,146,189
2043-2046	2,637,462	1,130,538
Total	<u>\$ 60,363,444</u>	<u>\$ 19,549,683</u>

Year Ending June 30,	Certificates of Participation	
	Principal	Interest
2023	\$ 145,000	\$ 63,350
2024	155,000	57,550
2025	160,000	52,900
2026	165,000	48,100
2027	165,000	43,150
2028-2032	925,000	132,025
2033	205,000	7,175
Total	<u>\$ 1,920,000</u>	<u>\$ 404,250</u>

Year Ending June 30,	Note from Direct Borrowing	
	Principal	Interest
2023	\$ 38,145	\$ 2,685
2024	39,101	1,730
2025	40,081	750
Total	<u>\$ 117,327</u>	<u>\$ 5,165</u>

Independent School District No. 726
Notes to Basic Financial Statements

NOTE 4 – LONG-TERM DEBT (CONTINUED)

Year Ending June 30,	Financed Purchase Agreements	
	Principal	Interest
2023	\$ 141,279	\$ 10,163
2024	119,919	6,245
2025	96,556	3,196
2026	46,725	1,042
Total	<u>\$ 404,479</u>	<u>\$ 20,646</u>

C. Changes in Long-Term Liabilities

	Beginning Balance	Additions	Reductions	Ending Balance
Long-term liabilities				
G.O. bonds	\$ 19,015,000	\$ 44,008,444	\$ 2,660,000	\$ 60,363,444
Certificates of Participation	2,060,000	-	140,000	1,920,000
Note from direct borrowing	154,539	-	37,212	117,327
Bond premiums	818,369	387,532	229,363	976,538
Financed purchase agreements	388,878	228,641	213,040	404,479
Compensated absences	189,856	194,856	177,892	206,820
Severance	350,552	110,715	28,333	432,934
Total long-term liabilities	<u>\$ 22,977,194</u>	<u>\$ 44,930,188</u>	<u>\$ 3,485,840</u>	<u>\$ 64,421,542</u>

The General Fund typically liquidates the liability related to the note from direct borrowing, financed purchase agreements, compensated absences, and severance.

NOTE 5 – FUND BALANCES/NET POSITION

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

Independent School District No. 726
Notes to Basic Financial Statements

NOTE 5 – FUND BALANCES/NET POSITION (CONTINUED)

A. Fund Balances

Fund balances are classified as listed below to reflect the limitations and restrictions of the respective funds.

	General Fund	Debt Service	Building Construction Capital Project	Nonmajor Funds	Total
Nonspendable for					
Inventory	\$ -	\$ -	\$ -	\$ 26,180	\$ 26,180
Prepaid items	536,706	-	-	24,025	560,731
Total nonspendable	<u>536,706</u>	<u>-</u>	<u>-</u>	<u>50,205</u>	<u>586,911</u>
Restricted/reserved for					
Operating Capital	77,970	-	-	-	77,970
Scholarships	6,811	-	-	-	6,811
Student Activities	157,481	-	-	-	157,481
Long-term Facilities Maintenance	89,421	-	-	-	89,421
Early Childhood and Family Education	-	-	-	210,906	210,906
School Readiness	-	-	-	20,884	20,884
Community Service	-	-	-	8,336	8,336
Debt Service	-	613,186	-	-	613,186
Building construction	-	-	40,827,901	-	40,827,901
Food Service	-	-	-	1,241,575	1,241,575
Total restricted/reserved	<u>331,683</u>	<u>613,186</u>	<u>40,827,901</u>	<u>1,481,701</u>	<u>43,254,471</u>
Assigned for					
Building Level Activity	142,739	-	-	-	142,739
Unassigned for					
General Purposes	3,560,627	-	-	-	3,560,627
Community Education*	-	-	-	(6,880)	(6,880)
Total unassigned	<u>3,560,627</u>	<u>-</u>	<u>-</u>	<u>(6,880)</u>	<u>3,553,747</u>
Total fund balance	<u>\$ 4,571,755</u>	<u>\$ 613,186</u>	<u>\$ 40,827,901</u>	<u>\$ 1,525,026</u>	<u>\$ 47,537,868</u>

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

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

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

Restricted/Reserved for Scholarships – This balance represents available resources for the scholarship funds.

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

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

Independent School District No. 726
Notes to Basic Financial Statements

NOTE 5 – FUND BALANCES/NET POSITION (CONTINUED)

A. Fund Balances (Continued)

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

Restricted/Reserved for School Readiness – This balance represents the resources available to provide for services for school readiness programs (*Minnesota Statutes* 124D.16).

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

Restricted for Debt Service – This balance represents the resources available for the payment of bond principal, interest, and related costs.

Restricted for Building Construction – This balance represents the unspent bond proceeds available for future construction costs.

Restricted for Food Service – This balance represents the resources available for food service.

Assigned for Building Level Activity – This balance represents unspent amounts carried over for the subsequent year, which is tracked at each respective school.

Unassigned for Community Education – This balance represents the resources available to provide programming such as: nonvocational, recreational and leisure time activities, programs for adults with disabilities, noncredit summer programs, adult basic education programs, youth development and youth service programming, early childhood and family education, and extended day programs. This balance was negative as of June 30, 2022.

B. Net Position

Net position restricted for other purposes on the Statement of Net Position is comprised of the total positive restricted fund balances of the General, Food Service, and Community Service Funds adjusted to full accrual.

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

The District participates in various pension plans, total pension expense for the year ended June 30, 2022, was \$509,685. The components of pension expense are noted in the following plan summaries.

The General Fund typically liquidates the Liability related to the pensions.

**Independent School District No. 726
Notes to Basic Financial Statements**

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

Teachers' Retirement Association

A. Plan Description

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

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

B. Benefits Provided

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

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

Tier I Benefits

Tier 1	Step Rate Formula	Percentage
Basic	First ten years of service	2.2% per year
	All years after	2.7% per year
Coordinated	First ten years if service years are up to July 1, 2006	1.2% per year
	First ten years if service years are July 1, 2006, or after	1.4% per year
	All other years of service if service years are up to July 1, 2006	1.7% per year

With these provisions:

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

**Independent School District No. 726
Notes to Basic Financial Statements**

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

Teachers' Retirement Association (Continued)

B. Benefits Provided (Continued)

Tier II Benefits

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

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

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

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

C. Contribution Rate

Per *Minnesota Statutes*, Chapter 354 sets the contribution rates for employees and employers. Rates for each fiscal year ended June 30, 2020, June 30, 2021, and June 30, 2022, were:

	<u>June 30, 2020</u>		<u>June 30, 2021</u>		<u>June 30, 2022</u>	
	<u>Employee</u>	<u>Employer</u>	<u>Employee</u>	<u>Employer</u>	<u>Employee</u>	<u>Employer</u>
Basic	11.0%	11.92%	11.0%	12.13%	11.0%	12.34%
Coordinated	7.5%	7.92%	7.5%	8.13%	7.5%	8.34%

**Independent School District No. 726
Notes to Basic Financial Statements**

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

Teachers' Retirement Association (Continued)

C. Contribution Rate (Continued)

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

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

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

**Independent School District No. 726
Notes to Basic Financial Statements**

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

Teachers' Retirement Association (Continued)

D. Actuarial Assumptions

The total pension liability in the June 30, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Key Methods and Assumptions Used in Valuation of Total Pension Liability

Actuarial Information

Valuation date	July 1, 2021
Measurement date	June 30, 2021
Experience study	June 5, 2019 (demographic assumptions) November 6, 2017 (economic assumptions)
Actuarial cost method	Entry Age Normal
Actuarial assumptions	
Investment rate of return	7.00%
Price inflation	2.50%
Wage growth rate	2.85% before July 1, 2028, and 3.25% thereafter 3.25% to 9.25% thereafter 1.0% for January 2020 through January 2023, then

Mortality Assumptions

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

**Independent School District No. 726
Notes to Basic Financial Statements**

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

Teachers' Retirement Association (Continued)

D. Actuarial Assumptions (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	35.5 %	5.10 %
International equity	16.5	5.30
Fixed income	20.0	0.75
Private markets	25.0	5.90
Unallocated cash	2.0	
Total	<u>100.0 %</u>	

The TRA actuary has determined the average of the expected remaining services lives of all members for fiscal year 2022 is six years. The "Difference Between Expected and Actual Experience," "Changes of Assumptions," and "Changes in Proportion" use the amortization period of six years in the schedule presented. The amortization period for "Net Difference between Projected and Actual Investment Earnings on Pension Plan Investments" is over a period of five years as required by GASB 68.

Changes in actuarial assumptions since the 2020 valuation:

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

E. Discount Rate

The discount rate used to measure the total pension liability was 7.0%. The discount rate used to measure the total pension liability at the prior measurement date was 7.5%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year 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).

**Independent School District No. 726
Notes to Basic Financial Statements**

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

Teachers' Retirement Association (Continued)

F. Net Pension Liability

On June 30, 2022, the District reported a liability of \$11,247,088 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to TRA in relation to total system contributions including direct aid from the State of Minnesota, City of Minneapolis, and Minneapolis School District. District proportionate share was 0.2570% at the end of the measurement period and 0.2645% for the beginning of the year.

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

District's proportionate share of net pension liability	\$ 11,247,088
State's proportionate share of the net pension liability associated with the District	948,651

For the year ended June 30, 2022, the District recognized pension expense of \$465,295. Included in this amount, the District recognized (\$10,622) as pension expense for the support provided by direct aid.

On June 30, 2022, the District had deferred resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 313,511	\$ 318,408
Net difference between projected and actual earnings on plan investment	-	9,394,305
Changes of assumptions	4,121,969	10,053,921
Changes in proportion	973,734	461,758
Contributions to TRA subsequent to the measurement date	1,324,820	-
Total	\$ 6,734,034	\$ 20,228,392

The \$1,324,820 reported as deferred outflows of resources related to pensions resulting from District contributions to TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023.

**Independent School District No. 726
Notes to Basic Financial Statements**

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

Teachers' Retirement Association (Continued)

F. Net Pension Liability (Continued)

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

Year Ended June 30,	Pension Expense Amount
2023	\$ (6,953,317)
2024	(5,446,219)
2025	(1,343,100)
2026	(1,778,088)
2027	701,546
Total	\$ (14,819,178)

G. Pension Liability Sensitivity

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

District proportionate share of NPL		
1% Decrease Discount Rate (6.0%)	Current Discount Rate (7.0%)	1% Increase Discount Rate (8.0%)
\$ 22,719,666	\$ 11,247,088	\$ 1,838,660

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

H. Pension Plan Fiduciary Net Position

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

**Independent School District No. 726
Notes to Basic Financial Statements**

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

Public Employees' Retirement Association

A. Plan Description

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

General Employees Retirement Plan

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

B. Benefits Provided

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

General Employees Plan Benefits

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

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1.0% and a maximum of 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

Independent School District No. 726
Notes to Basic Financial Statements

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

Public Employees' Retirement Association (Continued)

C. Contributions

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

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.5% of their annual covered salary in fiscal year 2022 and the District was required to contribute 7.5% for Coordinated Plan members. The District's contributions to the General Employees Fund for the year ended June 30, 2022, were \$435,274. The District's contributions were equal to the required contributions as set by state statute.

D. Pension Costs

General Employees Fund Pension Costs

At June 30, 2022, the District reported a liability of \$3,078,993 for its proportionate share of the General Employees Fund's net pension liability. The District's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the State's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the District totaled \$94,024. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on the District's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2020, through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers. The District's proportionate share was 0.0721% at the end of the measurement period and 0.0747% for the beginning of the period.

School's proportionate share of net pension liability	\$ 3,078,993
State of Minnesota's proportionate share of the net pension liability associated with the School	<u>94,024</u>
Total	<u>\$ 3,173,017</u>

For the year ended June 30, 2022, the District recognized pension expense of \$44,391 for its proportionate share of the General Employees Plan's pension expense. Included in this amount, the District recognized \$7,586 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

**Independent School District No. 726
Notes to Basic Financial Statements**

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

Public Employees' Retirement Association (Continued)

D. Pension Costs

At June 30, 2022, the District reported its proportionate share of deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 19,861	\$ 94,619
Changes in actuarial assumptions	1,879,969	70,866
Difference between projected and actual investments earnings	-	2,657,029
Change in proportion	20,803	144,554
Contributions paid to PERA subsequent to the measurement date	435,274	-
Total	<u>\$ 2,355,907</u>	<u>\$ 2,967,068</u>

The \$435,274 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Pension Expense
2023	\$ (163,963)
2024	(98,978)
2025	(59,185)
2026	(727,309)
Total	<u>\$ (1,049,435)</u>

**Independent School District No. 726
Notes to Basic Financial Statements**

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

Public Employees' Retirement Association (Continued)

E. Long-Term Expected Return on Investment

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

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

F. Actuarial Methods and Assumptions

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

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

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

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

**Independent School District No. 726
Notes to Basic Financial Statements**

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

Public Employees’ Retirement Association (Continued)

F. Actuarial Methods and Assumptions (Continued)

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and became effective with the July 1, 2020, actuarial valuation. The following changes in actuarial assumptions and plan provisions occurred in 2021:

General Employees Fund

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the previous valuation.

G. Discount Rate

The discount rate used to measure the total pension liability in 2021 was 6.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in *Minnesota Statutes*. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

H. Pension Liability Sensitivity

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

	1% Decrease in Discount Rate (5.5%)	Current Discount Rate (6.5%)	1% Increase in Discount Rate (7.5%)
District's proportionate share of the PERA net pension liability	\$ 6,279,574	\$ 3,078,993	\$ 452,721

I. Pension Plan Fiduciary Net Position

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

**Independent School District No. 726
Notes to Basic Financial Statements**

NOTE 7 – POST EMPLOYMENT HEALTH CARE 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 self-insured health insurance plan. 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. No assets have been acclimated in a trust.

B. Benefits Paid

Teachers hired prior to July 1, 2015, who have reached 55 years of age and 18 years of service are eligible for District contributions towards single medial insurance until Medicare eligible. Principals hired prior to August 1, 2011, who have 15 years of service are eligible for full family premiums until age 65. Other employees are also eligible for District contributions towards medical insurance as dictated in their contracts until age 65.

C. Members

As of the July 1, 2020, valuation date, the following were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	34
Active employees	<u>376</u>
Total	<u><u>410</u></u>

D. Contributions

Retirees contribute to the health care plan at the same rate as District employees. This results in the retirees receiving an implicit rate subsidy. Contribution requirements are established by the District. The required contributions are based on projected pay-as-you-go financing requirements. For the year 2022, the District contributed \$413,484 to the plan.

**Independent School District No. 726
Notes to Basic Financial Statements**

NOTE 7 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

E. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2020, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Key Methods and Assumptions Used in Valuation of Total OPEB Liability

Discount rate	2.10%
Salary increases	Service graded table
Inflation	2.50%
Healthcare cost trend increases	6.5% as of July 1, 2020, decreasing to 5.0% over 6 years, then to 4.0% over the following 48 years

Mortality Assumption	Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2019 Generational Improvement Scale
----------------------	---

Changes in actuarial assumptions and benefits:

- The teachers' maximum accumulated matching contributions to the tax-deferred plan were raised from \$45,000 to \$55,000. Note: The matching contributions are not included in the OPEB liability, rather they are used as an offset to certain GASB 75 benefits.
- The discount rate was changed from 2.4% to 2.1%.

F. Total OPEB Liability

The District's total OPEB liability was measured as of July 1, 2021, and was determined by an actuarial valuation as of July 1, 2020.

Independent School District No. 726
Notes to Basic Financial Statements

NOTE 7 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

F. Total OPEB Liability (Continued)

Changes in the total OPEB liability are as follows:

	<u>Total OPEB Liability</u>
Balances at July 1, 2021	\$ 6,474,819
Changes for the year	
Service cost	394,491
Interest	159,931
Assumption changes	86,592
Benefit payments	<u>(413,484)</u>
Net changes	<u>227,530</u>
Balances at June 30, 2022	<u><u>\$ 6,702,349</u></u>

G. OPEB Liability Sensitivity

The following presents the District's total OPEB liability calculated using the discount rate of 2.1% as well as the liability measured using 1% lower and 1% higher than the current discount rate.

	<u>1% Decrease Discount Rate (1.1%)</u>	<u>Current Discount Rate (2.1%)</u>	<u>1% Increase Discount Rate (3.1%)</u>
Total OPEB liability	\$ 7,048,598	\$ 6,702,349	\$ 6,355,866

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

	<u>1% decrease (5.25% decreasing to 4.0%, then 3.0%)</u>	<u>Current (6.25% decreasing to 5.0%, then 4.0%)</u>	<u>1% increase (7.25% decreasing to 6.0%, then 5.0%)</u>
Total OPEB liability	\$ 6,072,313	\$ 6,702,349	\$ 7,430,820

Independent School District No. 726
Notes to Basic Financial Statements

NOTE 7 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

G. OPEB Liability Sensitivity (Continued)

The trend rate assumption has not changed since the initial valuation date of July 1, 2020. The initial rate has decreased to 6.25% from 6.5% due to the assumed decrease over the select period.

