



**ROCK RIDGE PUBLIC SCHOOLS
411 SOUTH 5TH AVENUE
VIRGINIA MN 55792**

Regular Meeting

Monday, January 24, 2022 at 6:00 PM

Rock Ridge Administration Building (formerly Spectrum Health Building), 1405 Progress Parkway, Virginia, MN 55792

AGENDA

Masks are required to be worn indoors while on school district property.

1. Call to order.
2. Approval of agenda.
3. Recognition of visitors and visitor input.
4. Consent Agenda:
 1. Approval of January 10, 2022 organizational and regular meeting minutes. 4
 2. Payment of the bills. 9
 3. Approval of hire of Jason Lackner for the Custodian/General/Maintenance/Grounds/Driver Afternoon Shift position at a rate of \$24.25/hour effective January 11, 2022.
 4. Approval of hire of Lisa Marchetti for the Special Education Para Educator position (VHS) at a rate of \$18.47/hour effective January 18, 2022 pending passing of the Para Pro Test within three months of employment.
 5. Approval of hire of Beth Anderson for the Special Education Para Educator position (VHS) at a rate of \$18.47/hour effective January 21, 2022.
 6. Approval of hire of Nicole Sundt for the Temporary Para Educator position (Parkview) at a rate of \$18.47/hour effective January 24, 2022.
 7. Approval of hire of McKenzie Lageson for the Para Educator position (Parkview) at a rate of \$18.47/hour effective February 1, 2022 pending passing of the Para Pro Test within three months of employment.

8. Approval of hire of Matt Anderson for the Head Varsity Football Coach position effective August 15, 2022.
 9. Approval of hire of Kortney Rosati for the Co-Head Girls' Tennis Coach position effective August 15, 2022.
 10. Approval of hire of Jessica Kralich for the Co-Head Girls' Tennis Coach position effective August 15, 2022.
 11. Approval of transfer of Para Educator Lisa Gibson to Para Educator Job #707 (VHS) effective January 24, 2022.
 12. Approval of transfer of Chris Ismil from the Co-Head Cross Country Coach position to the Head Cross Country Coach position effective August 15, 2022.
 13. Acceptance of resignation of Courtney Thelen from the Lunch Aide position (Franklin) effective January 14, 2022.
 14. Approval of termination of Marissa (Mason) Rose from the Indian Education Elementary Advisor position effective January 10, 2022.
 15. Approval of lane change for Amanda Wolfe from BA+10 to BA+20 effective February 1, 2022.
 16. Approval of lane change for Caley Westin from BA+20 to MA effective February 1, 2022.
 17. Approval of Noel Schmidt's travel to Nashville, Tennessee on February 14, 15, and 16 for the Superintendent Academy. This is part of the Superintendent Academy. Most meetings are on Saturday, but this part is an in-person meeting.
 18. Acceptance and thank you to the Virginia Elks Club for their generous donation of a gift card and winter clothing.
 19. Acceptance and thank you to Jim Hafdahl from the Card Shop in Virginia for the donation of stickers to the Parkview Elementary.
5. 2020-2021 Annual Audit presentation and consideration to approve. 17
 6. CM Quarterly Presentations:
 1. CM Quarterly Presentation - RRPS 143
 2. CM Quarterly Presentation - LES - Laurentian Elementary School. 150
 3. CM Quarterly Presentation - RRHS - Rock Ridge High School. 183
 4. CM Quarterly Presentation - NSE - North Star Elementary. 220
 5. CM Quarterly Presentation - VEGD - Demolition Projects. 233
 6. CM Quarterly Presentation - KA Contract Amendment #03 and consideration to approve. 249
 7. Reports:
 1. Nelle Shean/EGJH Principal's Report.
 2. Superintendent.
 1. Pedestrian Trail Connections Study - Community Survey
 2. Minnesota Student Survey.
 3. Donation of school property to cities, nonprofits or community organizations.
 4. Laurentian Elementary School and future grand opening.
 5. Staffing process for Laurentian Elementary, Rock Ridge High School and North Star Elementary.
 6. Elementary attendance boundaries for 2022-2023.
 7. End of school year building closings and openings and moving items from one building to another.

8. Administration Items:
 1. Consider approval of the revised COVID-19 Mitigation Plan 21-22. 255
 2. Consider approval of 2022 School Board Committee assignments. 270
9. Meeting Announcements:
 1. The next regular meeting is set for February 14, 2022 at 6:00 P.M. at the Rock Ridge Administration Building, 1405 Progress Pkwy, Virginia.
10. Adjournment.

**OFFICE OF THE SCHOOL BOARD
INDEPENDENT SCHOOL DISTRICT NO. 2909
MONDAY, JANUARY 10, 2022, 6:00 P.M.**

**ROCK RIDGE ADMINISTRATION BUILDING, 1405 PROGRESS PARKWAY, VIRGINIA, MN 55792
MINUTES OF THE ORGANIZATIONAL AND REGULAR SCHOOL BOARD MEETING**

Members Present:

Bill Addy Matt Sjoberg
Nicole Culbert-Dahl Pollyann Sorcan (arrived at 6:02 P.M.)
Brandi Lautigar Tom Tammaro

Tim Riordan John Uhan

Other Staff Present:

Dr. Noel Schmidt, Superintendent
Jeff Carey, Buildings & Grounds
Willie Spelts, School-Business Coordinator/
Fundraising Coordinator
Angie Williams, EGHS/Franklin Principal
Dr. Marcia Nelson, VHS Principal

Members Absent:

Stacey Scholz

- I. VICE CHAIR ADDY called the organizational meeting to order at 6:00 P.M. and the Pledge of Allegiance was recited and roll call was taken.
- II. **ADDITIONS/DELETIONS TO THE ORGANIZATIONAL AGENDA:** None.
- III. **APPROVE ORGANIZATIONAL AGENDA:**
Motion to **approve the agenda** made by UHAN, seconded by LAUTIGAR. Motion passed unanimously.
- IV. **ELECTION OF BOARD OFFICERS:**
 - A. **CHAIR:** SJOBERG nominated ADDY. TAMMARO nominated RIORDAN. Board voted by show of hands:
(4) votes for ADDY: SJOBERG, LAUTIGAR, SORCAN, and ADDY.
(4) votes for RIORDAN: UHAN, RIORDAN, CULBERT-DAHL and TAMMARO.
LAUTIGAR spoke and changed her vote to RIORDAN. Board re-voted by show of hands:
(5) votes for RIORDAN: UHAN, RIORDAN, CULBERT-DAHL, TAMMARO, and LAUTIGAR.
(3) votes for ADDY: SJOBERG, SORCAN, and ADDY. **RIORDAN elected CHAIR.**
 - B. **VICE CHAIR:** LAUTIGAR nominated ADDY. No other nominations. **ADDY elected VICE CHAIR.**
 - C. **CLERK:** UHAN nominated LAUTIGAR. ADDY nominated TAMMARO. Board voted by show of hands:
(6) votes for LAUTIGAR: UHAN, SJOBERG, RIORDAN, TAMMARO, CULBERT-DAHL, and LAUTIGAR. Vote not requested for TAMMARO. **LAUTIGAR elected CLERK.**
 - D. **TREASURER:** LAUTIGAR nominated SJOBERG. No other nominations. **SJOBERG elected TREASURER.**
 - E. **ALTERNATE CLERK:** LAUTIGAR nominated UHAN. No other nominations. **UHAN elected ALT. CLERK.**
- V. **ORGANIZATIONAL BUSINESS:**
 - A. Motion to **set the salaries of board directors the same as last year made** by SORCAN. No second. Motion failed.
 1. Motion for **Vice Chair salary to increase to \$275 [and keep Chair at \$300 and all other directors at \$250]** made by ADDY, seconded by RIORDAN. Motion passed 7-1 with UHAN voting NO.
 2. Motion to **increase salary of those serving on a negotiating committee from \$45 to \$50 for sessions lasting up to five hours and from \$75 to \$100 for sessions five hours**