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

For the year ended June 30, 2022, the District recognized OPEB expense of \$529,966. As of June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Liability gain or loss	\$ 135,340	\$ 551,219
Changes of assumptions	163,990	-
Contributions made subsequent to the measurement date	413,454	-
Total	\$ 712,784	\$ 551,219

The \$413,454 reported as deferred outflows of resources related to OPEB resulting from District contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources will be recognized as OPEB expense as follows:

Year Ending June 30,	Total
2023	\$ (24,456)
2024	(24,458)
2025	(94,995)
2026	(122,412)
2027	14,432
Total	\$ (251,889)

Independent School District No. 726
Notes to Basic Financial Statements

NOTE 8 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; natural disasters; and injuries to employees for which the District carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three years. There were no significant reductions in the District's insurance coverage during the year ending June 30, 2022.

In 2013, the District began to self-insure for dental insurance. Under this program, the fund provides up to a maximum of \$1,250 for each dental care claim. The General, Food Service, and Community Service Funds of the District participate in the program. Based on the requirements of GASB Statement No. 10, a liability is reported if information prior to the issuance of the basic financial statements indicates that it is probable that a liability has been incurred at the date of the basic financial statements and the amount of the loss can be reasonably estimated.

In 2014, the District began to self-insure for health insurance. Under this program, the fund provides up to a maximum of \$6,675,266 for total claims and fixed costs for 2022. The General, Food Service, and Community Service Funds of the District participate in the program. Based on the requirements of GASB Statement No. 10, a liability is reported if information prior to the issuance of the basic financial statements indicates that it is probable that a liability has been incurred at the date of the basic financial statements and the amount of the loss can be reasonably estimated.

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

Year End	Beginning of Year	Expense and Estimates	Claims Payments	End of Year
2020	\$ 56,149	\$ 275,184	\$ (272,040)	\$ 59,293
2021	59,293	327,183	(336,233)	50,243
2022	50,243	325,413	(336,703)	38,953

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

Year End	Beginning of Year	Expense and Estimates	Claims Payments	End of Year
2020	\$ 778,940	\$ 5,023,632	\$ (4,899,636)	\$ 902,936
2021	902,936	6,132,759	(6,355,241)	680,454
2022	680,454	5,450,396	(5,836,028)	294,822

NOTE 9 – INTERFUND ACTIVITY

The District transferred \$10,000 from the General fund to the Community Service nonmajor special revenue fund to offset revenue shortfalls in the early childhood screening program.

Independent School District No. 726
Notes to Basic Financial Statements

NOTE 10 – GASB STANDARDS ISSUED BUT NOT YET IMPLEMENTED

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

NOTE 11 – SUBSEQUENT EVENTS

Construction began on the transportation facility and capital projects approved by voters in the November 2, 2021 election.

PRELIMINARY

PRELIMINARY

(THIS PAGE LEFT BLANK INTENTIONALLY)

PRELIMINARY

REQUIRED SUPPLEMENTARY INFORMATION

Independent School District No. 726
Schedule of Changes in Total OPEB Liability
and Related Ratios
June 30, 2022

	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Total OPEB Liability					
Service cost	\$ 326,423	\$ 355,562	\$ 391,174	\$ 366,377	\$ 394,491
Interest	193,678	203,461	236,128	223,986	159,931
Difference between expected and actual experience	-	406,024	-	(826,829)	-
Changes of assumptions	-	17,196	164,512	5,765	86,592
Changes of benefit terms	-	9,754	-	-	-
Benefit payments	(257,839)	(258,377)	(271,712)	(304,622)	(413,484)
Net change in total OPEB liability	<u>262,262</u>	<u>733,620</u>	<u>520,102</u>	<u>(535,323)</u>	<u>227,530</u>
Beginning of year	<u>5,494,158</u>	<u>5,756,420</u>	<u>6,490,040</u>	<u>7,010,142</u>	<u>6,474,819</u>
End of year	<u>\$ 5,756,420</u>	<u>\$ 6,490,040</u>	<u>\$ 7,010,142</u>	<u>\$ 6,474,819</u>	<u>\$ 6,702,349</u>
Covered employee payroll	\$ 16,807,857	\$ 18,597,413	\$ 19,155,335	\$ 19,232,979	\$ 19,809,968
Total OPEB Liability as a percentage of covered employee payroll	34.25%	34.90%	36.60%	33.67%	33.83%

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

Independent School District No. 726
Schedule of District's and Non-Employer Proportionate Share
(if Applicable) of Net Pension Liability
Last Ten Years General Employees Retirement Fund

For Fiscal Year Ended June 30,	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Proportionate Share of State of Minnesota's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.0764%	\$ 3,588,889	\$ -	\$ 3,588,889	\$ 4,012,966	89.4%	78.75%
2015	0.0723%	3,746,961	-	3,746,961	4,180,347	89.6%	78.19%
2016	0.0695%	5,643,055	73,692	5,716,747	4,306,773	131.0%	68.91%
2017	0.0714%	4,558,129	57,343	4,615,472	4,602,013	99.0%	75.90%
2018	0.0742%	4,116,312	134,963	4,251,275	4,985,000	82.6%	79.53%
2019	0.0757%	4,185,283	129,994	4,315,277	5,354,427	78.2%	80.23%
2020	0.0747%	4,478,606	138,098	4,616,704	5,327,947	84.1%	79.06%
2021	0.0721%	3,078,993	94,024	3,173,017	5,193,520	59.3%	87.00%

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

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

For Fiscal Year Ended June 30,	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Proportionate Share of State of Minnesota's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.2509%	\$ 11,561,291	\$ 813,471	\$ 12,374,762	\$ 11,452,249	101.0%	81.50%
2015	0.2400%	14,846,374	1,820,790	16,667,164	12,181,573	121.9%	76.77%
2016	0.2427%	57,889,741	5,811,474	63,701,215	12,623,680	458.6%	44.88%
2017	0.2494%	49,784,764	4,812,380	54,597,144	13,423,853	370.9%	51.57%
2018	0.2555%	16,047,791	1,507,712	17,555,503	14,116,960	113.7%	78.07%
2019	0.2628%	16,750,927	1,482,629	18,233,556	14,918,599	112.3%	78.21%
2020	0.2645%	19,541,614	1,637,839	21,179,453	15,371,679	127.1%	75.48%
2021	0.2570%	11,247,088	948,651	12,195,739	15,381,882	73.1%	86.63%

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

**Independent School District No. 726
Schedule of District Contributions
General Employees Retirement Fund
Last Ten Years**

For Fiscal Year Ended June 30,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2014	\$ 290,940	\$ 290,940	\$ -	\$ 4,012,966	7.25%
2015	313,526	313,526	-	4,180,347	7.50%
2016	323,008	323,008	-	4,306,773	7.50%
2017	345,151	345,151	-	4,602,013	7.50%
2018	373,875	373,875	-	4,985,000	7.50%
2019	401,582	401,582	-	5,354,427	7.50%
2020	399,596	399,596	-	5,327,947	7.50%
2021	389,514	389,514	-	5,193,520	7.50%
2022	435,274	435,274	-	5,803,653	7.50%

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

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

For Fiscal Year Ended June 30,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2014	\$ 801,657	\$ 801,657	\$ -	\$ 11,452,243	7.00%
2015	913,618	913,618	-	12,181,573	7.50%
2016	946,776	946,776	-	12,623,680	7.50%
2017	1,006,789	1,006,789	-	13,423,853	7.50%
2018	1,058,772	1,058,772	-	14,116,960	7.50%
2019	1,150,224	1,150,224	-	14,918,599	7.71%
2020	1,217,437	1,217,437	-	15,371,679	7.92%
2021	1,250,547	1,250,547	-	15,381,882	8.13%
2022	1,324,820	1,324,820	-	15,885,132	8.34%

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

Independent School District No. 726
Notes to the Required Supplementary Information

TRA Retirement Fund

2021 Changes

Changes in Actuarial Assumptions

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

2020 Changes

Changes in Actuarial Assumptions

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

2019 Changes

Changes in Actuarial Assumptions

- None

2018 Changes

Changes in Actuarial Assumptions

- The discount rate was increased to 7.5% from 5.12%.
- The cost of living adjustment (COLA) was reduced from 2.0% each January 1 to 1.0%, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.1% each year until reaching the ultimate rate of 1.5% on January 1, 2028.
- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit are exempt.
- The COLA trigger provision, which would have increased the COLA to 2.5% if the funded ratio was at least 90% for two consecutive years, was eliminated.
- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019, and ending July 1, 2024 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt.
- Augmentation on deferred benefits will be reduced to 0.0% beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.0% to 3.0%, effective July 1, 2018. Interest due on payments and purchases from members, employers was reduced from 8.5% to 7.5%, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next six years (7.71% in 2018, 7.92% in 2019, 8.13% in 2020, 8.34% in 2021, 8.55% in 2022, and 8.75% in 2023). In addition, the employee contribution rate will increase from 7.50% to 7.75% on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.

2017 Changes

Changes in Actuarial Assumptions

- The discount rate was increased to 5.12% from 4.66%.

Independent School District No. 726
Notes to the Required Supplementary Information

TRA Retirement Fund (Continued)

2017 Changes (Continued)

Changes in Actuarial Assumptions (Continued)

- The cost of living adjustment (COLA) was assumed to increase from 2.0% annually to 2.5% annually on July 1, 2045.
- The COLA was not assumed to increase to 2.5% but remain at 2.0% for all future years.
- Adjustments were made to the combined service annuity loads. The active load was reduced from 1.4% to 0.0%, the vested inactive load increased from 4.0% to 7.0% and the non-vested inactive load increased from 4.0% to 9.0%.
- The investment return assumption was changed from 8.0% to 7.5%.
- The price inflation assumption was lowered from 2.75% to 2.5%.
- The payroll growth assumption was lowered from 2.5% to 3.0%.
- The general wage growth assumption was lowered from 3.5% to 2.85% for ten years followed by 3.25% thereafter.
- The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.

2016 Changes

Changes in Actuarial Assumptions

- The discount rate was decreased to 4.66% from 8.0%.
- The COLA was not assumed to increase for funding or the GASB calculation. It remained at 2% for all future years.
- The price inflation assumption was lowered from 3% to 2.75%.
- The general wage growth and payroll growth assumptions were lowered from 3.75% to 3.5%.
- Minor changes as some durations for the merit scale of the salary increase assumption.
- The pre-retirement mortality assumption was changed to the RP 2014 white collar employee table, male rates set back six years and female rates set back five years. Generational projection uses the MP 2015 scale.
- The post-retirement mortality assumption was changed to the RP 2014 white collar annuitant table, male rates set back three years and female rates set back three years, with further adjustments of the rates. Generational projection uses the MP 2015 scale.
- The post-disability mortality assumption was changed to the RP 2014 disabled retiree mortality table, without adjustment.
- Separate retirement assumptions for members hired before or after July 1, 1989, were created to better reflect each group's behavior in light of different requirements for retirement eligibility.
- Assumed termination rates were changed to be based solely on years of service in order to better fit the observed experience.
- A minor adjustment and simplification of the assumption regarding the election of optional form of annuity payment at retirement were made.

2015 Changes

Changes of Benefit Terms

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

Independent School District No. 726
Notes to the Required Supplementary Information

TRA Retirement Fund (Continued)

2015 Changes (Continued)

Changes in Actuarial Assumptions

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

PRELIMINARY

Independent School District No. 726
Notes to the Required Supplementary Information

General Employees Fund

2021 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2020 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2019 Changes

Changes in Actuarial Assumptions

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

Independent School District No. 726
Notes to the Required Supplementary Information

General Employees Fund (Continued)

2019 Changes (Continued)

Changes in Plan Provisions

- The employer supplemental contribution was changed prospectively, decreasing from \$31 million to \$21 million per year. The State's special funding contribution was changes prospectively, requiring \$16 million due per year through 2031.

2018 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.0% to 3.0%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.0%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Post-retirement benefit increases were changed from 1.0% per year with a provision to increase to 2.5% upon attainment of 90% funding ratio to 50% of the Social Security Cost of Living Adjustment, not less than 1.0% and not more than 1.5%, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches Normal Retirement Age. Does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

Independent School District No. 726
Notes to the Required Supplementary Information

General Employees Fund (Continued)

2016 Changes

Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2035 and 2.5% per year thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate was changed from 7.9% to 7.5%.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, the inflation was decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

Changes in Plan Provisions

- There have been no change since the prior valuation.

2015 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised; the State's contribution of \$6.0 million, which meets the special funding situation definition, was due September 2015.

Independent School District No. 726
Notes to the Required Supplementary Information

Post Employment Health Care Plan

2022 Changes

Changes in Actuarial Assumptions

- The discount rate was changed from 2.4% to 2.1%.

2021 Changes

Changes in Actuarial Assumptions

- The health care trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2019 Generational Improvement Scale.
- The salary increase rates were changed from a flat 3.0% per year for all employees to rates which vary by service and contract group.
- The discount rate was changed from 3.1% to 2.4%.

2020 Changes

Changes in Actuarial Assumptions

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

2019 Changes

Changes in Actuarial Assumptions

- The healthcare 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 to the RP-2014 White Collar Mortality Tables with the MP-2017 Generational Scale.
- The discount rate was changed from 3.4% to 3.5%.

(THIS PAGE LEFT BLANK INTENTIONALLY)

PRELIMINARY

PRELIMINARY

SUPPLEMENTARY INFORMATION

Independent School District No. 726
Combining Balance Sheet -
Nonmajor Governmental Funds
June 30, 2022

	Special Revenue Funds		Total Nonmajor Funds
	Food Service	Community Service	
Assets			
Cash and investments	\$ 1,281,868	\$ 363,257	\$ 1,645,125
Current property taxes receivable	-	105,497	105,497
Delinquent property taxes receivable	-	1,236	1,236
Accounts receivable	1,605	62,061	63,666
Due from Department of Education	1,779	23,308	25,087
Due from Federal Government through Department of Education	35,564	5,074	40,638
Due from other governmental units	-	16,724	16,724
Inventory	26,180	-	26,180
Prepaid Items	11,287	12,738	24,025
Total assets	\$ 1,358,283	\$ 589,895	\$ 1,948,178
Liabilities			
Accounts payable	\$ 28,588	\$ 3,057	\$ 31,645
Salaries and benefits payable	23	69,171	69,194
Unearned revenue	50,630	51,785	102,415
Total liabilities	79,241	124,013	203,254
Deferred Inflows of Resources			
Property taxes levied for subsequent year's expenditures	-	218,662	218,662
Unavailable revenue - delinquent property taxes	-	1,236	1,236
Total deferred inflows of resources	-	219,898	219,898
Fund Balances			
Nonspendable	37,467	12,738	50,205
Restricted	1,241,575	240,126	1,481,701
Unassigned	-	(6,880)	(6,880)
Total fund balances	1,279,042	245,984	1,525,026
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,358,283	\$ 589,895	\$ 1,948,178

Independent School District No. 726
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Year Ended June 30, 2022

	<u>Special Revenue Funds</u>		Total Nonmajor Funds
	<u>Food Service</u>	<u>Community Service</u>	
Revenues			
Local property taxes	\$ -	\$ 214,146	\$ 214,146
Other local and county revenues	-	1,102,230	1,102,230
Revenue from state sources	79,599	214,637	294,236
Revenue from federal sources	2,472,666	61,918	2,534,584
Sales and other conversion of assets	223,273	-	223,273
Total revenues	<u>2,775,538</u>	<u>1,592,931</u>	<u>4,368,469</u>
Expenditures			
Current			
Food service	2,012,305	-	2,012,305
Community education and services	-	1,616,285	1,616,285
Capital outlay			
Food service	32,052	-	32,052
Community education and services	-	234	234
Total expenditures	<u>2,044,357</u>	<u>1,616,519</u>	<u>3,660,876</u>
Excess of revenues over (under) expenditures	731,181	(23,588)	707,593
Other financing sources			
Transfers In	-	10,000	10,000
Net change in fund balances	731,181	(13,588)	717,593
Fund Balances			
Beginning of year	<u>547,861</u>	<u>259,572</u>	<u>807,433</u>
End of year	<u>\$ 1,279,042</u>	<u>\$ 245,984</u>	<u>\$ 1,525,026</u>

Independent School District No. 726
Uniform Financial Accounting and Reporting Standards
Compliance Table
Year Ended June 30, 2022

	Audited	UFARS	Audit-UFARS		Audited	UFARS	Audit-UFARS
01 GENERAL FUND				06 BUILDING CONSTRUCTION FUND			
Total revenue	\$ 36,740,811	\$ 36,740,811	\$ -	Total revenue	\$ (399,419)	\$ (399,419)	\$ -
Total expenditures	35,984,630	35,984,630	-	Total expenditures	3,168,656	3,168,656	-
<i>Nonspendable:</i>				<i>Nonspendable:</i>			
4.60 Nonspendable fund balance	536,706	536,706	-	4.60 Nonspendable fund balance	-	-	-
<i>Restricted/reserved:</i>				<i>Restricted/reserved:</i>			
4.01 Student Activities	157,481	157,481	-	4.07 Capital Projects Levy	-	-	-
4.02 Scholarships	6,811	6,811	-	4.09 Alternative Facility Program	-	-	-
4.03 Staff Development	-	-	-	4.13 Building Projects Funded By COP	-	-	-
4.07 Capital Projects Levy	-	-	-	<i>Restricted:</i>			
4.08 Cooperative Programs	-	-	-	4.64 Restricted fund balance	40,827,901	40,827,901	-
4.09 Alternative Facility Program	-	-	-	<i>Unassigned:</i>			
4.13 Building Projects Funded by COP	-	-	-	4.63 Unassigned fund balance	-	-	-
4.14 Operating Debt	-	-	-	07 DEBT SERVICE FUND			
4.16 Levy Reduction	-	-	-	Total revenue	\$ 3,426,490	\$ 3,426,490	\$ -
4.19 Encumbrances	-	-	-	Total expenditures	3,427,501	3,427,501	-
4.24 Operating Capital	77,970	77,970	-	<i>Nonspendable:</i>			
4.26 \$25 Taconite	-	-	-	4.60 Nonspendable fund balance	-	-	-
4.27 Disabled Accessibility	-	-	-	<i>Restricted/reserved:</i>			
4.28 Learning and Development	-	-	-	4.25 Bond refundings	-	-	-
4.34 Area Learning Center	-	-	-	4.33 Maximum Effort Loan Aid	-	-	-
4.35 Contracted Alternative Programs	-	-	-	4.51 QZAB Payments	-	-	-
4.36 State Approved Alternative Program	-	-	-	4.67 LTFM	-	-	-
4.38 Gifted and Talented	-	-	-	<i>Restricted:</i>			
4.40 Teacher Development And Evaluation	-	-	-	4.64 Restricted fund balance	613,186	613,186	-
4.41 Basic Skills Programs	-	-	-	<i>Unassigned:</i>			
4.48 Achievement and Integration Revenue	-	-	-	4.63 Unassigned fund balance	-	-	-
4.49 Safe School Crime	-	-	-	08 TRUST FUND			
4.51 QZAB Payments	-	-	-	Total revenue	\$ -	\$ -	\$ -
4.52 OPEB Liabilities not Held in Trust	-	-	-	Total expenditures	-	-	-
4.53 Unfunded Severance and Retirement Levy	-	-	-	<i>Unassigned:</i>			
4.59 Basic Skills Extended Time	-	-	-	4.01 Student Activities	-	-	-
4.67 Long-term Facilities Maintenance	89,421	89,421	-	4.02 Scholarships	-	-	-
<i>Restricted:</i>				4.22 Unassigned fund balance (net position)	-	-	-
4.72 Medical Assistance	-	-	-	18 CUSTODIAL			
4.64 Restricted fund balance	-	-	-	Total revenue	\$ -	\$ -	\$ -
4.75 Title VII - Impact Aid	-	-	-	Total expenditures	-	-	-
4.76 Payments in Lieu of Taxes	-	-	-	<i>Restricted/Reserved:</i>			
<i>Committed:</i>				4.01 Student Activities	-	-	-
4.18 Committed for separation	-	-	-	4.02 Scholarships	-	-	-
4.61 Committed	-	-	-	4.48 Achievement and Integration	-	-	-
<i>Assigned:</i>				4.64 Restricted	-	-	-
4.62 Assigned fund balance	142,739	142,739	-	20 INTERNAL SERVICE FUND			
<i>Unassigned:</i>				Total revenue	\$ 5,594,976	\$ 5,594,976	\$ -
4.22 Unassigned fund balance (net position)	3,560,627	3,560,625	2	Total expenditures	5,795,362	5,795,361	1
02 FOOD SERVICES FUND				<i>Unassigned:</i>			
Total revenue	\$ 2,775,538	\$ 2,775,538	\$ -	4.22 Net position	930,152	930,153	(1)
Total expenditures	2,044,357	2,044,360	(3)	25 OPEB REVOCABLE TRUST			
<i>Nonspendable:</i>				Total revenue	\$ -	\$ -	\$ -
4.60 Nonspendable fund balance	37,467	37,466	1	Total expenditures	-	-	-
<i>Restricted/reserved:</i>				<i>Unassigned:</i>			
4.52 OPEB Liabilities not held in trust	-	-	-	4.22 Net position	-	-	-
<i>Restricted:</i>				45 OPEB IRREVOCABLE TRUST			
4.64 Restricted fund balance	1,241,575	1,241,573	2	Total revenue	\$ -	\$ -	\$ -
<i>Unassigned:</i>				Total expenditures	-	-	-
4.63 Unassigned fund balance	-	-	-	<i>Unassigned:</i>			
04 COMMUNITY SERVICE FUND				4.22 Net position	-	-	-
Total revenue	\$ 1,592,931	\$ 1,592,931	\$ -	47 OPEB DEBT SERVICE			
Total expenditures	1,616,519	1,616,517	2	Total revenue	\$ -	\$ -	\$ -
<i>Nonspendable:</i>				Total expenditures	-	-	-
4.60 Nonspendable fund balance	12,738	12,738	-	<i>Nonspendable:</i>			
<i>Restricted/reserved:</i>				4.60 Nonspendable fund balance	-	-	-
4.26 \$25 Taconite	-	-	-	<i>Restricted:</i>			
4.31 Community Education	(6,880)	(6,880)	-	4.25 Bond refundings	-	-	-
4.32 ECFE	210,906	210,906	-	4.64 Restricted fund balance	-	-	-
4.40 Teacher Development and Evaluation	-	-	-	<i>Unassigned:</i>			
4.44 School Readiness	20,884	20,884	-	4.63 Unassigned fund balance	-	-	-
4.47 Adult Basic Education	-	-	-				
4.52 OPEB Liabilities not Held In Trust	-	-	-				
<i>Restricted:</i>							
4.64 Restricted fund balance	8,336	8,337	(1)				
<i>Unassigned:</i>							
4.63 Unassigned fund balance	-	-	-				

Independent School District No. 726
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Federal Funding Source	Federal Assistance Listing Number	Pass Through Entity	Grant Name	Expenditures
Department of Agriculture	10.553	Minnesota Department of Education	School Breakfast Program	\$ 643,775
Department of Agriculture	10.555C	Minnesota Department of Education	COVID-19 - Supply Chain Assistance	51,651
Department of Agriculture	10.555	Minnesota Department of Education	Commodities Programs	164
Department of Agriculture	10.555	Minnesota Department of Education	Commodities Programs (Noncash Assistance)	126,855
Department of Agriculture	10.555	Minnesota Department of Education	Child Nutrition Type A Lunch	1,470,176
Department of Agriculture	10.559	Minnesota Department of Education	Summer Food Service Program	179,852
			Total Child Nutrition Cluster	<u>2,472,473</u>
Department of Treasury	21.027C	Minnesota Department of Education	COVID-19 - Coronavirus State and Local Fiscal Recovery Fund	104,905
Federal Communications Commission	32.009	Universal Service Administrative Co.	Emergency Connectivity Fund Program	411,600
Department of Education	84.010	Minnesota Department of Education	Title I Grants to Local Education Agencies	71,040
Department of Education	84.027	Monticello Special Education Co-op	Special Education Grants to States and total Special Education Cluster	27,994
Department of Education	84.027X	Monticello Special Education Co-op	COVID-19 - Individuals with Disabilities Education Act (IDEA)/American Rescue Plan Act of 2021 (ARP)	7,742
			Total Special Education Cluster	<u>35,736</u>
Department of Education	84.048A	Wright Technical Center	Career and Technical Education Basic Grants to States	6,843
Department of Education	84.367	Minnesota Department of Education	Supporting Effective Instruction State Grants	33,615
Department of Education	84.424	Minnesota Department of Education	Student Support and Academic Enrichment	10,000
Department of Education	84.425C	Minnesota Department of Education	COVID-19 - Governor's Emergency Education Relief (GEER) Fund	10,291
Department of Education	84.425D	Minnesota Department of Education	COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund	189,439
Department of Education	84.425U	Minnesota Department of Education	COVID 19 - ARP - ESSER	344,509
Department of Education	84.425W	Minnesota Department of Education	COVID-19 - ARP - ESSER - Homeless Children and Youth	11,708
			Total Education Stabilization Fund	<u>555,947</u>
Department of Health and Human Services	93.323	Minnesota Department of Education	COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases	155,304
Total Federal Expenditures				<u>\$ 3,857,463</u>

See notes to schedule of expenditures of federal awards.

Independent School District No. 726
Notes to the Schedule of Expenditures of Federal Awards

NOTE 1 – BASIS OF PRESENTATION

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

NOTE 2 – PASS-THROUGH GRANT NUMBERS

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

NOTE 3 – INVENTORY

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

NOTE 4 – INDIRECT COST RATE

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

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

Independent Auditor's Report

To the School Board
Independent School District No. 726
Becker, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the basic financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Independent School District No. 726, Becker, Minnesota, as of and for the year ending June 30, 2022, and the related notes to basic financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 9, 2022.

Report on Internal Control over Financial Reporting

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

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

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control that might be material weaknesses, or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control described in the accompanying Schedule of Findings and Questioned Costs in Accordance with the Uniform Guidance as Audit Finding 2022-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

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

District's Response to the Finding

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

Purpose of this Report

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

St. Cloud, Minnesota
November 9, 2022

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

Independent Auditor's Report

To the School Board
Independent School District No. 726
Becker, Minnesota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the compliance of Independent School District No. 726, Becker, Minnesota with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2022. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs in Accordance with the Uniform Guidance.

In our opinion, the District complied in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended **June 30, 2022** June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in Auditor's Responsibilities for the Audit of Compliance section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

St. Cloud, Minnesota
November 9, 2022

**Independent School District No. 726
Schedule of Findings and Questioned Costs
in Accordance with the Uniform Guidance**

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Internal control over financial reporting:
 • Material weakness(es) identified? No
 • Significant deficiency(ies) identified? Yes, Audit Finding 2022-001

Noncompliance material to basic financial statements noted? No

Federal Awards

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

Internal control over major programs:
 • Material weakness(es) identified? No
 • Significant deficiency(ies) identified? None reported

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

Identification of Major Programs

Assistance Listing No: 10.553, 10.555C, 10.555, 10.559
 Name of Federal Program or Cluster: Child Nutrition Cluster

Assistance Listing No: 84.425C 84.425D, 84.425U, 84.425W
 Name of Federal Program or Cluster: Education Stabilization Fund

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

Auditee qualified as low risk auditee? No

**Independent School District No. 726
Schedule of Findings and Questioned Costs
in Accordance with the Uniform Guidance**

SECTION II – BASIC FINANCIAL STATEMENT FINDINGS

CURRENT AND PRIOR YEAR INTERNAL CONTROL FINDING:

Significant Deficiency: Audit Finding 2022-001

Criteria or Specific Requirement:

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

Condition:

The District does not have adequate segregation of accounting duties.

Context:

This finding impacts the internal control for all significant accounting functions. Management is aware of this condition and will take certain steps to compensate for the lack of segregation. However, due to the small accounting staff needed to handle all of the accounting duties, the cost of obtaining desirable segregation of accounting duties can often exceed benefits which could be derived. Due to this reason, management has determined a complete segregation of accounting duties is impractical to correct.

Effect or Potential Effect:

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

Cause:

There are a limited number of office employees.

Recommendation:

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

CORRECTIVE ACTION PLAN (CAP):

1. Explanation of Disagreement with Audit Finding

There is no disagreement with the audit finding.

2. Actions Planned in Response to Finding

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.

3. Official Responsible for Ensuring CAP

Kevin Januszewski, Director of Business Services, is the official responsible for ensuring corrective action of the deficiency.

**Independent School District No. 726
Schedule of Findings and Questioned Costs
in Accordance with the Uniform Guidance**

SECTION II – BASIC FINANCIAL STATEMENT FINDINGS (CONTINUED)

Audit Finding 2021-001 (Continued)

CORRECTIVE ACTION PLAN (CAP) (Continued):

4. Planned Completion Date for CAP
The planned completion date for the CAP is ongoing.
5. Plan to Monitor Completion of CAP
The School Board will be monitoring this CAP.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no questioned costs.

SECTION IV – PRIOR YEAR FINDINGS AND QUESTIONED COSTS

None

PRELIMINARY

Minnesota Legal Compliance

Independent Auditor's Report

To the School Board
Independent School District No. 726
Becker, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 726, Becker, Minnesota, as of and for the year ended June 30, 2022, and the related notes to basic financial statements, and have issued our report thereon dated November 9, 2022.

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

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

St. Cloud, Minnesota
November 9, 2022



Becker Public Schools

Preparing self-directed learners to thrive in a changing global community

Truth in Taxation For Taxes Payable in 2023

December 5, 2022



Becker Public Schools

Preparing self-directed learners to thrive in a changing global community

Truth in Taxation Law

Two Major Requirements

- 1) Counties must send out “proposed property tax statements” in November, based on preliminary tax levies set by all jurisdictions (counties, cities, townships, school districts, etc.).
- 2) Most taxing jurisdictions must hold a hearing prior to certifying the final levy

**You are here for the
School District’s annual
required hearing**



Becker Public Schools

Preparing self-directed learners to thrive in a changing global community

Tax Hearing Requirements

- **State law requires that we present information on the current year budget and actual revenues and expenses for prior year**
- **State law also requires that we present information on the proposed property tax levy**
- **District must also allow for public comments**

2021-22 General Fund Results

Fund	6/30/21	Other			6/30/22	
	Audited Fund Balance	Revenues & Adjustments	Expenditures	Financing Sources (Uses)	Variance	Audited Fund Balance
General Fund	\$ 3,596,931	\$36,740,811	\$35,984,630	\$ 218,641	\$ 974,822	\$ 4,571,753
Less: Capital Reserves						
Operating Capital	\$ 37,550	\$ 1,837,606	\$ 2,025,827	\$ 228,641	\$ 40,420	\$ 77,970
Long-Term Facilities Maint	\$ 20,592	\$ 1,056,563	\$ 987,734	\$ -	\$ 68,829	\$ 89,421
Total Capital Reserves	\$ 58,142	\$ 2,894,169	\$ 3,013,561	\$ 228,641	\$ 109,249	\$ 167,391
Assigned Fund Balances	\$ 244,095	\$ 841,832	\$ 752,912	\$ -	\$ 88,920	\$ 333,015
Non-Spendable Fund Balances	\$ 238,988	\$ 536,706	\$ 238,988	\$ -	\$ 297,718	\$ 536,706
General Fund Unassigned	\$ 3,055,706	\$32,468,104	\$31,979,169	\$ (10,000)	\$ 478,935	\$ 3,534,641

2021-22 Financial Results (All Funds)

Fund	6/30/21 Audited Fund Balance	Revenues & Adjustments	Expenditures	Other Financing Sources	Variance	6/30/22 Audited Fund Balance
General Fund	\$ 3,596,931	\$36,740,811	\$35,984,630	\$ 218,641	\$ 974,822	\$ 4,571,753
Food Service Fund	\$ 547,862	\$ 2,775,537	\$ 2,044,360	\$ -	\$ 731,177	\$ 1,279,039
Community Service Fund	\$ 259,571	\$ 1,592,931	\$ 1,616,517	\$ 10,000	\$ (13,586)	\$ 245,985
Building Construction Fund	\$ -	\$43,996,557	\$ 3,168,656	\$ -	\$40,827,901	\$ 40,827,901
Debt Service Fund	\$ 614,197	\$ 3,426,490	\$ 3,427,501	\$ -	\$ (1,011)	\$ 613,186
Total All Funds	\$ 5,018,561	\$88,532,326	\$46,241,664	\$ 228,641	\$42,519,303	\$ 47,537,864