- or more made by TAMMARO, seconded by ADDY. Motion passed 7-1 with SORCAN voting NO.
- B. Motion to **approve that Columbus Day is not a school holiday** made by TAMMARO, seconded by ADDY. Motion passed 7-1 with SORCAN voting NO.
- C. Motion to **set the 2022 regular meeting dates and times as presented** made by ADDY, seconded by LAUTIGAR. Motion passed unanimously.
- D. Motion to **approve the mileage rate at the IRS standard mileage rate of 58.5 cents per mile beginning January 1, 2022** made by SJOBERG, seconded by UHAN. Motion passed unanimously.
- E. Motion to **designate Frandsen Bank & Trust, MSDLAF, and MNTrust/PMA, Miners National Bank and First National Bank of Gilbert** made by ADDY, seconded by LAUTIGAR. Motion passed 6-1 with TAMMARO voting NO and UHAN abstaining.
- F. Motion to **authorize the hiring of a school attorney on an as-needed basis: Colosimo, Patchin, & Kearney, Ltd., Rupp, Anderson, Squires, & Waldspurger, P.A. and Ratwik, Rozak & Maloney, P.A.** made by LAUTIGAR, seconded by UHAN. Motion passed unanimously.
- G. Motion to **establish both Mesabi Tribune and Hometown Focus as legal publications for school business** made by ADDY, seconded by UHAN. ADDY amended his motion to **establish Mesabi Tribune as the legal publication**. Motion passed 6-2 with SORCAN and CULBERT-DAHL voting NO.
- H. Motion to **authorize the business manager and superintendent to make electronic fund transfers** made by SORCAN, seconded by LAUTIGAR. Motion passed unanimously.
- I. Motion to **authorize the business manager to use the current signature plate until a new plate is secured, if necessary** made by SORCAN, seconded by ADDY. Motion passed unanimously.
- J. Motion to **authorize school board members to attend necessary instate meetings** made by SORCAN, seconded by ADDY. Motion passed unanimously.
- K. Motion to **authorize the superintendent to approve instate travel requirements of employees during the school year** made by TAMMARO, seconded by UHAN. Motion passed unanimously.
- L. Motion to **authorize the superintendent to employ additional instructional, library, maintenance, and clerical assistance as shall become necessary** made by TAMMARO, seconded by ADDY. Motion passed unanimously.
- M. Motion to **approve the Resolution Directing the Administration to Make Recommendations for Reductions in Programs and Positions and Reasons Therefor** made by SORCAN, seconded by ADDY. Roll Call Vote. Motion passed unanimously.
- N. Motion to **approve the resolution naming Dr. Noel Schmidt as the Identified Official with Authority (IOwA) for Rock Ridge Public Schools** made by ADDY, seconded by UHAN. Roll Call Vote. Motion passed unanimously.
- O. Motion to **designate Dr. Noel Schmidt as the responsible authority under the Minnesota Data Practices Act and Open Meeting Law** made by LAUTIGAR, seconded by SJOBERG. Motion passed unanimously.
- P. **COMMITTEE MEMBERSHIPS:**
1. LAUTIGAR recommended keeping the same members on the Negotiation/Admin. Committee as they currently are.
 2. Motion to **allow SORCAN to return to active committee participation** made by CULBERT-DAHL, seconded by SORCAN. Motion failed 2-6 with ADDY, RIORDAN, LAUTIGAR, UHAN, SJOBERG, and TAMMARO voting NO. More information will be gathered for the next meeting in regards to SORCAN's return to committees.
 3. Board members will submit their committee preferences to RIORDAN to be placed on the next meeting agenda.

- VI. **ADJOURNMENT OF ORGANIZATIONAL MEETING:** Moved by SJOBERG, seconded by LAUTIGAR, to **adjourn organizational meeting**. Motion passed unanimously.
- VII. CHAIR RIORDAN called the regular meeting to order.
- VIII. **ADDITIONS/DELETIONS TO THE AGENDA:**
- A. Closed session to discuss a student issue and to take possible action following closed session added to the agenda (14.2 and 14.3).
 - B. Board agreed to have discussion, no action, of 12.1 Policy 491 Mandatory COVID-19 Vaccination or Testing and Face Coverings and 13.2 Revised Rock Ridge COVID Plan 2021-22.
- IX. **APPROVE AGENDA:**
Motion to **approve the agenda as amended** made by ADDY, seconded by UAHN. Motion passed unanimously.
- X. **RECOGNITION OF VISITORS AND VISITOR INPUT:** NONE.
- XI. **CONSENT AGENDA:**
- A. Approval of December 13, 2021 working session minutes.
 - B. Approval of December 13, 2021 regular meeting minutes.
 - C. Payment of the bills.
 - D. Approval of hire of Genevieve Drais for the Long-Term Elementary Music Substitute Teacher (Roosevelt/Parkview) effective January 31, 2022 through June 3, 2022.
 - E. Approval of hire of Jon Vidmar for the Custodian/General/Maintenance/Grounds/Driver position (Roosevelt) at a rate of \$24.25/hour effective January 3, 2022.
 - F. Approval of hire of Chantilly Aho for the Para Educator position (Roosevelt) at a rate of \$18.47/hour effective January 10, 2022.
 - G. Approval of the following volunteer winter coaches for 2021-2022:
Andrew O'Brien - Volunteer Boys Basketball Coach
Andrew Bird - Volunteer Boys Swim Coach
Zachary Desy - Volunteer Boys Swim Coach
Scott Neff - Volunteer Alpine Ski Coach
David Fox - Volunteer Wrestling Coach
Cody Hendrickson - Volunteer Boys Hockey Coach
Hillary Krause - Volunteer Girls Hockey Locker Room Supervisor
Rachel Price - Volunteer Basketball Coach
 - H. Acceptance of resignation of Holly Bachschneider from the Para Educator position effective December 20, 2021.
 - I. Acceptance of resignation of Stacy L. Aune from the Curriculum Instruction and Integration position effective January 7, 2022.
 - J. Acceptance of resignation of Kim Mannila from the Casual Bus Driver position effective December 13, 2021.
 - K. Acceptance of resignation of Lisa Forness from the Building Custodian/Maintenance/Grounds/Driver position effective January 16, 2022.
 - L. Acceptance of resignation of Patty Pervenanze from the Roosevelt Secretary position effective June 16, 2022.
 - M. Approval of two-week unpaid leave of absence for Linda Edstrom (January 10 - January 21, 2022).
 - N. Approval of lane change for Abigail Korte from BA to BA+10.
 - O. Approval of lane change for Meggie Schroeder from BA+20 to MA.
 - P. Approval of lane change for Kelli Voss from BA+20 to MA.
 - Q. Approval of lane change for Jessica Kralich from BA+20 to MA.

- R. Approval of Rock Ridge job description for the position, "Teacher on Special Assignment: Dean".
- S. Acceptance of anonymous donation in the amount of \$500.00 for Mrs. Engel's classroom use and \$500.00 for Mrs. Keute's classroom use.
- T. Acceptance of donation of winter mittens from the Mitten Mission Project 2021 to Parkview Elementary.
- U. Acceptance of donation of hats and mittens from Big Life Team/Keller Williams Realty to students in need at Franklin Elementary.
- V. Acceptance of an anonymous donation in the amount of \$6,000.00 to be used for the #RockRidgeRising Campaign - Steve Kerzie Legacy Fund.
- W. Acceptance of donation from Margaret McCollester in the amount of \$600.00 to be used for the Dallis Frandsen Music Learning Lab and John Vukmanich Music Learning Lab in honor of Dallis Frandsen and John Vukmanich.
- X. Acceptance of donation from Michael and Annette Koski in the amount of \$3,000.00 to be used for the #RockRidgeRising Campaign - John Vukmanich Music Learning Lab in memory of Michael Koski.
- Y. Acceptance of donation from Cory and Kristin Groves in the amount of \$2,500.00 to be used for the #RockRidgeRising Campaign - Larry Groves Music Learning Lab in honor of Larry Groves.
- Z. Acceptance of donation from Michael and Megan Groves in the amount of \$5,000.00 to be used for the #RockRidgeRising Campaign - Larry Groves Music Learning Lab in honor of Larry Groves.
- AA. Acceptance of donation from Patricia Duginski in the amount of \$100.00 to be used for #RockRidgeRising Campaign - Academics in honor of the Winter Family.
- BB. Acceptance of donation from Jim and Sarah (Groves) Mattson in the amount of \$2,500.00 to be used for the #RockRidgeRising Campaign - Larry Groves Music Learning Lab in honor of Larry Groves.
- CC. Approval of out of state travel and professional days to cover sub costs request from Lisa Rudstrom to attend the Society for Mining, Metallurgy, and Exploration Conference in Utah, February 27 - March 2, 2022.
- DD. Approval of purchase of Apple TV's to be used at Rock Ridge High School for \$25,060.00.
- EE. Approval of 2022 RAMS membership dues in the amount of \$1,750.

XII. **CONSTRUCTION:**

- A. Kraus-Anderson provided the Virginia campus demolition and abatement presentation.
- B. Motion to **approve the Virginia campus abatement and demolition bid** made by SJOBERG, seconded by UHAN. Motion passed 7-1 with SORCAN voting NO.

XIII. **REPORTS:**

- A. Willie Spelts gave a Fundraising Report. Michael Groves, whose family donated a total of \$10,000 for the Larry Groves Music Learning Lab in honor of Larry Groves spoke on his family's behalf.
- B. Heather Mahoney, from AEOA, provided information on the Farm to School Program.
- C. Erin Berg, Director of Rethos Policy Institute, presented.
- D. Angie Williams provided an update from Franklin Elementary and EGHS.

IX. **POLICIES:**

- A. Board discussed Policy 491 Mandatory COVID-19 Vaccination or Testing and Face Coverings. Policy will be decided on at a later time.
- B. Policies That Must Be Reviewed Annually: **Motion to approve the final reading of Policies 410, 414, 415, 506, 514, 522, 616, and 806** made by LAUTIGAR, seconded ADDY. Motion passed 7-1 with SORCAN voting NO.

- C. Policies with revisions suggested by MSBA/MASA: **Motion to approve the final reading of Policies 102, 406, 413, 425, 501, 503, 507, 515, 524, and 534** made by ADDY, seconded by SJOBERG. Motion passed 7-1 with SORCAN voting NO.

XV. **ADMINISTRATION ITEMS:**

- A. Motion to **continue moving forward in discussion with Orthopaedic Associates regarding their proposal to RRPS** made by TAMMARO, seconded by CULBERT-DAHL. Motion passed 6-2 with SJOBERG and SORCAN voting NO.
- B. The revised Rock Ridge COVID Plan 2021-2022 was tabled.
- C. Motion to **reject the donation request from the Lyric Center for the Arts for items from the Roosevelt for use at the Lyric Center** made by SORCAN, seconded by CULBERT-DAHL. Motion failed 3-5 with LAUTIGAR, ADDY, RIORDAN, TAMMARO, UHAN voting NO.
1. Motion to approve the **donation request from the Lyric Center for the Arts for items from the Roosevelt for use at the Lyric Center** made by LAUTIGAR, seconded by ADDY. Motion passed 5-3 with SORCAN, CULBERT-DAHL, and SJOBERG voting NO.

XVI. **MEETING ANNOUNCEMENTS** were made.

XVII. **CLOSED SESSION:** Following a brief recess, board entered into closed session to discuss a student issue at 9:35 P.M.

1. Regular meeting re-opened at 10:00 P.M.
2. Motion to **approve the Resolution to Adopt the Findings and Conclusions of Hearing Officer and to Expel Student “RR/V-1-21-22” For a Period of Twelve Months** made by ADDY, seconded by UHAN. Roll Call Vote. Motion passed unanimously.

XVIII. **ADJOURNMENT:** Moved by ADDY, seconded by LAUTIGAR, to **adjourn meeting**. Motion passed unanimously. Meeting adjourned at 10:02 P.M.

CHAIR - TIM RIORDAN

CLERK – BRANDI LAUTIGAR

Rock Ridge Public Schools Detail Payment Register By Check

Co	Bank	Check No	Code	Rcd	Vendor	Pmt/Void Date	Pmt Type
2909	1	6150	1400	E 01	005 110 000 000 314	Trusted Employees Background Checks for Dr	Check
		PO#: 3182	Voucher #:	10612	Invoice	Invoice No: SRN110100993	Paid Amt: \$350.00 Check Amount: \$350.00
2909	1	6151	1960	E 01	301 810 000 000 401	wash 6 Buses	Check
		PO#: 3190	Voucher #:	10610	Invoice	Invoice No: ARS246670	Paid Amt: \$30.00 Check Amount: \$30.00
2909	1	6152	2190	E 01	302 294 709 000 305	OFFICIAL	Check
		PO#: 3182	Voucher #:	10655	Invoice	Invoice No: BBB11122	Paid Amt: \$60.00 Check Amount: \$60.00
2909	1	6153	2290	E 01	302 296 710 000 305	OFFICIAL	Check
		PO#: 3182	Voucher #:	10649	Invoice	Invoice No: GHKY11122	Paid Amt: \$192.00 Check Amount: \$192.00
2909	1	6154	1562	E 01	302 294 709 000 305	OFFICIAL	Check
		PO#: 3182	Voucher #:	10674	Invoice	Invoice No: BBB10822	Paid Amt: \$145.00 Check Amount: \$145.00
2909	1	6155	1521	E 01	302 296 709 000 305	OFFICIAL	Check
		PO#: 3182	Voucher #:	10645	Invoice	Invoice No: GBB10622	Paid Amt: \$211.00 Check Amount: \$211.00
2909	1	6156	3920	E 01	101 810 000 000 401	SOLAR SALT	Check
		PO#: 3182	Voucher #:	10675	Invoice	Invoice No: 425X01327002	Paid Amt: \$123.48 Check Amount: \$123.48
2909	1	6157	1561	E 01	302 298 000 000 369	REGISTRATION	Check
		PO#: 3182	Voucher #:	10659	Invoice	Invoice No: 10622	Paid Amt: \$140.00 Check Amount: \$140.00
2909	1	6158	5190	E 01	302 296 710 000 305	OFFICIAL	Check
		PO#: 3182	Voucher #:	10648	Invoice	Invoice No: GHKY121021	Paid Amt: \$137.00 Check Amount: \$137.00
2909	1	6159	5390	E 05	302 865 000 369 350	Steam Trap	Check
							Paid Amt: \$59.08 Check Amount: \$59.08

Rock Ridge Public Schools Detail Payment Register By Check

Co	Bank	Check No	Code	Rcd	Vendor	Pmt/Void Date	Pmt Type	
2909	1	6159	5390	E 05	FERGUSON ENTERPRISES LLC #1657		Check	
					freight			
PO#: 3191		Voucher #:	10609	Invoice	Invoice No: 8943677-1	1/20/2022	Paid Amt:	\$71.16
							Check Amount:	\$71.16
2909	1	6160	5540	E 01	FLOERSHEIM WILLIAM		Check	
					OFFICIAL			
PO#: 3174		Voucher #:	10656	Invoice	Invoice No: GBB11322	1/20/2022	Paid Amt:	\$194.00
							Check Amount:	\$194.00
2909	1	6161	5700	E 01	FRIEDLIEB JACE		Check	
					OFFICIAL			
PO#: 3168		Voucher #:	10679	Invoice	Invoice No: BHKY11822	1/20/2022	Paid Amt:	\$107.00
							Check Amount:	\$107.00
2909	1	6162	5840	E 01	GHERARDI MARIA		Check	
					OFFICIAL			
PO#: 3165		Voucher #:	10650	Invoice	Invoice No: GHKY11122	1/20/2022	Paid Amt:	\$160.00
							Check Amount:	\$160.00
2909	1	6163	6090	E 01	GRANDE ACE HARDWARE		Check	
					screwdriver			
PO#: 3172		Voucher #:	10623	Invoice	Invoice No: 177129	1/20/2022	Paid Amt:	\$55.92
							Check Amount:	\$55.92
PO#: 3170		Voucher #:	10621	Invoice	Invoice No: 177162	1/20/2022	Paid Amt:	\$54.97
					parts for snowblower			
PO#: 3171		Voucher #:	10622	Invoice	Invoice No: 177209	1/20/2022	Paid Amt:	\$25.97
					plumber supplies			
PO#: 3173		Voucher #:	10624	Invoice	Invoice No: 177265	1/20/2022	Paid Amt:	\$14.35
					Fuses			
PO#: 3174		Voucher #:	10625	Invoice	Invoice No: 177232	1/20/2022	Paid Amt:	\$54.03
					steel wool			
PO#: 3175		Voucher #:	10626	Invoice	Invoice No: 177338	1/20/2022	Paid Amt:	\$72.11
					supplies (plumbing)			
							Check Amount:	\$413.33