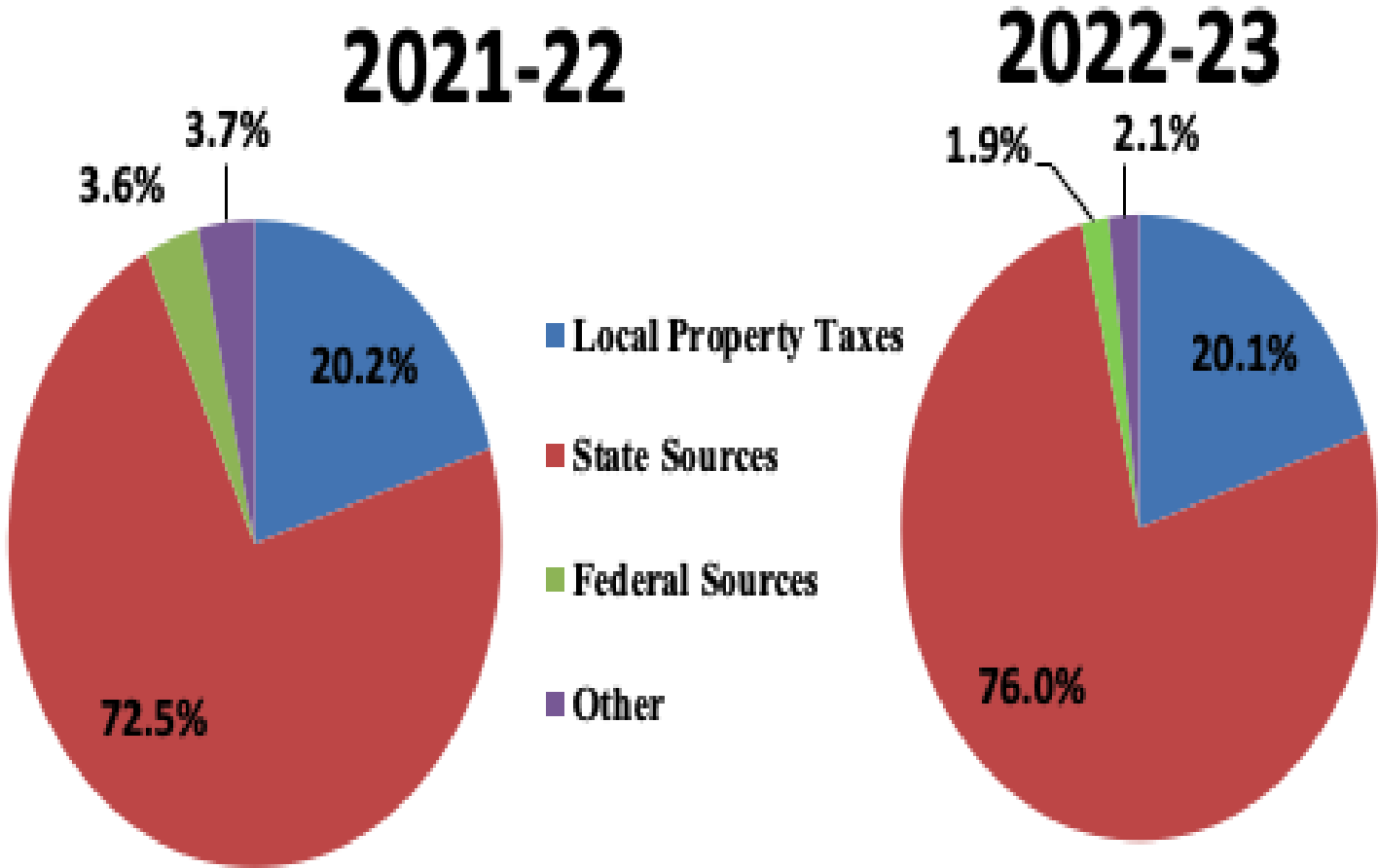
2022-23 General Fund Original Budget

Fund	6/30/22 Audited Fund Balance	Revenues	Expenditures	Other Financing Sources	Variance	6/30/23 Projected Fund Balance
General Fund	\$ 4,571,753	\$ 37,204,296	\$ 37,190,159	\$ -	\$ 14,137	\$ 4,585,890
Less: Capital Reserves						
Operating Capital	\$ 77,970	\$ 1,589,095	\$ 1,587,195	\$ -	\$ 1,900	\$ 79,870
Long-Term Facilities Maint	\$ 89,421	\$ 1,044,725	\$ 1,044,182	\$ -	\$ 543	\$ 89,964
Total Capital Reserves	\$ 167,391	\$ 2,633,820	\$ 2,631,377	\$ -	\$ 2,443	\$ 169,834
Assigned Fund Balances	\$ 333,015	\$ 250,000	\$ 250,000	\$ -	\$ -	\$ 333,015
Non-Spendable Fund Balances	\$ 536,706	\$ 238,988	\$ 238,988	\$ -	\$ -	\$ 536,706
General Fund Unassigned	\$ 3,534,641	\$ 34,081,488	\$ 34,069,794	\$ -	\$ 11,694	\$ 3,546,335

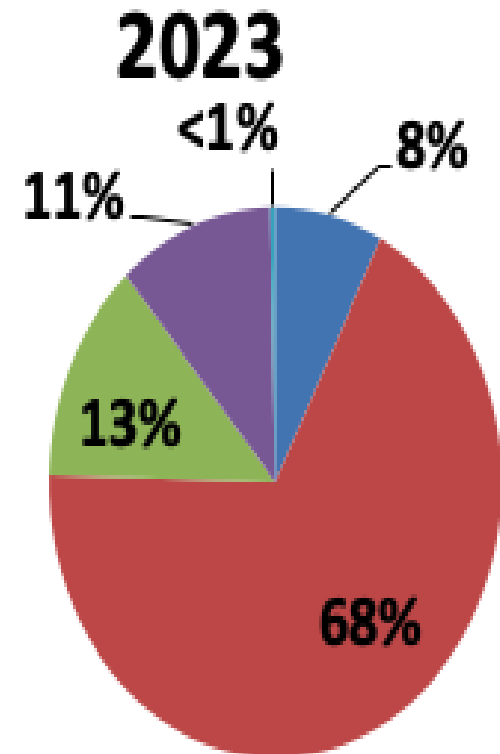
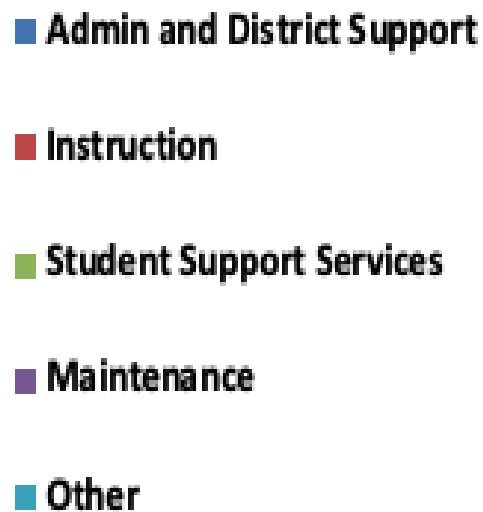
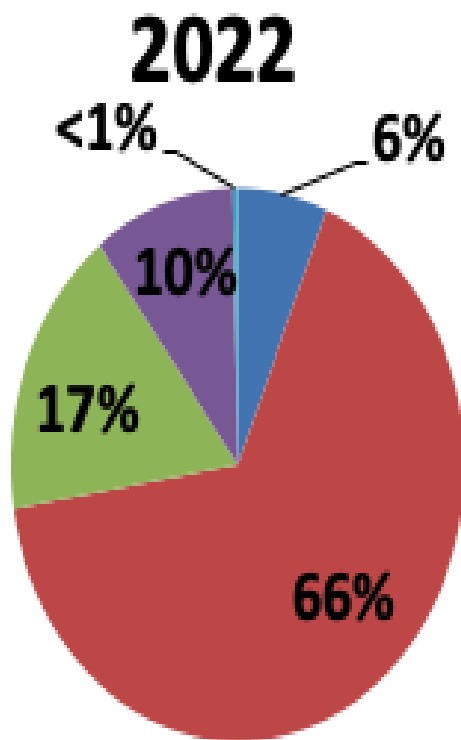
2022-23 Original Budget (All Funds)

Fund	6/30/22 Audited Fund Balance	Revenues & Adjustments	Expenditures	Other Financing Sources	Variance	6/30/23 Projected Fund Balance
General Fund	\$ 4,571,753	\$37,204,296	\$37,190,159	\$ -	\$ 14,137	\$ 4,585,890
Food Service Fund	\$ 1,279,039	\$ 1,551,000	\$ 1,766,912	\$ -	\$ (215,912)	\$ 1,063,127
Community Service Fund	\$ 245,985	\$ 1,603,109	\$ 1,643,530	\$ -	\$ (40,421)	\$ 205,564
Building Construction Fund	\$ 40,827,901	\$ 300,000	\$19,700,000	\$ -	\$ (19,400,000)	\$ 21,427,901
Debt Service Fund	\$ 613,186	\$ 3,949,901	\$ 3,820,440	\$ -	\$ 129,461	\$ 742,647
Total All Funds	\$ 47,537,864	\$44,608,306	\$64,121,041	\$ -	\$ (19,512,735)	\$ 28,025,129

General Fund Revenues



General Fund Expenditures by Program





Becker Public Schools

Preparing self-directed learners to thrive in a changing global community

General Education Funding

Formula Allowance

X

Students

=

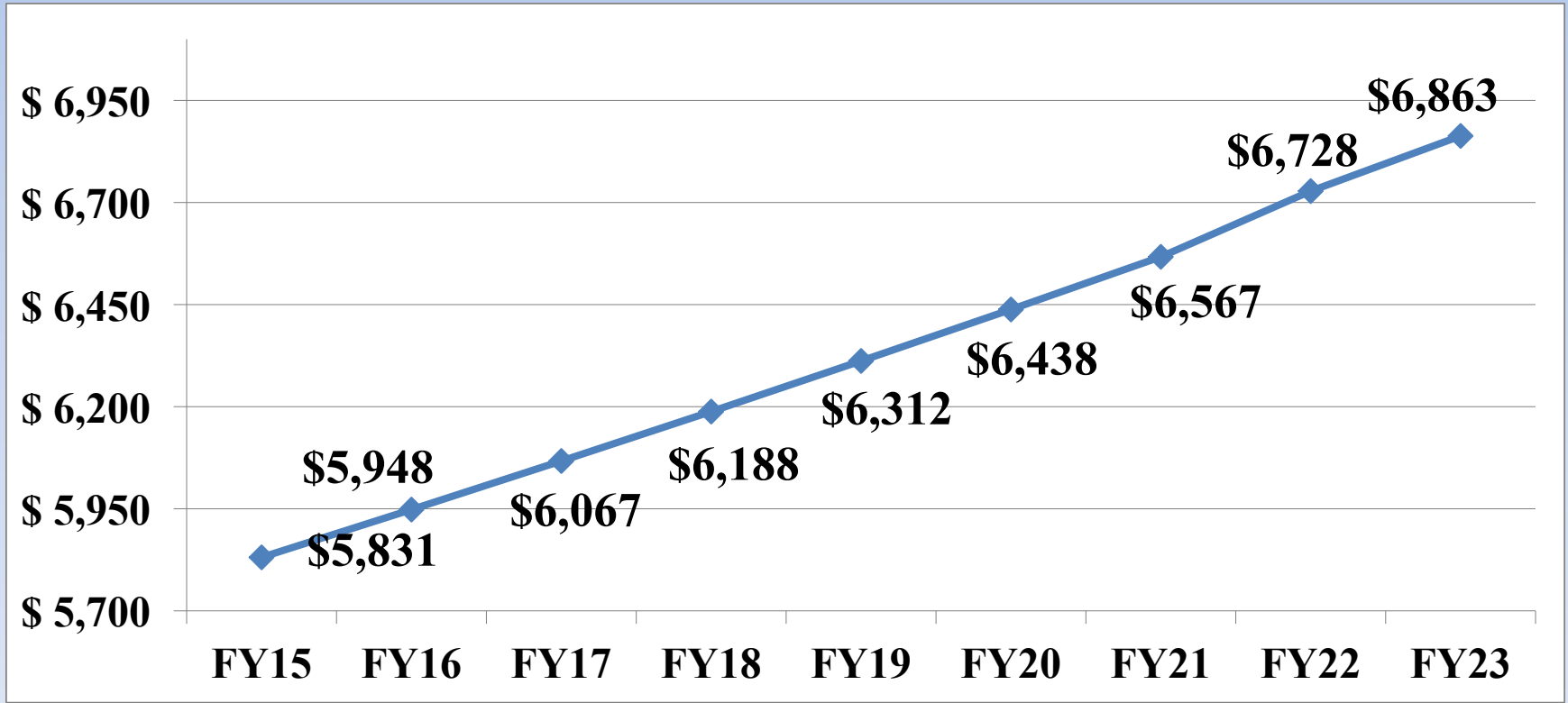
Revenue



Becker Public Schools

Preparing self-directed learners to thrive in a changing global community

Formula Allowance

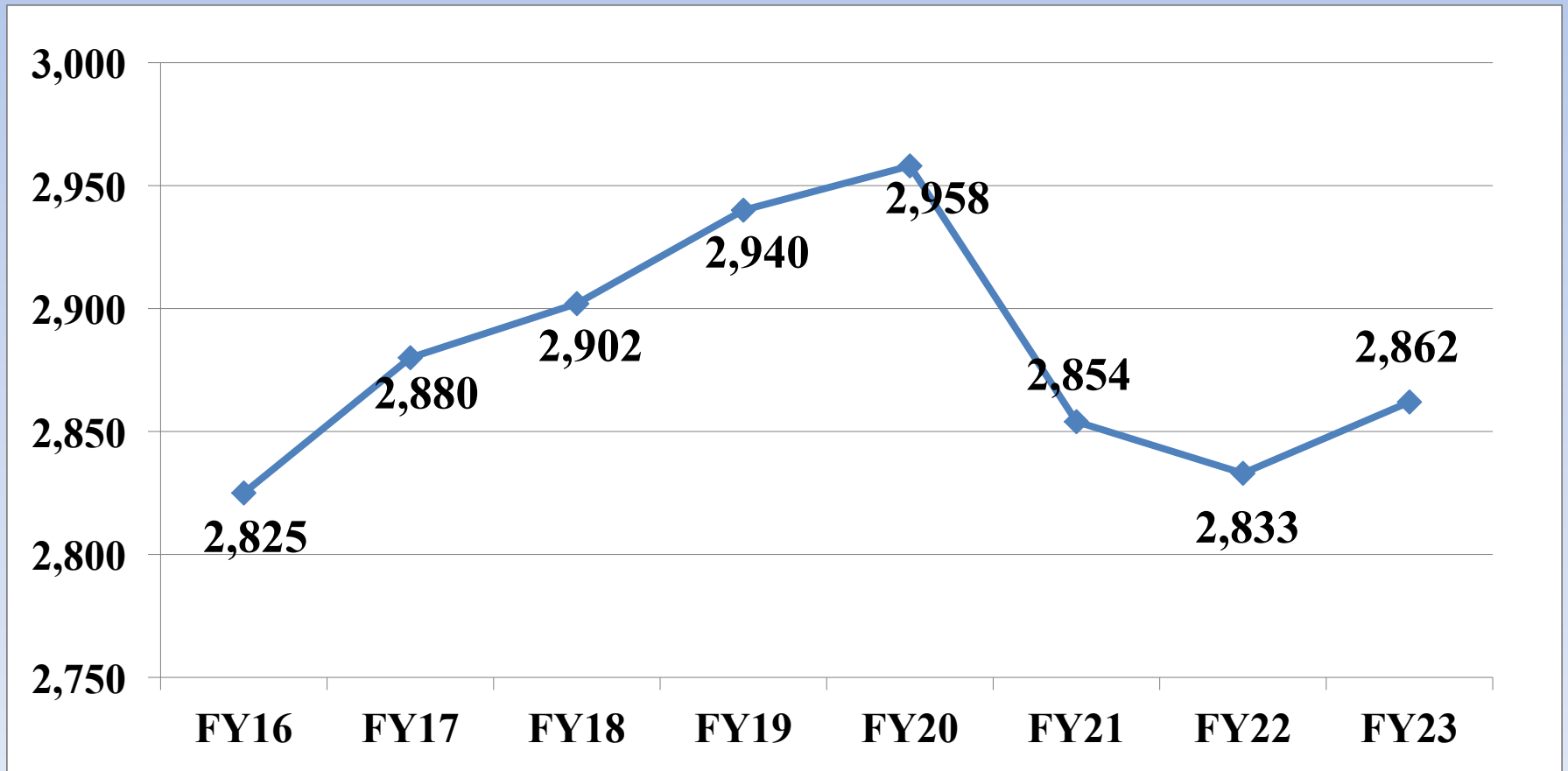




Becker Public Schools

Preparing self-directed learners to thrive in a changing global community

Becker Students (Oct 1)





How Are Levy Amounts Determined?

- **Legislature** sets formulas in statute to determine levy limits.
- **Mn Dept of Ed** calculates levy limits for each District, based on these formulas.
- **Board of Education** adopts proposed levy in September; final levy cannot exceed this, except for voter-approved levies.

Payable 2023 Proposed Levy All Funds

	ACTUAL 2021 PAY 2022	PROPOSED 2022 PAY 2023	DOLLAR DIFFERENCE	% Change
General Fund	\$ 7,394,628	\$ 7,936,185	\$ 541,557	7.32%
Community Education Fund	218,612	219,716	1,104	0.51%
Debt Service Fund	<u>3,828,827</u>	<u>3,820,995</u>	<u>(7,832)</u>	-0.20%
TOTAL PROPOSED LEVY	\$ 11,442,067	\$ 11,976,896	\$ 534,829	4.67%

General Fund Levy Changes

Overall change is \$541,557 increase

- **Reemployment Levy** decreased by \$132,890. Result of over levy in previous year and state paying most of reemployment expenses.
- **Operating Referendum Levies** increased by \$594,524 due to inflationary increase allowed and the state aid portion of total per student allowance decreasing.
- **Long Term Facilities Maintenance Levy** increased by \$82,249 due the state lowering aid portion of revenue.
- **Building Lease Levy** decreased by \$23,953, result of Becker District share of special education coop building costs adjustment.
- **Annual OPEB Levy** decreased by \$12,443 due to less retirees insurance costs.
- **All other General Fund levies (7 categories)** increased by \$34,070; mostly the result of enrollment adjustments.