Rock Ridge Public Schools

Detail Payment Register By Check

Co	Bank	Check No	Code	Rcd	Vendor	Pmt/Void Date	Pmt Type	Amount
2909	1	6177	10350	E	METRO SALES INC		Check	
				01	302 211 000 000 370	#107595 W885L60026		\$109.82
		PO#: 2882	Voucher #:	10641	Invoice	Invoice No: INV1959799	Paid Amt:	\$167.29
							Check Amount:	\$748.50
2909	1	6178	10800	E	MN ENERGY RESOURCES CORP		Check	
				03	005 760 000 720 440	UTILITIES		\$960.14
		PO#:	Voucher #:	10665	Invoice	Invoice No: 21DEC	Paid Amt:	\$960.14
				01	100 810 000 000 440	UTILITIES		\$21,326.62
		PO#:	Voucher #:	10666	Invoice	Invoice No: 21DEC	Paid Amt:	\$21,326.62
				01	302 810 000 000 440	UTILITIES		\$2,885.62
		PO#:	Voucher #:	10667	Invoice	Invoice No: 21DEC	Paid Amt:	\$2,885.62
				01	302 810 000 000 440	UTILITIES		\$18.00
		PO#:	Voucher #:	10668	Invoice	Invoice No: 21DEC	Paid Amt:	\$18.00
				01	005 810 000 000 440	UTILITIES		\$198.02
		PO#:	Voucher #:	10669	Invoice	Invoice No: 21DEC	Paid Amt:	\$198.02
				01	302 810 000 000 440	UTILITIES		\$251.58
		PO#:	Voucher #:	10670	Invoice	Invoice No: 21DEC	Paid Amt:	\$251.58
				01	302 810 000 000 440	UTILITIES		\$55.02
		PO#:	Voucher #:	10671	Invoice	Invoice No: 21DEC	Paid Amt:	\$55.02
				01	101 810 000 000 440	UTILITIES		\$5,293.58
		PO#:	Voucher #:	10672	Invoice	Invoice No: 21DEC	Paid Amt:	\$5,293.58
							Check Amount:	\$30,988.58
2909	1	6179	11290	B	NATIONAL INSURANCE SERVICES OF WI		Check	
				01	215 003	LIFE INSURANCE		\$940.83
		PO#:	Voucher #:	10662	Invoice	Invoice No: 1478657	Paid Amt:	\$940.83
				01	215 004	LTD INSURANCE		\$1,710.57
		PO#:	Voucher #:	10663	Invoice	Invoice No: 1478658	Paid Amt:	\$1,710.57
							Check Amount:	\$2,651.40
2909	1	6180	11480	E	NEXTERA COMMUNICATIONS		Check	
				01	005 105 000 000 320	PHONE		\$691.35
		PO#:	Voucher #:	10664	Invoice	Invoice No: 22JAN	Paid Amt:	\$691.35
							Check Amount:	\$691.35
2909	1	6181	11500	E	NICHOLS TROY		Check	
				01	302 294 710 000 305	OFFICIAL		\$107.00
		PO#:	Voucher #:	10678	Invoice	Invoice No: BHKY11822	Paid Amt:	\$107.00
							Check Amount:	\$107.00
2909	1	6182	11640	E	NORTHERN STAR FOOD EQUIPMENT SALES & SERVICE		Check	
				05	101 865 000 369 350	Solenoid Body		\$75.00

Rock Ridge Public Schools Detail Payment Register By Check

Co	Bank	Check No	Code	Rcd	Vendor	Pmt/Void Date	Pmt Type
2909	1	6193	15740		THYSSENKRUPP ELEVATOR CORP		Check
				E 05	302 865 000 369 350	Fine arts building	\$584.34
				E 05	100 865 000 369 350	Nelle Shean Elementary	\$584.34
				E 05	301 865 000 369 350	Jr high	\$584.34
				E 05	301 865 000 369 350	Manual training	\$584.34
				E 05	101 865 000 369 350	Franklin Elementary	\$584.34
				E 05	302 865 000 369 350	Sr High School	\$584.34
							Paid Amt: \$3,506.04
2909	1	6194	16300		UNITED TRUCK BODY		Check
				E 03	005 760 000 720 401	stop light arm	\$65.94
				E 03	005 760 000 720 401	freight	\$10.00
							Paid Amt: \$75.94
							Check Amount: \$75.94
2909	1	6195	16950		WHITE KEVIN		Check
				E 01	302 294 709 000 305	OFFICIAL	\$142.00
							Paid Amt: \$142.00
							Check Amount: \$142.00

Report Total: \$63,941.93

**INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

Year Ended June 30, 2021

**INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA**

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June 30, 2021**

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**INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA**

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FINANCIAL SECTION

**INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA**

**ORGANIZATION
June 30, 2021**

SCHOOL BOARD MEMBERS

Chairperson	Stacey Scholz
Vice Chairperson	Bill Addy
Clerk	Brandi Lautigar
Treasurer	Mathew Sjoberg
Alternate Clerk	Tim Riordan
Director	Nicole Culbert-Dahl
Director	Pollyann Sorcan
Director	Tom Tammaro
Director	John Uhan

SUPERINTENDENT OF SCHOOLS

Dr. Noel Schmidt



CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

P.O. Box 960 • 225 1st Street North, Suite 2400, Virginia, Minnesota 55792
218-749-4880 • FAX 218-749-8528

INDEPENDENT AUDITOR'S REPORT

To the School Board
Independent School District No. 2909,
Rock Ridge Schools, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Independent School District No. 2909, Rock Ridge Schools, Minnesota, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Summary of Opinions

Opinion Unit	Type of Opinion
Governmental Activities	Qualified
Governmental Funds	Unmodified
Aggregate Remaining Fund Information	Unmodified

Basis for Qualified Opinion on the Governmental Activities

The District has not had an actuarial valuation of the net OPEB asset/liability as required by Governmental Accounting Standard Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The net OPEB liability (asset) reported in the statement of net position was based on previous actuarial calculations that are not in compliance with reporting requirements outlined in GASB Statement No. 75 and accounting principles generally accepted in the United States of America. In addition to the net OPEB asset, the actuary also would determine the total severance payable in accordance with Governmental Accounting Standard Board (GASB) Statement No. 16, *Accounting for Compensated Absences*. The last actuarial valuation of the severance payable was measured as of June 30, 2016 and the liability has been reduced each year since by the amount the District paid in severance benefits. The valuation is based on outdated information and is not current. The amount by which these departures would affect assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, and expenses of the governmental activities has not been determined.