Community Ed Levy Changes

Overall change is \$1,104 increase

- **Early Childhood levy** increased \$4,463 as a result of increased population.
- **Other Community Ed levies** decreased by \$3,359 combined.

Debt Service Levy Changes

Overall change is \$7,832 decrease

- **Reduction for Debt Excess Levy** decreased levy by \$11,534 from the excess fund balance in the Debt Service fund.
- **All other debt service levies** increased by \$3,702.

How is MY Property Tax Determined?

1. **County Assessor** determines market value for each parcel of property.
2. **MN Legislature** sets formulas for Tax Capacity. These formulas determine how the tax burden is split on different types of property (residential, commercial, ag, etc.).
3. **County Auditor** calculates the tax capacity for each parcel based on steps 1 & 2.
4. **County Auditor** divides the total levy by total tax capacity of the District to determine tax rate needed. Tax Rate is multiplied by each property's tax capacity*.

* Certain Levies are spread based on the Market Value rather than the tax capacity.

Who can I contact for answers?

Questions regarding District Specific Levy:

Kevin Januszewski, Director of Business Services – Becker Public Schools

kjanuszewski@isd726.org

(763) 261-4502

Questions regarding your Property Value:

Sherburne County Assessor's Office

assessor@co.sherburne.mn.us

(763) 241-2880



Becker Public Schools

Preparing self-directed learners to thrive in a changing global community

Any Questions?



Adopted: October 18, 2004

Revised: January 3, 2011

201 LEGAL STATUS OF THE SCHOOL BOARD

I. PURPOSE

The care, management and control of the schools is vested by statutory and constitutional authority in the school board. The school board shall carry out the mission of the school district with diligence, prudence, and dedication to the ideals of providing the finest public education. The purpose of this policy is to define the authority, duties and powers of the school board in carrying out its mission.

II. GENERAL STATEMENT OF POLICY

- A. The school board is the governing body of the school district. As such, the school board has responsibility for the care, management, and control over public schools in the school district.
- B. Generally, elected members of the school board have binding authority only when acting as a school board legally in session, except where specific authority is provided to school board members or officers individually. Generally, the school board is not bound by an action or statement on the part of an individual school board member unless the action is specifically directed or authorized by the school board.

III. DEFINITION

“School board” means the governing body of the school district.

IV. ORGANIZATION AND MEMBERSHIP

- A. The membership of the school board consists of six elected directors, or seven if the school board has submitted the question to the electors and a majority have approved a seven-member school board. The term of office is four years.
- B. There may be other ex officio members of the school board as provided by law. The superintendent is an ex officio member.
- C. A majority of voting members constitutes a quorum. The act of the majority of a quorum is the act of the school board.

V. POWERS AND DUTIES

- A. The school board has powers and duties specified by statute. The school board’s authority includes implied powers in addition to specific powers granted by the legislature.

- B. The school board exercises broad governance. It also has certain powers of a legislative character and other powers of a quasi-judicial character.
- C. The school board shall make and authorize contracts.
- D. The school board shall have the general charge of the business of the school district, its facilities and property, and of the interest of the schools.
- E. The school board, among other duties, shall perform the following in accordance with applicable law:
 - 1. provide by levy of tax, necessary funds for the conduct of schools, the payment of indebtedness, and all proper expenses of the school district;
 - 2. conduct the business of the schools and pay indebtedness and proper expenses;
 - 3. employ and contract with necessary qualified teachers and discharge the same for cause;
 - 4. provide services to promote the health of its pupils;
 - 5. provide school buildings and erect needed buildings;
 - 6. purchase, sell, and exchange school district property and equipment as deemed necessary by the school board for school purposes;
 - 7. provide for payment of claims against the school district, and prosecute and defend actions by or against the school district, in all proper cases;
 - 8. employ and discharge necessary employees and contract for other services;
 - 9. provide for transportation of pupils to and from school, as governed by statute; and
 - 10. procure insurance against liability of the school district, its officers and employees.
- F. The school board, at its discretion, may perform the following:
 - 1. provide library facilities, public evening schools, adult and continuing education programs, summer school programs and intersession classes of flexible school year programs;
 - 2. furnish school lunches for pupils and teachers on such terms as the school board determines;

3. enter into agreements with one or more other independent school districts to provide for agreed upon educational services;
4. lease rooms or buildings for school purposes;
5. authorize the use of school facilities for community purposes that will not interfere with their use for school purposes;
6. authorize cocurricular and extracurricular activities;
7. receive, for the benefit of the school district, bequests, donations, or gifts for any proper purpose; and
8. perform other acts as the school board shall deem to be reasonably necessary or required for the governance of the schools.

Legal References: Minn. Stat. § 123A.22 (Cooperative Centers for Vocational Education)
Minn. Stat. § 123B.02 (General Powers of Independent School Districts)
Minn. Stat. § 123B.09 (Boards of Independent School Districts)
Minn. Stat. § 123B.14 (Officers of Independent School Districts)
Minn. Stat. § 123B.23 (Liability Insurance; Officers and Employees)
Minn. Stat. § 123B.49 (Extracurricular Activities; Insurance)
Minn. Stat. § 123B.51 (Schoolhouses and Sites; Uses for School and Nonschool Purposes; Closings)
Minn. Stat. § 123B.85 (Definitions)
Jensen v. Indep. Consol. Sch. Dist. No. 85, 160 Minn. 233 (1924)

Cross References: MSBA/MASA Model Policy 101 (Legal Status of the School District)
MSBA/MASA Model Policy 202 (School Board Officers)
MSBA/MASA Model Policy 203 (Operation of the School Board - Governing Rules)
MSBA/MASA Model Policy 205 (Open Meetings and Closed Meetings)

Adopted: _____

MSBA/MASA Model Policy 201

Orig. 1995

Revised: _____

Rev. 202209

201 LEGAL STATUS OF THE SCHOOL BOARD

I. PURPOSE

The care, management, and control of the schools is vested by statutory and constitutional authority in the school board. The school board shall carry out the mission of the school district with diligence, prudence, and dedication to the ideals of providing the finest public education. The purpose of this policy is to define the authority, duties, and powers of the school board in carrying out its mission.

II. GENERAL STATEMENT OF POLICY

- A. The school board is the governing body of the school district. As such, the school board has responsibility for the care, management, and control over public schools in the school district.
- B. Generally, elected members of the school board have binding authority only when acting as a school board legally in session, except where specific authority is provided to school board members or officers individually. Generally, the school board is not bound by an action or statement on the part of an individual school board member unless the action is specifically directed or authorized by the school board.

III. DEFINITION

"School board" means the governing body of the school district.

IV. ORGANIZATION AND MEMBERSHIP

- A. The membership of the school board consists of six elected directors, or seven if the school board has submitted the question to the electors and a majority have approved a seven-member school board. The term of office is four years.

[Note: This number may be different for combining or consolidating school boards that are in a transition period.]

- B. There may be other ex officio members of the school board as provided by law. The superintendent is an ex officio member.
- C. A majority of voting members constitutes a quorum. The act of the majority of a quorum is the act of the school board.

V. POWERS AND DUTIES

- A. The school board has powers and duties specified by statute. The school board's authority includes implied powers in addition to specific powers granted by the legislature.
- B. The school board exercises administrative functions. It also has certain powers of a legislative character and other powers of a quasi-judicial character.

- C. The school board shall superintend and manage the schools of the school district; adopt rules for their organization, government, and instruction; prescribe textbooks and courses of study; and make and authorize contracts.
- D. The school board shall have the general charge of the business of the school district, its facilities and property, and of the interest of the schools.
- E. The school board, among other duties, shall perform the following in accordance with applicable law:
 - 1. provide by levy of tax, necessary funds for the conduct of schools, the payment of indebtedness, and all proper expenses of the school district;
 - 2. conduct the business of the schools and pay indebtedness and proper expenses;
 - 3. employ and contract with necessary qualified teachers and discharge the same for cause;
 - 4. provide services to promote the health of its pupils;
 - 5. provide school buildings and erect needed buildings;
 - 6. purchase, sell, and exchange school district property and equipment as deemed necessary by the school board for school purposes;
 - 7. provide for payment of claims against the school district, and prosecute and defend actions by or against the school district, in all proper cases;
 - 8. employ and discharge necessary employees and contract for other services;
 - 9. provide for transportation of pupils to and from school, as governed by statute; and
 - 10. procure insurance against liability of the school district, its officers, and employees.
- F. The school board, at its discretion, may perform the following:
 - 1. provide library facilities, public evening schools, adult and continuing education programs, summer school programs, and intersession classes of flexible school year programs;
 - 2. furnish school lunches for pupils and teachers on such terms as the school board determines;
 - 3. enter into agreements with one or more other independent school districts to provide for agreed upon educational services;
 - 4. lease rooms or buildings for school purposes;
 - 5. authorize the use of school facilities for community purposes that will not interfere with their use for school purposes;
 - 6. authorize cocurricular and extracurricular activities;

7. receive, for the benefit of the school district, bequests, donations, or gifts for any proper purpose; and
8. perform other acts as the school board shall deem to be reasonably necessary or required for the governance of the schools.

Legal References:

Minn. Stat. § 123A.22 (Cooperative Centers for Vocational Education)
 Minn. Stat. § 123B.02 (General Powers of Independent School Districts)
 Minn. Stat. § 123B.09 (Boards of Independent School Districts~~School Board Powers~~)
 Minn. Stat. § 123B.14 (~~School District~~ Officers of Independent School Districts)
 Minn. Stat. § 123B.23 (Liability Insurance; Officers and Employees)
 Minn. Stat. § 123B.49 (~~Cocurricular and~~ Extracurricular Activities; Insurance)
 Minn. Stat. § 123B.51 (Schoolhouses and Sites; Uses for School and Nonschool Purposes; Closings~~Access for Noncurricular Purposes~~)
 Minn. Stat. § 123B.85 (Definitions)
Jensen v. Indep. Consol. Sch. Dist. No. 85, 160 Minn. 233 (1924)

Cross References:

MSBA/MASA Model Policy 101 (Legal Status of the School District)
 MSBA/MASA Model Policy 202 (School Board Officers)
 MSBA/MASA Model Policy 203 (Operation of the School Board -Governing Rules)
 MSBA/MASA Model Policy 205 (Open Meetings and Closed Meetings)

Adopted: November 15, 2004

Revised:

203.2 ORDER OF THE REGULAR SCHOOL BOARD MEETING

I. PURPOSE

The purpose of this policy is to ensure consistency in the order of business at regular school board meetings.

II. GENERAL STATEMENT OF POLICY

It is the policy of the school board to consider matters that come before it in a consistent and orderly manner.

III. ORDER

A. The school board shall conduct an orderly school board meeting. The school board will, at all regular school board meetings, follow an agenda order similar to:

1. Call to order
2. Moment of Silence
3. Pledge of Allegiance
4. Review Agenda
5. Recognition of Visitors
6. Reports
7. Consent Agenda
8. Agenda Items
- 9.. Adjournment

B. Items in this order may be considered as part of a consent agenda.

C. The school board may depart from the order of business with the consent of the majority of members present.

Legal References: Minn. Stat. § 123B.09, Subd. 7 (School Board Powers)

Cross References: MSBA/MASA Model Policy 203 (Operation of the School Board – Governing Rules)
MSBA/MASA Model Policy 203.5 (School Board Meeting Agenda)
MSBA/MASA Model Policy 203.6 (Consent Agendas)

Adopted: _____

MSBA/MASA Model Policy 203.2

Orig. 1997

Revised: _____

Rev. 2007

203.2 ORDER OF THE REGULAR SCHOOL BOARD MEETING

I. PURPOSE

The purpose of this policy is to ensure consistency in the order of business at regular school board meetings.

II. GENERAL STATEMENT OF POLICY

It is the policy of the school board to consider matters that come before it in a consistent and orderly manner.

III. ORDER

A. The school board shall conduct an orderly school board meeting. The school board will, at all regular school board meetings, follow an agenda order similar to:

1. Call to order.
2. Approval of agenda.
3. Recognition of visitors.
4. Approval of prior meeting minutes.
5. Consent agenda.
6. Presentation of additional bills for payment.
7. Reports.
8. Written communications.
9. Superintendent's announcements.
10. Other old or unfinished business.
11. New business.
12. Adjournment.

[Note: The school board should incorporate its preferred order of business into this policy.]

B. Items in this order may be considered as part of a consent agenda.

C. The school board may depart from the order of business with the consent of the majority of members present.

Legal References: Minn. Stat. § 123B.09, Subd. 7 (Boards of Independent School Districts)

Cross References: MSBA/MASA Model Policy 203 (Operation of the School Board – Governing Rules)

MSBA/MASA Model Policy 203.5 (School Board Meeting Agenda)

MSBA/MASA Model Policy 203.6 (Consent Agendas)

Adopted: December 5, 2012

Revised: August 2, 2021

223 STRATEGIC GOALS

I. PURPOSE

This policy establishes the school district vision, student exit outcomes, school district exit outcomes, and school board annual strategic goals.

II. SCHOOL DISTRICT VISION

The vision of the Becker School District is: developing self-directed learners to thrive in a changing global community.

III. STUDENT EXIT OUTCOMES

- A. Students will become self-directed learners, self-disciplined, and autonomous workers, while being critical thinkers with a drive for innovation and problem solving.
- B. Students will demonstrate proficiency of core academic standards by meeting or exceeding developmentally appropriate benchmarks for academic competency.
- C. Students will have the opportunity to pursue expertise in areas of personal academic or career interest.
- D. Students will effectively collaborate and communicate using an array of media.
- E. Students will demonstrate the ability to effectively apply life skills.
- F. Students will effectively use technology to function in a knowledge economy.

IV. DISTRICT EXIT OUTCOMES

- A. The district will properly maintain up-to-date school environments where students are physically and emotionally safe and secure.
- B. The district will maintain the financial integrity of the school district.

V. STRATEGIC GOALS

Strategic goals are established through the strategic planning process. The superintendent is responsible for the administrative means to accomplish the strategic goals.

Legal References: Minn. Stat. 123B.09

Cross References: Policy 601, Article IV

Adopted: December 6, 2021

Revised:

534 SCHOOL MEALS

I. PURPOSE

The purpose of this policy is to ensure that students receive healthy and nutritious meals through the school district's nutrition program and that school district employees, families, and students have a shared understanding of expectations regarding meal charges. The policy of the school district is to provide meals to students in a respectful manner and to maintain the dignity of students by prohibiting lunch shaming or otherwise ostracizing the student. The policy seeks to allow students to receive the nutrition they need to stay focused during the school day and minimize identification of students with insufficient funds to pay for school meals as well as to maintain the financial integrity of the school nutrition program.

II. PAYMENT OF MEALS

- A. Students have use of a meal account. When the balance reaches zero, a student may charge no more than a standard complete meal to this account. Seconds and a la carte items may not be charged until the negative account balance is paid and the balance is positive. Families may add money into their meal account by bringing cash or a check to any school buildings front office or pay online through the Meal Account portal; Wordware. Families also have the option to set up autopay through their Wordware account.
- B. If the school district receives school lunch aid under Minnesota Statutes section 124D.111, it must make lunch available without charge to all participating students who qualify for free or reduced-price meals regardless of account balance.
- C. A student who has been determined to be eligible for free and reduced-price lunch always must be served a reimbursable meal even if the student has an outstanding debt.
- D. When a student has a negative account balance, the student will not be allowed to charge ala carte snack items, second entrees, or second meals. Once informed by the cashier that there are not adequate funds to purchase the item(s), they can either return the snack items or the cashier will return it for the student.
- E. Payments added to the meal account will be shared between all students in the family.

III. LOW OR NEGATIVE ACCOUNT BALANCES – NOTIFICATION

- A. The school district will make reasonable efforts to notify families when meal account balances are low or fall below zero.
- B. Families will be notified of a low balance once the meal account reaches \$15.00. Families will be notified through automated emails and calling system. Families with a negative meal account balance will receive these automated messages Monday-Friday.
- C. Reminders for payment of outstanding student meal balances will not demean or stigmatize any student participating in the school lunch program, including, but not limited to, dumping first meals, withdrawing a first meal that has been served, announcing or listing students' names publicly, or affixing stickers, stamps, or pins.

IV. UNPAID MEAL CHARGES

- A. The school district will make reasonable efforts to communicate with families to resolve the matter of unpaid charges. Where appropriate, families may be encouraged to apply for free and reduced-price meals for their children.
- B. The school district will make reasonable efforts to collect unpaid meal charges classified as delinquent debt. Unpaid meal charges are designated as delinquent debt when payment is overdue, the debt is considered collectable, and efforts are being made to collect it.
- C. Negative balances of more than \$25, not paid prior to the end of the school year will be turned over to the Director of Business Services for collection. In some instances, the school district does use a collection agency to collect unpaid school meal debts after reasonable efforts first have been made by the school district to collect the debt. Collection options may include, but are not limited to, use of collection agencies, claims in the conciliation court, or any other legal method permitted by law.
- D. The school district may not enlist the assistance of non-school district employees, such as volunteers, to engage in debt collection efforts.
- E. The school district will not impose any other restriction prohibited under Minnesota Statutes section 123B.37 due to unpaid student meal balances. The school district will not limit a student's participation in any school activities, graduation ceremonies, field trips, athletics, activity clubs, or other extracurricular activities or access to materials, technology, or other items provided to students due to an unpaid student meal balance.

V. COMMUNICATION OF POLICY

- A. This policy and any pertinent supporting information shall be provided in writing (i.e., mail, email, back-to-school packet, student handbook, etc.) to:
 - 1. all households at or before the start of each school year;
 - 2. students and families who transfer into the school district, at the time of enrollment; and
 - 3. all school district personnel who are responsible for enforcing this policy.
- B. The school district will post this policy on the school district's website, in addition to providing the required written notification described above.

VI. ANGEL FUND

- A. The Becker School District maintains a donation account through the Wordware meal account software. Individuals and/or groups are able to donate to the Angel Fund. Funds are used to pay off negative meal account balances for families that accrued the balance before they qualified for free and reduced meals. Funds are also used for families experiencing temporary financial struggles that do not qualify for free and reduced price lunches as well as other unique circumstances.

Legal References: Minn. Stat. § 123B.37 (Prohibited Fees)
 Minn. Stat. § 124D.111 (Lunch Aid; Food Service Accounting)
 42 U.S.C. § 1751 *et seq.* (Healthy and Hunger-Free Kids Act)
 7 C.F.R. § 210 *et seq.* (School Lunch Program Regulations)
 7 C.F.R. § 220.8 (School Breakfast Program Regulations)
 USDA Policy Memorandum SP 46-2016, Unpaid Meal Charges: Local Meal Charge Policies (2016)
 USDA Policy Memorandum SP 47-2016, Unpaid Meal Charges: Clarification on Collection of Delinquent Meal Payments (2016)
 USDA Policy Memorandum SP 23-2017, Unpaid Meal Charges: Guidance and Q&A

Cross References: *None*

Adopted: _____

MSBA/MASA Model Policy 534

Orig. 2017

Revised: _____

Rev. 202~~21~~

534 SCHOOL MEALS POLICY

[Note: In 2021, the Minnesota legislature amended Minnesota Statutes section 124D.111, that now states that Minnesota school districts that participate in the national school lunch program must adopt a school meals policy].

[Note: This MSBA/MASA model policy is drafted to be consistent for all grade levels. However, local school districts may vary the meal charge policy for elementary, middle, and high schools.]

[Note: School districts must follow appropriate debt collection practices when attempting to recover unpaid meal charges.]

I. PURPOSE

The purpose of this policy is to ensure that students receive healthy and nutritious meals through the school district's nutrition program and that school district employees, families, and students have a shared understanding of expectations regarding meal charges. The policy of the school district is to provide meals to students in a respectful manner and to maintain the dignity of students by prohibiting lunch shaming or otherwise ostracizing the student. The policy seeks to allow students to receive the nutrition they need to stay focused during the school day and minimize identification of students with insufficient funds to pay for school meals as well as to maintain the financial integrity of the school nutrition program.

II. PAYMENT OF MEALS

[Note: Payment systems and procedures will likely vary from school district to school district. The school district should select one of the following options and delete the remaining options.]

A. [OPTION 1: *All meal purchases are to be prepaid before meal service begins. [Insert description for how families may add money to students' accounts (e.g., electronic payment options, pay at the school office, etc.).] A student who does not have sufficient funds will not be allowed to charge meals or a la carte items until additional money is deposited in the student's account.*]

[OPTION 2: *Students have use of a meal account. When the balance reaches zero, a student may charge no more than \$[insert amount] or [insert number of meals] to this account]. When an account reaches this limit, a student shall not be allowed to charge further meals or a la carte items until the negative account balance is paid. [Insert description for how families may add money to students' accounts (e.g., electronic payment options, pay at the school office, etc.).]*]

[OPTION 3: *Insert a school district-specific process for payment of meals.*]

B. If the school district receives school lunch aid under Minnesota Statutes section 124D.111, it must make lunch available without charge to all participating students who qualify for free or reduced-price meals regardless of account balance.

C. A student with an outstanding meal charge debt will be allowed to purchase a meal if the student pays for the meal when it is received.

D. A student who has been determined to be eligible for free and reduced-price lunch always must be served a reimbursable meal even if the student has an outstanding debt.

- E. Once a meal has been placed on a student's tray or otherwise served to a student, the meal may not be subsequently withdrawn from the student by the cashier or other school official, whether or not the student has an outstanding meals balance.
- ~~F. The school district may provide an alternate meal that meets federal and state requirements to a student who does not have sufficient funds in the student's account or cannot pay cash for a meal. The school district will accommodate special dietary needs with respect to alternate meals. The cost of the alternative meal (*insert amount*) will be charged to the student's account or otherwise charged to the student.~~
- FG. When a student has a negative account balance, the student will not be allowed to charge a snack item.
- GH. If a parent or guardian chooses to send in one payment that is to be divided between sibling accounts, the parent or guardian must specify how the funds are to be distributed to the students' accounts. Funds may not be transferred between sibling accounts unless written permission is received from the parent or guardian.

III. LOW OR NEGATIVE ACCOUNT BALANCES – NOTIFICATION

- A. The school district will make reasonable efforts to notify families when meal account balances are low or fall below zero.
- B. Families will be notified of an outstanding negative balance once the negative balance reaches *insert amount* or *insert number of meals*. Families will be notified by *insert the method used to notify families (e.g., automated calling system, email, letters sent home)*.
- C. Reminders for payment of outstanding student meal balances will not demean or stigmatize any student participating in the school lunch program, including, but not limited to, dumping meals, withdrawing a meal that has been served, announcing or listing students' names publicly, or affixing stickers, stamps, or pins.

IV. UNPAID MEAL CHARGES

- A. The school district will make reasonable efforts to communicate with families to resolve the matter of unpaid charges. Where appropriate, families may be encouraged to apply for free and reduced-price meals for their children.
- B. The school district will make reasonable efforts to collect unpaid meal charges classified as delinquent debt. Unpaid meal charges are designated as delinquent debt when payment is overdue, the debt is considered collectable, and efforts are being made to collect it.
- C. Negative balances of more than *insert amount*, not paid prior to *enter time period (e.g., end of the month, end of the semester, end of the school year)*, will be turned over to the superintendent or superintendent's designee for collection. In some instances, the school district does use a collection agency to collect unpaid school meal debts after reasonable efforts first have been made by the school district to collect the debt. Collection options may include, but are not limited to, use of collection agencies, claims in the conciliation court, or any other legal method permitted by law.
- D. The school district may not enlist the assistance of non-school district employees, such as volunteers, to engage in debt collection efforts.
- E. The school district will not impose any other restriction prohibited under Minnesota Statutes section 123B.37 due to unpaid student meal balances. The school district will not limit a student's participation in any school activities, graduation ceremonies, field trips, athletics, activity clubs, or other extracurricular activities or access to materials, technology, or other items provided to students due to an unpaid student meal balance.

V. COMMUNICATION OF POLICY

- A. This policy and any pertinent supporting information shall be provided in writing (i.e., mail, email, back-to-school packet, student handbook, etc.) to:
 - 1. all households at or before the start of each school year;
 - 2. students and families who transfer into the school district, at the time of enrollment; and
 - 3. all school district personnel who are responsible for enforcing this policy.
- B. The school district will post this policy on the school district’s website, or the website of the organization where the meal is served, in addition to providing the required written notification described above.
- C. If the school district contracts with a third party for its meal services, it will provide the vendor with its school meals policy. The school district will ensure that any third-party provider with whom the school district enters into either an original or modified contract after July 1, 2021, adheres to the school district’s school meals policy.

Legal References: Minn. Stat. § 123B.37 (Prohibited Fees)
Minn. Stat. § 124D.111 (School Meals Policies; Lunch Aid; Food Service Accounting)
42 U.S.C. § 1751 *et seq.* (Healthy and Hunger-Free Kids Act)
7 C.F.R. § 210 *et seq.* (School Lunch Program Regulations)
7 C.F.R. § 220.8 (School Breakfast Program Regulations)
USDA Policy Memorandum SP 46-2016, Unpaid Meal Charges: Local Meal Charge Policies (2016)
USDA Policy Memorandum SP 47-2016, Unpaid Meal Charges: Clarification on Collection of Delinquent Meal Payments (2016)
USDA Policy Memorandum SP 23-2017, Unpaid Meal Charges: Guidance and Q&A

Cross References: None

Adopted: _____

MSBA/MASA Model Policy 722

Orig. 2017

Revised: _____

Rev. 2022

722 PUBLIC DATA AND DATA SUBJECT REQUESTS

[Note: School districts are required by statute to establish procedures consistent with the Minnesota Government Data Practices Act for public data requests and data subject requests.]

I. PURPOSE

The school district recognizes its responsibility relative to the collection, maintenance, and dissemination of public data as provided in state statutes.

II. GENERAL STATEMENT OF POLICY

The school district will comply with the requirements of the Minnesota Government Data Practices Act, Minnesota Statutes chapter 13 (MGDPA), and Minnesota Rules parts 1205.0100-1205.2000 in responding to requests for public data.

III. DEFINITIONS

A. Confidential Data on Individuals

Data made not public by statute or federal law applicable to the data and are inaccessible to the individual subject of those data.

B. Data on Individuals

All government data in which any individual is or can be identified as the subject of that data, unless the appearance of the name or other identifying data can be clearly demonstrated to be only incidental to the data and the data are not accessed by the name or other identifying data of any individual.

C. Data Practices Compliance Officer

The data practices compliance official is the designated employee of the school district to whom persons may direct questions or concerns regarding problems in obtaining access to data or other data practices problems. The responsible authority may be the data practices compliance official.

D. Government Data

All data collected, created, received, maintained or disseminated by any government entity regardless of its physical form, storage media or conditions of use.

E. Individual

"Individual" means a natural person. In the case of a minor or an incapacitated person as defined in Minnesota Statutes section 524.5-102, subdivision 6, "individual" includes a parent or guardian or an individual acting as a parent or guardian in the absence of a parent or guardian, except that the responsible authority shall withhold data from parents or guardians, or individuals acting as parents or guardians in the absence of parents or guardians, upon request by the minor if the responsible authority determines that withholding the data would be in the best interest of the minor.

F. Inspection

“Inspection” means the visual inspection of paper and similar types of government data. Inspection does not include printing copies by the school district, unless printing a copy is the only method to provide for inspection of the data. For data stored in electronic form and made available in electronic form on a remote access basis to the public by the school district, inspection includes remote access to the data by the public and the ability to print copies of or download the data on the public’s own computer equipment.

G. Not Public Data

Any government data classified by statute, federal law, or temporary classification as confidential, private, nonpublic, or protected nonpublic.

H. Nonpublic Data

Data not on individuals made by statute or federal law applicable to the data: (a) not accessible to the public; and (b) accessible to the subject, if any, of the data.

I. Private Data on Individuals

Data made by statute or federal law applicable to the data: (a) not public; and (b) accessible to the individual subject of those data.

J. Protected Nonpublic Data

Data not on individuals made by statute or federal law applicable to the data (a) not public and (b) not accessible to the subject of the data.

K. Public Data

All government data collected, created, received, maintained, or disseminated by the school district, unless classified by statute, temporary classification pursuant to statute, or federal law, as nonpublic or protected nonpublic; or, with respect to data on individuals, as private or confidential.

L. Public Data Not on Individuals

Data accessible to the public pursuant to Minnesota Statutes section 13.03.

M. Public Data on Individuals

Data accessible to the public in accordance with the provisions of section 13.03.

N. Responsible Authority

The individual designated by the school board as the individual responsible for the collection, use, and dissemination of any set of data on individuals, government data, or summary data, unless otherwise provided by state law. Until an individual is designated by the school board, the responsible authority is the superintendent.

O. Summary Data

Statistical records and reports derived from data on individuals but in which individuals are not identified and from which neither their identities nor any other characteristic that could uniquely identify an individual is ascertainable. Unless classified pursuant to Minnesota Statutes section 13.06, another statute, or federal law, summary data is public.

IV. REQUESTS FOR PUBLIC DATA

- A. All requests for public data must be made in writing directed to the responsible authority.
 - 1. A request for public data must include the following information:
 - a. Date the request is made;
 - b. A clear description of the data requested;
 - c. Identification of the form in which the data is to be provided (e.g., inspection, copying, both inspection and copying, etc.); and
 - d. Method to contact the requestor (such as phone number, address, or email address).
 - 2. Unless specifically authorized by statute, the school district may not require persons to identify themselves, state a reason for, or justify a request to gain access to public government data. A person may be asked to provide certain identifying or clarifying information for the sole purpose of facilitating access to the data.
 - 3. The identity of the requestor is public, if provided, but cannot be required by the government entity.
 - 4. The responsible authority may seek clarification from the requestor if the request is not clear before providing a response to the data request.
- B. The responsible authority will respond to a data request at reasonable times and places as follows:
 - 1. The responsible authority will notify the requestor in writing as follows:
 - a. The requested data does not exist; or
 - b. The requested data does exist but either all or a portion of the data is not accessible to the requestor; or
 - (1) If the responsible authority determines that the requested data is classified so that access to the requestor is denied, the responsible authority will inform the requestor of the determination in writing, as soon thereafter as possible, and shall cite the specific statutory section, temporary classification, or specific provision of federal law on which the determination is based.
 - (2) Upon the request of a requestor who is denied access to data, the responsible authority shall certify in writing that the request has been denied and cite the specific statutory section, temporary classification, or specific provision of federal law upon which the denial was based.
 - c. The requested data does exist and provide arrangements for inspection of the data, identify when the data will be available for pick-up, or indicate that the data will be sent by mail. If the requestor does not appear at the time and place established for inspection of the data or the data is not picked up within ten (10) business days after the requestor is notified, the school district will conclude that the data is no longer wanted and will consider the request closed.

2. The school district's response time may be affected by the size and complexity of the particular request, including necessary redactions of the data, and also by the number of requests made within a particular period of time.
3. The school district will provide an explanation of technical terminology, abbreviations, or acronyms contained in the responsive data on request.
4. The school district is not required by the MGDPA to create or collect new data in response to a data request, or to provide responsive data in a specific form or arrangement if the school district does not keep the data in that form or arrangement.
5. The school district is not required to respond to questions that are not about a particular data request or requests for data in general.

V. REQUEST FOR SUMMARY DATA

- A. A request for the preparation of summary data shall be made in writing directed to the responsible authority.
 1. A request for the preparation of summary data must include the following information:
 - a. Date the request is made;
 - b. A clear description of the data requested;
 - c. Identify the form in which the data is to be provided (e.g., inspection, copying, both inspection and copying, etc.); and
 - d. Method to contact requestor (phone number, address, or email address).
- B. The responsible authority will respond within ten (10) business days of the receipt of a request to prepare summary data and inform the requestor of the following:
 1. The estimated costs of preparing the summary data, if any; and
 2. The summary data requested; or
 3. A written statement describing a time schedule for preparing the requested summary data, including reasons for any time delays; or
 4. A written statement describing the reasons why the responsible authority has determined that the requestor's access would compromise the private or confidential data.
- C. The school district may require the requestor to pre-pay all or a portion of the cost of creating the summary data before the school district begins to prepare the summary data.

VI. DATA BY AN INDIVIDUAL DATA SUBJECT

- A. Collection and storage of all data on individuals and the use and dissemination of private and confidential data on individuals shall be limited to that necessary for the administration and management of programs specifically authorized by the legislature or local governing body or mandated by the federal government.

- B. Private or confidential data on an individual shall not be collected, stored, used, or disseminated by the school district for any purposes other than those stated to the individual at the time of collection in accordance with Minnesota Statutes section 13.04, except as provided in Minnesota Statutes section 13.05, subdivision 4.
- C. Upon request to the responsible authority or designee, an individual shall be informed whether the individual is the subject of stored data on individuals, and whether it is classified as public, private or confidential. Upon further request, an individual who is the subject of stored private or public data on individuals shall be shown the data without any charge and, if desired, shall be informed of the content and meaning of that data.
- D. After an individual has been shown the private data and informed of its meaning, the data need not be disclosed to that individual for six months thereafter unless a dispute or action pursuant to this section is pending or additional data on the individual has been collected or created.
- E. The responsible authority or designee shall provide copies of the private or public data upon request by the individual subject of the data. The responsible authority or designee may require the requesting person to pay the actual costs of making and certifying the copies.
- F. The responsible authority or designee shall comply immediately, if possible, with any request made pursuant to this subdivision, or within ten days of the date of the request, excluding Saturdays, Sundays and legal holidays, if immediate compliance is not possible.
- G. An individual subject of the data may contest the accuracy or completeness of public or private data. To exercise this right, an individual shall notify in writing the responsible authority describing the nature of the disagreement. The responsible authority shall within 30 days either: (1) correct the data found to be inaccurate or incomplete and attempt to notify past recipients of inaccurate or incomplete data, including recipients named by the individual; or (2) notify the individual that the authority believes the data to be correct. Data in dispute shall be disclosed only if the individual's statement of disagreement is included with the disclosed data.
- H. The determination of the responsible authority may be appealed pursuant to the provisions of the Administrative Procedure Act relating to contested cases. Upon receipt of an appeal by an individual, the commissioner shall, before issuing the order and notice of a contested case hearing required by Minnesota Statutes chapter 14, try to resolve the dispute through education, conference, conciliation, or persuasion. If the parties consent, the commissioner may refer the matter to mediation. Following these efforts, the commissioner shall dismiss the appeal or issue the order and notice of hearing.
- I. Data on individuals that have been successfully challenged by an individual must be completed, corrected, or destroyed by a government entity without regard to the requirements of Minnesota Statutes section 138.17.
- J. After completing, correcting, or destroying successfully challenged data, the school district may retain a copy of the commissioner of administration's order issued under Minnesota Statutes chapter 14 or, if no order were issued, a summary of the dispute between the parties that does not contain any particulars of the successfully challenged data.