Qualified Opinions

In our opinion, except for the effects of the matters described in the "Basis for Qualified Opinion on the Governmental Activities" paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of Independent School District No. 2909, Rock Ridge Schools, Minnesota, as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Independent School District No. 2909, Rock Ridge Schools, Minnesota, as of June 30, 2021, and the respective changes in financial position thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, on July 29, 2019 Independent School District No. 2154, Eveleth-Gilbert, Minnesota and Independent School District No. 706, Virginia, Minnesota passed resolutions to consolidate and form Independent School District No. 2909 Rock Ridge Schools, Minnesota effective July 1, 2020. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in the District's net OPEB liability and related ratios, schedule of OPEB plan investment returns, and schedules of District's proportionate share of net pension liability and District's contributions for defined benefit pension plans, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Independent School District No. 2909, Rock Ridge Schools, Minnesota's basic financial statements. The combining and individual fund financial statements and schedules and fiscal compliance report are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules, fiscal compliance report, and schedule of expenditures of federal awards, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules, fiscal compliance report, and 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 December 27, 2021, on our consideration of the Independent School District No. 2909, Rock Ridge Schools, Minnesota's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Independent School District No. 2909, Rock Ridge Schools, Minnesota's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing*

Standards in considering Independent School District No. 2909, Rock Ridge Schools,
Minnesota's internal control over financial reporting and compliance.

Walton, Miriam & Helene, LLC

Virginia, Minnesota
December 27, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

**INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021**

The Independent School District No. 2909, Rock Ridge Schools, Minnesota's management's discussion and analysis provides an overview of the District's financial activities for the fiscal year ended June 30, 2021. Since this information is designed to focus on the current year's activities, resulting changes, and currently known facts, it should be read in conjunction with the Independent School District No. 2909, Rock Ridge Schools, Minnesota's financial statements. Independent School District No. 2909, Rock Ridge Schools, Minnesota was formed as of July 1, 2020, due to the combination of Independent School District No. 706 Virginia, Minnesota and Independent School District No. 2154 Eveleth-Gilbert, Minnesota. The comparative information from the prior year ended June 30, 2020 used in this management discussion and analysis was generated by combining Independent School District No. 706 Virginia, Minnesota's and Independent School District No. 2154 Eveleth-Gilbert, Minnesota's financial information from the respective audits for the year ended June 30, 2020.

FINANCIAL HIGHLIGHTS

- The District's total net position is \$17,197,349, of which \$42,785,005 is net investment in capital assets, and \$4,717,461 is restricted to specific purposes.
- Net position increased by \$7,905,035 for the year ended June 30, 2021 when compared to the prior year's net position. The increase was partially due to funding received for building projects, increases in capital assets related to the building projects, and paydown of principal and interest related to long-term debt.
- The net cost of governmental activities was \$34,841,557 for the current fiscal year. The net cost was partially funded by general revenues totaling \$42,746,592 and the remainder was funded by retained net position.
- Governmental funds' fund balances decreased by \$51,023,327. The fund balance increased in the General Fund, Debt Service Fund, and Other Governmental Funds by \$2,024,422, \$37,905 and \$39,368, respectively, and decreased in the Capital Projects Fund by \$53,125,022. The increase in the General Fund was primarily due to an excess of revenues over expenditures reduced by a transfer of \$115,000 to the Community Service Special Revenue Fund. The Debt Service Fund balance remained relatively unchanged as revenues less expenditures generated an increase in fund balance of \$37,905. The Capital Projects Fund balance decreased due to construction project spending of the debt issuance of the 2019A School Building Bonds which were issued in the prior year. The other governmental funds reported a deficiency of revenues over expenditures but still reported an increase in their fund balances due to a transfer from the General Fund to the Community Service Special Revenue Fund.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the basic financial statements. Independent School District No. 2909, Rock Ridge Schools, Minnesota's basic financial statements consists of three parts: government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains required supplementary information and other information in addition to the basic financial statements themselves.

**INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021**

There are two government-wide financial statements. The statement of net position and the statement of activities provide information about the activities of the District as a whole and present a longer-term view of the District's finances. The governmental fund financial statements explain how the District's programs were financed in the short term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. The fiduciary funds' statements provide information about the financial relationship in which the District acts solely as a trustee or agent for the benefit of others to whom the resources belong.

Government-wide Financial Statements

The statement of net position and the statement of activities report information about the District, as a whole, and about its activities in a way that helps the reader determine whether the District's financial condition has improved or declined as a result of the year's activities. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These government-wide statements report the District's net position and how they have changed. You can think of the District's net position—the amount by which assets and deferred outflows of resources exceed liabilities and deferred inflows of resources—as one way to measure the District's financial health or financial position. Increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. However, other nonfinancial factors, such as changes in the District's property tax base, student enrollment, and the condition of District buildings also need to be considered in assessing the overall health of the District.

In the statement of net position and the statement of activities, all activities are shown in the governmental activities:

- Governmental activities—All of the District's basic programs are reported here. Property taxes, state grants and aids, and federal grants finance most of these activities.

Fund Financial Statements

The fund financial statements provide detailed information about the District's funds—not the District as a whole. Some funds are required to be established by State law and by bond covenants. However, the School Board establishes some funds to help it control and manage money for a particular purpose or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The District has two types of funds—governmental and fiduciary.

- Governmental funds—All of the District's basic programs are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are accounted for using the modified accrual basis of accounting. This method measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic

**INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021**

programs it provides. Governmental fund information helps you determine whether there are more or less financial resources that can be spent in the near future to finance the District's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds in a reconciliation following each governmental fund financial statement.

- Fiduciary funds—The District is the custodian, or *fiduciary*, for assets that belong to others, such as the scholarship fund. The District is responsible for ensuring that the assets in these funds are used only for their intended purposes and by those to whom the assets belong. The District has also established an irrevocable trust fund for other postemployment benefits (OPEB). This fund was funded with the proceeds from General Obligation OPEB Bonds issued in 2009, which were refunded in 2017. We exclude the fiduciary fund from the government-wide financial statements because the District cannot use these assets to finance operations.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary and Other Information

In addition to the basic financial statements and accompanying notes, this report also presents the schedule of changes in the District's net OPEB liability and related ratios, the schedule of OPEB plan investment returns, and the schedules of District's proportionate share of net pension liability and District's contributions for defined benefit pension plans, as required supplementary information. Combining and individual fund financial statements and schedules, the fiscal compliance report, and the schedule of expenditures of federal awards are presented immediately following the required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the District's financial health. The following tables show that in the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$17,197,349, an increase from the prior year.

**INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021**

**Table 1
Net Position**

	Governmental Activities	
	June 30	
	2021	2020
Current and other assets	\$ 145,097,489	\$ 187,177,755
Capital assets	97,581,033	44,446,134
Total assets	<u>242,678,522</u>	<u>231,623,889</u>
Deferred outflows of resources	12,349,022	15,924,737
Long-term liabilities outstanding	205,427,940	207,000,904
Other liabilities	13,552,688	5,505,737
Total liabilities	<u>218,980,628</u>	<u>212,506,641</u>
Deferred inflows of resources	18,849,567	25,749,671
Net position		
Net investment in capital assets	42,785,005	34,218,797
Restricted	4,717,461	5,318,006
Unrestricted	(30,305,117)	(30,244,489)
Total net position	<u>\$ 17,197,349</u>	<u>\$ 9,292,314</u>

Due primarily to funding for construction projects and the changes in net pension liability and related deferred outflows and deferred inflows of resources, total net position increased by 85.1% (\$17,197,349 compared to \$9,292,314). Unrestricted net position—the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements—decreased from an \$30,244,489 deficit at June 30, 2020 to a \$30,305,117 deficit at the end of this fiscal year.