VII. REQUESTS FOR DATA BY AN INDIVIDUAL SUBJECT OF THE DATA

- A. All requests for individual subject data must be made in writing directed to the responsible authority.
- B. A request for individual subject data must include the following information:
 - 1. Statement that one is making a request as a data subject for data about the individual or about a student for whom the individual is the parent or guardian;
 - 2. Date the request is made;
 - 3. A clear description of the data requested;
 - 4. Proof that the individual is the data subject or the data subject's parent or guardian;
 - 5. Identification of the form in which the data is to be provided (e.g., inspection, copying, both inspection and copying, etc.); and
 - 6. Method to contact the requestor (such as phone number, address, or email address).
- C. The identity of the requestor of private data is private.
- D. The responsible authority may seek clarification from the requestor if the request is not clear before providing a response to the data request.
- E. Policy 515 (Protection and Privacy of Pupil Records) addresses requests of students or their parents for educational records and data.

VIII. COSTS

- A. Public Data
 - 1. The school district will charge for copies provided as follows:
 - a. 100 or fewer pages of black and white, letter or legal sized paper copies will be charged at 25 cents for a one-sided copy or 50 cents for a two-sided copy.
 - b. More than 100 pages or copies on other materials are charged based upon the actual cost of searching for and retrieving the data and making the copies or electronically sending the data, unless the cost is specifically set by statute or rule.
 - (1) The actual cost of making copies includes employee time, the cost of the materials onto which the data is copied (paper, CD, DVD, etc.), and mailing costs (if any).
 - (2) Also, if the school district does not have the capacity to make the copies, e.g., photographs, the actual cost paid by the school district to an outside vendor will be charged.
 - 2. All charges must be paid for [in cash or by check] in advance of receiving the copies.

[Note: the district should identify the payment methods that it will accept.]

B. Summary Data

1. Any costs incurred in the preparation of summary data shall be paid by the requestor prior to preparing or supplying the summary data.
2. The school district may assess costs associated with the preparation of summary data as follows:
 - a. The cost of materials, including paper, the cost of the labor required to prepare the copies, any schedule of standard copying charges established by the school district, any special costs necessary to produce such copies from a machine-based record-keeping system, including computers and microfilm systems;
 - b. The school district may consider the reasonable value of the summary data prepared and, where appropriate, reduce the costs assessed to the requestor.

C. Data Belonging to an Individual Subject

1. The responsible authority or designee may require the requesting person to pay the actual costs of making and certifying the copies.

The responsible authority shall not charge the data subject any fee in those instances where the data subject only desires to view private data.

The responsible authority or designee may require the requesting person to pay the actual costs of making and certifying the copies. Based on the factors set forth in Minnesota Rule 1205.0300, subpart 4, the school district determines that a reasonable fee would be the charges set forth in section VIII.A of this policy that apply to requests for data by the public.

2. The school district may not charge a fee to search for or to retrieve educational records of a child with a disability by the child's parent or guardian or by the child upon the child reaching the age of majority.

IX. Annual Review and Posting

- A. The responsible authority shall prepare a written data access policy and a written policy for the rights of data subjects (including specific procedures the school district uses for access by the data subject to public or private data on individuals). The responsible authority shall update the policies no later than August 1 of each year, and at any other time as necessary to reflect changes in personnel, procedures, or other circumstances that impact the public's ability to access data.
- B. Copies of the policies shall be easily available to the public by distributing free copies to the public or by posting the policies in a conspicuous place within the school district that is easily accessible to the public or by posting them on the school district's website.

Data Practices Contacts

Responsible Authority:

[Name]

[Location]

[Phone number; email address]

Data Practices Compliance Official:

[Name]
[Location]
[Phone number; email address]

Data Practices Designee(s):

[Name]
[Location]
[Phone number; email address]

Legal References:

Minn. Stat. Ch. 13 (Minnesota Government Data Practices Act)
Minn. Stat. § 13.01 (Government Data)
Minn. Stat. § 13.02 (Definitions)
Minn. Stat. § 13.025 (Government Entity Obligation)
Minn. Stat. § 13.03 (Access to Government Data)
Minn. Stat. § 13.04 (Rights of Subjects to Data)
Minn. Stat. § 13.05 (Duties of Responsible Authority)
Minn. Stat. § 13.32 (Educational Data)
Minn. Rules Part 1205.0300 (Access to Public Data)
Minn. Rules Part 1205.0400 (Access to Private Data)

Cross References:

MSBA/MASA Model Policy 406 (Public and Private Personnel Data)
MSBA/MASA Model Policy 515 (Protection and Privacy of Pupil Records)

COMMITTEE MEETINGS 2023

January

S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

2 Organizational Board Meeting 6:30pm
23 ECFE 6:00 pm
23 Activities 7:00 am

July

S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

3 Board Meeting 6:30

February

S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28				

1 Finance 7:00 am
1 Facilities 4:30 pm
6 Board Meeting 6:30 pm
8 Wellness 3:00 pm
23 Community Ed 3:30 pm
27 Activities 7:00 am

August

S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

2 Finance 7:00 am
2 Facilities 4:30 pm
7 Board Meeting 6:30 pm
21 Community Education 3:30 pm
30 Finance 7:00 am
30 Facilities 4:30 pm

March

S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

1 Finance 7:00 am
1 Facilities 4:30 pm
6 Board Meeting 6L30 pm
14 TRAK 5:30 pm
20 Community Ed 3:30 pm
20 ECFE 6:00 pm
27 Activities 7:00 am
29 Finance 7:00 am
29 Facilities 4:30 pm

September

S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

4 Curriculum 5:30 pm
4 Board Meeting 6:30 pm
18 ECFE 6:00 pm
27 Finance 7:00 am
27 Facilities 4:30 pm

April

S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

3 Board Meeting 6:30 pm
24 Activities 7:00 am
26 Finance 7:00 am
26 Facilities 4:30 pm

October

S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

2 Board Meeting 6:30 pm
23 Community Education 3:30 pm

May

S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

1 Curriculum 5:30 pm
1 Board Meeting 6:30 pm
9 TRAK 5:30 pm
15 Activities 7:00 am
22 Community Ed 3:30 pm
31 Finance 7:00 am
31 Facilities 4:30 pm

November

S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

1 Finance 7:00 am
1 Facilities 4:30 pm
6 Board Meeting 6:30 pm
13 ECFE 6:00 pm
29 Finance 7:00 am
29 Facilities 4:30 pm

June

S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

5 Curriculum 5:30 pm
5 Board Meeting 6:30 pm
28 Finance 7:00 am
28 Facilities 4:30 pm

December

S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

4 Curriculum 5:30 pm
4 Board Meeting 6:30 pm
18 Community Education 3:30 pm

Activities: HS Conference Room (contact Dave Niemi @ dniemi@isd726.org)
Community Education: District Office Great Room (contact Michelle Peacock at mpeacock@isd726.org)
Curriculum Advisory: TLC (contact Carla Nolan at cnolan@isd726.org)
ECFE: PS Room 107n /Parent Ed Room (contact Sue Hiltner at shiltner@isd726.org)
Facilities: District Office Conference Room (contact Jeremy Schmidt @ jschmidt@isd726.org)
Finance: District Office Conference Room (contact Kevin Januszewski at kjanuszewski@isd726.org)
TRAK: TLC (contact Brian Baloun @ bbaloun@isd726.org)
Wellness: Virtual (contact Felicia Kittok at fkittok@isd726.org)



1139 Franklin Avenue
Suite 1 | Sauk Rapids, Minnesota 56379
www.ics-builds.com
(320) 416-2004

12/2/2022

Board of Education
Becker Public Schools, ISD 726
12000 Hancock Street
Becker, MN 55308

Re: Becker Public Schools Transportation Building Fire Protection Work Scope Re-bid
Becker, MN 55308

Dear Board Members:

ICS has reviewed the bids that were received on Thursday, December 1st, 2022, for the above-referenced project. Bids were received for one (1) work scope packages. follows:

Work Scope 4 – Fire Suppression

Summit Fire Protection

BASE BID: \$384,000

TOTAL \$384,000

Based on the recommendations above, we recommend that the district enter into a contract with the above-mentioned contractors for the total bid amount of \$384,000.

Upon Board action, we will draft a contract reflecting this amount to each of the respective Contractors.

Enclosed are copies of the official bid tabulation, bid forms and bid securities. Please contact us at 763-354-2670 should you have any questions regarding our recommendation.

Regards,

Kyle Walter
Project Director

KS DH
Enclosures



SECTION 00 41 13

BID FORM

PROPOSAL BID FORM

BID TO: Becker Public Schools – ISD 726
1200 Hancock Street
Becker, MN 55308

BID FROM: Summit Fire Protection

In accordance with the Advertisement for Bids and the proposed construction documents prepared by MLA Architects, Inc., 12 Long Lake Road Suite #17, Saint Paul, MN 55115 and dated 6/1/22 relating to the construction of the Becker Public Schools-Transportation Building Fire Protection Package Re-bid the undersigned, having visited the site of proposed construction and having become thoroughly familiar with local conditions affecting the cost and performance of the work and with all requirements of the Contract Documents and related Addenda, hereby proposes and agrees to provide all labor, materials and equipment required to construct and complete the Work in accordance with the Contract Documents and Addenda for the following amounts:

Base Bids

1. Work Scope #4 Fire Suppression

a. The Bidder agrees to perform all work in the above listed Work Scope for the Base Bid Sum of:

\$ Three Hundred Eighty Four Thousand Dollars

\$ 384,000.00

Addenda: Receipt of the following Addenda to the Contract Documents and their costs being incorporated into the Bid is acknowledged (provide Addenda numbers below):

Addenda No. 1 Dated 11/28/22 Addenda No. _____ Dated _____

Addenda No. _____ Dated _____ Addenda No. _____ Dated _____

Responsible Contractor: By Submitting a bid for the above-named project, per Minnesota State Statute Chapter 16C.285 - RESPONSIBLE CONTRACTOR REQUIREMENT DEFINED, the undersigned is confirming that the Contractor meets the minimum criteria defining a Responsible Contractor as listed in Minnesota State Statute Chapter 16C.285 - RESPONSIBLE CONTRACTOR REQUIREMENT DEFINED. Subdivision 3. Minimum criteria.

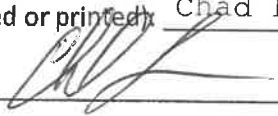
Bid Acceptance: If written notice of the acceptance of this Bid is received by the undersigned within 60 days after date set for opening of this Bid, or at any other time thereafter before Bid is withdrawn, the undersigned agrees to enter into, and execute, a Contract with the Owner in accordance with this Bid as accepted. This shall be in a form acceptable to Owner, and contractor is to furnish and deliver to Owner the Performance Bond, Labor and Material Payment Bond, and proof of insurance coverage, all within 10 days after notice of acceptance of this Bid.

Street Address: 418 Great Oak Drive

City: Waite Park State: MN Zip: 56387

Phone Number: 320-257-6390 Fax Number: 320-257-6392

Name (typed or printed): Chad Larsen

Signature: 

Title: Estimator

Date: 12/1/22

END OF SECTION 00 41 13



Bid Bond

CONTRACTOR:

(Name, legal status and address)

**Summit Fire Protection Co.
418 Great Oak Drive**

Waite Park, MN 56387

SURETY:

(Name, legal status and principal place of business)

**Atlantic Specialty Insurance Company
605 Highway 169 North, Suite 800**

Plymouth, MN 55441

This document has important legal consequences. Consultation with an attorney is encouraged with respect to its completion or modification.

Any singular reference to Contractor, Surety, Owner or other party shall be considered plural where applicable.

OWNER:

(Name, legal status and address)

ISD#726-Becker Public Schools

BOND AMOUNT: Five Percent of the Bid Amount (5% of Bid Amount)

PROJECT: Becker Public Schools - Transportation Building - Scope: Fire Protection

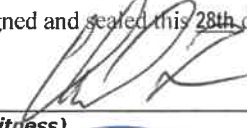
(Name, location or address, and Project number, if any)

The Contractor and Surety are bound to the Owner in the amount set forth above, for the payment of which the Contractor and Surety bind themselves, their heirs, executors, administrators, successors and assigns, jointly and severally, as provided herein. The conditions of this Bond are such that if the Owner accepts the bid of the Contractor within the time specified in the bid documents, or within such time period as may be agreed to by the Owner and Contractor, and the Contractor either (1) enters into a contract with the Owner in accordance with the terms of such bid, and gives such bond or bonds as may be specified in the bidding or Contract Documents, with a surety admitted in the jurisdiction of the Project and otherwise acceptable to the Owner, for the faithful performance of such Contract and for the prompt payment of labor and material furnished in the prosecution thereof; or (2) pays to the Owner the difference, not to exceed the amount of this Bond, between the amount specified in said bid and such larger amount for which the Owner may in good faith contract with another party to perform the work covered by said bid, then this obligation shall be null and void, otherwise to remain in full force and effect. The Surety hereby waives any notice of an agreement between the Owner and Contractor to extend the time in which the Owner may accept the bid. Waiver of notice by the Surety shall not apply to any extension exceeding sixty (60) days in the aggregate beyond the time for acceptance of bids specified in the bid documents, and the Owner and Contractor shall obtain the Surety's consent for an extension beyond sixty (60) days.

If this Bond is issued in connection with a subcontractor's bid to a Contractor, the term Contractor in this Bond shall be deemed to be Subcontractor and the term Owner shall be deemed to be Contractor.

When this Bond has been furnished to comply with a statutory or other legal requirement in the location of the Project, any provision in this Bond conflicting with said statutory or legal requirement shall be deemed deleted herefrom and provisions conforming to such statutory or other legal requirement shall be deemed incorporated herein. When so furnished, the intent is that this Bond shall be construed as a statutory bond and not as a common law bond.

Signed and sealed this 28th day of November, 2022



(Witness)



(Witness)

Summit Fire Protection Co.
(Principal) _____ *(Seal)*

(Title) 
Atlantic Specialty Insurance Company
(Surety) _____ *(Seal)*

(Title) **Troy Staples, Attorney-in-Fact**

CAUTION: You should sign an original AIA Contract Document, on which this text appears in RED. An original assures that changes will not be obscured.

ACKNOWLEDGMENT OF PRINCIPAL (Individual)

State of _____)
County of _____)

On this _____ day of _____, in the year _____, before me personally come(s) _____, to me known and known to me to be the person(s) who (is) (are) described in and executed the foregoing instrument and acknowledge(s) to me that he/she executed the same.

Notary Public

ACKNOWLEDGMENT OF PRINCIPAL (Partnership)

State of _____)
County of _____)

On this _____ day of _____, in the year _____, before me personally come(s) _____, a member of the co-partnership of _____ to me known and known to me to be the person who is described in and executed the foregoing instrument and acknowledges to me that he/she executed the same as for the act and deed of the said co-partnership.

Notary Public

ACKNOWLEDGMENT OF PRINCIPAL (Corporation)

State of MINNESOTA)
County of STEARNS)

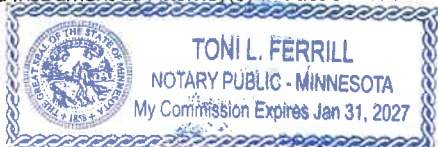
On this 1ST day of DECEMBER, in the year 2022, before me personally come(s) JEFF JACOBSON, to me known, who, being duly sworn, deposes and says that he/she is the FIRE SPRINKLER MANAGER of the SUMMIT FIRE PROTECTION the corporation described in and which executed the foregoing instrument; that he/she knows the seal of the said corporation; the seal affixed to the said instrument is such corporate seal; that it was so affixed by the order of the Board of Directors of said corporation, and that he/she signed his/her name thereto by like order.

Jennifer Lynn Roehl
Notary Public

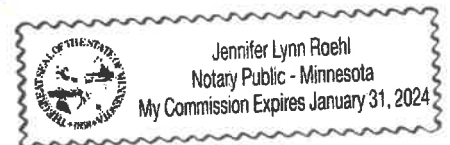
ACKNOWLEDGMENT OF SURETY

State of Minnesota)
County of Dakota)

On this 28th day of November, in the year 2022, before me personally come(s) Troy Staples, Attorney(s)-in-Fact of Atlantic Specialty Insurance Company with whom I am personally acquainted, and who, being by me duly sworn, says that he/she is (are) the Attorney(s)-in-Fact of Atlantic Specialty Insurance Company company described in and which executed the within instrument; that he/she know(s) the corporate seal of such company; and that seal affixed to the within instrument is such corporate seal and that it was affixed by order of the Board of Directors of said company, and that he/she signed said instrument as Attorney(s)-in-Fact of the said company by like order.



Toni Ferrill
Notary Public





Power of Attorney

KNOW ALL MEN BY THESE PRESENTS, that ATLANTIC SPECIALTY INSURANCE COMPANY, a New York corporation with its principal office in Plymouth, Minnesota, does hereby constitute and appoint: **Jonathan Pate, Zachary Pate, Jennifer Boyles, Nicholas Hochban, Thomas Lahl, Thomas Kemp, Troy Staples,** each individually if there be more than one named, its true and lawful Attorney-in-Fact, to make, execute, seal and deliver, for and on its behalf as surety, any and all bonds, recognizances, contracts of indemnity, and all other writings obligatory in the nature thereof; provided that no bond or undertaking executed under this authority shall exceed in amount the sum of: **unlimited** and the execution of such bonds, recognizances, contracts of indemnity, and all other writings obligatory in the nature thereof in pursuance of these presents, shall be as binding upon said Company as if they had been fully signed by an authorized officer of the Company and sealed with the Company seal. This Power of Attorney is made and executed by authority of the following resolutions adopted by the Board of Directors of ATLANTIC SPECIALTY INSURANCE COMPANY on the twenty-fifth day of September, 2012:

Resolved: That the President, any Senior Vice President or Vice-President (each an "Authorized Officer") may execute for and in behalf of the Company any and all bonds, recognizances, contracts of indemnity, and all other writings obligatory in the nature thereof, and affix the seal of the Company thereto; and that the Authorized Officer may appoint and authorize an Attorney-in-Fact to execute on behalf of the Company any and all such instruments and to affix the Company seal thereto; and that the Authorized Officer may at any time remove any such Attorney-in-Fact and revoke all power and authority given to any such Attorney-in-Fact.

Resolved: That the Attorney-in-Fact may be given full power and authority to execute for and in the name and on behalf of the Company any and all bonds, recognizances, contracts of indemnity, and all other writings obligatory in the nature thereof, and any such instrument executed by any such Attorney-in-Fact shall be as binding upon the Company as if signed and sealed by an Authorized Officer and, further, the Attorney-in-Fact is hereby authorized to verify any affidavit required to be attached to bonds, recognizances, contracts of indemnity, and all other writings obligatory in the nature thereof.

This power of attorney is signed and sealed by facsimile under the authority of the following Resolution adopted by the Board of Directors of ATLANTIC SPECIALTY INSURANCE COMPANY on the twenty-fifth day of September, 2012:

Resolved: That the signature of an Authorized Officer, the signature of the Secretary or the Assistant Secretary, and the Company seal may be affixed by facsimile to any power of attorney or to any certificate relating thereto appointing an Attorney-in-Fact for purposes only of executing and sealing any bond, undertaking, recognizance or other written obligation in the nature thereof, and any such signature and seal where so used, being hereby adopted by the Company as the original signature of such officer and the original seal of the Company, to be valid and binding upon the Company with the same force and effect as though manually affixed.

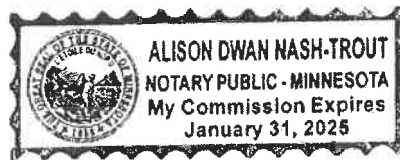
IN WITNESS WHEREOF, ATLANTIC SPECIALTY INSURANCE COMPANY has caused these presents to be signed by an Authorized Officer and the seal of the Company to be affixed this twenty-seventh day of April, 2020.



By *Paul J. Brehm*
Paul J. Brehm, Senior Vice President

STATE OF MINNESOTA
HENNEPIN COUNTY

On this twenty-seventh day of April, 2020, before me personally came Paul J. Brehm, Senior Vice President of ATLANTIC SPECIALTY INSURANCE COMPANY, to me personally known to be the individual and officer described in and who executed the preceding instrument, and he acknowledged the execution of the same, and being by me duly sworn, that he is the said officer of the Company aforesaid, and that the seal affixed to the preceding instrument is the seal of said Company and that the said seal and the signature as such officer was duly affixed and subscribed to the said instrument by the authority and at the direction of the Company.



Alison Nash-Trout
Notary Public

I, the undersigned, Secretary of ATLANTIC SPECIALTY INSURANCE COMPANY, a New York Corporation, do hereby certify that the foregoing power of attorney is in full force and has not been revoked, and the resolutions set forth above are now in force.

Signed and sealed. Dated 28th day of November, 2022.



Kara Barrow
Kara Barrow, Secretary

This Power of Attorney expires
January 31, 2025

SECTION 00 41 13

BID FORM

PROPOSAL BID FORM

BID TO: Becker Public Schools – ISD 726
1200 Hancock Street
Becker, MN 55308

BID FROM: Breth-Zenzen Fire Protection
8053 Sterling Drive - Suite 101
St. Joseph, MN 56574

In accordance with the Advertisement for Bids and the proposed construction documents prepared by MLA Architects, Inc., 12 Long Lake Road Suite #17, Saint Paul, MN 55115 and dated 6/1/22 relating to the construction of the Becker Public Schools-Transportation Building Fire Protection Package Re-bid the undersigned, having visited the site of proposed construction and having become thoroughly familiar with local conditions affecting the cost and performance of the work and with all requirements of the Contract Documents and related Addenda, hereby proposes and agrees to provide all labor, materials and equipment required to construct and complete the Work in accordance with the Contract Documents and Addenda for the following amounts:

Base Bids

1. Work Scope #4 Fire Suppression

a. The Bidder agrees to perform all work in the above listed Work Scope for the Base Bid Sum of:

\$ Four hundred four thousand two hundred dollars

\$ 404,200.00


Addenda: Receipt of the following Addenda to the Contract Documents and their costs being incorporated into the Bid is acknowledged (provide Addenda numbers below):

Addenda No. 1 Dated 11-28-22 Addenda No. _____ Dated _____

Addenda No. _____ Dated _____ Addenda No. _____ Dated _____

Responsible Contractor: By Submitting a bid for the above-named project, per Minnesota State Statute Chapter 16C.285 - RESPONSIBLE CONTRACTOR REQUIREMENT DEFINED, the undersigned is confirming that the Contractor meets the minimum criteria defining a Responsible Contractor as listed in Minnesota State Statute Chapter 16C.285 - RESPONSIBLE CONTRACTOR REQUIREMENT DEFINED. Subdivision 3. Minimum criteria.

Bid Acceptance: If written notice of the acceptance of this Bid is received by the undersigned within 60 days after date set for opening of this Bid, or at any other time thereafter before Bid is withdrawn, the undersigned agrees to enter into, and execute, a Contract with the Owner in accordance with this Bid as accepted. This shall be in a form acceptable to Owner, and contractor is to furnish and deliver to Owner the Performance Bond, Labor and Material Payment Bond, and proof of insurance coverage, all within 10 days after notice of acceptance of this Bid.

Street Address: 8053 Sterling Drive - Suite 101
City: St. Joseph State: MN Zip: 56374
Phone Number: 320-363-0900 Fax Number: 320-363-0901
Name (typed or printed): Andy Breth
Signature: 
Title: Partner
Date: 12-1-22

END OF SECTION 00 41 13

AIA® Document A310™ – 2010

Bid Bond

CONTRACTOR:

(Name, legal status and address)
Breth-Zenzen Fire Protection, LLC

8053 Sterling Drive, Suite 101
St. Joseph, MN 56374

OWNER:

(Name, legal status and address)
Becker Public Schools ISD 726
12000 Hancock Street
Becker, MN 55308

BOND AMOUNT: *FIVE PERCENT OF AMOUNT BID*****

PROJECT:

(Name, location or address, and Project number, if any)
Becker Transportation Building

SURETY:

(Name, legal status and principal place of business)

Liberty Mutual Insurance Company
175 Berkeley Street
Boston, MA 02116

This document has important legal consequences. Consultation with an attorney is encouraged with respect to its completion or modification.

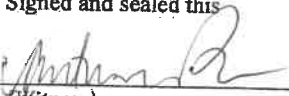
Any singular reference to Contractor, Surety, Owner or other party shall be considered plural where applicable.

The Contractor and Surety are bound to the Owner in the amount set forth above, for the payment of which the Contractor and Surety bind themselves, their heirs, executors, administrators, successors and assigns, jointly and severally, as provided herein. The conditions of this Bond are such that if the Owner accepts the bid of the Contractor within the time specified in the bid documents, or within such time period as may be agreed to by the Owner and Contractor, and the Contractor either (1) enters into a contract with the Owner in accordance with the terms of such bid, and gives such bond or bonds as may be specified in the bidding or Contract Documents, with a surety admitted in the jurisdiction of the Project and otherwise acceptable to the Owner, for the faithful performance of such Contract and for the prompt payment of labor and material furnished in the prosecution thereof; or (2) pays to the Owner the difference, not to exceed the amount of this Bond, between the amount specified in said bid and such larger amount for which the Owner may in good faith contract with another party to perform the work covered by said bid, then this obligation shall be null and void, otherwise to remain in full force and effect. The Surety hereby waives any notice of an agreement between the Owner and Contractor to extend the time in which the Owner may accept the bid. Waiver of notice by the Surety shall not apply to any extension exceeding sixty (60) days in the aggregate beyond the time for acceptance of bids specified in the bid documents, and the Owner and Contractor shall obtain the Surety's consent for an extension beyond sixty (60) days.

If this Bond is issued in connection with a subcontractor's bid to a Contractor, the term Contractor in this Bond shall be deemed to be Subcontractor and the term Owner shall be deemed to be Contractor.

When this Bond has been furnished to comply with a statutory or other legal requirement in the location of the Project, any provision in this Bond conflicting with said statutory or legal requirement shall be deemed deleted herefrom and provisions conforming to such statutory or other legal requirement shall be deemed incorporated herein. When so furnished, the intent is that this Bond shall be construed as a statutory bond and not as a common law bond.

Signed and sealed this 1st day of December, 2022
Breth-Zenzen Fire Protection, LLC


(Witness)

(Principal)

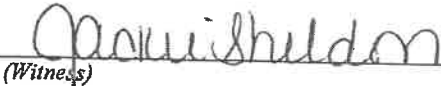
(Seal)

(Title)

Liberty Mutual Insurance Company

(Surety)

(Seal)

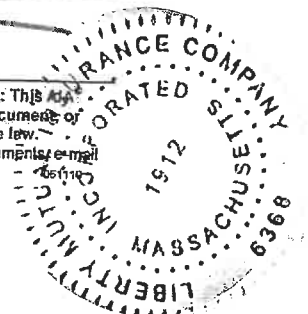

(Witness)

(Title)

Thomas O. Chambers, Attorney-in-Fact

Init.

AIA Document A310™ – 2010. Copyright © 1963, 1970 and 2010 by The American Institute of Architects. All rights reserved. WARNING: This AIA Document is protected by U.S. Copyright Law and International Treaties. Unauthorized reproduction or distribution of this AIA Document or any portion of it, may result in severe civil and criminal penalties, and will be prosecuted to the maximum extent possible under the law. Purchasers are permitted to reproduce ten (10) copies of this document when completed. To report copyright violations of AIA Contract Documents, email copyright@aiadocs.org. The American Institute of Architects' legal counsel, copyright@aia.org.





This Power of Attorney limits the acts of those named herein, and they have no authority to bind the Company except in the manner and to the extent herein stated.

Liberty Mutual Insurance Company
The Ohio Casualty Insurance Company
West American Insurance Company

Certificate No: 8207515-969054

POWER OF ATTORNEY

KNOWN ALL PERSONS BY THESE PRESENTS: That The Ohio Casualty Insurance Company is a corporation duly organized under the laws of the State of New Hampshire, that Liberty Mutual Insurance Company is a corporation duly organized under the laws of the State of Massachusetts, and West American Insurance Company is a corporation duly organized under the laws of the State of Indiana (herein collectively called the "Companies"), pursuant to and by authority herein set forth, does hereby name, constitute and appoint, Chelsea A. Bremer; David J. Rudnik; Eric Olson; Kimberly S. Rasch; Thomas O. Chambers; Todd Schaap

all of the city of Franksville state of WI each individually if there be more than one named, its true and lawful attorney-in-fact to make, execute, seal, acknowledge and deliver, for and on its behalf as surety and as its act and deed, any and all undertakings, bonds, recognizances and other surety obligations, in pursuance of these presents and shall be as binding upon the Companies as if they have been duly signed by the president and attested by the secretary of the Companies in their own proper persons.

IN WITNESS WHEREOF, this Power of Attorney has been subscribed by an authorized officer or official of the Companies and the corporate seals of the Companies have been affixed thereto this 17th day of March, 2022.



Liberty Mutual Insurance Company
The Ohio Casualty Insurance Company
West American Insurance Company

By: [Signature]
David M. Carey, Assistant Secretary

State of PENNSYLVANIA
County of MONTGOMERY ss

On this 17th day of March, 2022 before me personally appeared David M. Carey, who acknowledged himself to be the Assistant Secretary of Liberty Mutual Insurance Company, The Ohio Casualty Company, and West American Insurance Company, and that he, as such, being authorized so to do, execute the foregoing instrument for the purposes therein contained by signing on behalf of the corporations by himself as a duly authorized officer.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my notarial seal at King of Prussia, Pennsylvania, on the day and year first above written.



Commonwealth of Pennsylvania - Notary Seal
Teresa Pastella, Notary Public
Montgomery County
My commission expires March 26, 2025
Commission number 1128044
Member, Pennsylvania Association of Notaries

By: [Signature]
Teresa Pastella, Notary Public

This Power of Attorney is made and executed pursuant to and by authority of the following By-laws and Authorizations of The Ohio Casualty Insurance Company, Liberty Mutual Insurance Company, and West American Insurance Company which resolutions are now in full force and effect reading as follows:

ARTICLE IV - OFFICERS: Section 12. Power of Attorney.

Any officer or other official of the Corporation authorized for that purpose in writing by the Chairman or the President, and subject to such limitation as the Chairman or the President may prescribe, shall appoint such attorneys-in-fact, as may be necessary to act in behalf of the Corporation to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations. Such attorneys-in-fact, subject to the limitations set forth in their respective powers of attorney, shall have full power to bind the Corporation by their signature and execution of any such instruments and to attach thereto the seal of the Corporation. When so executed, such instruments shall be as binding as if signed by the President and attested to by the Secretary. Any power or authority granted to any representative or attorney-in-fact under the provisions of this article may be revoked at any time by the Board, the Chairman, the President or by the officer or officers granting such power or authority.

ARTICLE XIII - Execution of Contracts: Section 5. Surety Bonds and Undertakings.

Any officer of the Company authorized for that purpose in writing by the chairman or the president, and subject to such limitations as the chairman or the president may prescribe, shall appoint such attorneys-in-fact, as may be necessary to act in behalf of the Company to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations. Such attorneys-in-fact subject to the limitations set forth in their respective powers of attorney, shall have full power to bind the Company by their signature and execution of any such instruments and to attach thereto the seal of the Company. When so executed such instruments shall be as binding as if signed by the president and attested by the secretary.

Certificate of Designation - The President of the Company, acting pursuant to the Bylaws of the Company, authorizes David M. Carey, Assistant Secretary to appoint such attorneys-in-fact as may be necessary to act on behalf of the Company to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations.

Authorization - By unanimous consent of the Company's Board of Directors, the Company consents that facsimile or mechanically reproduced signature of any assistant secretary of the Company, wherever appearing upon a certified copy of any power of attorney issued by the Company in connection with surety bonds, shall be valid and binding upon the Company with the same force and effect as though manually affixed.

I, Renee C. Llewellyn, the undersigned, Assistant Secretary, The Ohio Casualty Insurance Company, Liberty Mutual Insurance Company, and West American Insurance Company do hereby certify that the original power of attorney of which the foregoing is a full, true and correct copy of the Power of Attorney executed by said Companies, is in full force and effect and has not been revoked.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the seals of said Companies this 1st day of December, 2022.



By: [Signature]
Renee C. Llewellyn, Assistant Secretary

Not valid for mortgage, note, loan, letter of credit, currency rate, interest rate or residual value guarantees.

For bond and/or Power of Attorney (POA) verification inquiries, please call 610-832-8240 or email HOSUR@libertymutual.com.

STATE OF WISCONSIN)

COUNTY OF Racine)

ON THIS 1st day of December, 2022,

before me, a notary public, within and for said County and State, personally appeared Thomas O. Chambers to me personally known, who being duly sworn, upon oath did say that he is the Attorney-in-Fact of and for the Liberty Mutual Insurance Company, a corporation of Massachusetts, created, organized and existing under and by virtue of the laws of the State of Massachusetts; that the corporate seal affixed to the foregoing within instrument is the seal of the said Company; that the seal was affixed and the said instrument was executed by authority of its Board of Directors; and the said Thomas O. Chambers did acknowledge that he/she executed the said instrument as the free act and deed of said Company.



Stacey Hendricks
Notary Public, Racine County, Wisconsin
My Commission Expires 11/15/2026