**Table 2
Changes in Net Position**

	Governmental Activities	
	Year ended	
	6/30/2021	6/30/2020
Revenues		
Program revenues		
Charges for services	\$ 972,207	\$ 1,356,831
Operating grants and contributions	7,299,826	8,427,933
Capital grants and contributions	1,170,144	981,158
General revenues		
Property taxes	12,335,155	7,299,194
Unrestricted interest earnings	1,686,304	3,480,550
Local grants and contributions	420,030	161,027
State grants and contributions	26,983,664	20,086,907
Federal grants and contributions	1,321,439	-
Gain on sale of capital assets	-	13,500
Total revenues	<u>52,188,769</u>	<u>41,807,100</u>
Program expenses		
Administration	1,573,192	1,777,343
District support services	1,208,187	1,180,862
Regular instruction	16,534,633	16,448,241
Vocational instruction	245,501	306,211
Special education instruction	5,386,201	6,066,135

**INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021**

Community education and services	\$ 776,878	\$ 908,289
Instructional support services	2,918,334	2,275,222
Pupil support services	3,770,713	4,496,092
Sites, buildings and equipment	5,768,596	7,546,591
Fiscal and other fixed costs programs	272,220	178,681
Interest on long-term debt	5,829,279	5,632,766
Total program expenses	<u>44,283,734</u>	<u>46,816,433</u>
Change in net position	7,905,035	(5,009,333)
Net position, July 1	9,292,314	14,214,334
Prior period adjustment	-	87,313
Net position, June 30	<u>\$ 17,197,349</u>	<u>\$ 9,292,314</u>

The District's revenues for all governmental activities were \$52,188,769 for the year ended June 30, 2021 (an increase of 24.8% from the prior year). Property taxes and local, state and federal grants and contributions accounted for 79% of the revenues for the year, 3% of the revenue was from interest revenue, and 16% from operating and capital grants and contributions. Charges for services accounted for 2% of revenue.

The District's expenses for all governmental activities were \$44,283,734 for the year ended June 30, 2021 (a decrease of 5.4% from the prior year). Regular instruction costs are the most significant expenses (37%); followed by interest on long-term debt (13%); site, buildings, and equipment (13%); special education instruction (12%); pupil support services (9%); instructional support services (7%); and all other activities (9%).

As shown in the Statement of Activities, some of the cost was paid by those who directly benefited from the programs in the amount of \$972,207 or by other governments and organizations that subsidized certain programs with grants and contributions in the amount of \$8,469,970 resulting in a net cost of programs of \$34,841,557. The "public benefit" portion of governmental activities was paid with \$42,746,592 in general revenues, primarily state grants and aids, and other revenues, including property taxes, interest, other local revenues, and federal grants and contributions. Property tax revenue in the fiscal year ended June 30, 2021 was \$12,335,155.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The focus of the District's governmental funds is to provide information of near term inflows, outflows, and balances of spendable resources. In particular, the unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

The District's governmental funds reported a combined fund balance of \$129,253,311 which decreased from last year's fund balance of \$180,276,638. Of the total governmental fund balances, less than 1%, or \$57,893 is nonspendable, which are amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. Restricted funds, which are considered unavailable for

**INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021**

appropriation for general operations, made up 94%, or \$121,202,929, of the fund balance; \$5,500,000 (4%) of the fund balance was committed; and \$2,492,489 (2%) was unassigned.

The General Fund reported an increase in fund balance of \$2,024,422. Revenue in the General fund increased from \$35,654,139 to \$36,530,720 while expenditures decreased from \$35,756,900 to \$34,391,298. The district received more grants related to Covid-19 in the current year than they did in the previous year. Site, buildings, and equipment expenditures decreased during the year due to more resources being allocated to the new schools compared to projects at older facilities. This increase in revenue and decrease in expenditures contributed to the increase in the General Fund's balance.

The Debt Service Fund balance increased by \$37,905. Revenues and expenditures were similar which is expected as the debt service levy and other sources of revenue were received to fund anticipated debt service expenditures for school building bonds.

The Capital Projects Fund was created from the issuance of the 2019A School Building Bonds in fiscal year 2020. In the current year, the fund reported \$1,671,006 in other local and county revenue and \$54,796,028 was expended on construction of two new schools which is the cause of the decrease in the Capital Projects Fund's balance. This trend is likely to continue as the district continues spending the 2019A School Building Bond proceeds on their construction projects.

In the other governmental funds, the Food Service Special Revenue Fund had an increase in fund balance of \$43,399. The Community Service Special Revenue Fund reported a deficiency of \$119,031 of revenues over expenditures. This deficit was partially funded by a \$115,000 transfer from the General Fund and the remaining was funded by retained fund balances.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's final budget for the General Fund anticipated that revenues would exceed expenditures by \$441,518; the actual results for the year show revenues exceeding expenditures by \$2,139,422.

The general fund actual revenue amounts were more than budgeted revenues by \$1,123,546, and actual expenditures were less than the budgeted expenditures by \$574,358. The District received more revenue than budgeted from local property tax levies, other local and county revenues, and revenue from federal sources. Budgeted expenditures exceeded actual expenditures in numerous areas. Negative variances were most predominant from instructional support services and district support services.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2021, the District had \$97,581,033 invested in capital assets, including land, construction in progress, land improvements, buildings, and equipment. (See Table 3 below.) This amount represents a net increase (including additions and deductions) of \$53,134,899 from last year. Total net depreciation expense for the year was \$1,881,604.

**INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021**

**Table 3
Capital Assets at Year-end
(Net of Depreciation)**

	Governmental Activities	
	June 30	
	2021	2020
Land	\$ 2,769,299	\$ 2,769,299
Construction in Progress	60,333,283	6,216,051
Land Improvements	940,512	268,136
Buildings	31,454,130	32,884,456
Equipment	2,083,809	2,308,192
Totals	\$ 97,581,033	\$ 44,446,134

This year's major additions included:

- Rock Ridge High School
- Elementary school construction
- Parkview parking lot

More detailed information about the District's capital assets is presented in Note 4 to the financial statements.

Long-term Debt

At year-end, the District had \$166,946,000 in bonds outstanding versus \$172,641,000 in bonds last year—a decrease of 3 percent—as shown in Table 4. More detailed information about the District's long-term liabilities is presented in Note 5 to the financial statements.

**Table 4
Outstanding Debt, at Year-end**

	Governmental Activities	
	June 30	
	2021	2020
General obligation bonds	\$ 166,946,000	\$ 172,641,000

The State limits the amount of net debt that the District can issue to 15 percent of the market value of all taxable property in the District. The District's qualifying outstanding net debt is significantly below this \$167,375,280 state-imposed limit.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

Effective July 1, 2021, Independent School District No. 706, Virginia, Minnesota consolidated with Independent School District No. 2154, Eveleth-Gilbert, Minnesota to form Independent School District No. 2909, Rock Ridge Public Schools. The District's elected officials considered many factors when adopting the fiscal year 2022 budget and property tax levy.

**INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021**

- The State of Minnesota will increase general education aid by \$161 or 2.45% per student for fiscal year 2022.
- Student enrollment (adjusted average daily membership) is expected to decrease by 108 students for fiscal year 2022.
- A 20% decrease in health insurance premiums is expected for fiscal year 2022.
- The fiscal year 2022 capital budget calls for it to spend approximately \$1,000,000 on various projects.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances and to show the District's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the District's Business Manager, Spencer Aune, Independent School District No. 2909, 411 5th Avenue South, Virginia, MN 55792.

BASIC FINANCIAL STATEMENTS

INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA

STATEMENT OF NET POSITION
June 30, 2021

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 7,098,418
Receivables	
Current property taxes	2,057,747
Delinquent property taxes	155,960
Accounts receivable	5,630
Due from other Minnesota school districts	564,194
Due from State of Minnesota	3,943,922
Due from federal government through State of Minnesota	1,790,460
Due from federal government	19,162
Due from other governmental units	1,238,330
Inventory	57,893
Net other postemployment benefit asset	1,446,719
Restricted assets	
Cash and investments	126,719,054
Capital assets not being depreciated	
Land	2,769,299
Construction in progress	60,333,283
Capital assets net of accumulated depreciation	
Land improvements	940,512
Buildings	31,454,130
Equipment	2,083,809
TOTAL ASSETS	<u>242,678,522</u>
DEFERRED OUTFLOWS OF RESOURCES	
Related to other postemployment benefits	516,218
Related to pensions	11,832,804
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>12,349,022</u>
LIABILITIES	
Salaries payable	2,278,536
Accounts payable	7,472,901
Accrued interest payable	2,658,684
Due to other Minnesota school districts	477,930
Due to other governmental units	265
Payroll deductions and employer contributions	247,234
Unearned revenue	417,138
Noncurrent liabilities	
Net pension liability	24,284,633
Bonds and severance payable	
Due within one year	5,825,000
Due in more than one year	175,318,307
TOTAL LIABILITIES	<u>218,980,628</u>
DEFERRED INFLOWS OF RESOURCES	
Property taxes levied for subsequent years	3,347,495
Related to other postemployment benefits	139,254
Related to pensions	15,362,818
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>18,849,567</u>
NET POSITION	
Net investment in capital assets	42,785,005
Restricted for:	
Other postemployment benefits	551,542
Capital outlay	2,938,445
Community services	258,676
Food service	381,911
Other purposes	586,887
Unrestricted	(30,305,117)
TOTAL NET POSITION	<u>\$ 17,197,349</u>

The accompanying notes are an integral part of these financial statements.

**INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA**

**STATEMENT OF ACTIVITIES
Year Ended June 30, 2021**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
PRIMARY GOVERNMENT					
Governmental Activities					
Administration	\$ 1,573,192	\$ -	\$ -	\$ -	\$ (1,573,192)
District support services	1,208,187	-	703,800	-	(504,387)
Regular instruction	16,534,633	208,130	1,011,865	-	(15,314,638)
Vocational instruction	245,501	-	167,467	-	(78,034)
Special education instruction	5,386,201	100,719	2,944,538	-	(2,340,944)
Community education and services	776,878	46,566	365,183	-	(365,129)
Instructional support services	2,918,334	28,039	454,306	-	(2,435,989)
Pupil support services	3,770,713	108,591	1,652,667	-	(2,009,455)
Sites, buildings, and equipment	5,768,596	480,162	-	1,170,144	(4,118,290)
Fiscal and other fixed cost programs	272,220	-	-	-	(272,220)
Interest on long-term debt	5,829,279	-	-	-	(5,829,279)
Total Governmental Activities	\$ 44,283,734	\$ 972,207	\$ 7,299,826	\$ 1,170,144	(34,841,557)
General Revenues					
Property taxes					12,335,155
Unrestricted interest earnings					1,686,304
Local grants and contributions not restricted to specific programs					420,030
State grants and contributions not restricted to specific programs					26,983,664
Federal grants and contributions not restricted to specific programs					1,321,439
Total General Revenues					42,746,592
CHANGE IN NET POSITION					7,905,035
NET POSITION, JULY 1					9,292,314
NET POSITION, JUNE 30					\$ 17,197,349

The accompanying notes are an integral part of these financial statements.

INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2021

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 8,522,127	\$ 989,558	\$ 123,897,421	\$ 408,366	\$ 133,817,472
Current property taxes receivable	898,266	1,159,481	-	-	2,057,747
Delinquent property taxes receivable	82,450	73,510	-	-	155,960
Accounts receivable	5,630	-	-	-	5,630
Due from other Minnesota school districts	564,194	-	-	-	564,194
Due from State of Minnesota	3,327,597	573,721	-	42,604	3,943,922
Due from federal government through State of Minnesota	1,623,386	-	-	167,074	1,790,460
Due from federal government	19,162	-	-	-	19,162
Due from other governmental units	1,238,330	-	-	-	1,238,330
Inventory	20,801	-	-	37,092	57,893
TOTAL ASSETS	\$ 16,301,943	\$ 2,796,270	\$ 123,897,421	\$ 655,136	\$ 143,650,770
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Salaries payable	\$ 2,274,614	\$ -	\$ -	\$ 3,922	\$ 2,278,536
Accounts payable	373,098	-	7,089,176	10,627	7,472,901
Due to other Minnesota school districts	477,930	-	-	-	477,930
Due to other governmental units	265	-	-	-	265
Payroll deductions and employer contributions	247,234	-	-	-	247,234
Unearned revenue	144,021	273,117	-	-	417,138
TOTAL LIABILITIES	3,517,162	273,117	7,089,176	14,549	10,894,004
 DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - delinquent taxes	82,450	73,510	-	-	155,960
Property taxes levied for subsequent years	1,163,709	2,183,786	-	-	3,347,495
TOTAL DEFERRED INFLOWS OF RESOURCES	1,246,159	2,257,296	-	-	3,503,455
 FUND BALANCES					
Nonspendable	20,801	-	-	37,092	57,893
Restricted	3,525,332	265,857	116,808,245	603,495	121,202,929
Committed	5,500,000	-	-	-	5,500,000
Unassigned	2,492,489	-	-	-	2,492,489
TOTAL FUND BALANCES	11,538,622	265,857	116,808,245	640,587	129,253,311
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 16,301,943	\$ 2,796,270	\$ 123,897,421	\$ 655,136	\$ 143,650,770

The accompanying notes are an integral part of these financial statements.

**INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA**

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2021**

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

TOTAL FUND BALANCES, GOVERNMENTAL FUNDS	\$ 129,253,311
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds.	97,581,033
Net other postemployment benefit asset used in governmental activities is not a current financial resource and therefore is not reported in the governmental funds.	1,446,719
Unavailable revenue in governmental funds is susceptible to full accrual on the government-wide statements.	155,960
Interest payable on long-term debt is susceptible to full accrual on the government-wide statements.	(2,658,684)
Long-term liabilities, including bonds and pensions are not due and payable in the current period and therefore not reported in the governmental funds.	(205,427,940)
Deferred outflows and inflows of resources related to other postemployment benefits and pensions are applicable to future periods and therefore not reported in the governmental funds.	
Deferred outflows of resources	12,349,022
Deferred inflows of resources	<u>(15,502,072)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 17,197,349</u>

The accompanying notes are an integral part of these financial statements.

INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2021

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Local property tax levies	\$ 5,415,005	\$ 6,662,557	\$ -	\$ 229,499	\$ 12,307,061
Other local and county revenues	1,968,349	-	1,671,006	46,566	3,685,921
Revenue from state sources	26,391,320	5,737,205	-	358,261	32,486,786
Revenue from federal sources	2,752,332	-	-	816,272	3,568,604
Sales and other conversion of assets	3,714	-	-	108,591	112,305
TOTAL REVENUES	<u>36,530,720</u>	<u>12,399,762</u>	<u>1,671,006</u>	<u>1,559,189</u>	<u>52,160,677</u>
EXPENDITURES					
Administration	1,537,363	-	-	-	1,537,363
District support services	1,173,585	-	-	-	1,173,585
Regular instruction	15,932,382	-	-	-	15,932,382
Vocational instruction	240,256	-	-	-	240,256
Special education instruction	5,270,846	-	-	-	5,270,846
Community education and services	-	-	-	760,280	760,280
Instructional support services	2,852,649	-	-	-	2,852,649
Pupil support services	2,727,526	-	-	874,541	3,602,067
Site, buildings, and equipment	4,392,521	-	54,796,028	-	59,188,549
Fiscal and other fixed cost programs	264,170	12,361,857	-	-	12,626,027
TOTAL EXPENDITURES	<u>34,391,298</u>	<u>12,361,857</u>	<u>54,796,028</u>	<u>1,634,821</u>	<u>103,184,004</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>2,139,422</u>	<u>37,905</u>	<u>(53,125,022)</u>	<u>(75,632)</u>	<u>(51,023,327)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	115,000	115,000
Transfers out	(115,000)	-	-	-	(115,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(115,000)</u>	<u>-</u>	<u>-</u>	<u>115,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	2,024,422	37,905	(53,125,022)	39,368	(51,023,327)
FUND BALANCES, JULY 1	<u>9,514,200</u>	<u>227,952</u>	<u>169,933,267</u>	<u>601,219</u>	<u>180,276,638</u>
FUND BALANCES, JUNE 30	<u>\$ 11,538,622</u>	<u>\$ 265,857</u>	<u>\$ 116,808,245</u>	<u>\$ 640,587</u>	<u>\$ 129,253,311</u>

The accompanying notes are an integral part of these financial statements.

**INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2021**

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

NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS **\$ (51,023,327)**

Governmental funds report outlays for capital assets as expenditures; however, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.

Expenditures for capital assets	55,016,503
Less current year depreciation	(1,881,604)

Vested other postemployment benefits are reported as expenditures in the governmental funds when amounts are paid or contributed. The statement of activities reports the value of benefits earned during the year.

Vested other postemployment benefits paid or contributed in current year	998,440
Vested other postemployment benefits earned in current year	(518,070)

The issuance of long-term debt provides current financial resources in the governmental funds, but the issuance of debt is recorded as a liability in the statement of activities. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Amortization on bond premium	716,141
Principal payments	5,695,000

Some revenues reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as revenues in governmental funds.

Change in unavailable revenue - delinquent taxes	28,093
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in accrued interest payable on long-term debt	113,387
Change in long-term severance payable	142,036
Change in net pension liability, and related deferred outflows and inflows	<u>(1,381,564)</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ 7,905,035**

The accompanying notes are an integral part of these financial statements.

**INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA**

**GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget -
	<u>Original</u>	<u>Final</u>		<u>Positive (Negative)</u>
REVENUES				
Local property tax levies	\$ 5,291,054	\$ 5,291,054	\$ 5,415,005	\$ 123,951
Other local and county revenues	1,203,300	1,203,300	1,968,349	765,049
Revenue from state sources	27,468,732	27,468,732	26,391,320	(1,077,412)
Revenue from federal sources	1,433,738	1,433,738	2,752,332	1,318,594
Sales and other conversion of assets	10,350	10,350	3,714	(6,636)
TOTAL REVENUES	<u>35,407,174</u>	<u>35,407,174</u>	<u>36,530,720</u>	<u>1,123,546</u>
EXPENDITURES				
Administration	1,768,080	1,768,080	1,537,363	230,717
District support services	829,092	829,092	1,173,585	(344,493)
Regular instruction	16,314,721	16,314,721	15,932,382	382,339
Vocational instruction	177,007	177,007	240,256	(63,249)
Special education instruction	5,603,939	5,603,939	5,270,846	333,093
Instructional support services	1,577,325	1,577,325	2,852,649	(1,275,324)
Pupil support services	3,219,621	3,219,621	2,727,526	492,095
Site, buildings and equipment	5,231,066	5,231,066	4,392,521	838,545
Fiscal and other fixed cost programs	244,805	244,805	264,170	(19,365)
TOTAL EXPENDITURES	<u>34,965,656</u>	<u>34,965,656</u>	<u>34,391,298</u>	<u>574,358</u>
EXCESS OF REVENUES OVER EXPENDITURES	441,518	441,518	2,139,422	1,697,904
OTHER FINANCING USES				
Transfers out	-	-	(115,000)	(115,000)
NET CHANGE IN FUND BALANCE	441,518	441,518	2,024,422	1,582,904
FUND BALANCE, JULY 1	<u>9,514,200</u>	<u>9,514,200</u>	<u>9,514,200</u>	<u>-</u>
FUND BALANCE, JUNE 30	<u>\$ 9,955,718</u>	<u>\$ 9,955,718</u>	<u>\$ 11,538,622</u>	<u>\$ 1,582,904</u>

The accompanying notes are an integral part of these financial statements.

**INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA**

**STATEMENTS OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2021**

	Custodial Fund Designated for Scholarships	OPEB Irrevocable Employee Benefit Trust Fund
ASSETS		
Cash and investments	\$ 199,601	\$ 13,068,619
LIABILITIES	-	-
NET POSITON		
Restricted for:		
Scholarships	199,601	-
Employee Benefit Trust	-	13,068,619
TOTAL NET POSITION	\$ 199,601	\$ 13,068,619

The accompanying notes are an integral part of these financial statements.

**INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA**

**STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
Year Ended June 30, 2021**

	Custodial Fund Designated for Scholarships	OPEB Irrevocable Employee Benefit Trust Fund
ADDITIONS		
Investment earnings		
Interest	\$ 45	\$ 189,951
Other additions		
Gifts and contributions	2,742	-
TOTAL ADDITIONS	2,787	189,951
DEDUCTIONS		
Administrative	-	500
Scholarships	14,400	-
TOTAL DEDUCTIONS	14,400	500
CHANGE IN NET POSITION	(11,613)	189,451
NET POSITION, JULY 1	211,214	12,879,168
NET POSITION, JUNE 30	\$ 199,601	\$ 13,068,619

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

**INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District complies with Generally Accepted Accounting Principles (GAAP). The District applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies and practices are discussed in subsequent sections of this Note. The remainder of the Notes are organized to provide explanations, including required disclosures, of the District's financial activities for the year ended June 30, 2021.

A. Financial Reporting Entity

Independent School District No. 2909, Rock Ridge Schools, Minnesota, (the District) was established July 1, 2020 pursuant to applicable Minnesota laws and statutes. The District was established from the combination of Independent School District No. 706 Virginia, Minnesota and Independent School District No. 2154 Eveleth-Gilbert, Minnesota. The ending fund balances for the year ended June 30, 2020 for each of the two districts were merged to record the beginning balances as of July 1, 2020 for Independent School District No. 2909 Rock Ridge Schools, Minnesota. The power and duties of the School Board are provided in Minnesota Statute Ch. 123. The governing body consists of a nine-member board, elected by eligible voters of the District. Officers of the school district are selected each January at the District's reorganizational meeting.

B. Basic Financial Statement Presentation

Government-wide Financial Statements

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

The Statement of Activities demonstrates the degree to which the direct expenses of a program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include: 1) charges to participants or applicants who purchase, use, or directly benefit from services, materials or privileges provided by a given program, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

The District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Separate fund financial statements are provided for governmental and the fiduciary fund even though the latter is excluded from the government-wide financial statements. The description of the funds included in this report are as follows:

INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Major Governmental Funds

The General Fund is the primary operating fund of the District and is used to account for all financial resources relating to the administration, instruction, maintenance, pupil transportation services and capital expenditures of the District, except those required to be accounted for in another fund.

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest and related costs. Levy proceeds and repayment of OPEB (Other Postemployment Benefits) bonds are accounted for in this fund.

The Capital Projects Fund is used to account for the construction of major capital projects and for the acquisition of major capital assets.

Nonmajor Governmental Funds

Special Revenue Funds are used to account for specific revenues that are legally restricted for particular purposes.

Fiduciary Funds

The Custodial Fund Designated for Scholarships is used to account for assets the District holds, in a purely custodial manner. The fund is excluded from the government-wide financial statements because the District cannot use these assets to finance district operations. The fund is used for the activity of a scholarship program.

The OPEB Irrevocable Employee Benefit Trust Fund is used for reporting resources set aside and held in an irrevocable trust arrangement for postemployment benefits. The District cannot use these funds to finance district operations.

C. Measurement Focus and Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. The economic resources measurement focus means all assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net total position. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time the liability is incurred. Property taxes are generally recognized as revenues in the fiscal year for which they are levied, except for amounts recognized in accordance with a statutory "tax shift" described later in this note. Grants and similar items are recognized when all requirements imposed by the provider have been met.

**INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. Depreciation expense can be specifically identified by program and is included in the direct expenses of each program. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities. Generally, the effect of material interfund activity has been removed from the government-wide financial statements.

Governmental fund financial statements are reported using a current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are both "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. The District considers property taxes as available if they are collected within 60 days after year end. State revenues are recognized in the year to which they apply according to Minnesota Statutes which establish state aid funding formulas for specific fiscal years. Grant revenue is recorded in the year in which the related expenditure is made. Other revenue is considered available if collected within one year. Expenditures are generally recorded when a liability is incurred. However, expenditures are recorded as prepaid for approved disbursements incurred in advance of the year in which the item or service is to be used and debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

D. Budgeting

The District's administration prepares a proposed budget for the District's funds on the same basis as the fund financial statements. The School Board adopts an annual budget for the fiscal year for all of the District's governmental funds.

Legal budgetary control is at the fund account level; management control is exercised at line-item levels. Budget appropriations lapse at year end, if unexpended.

Final budgeted amounts presented include amendments approved by the School Board throughout the fiscal year. The Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents a comparison of budgetary data to actual results.

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balances

- 1) Except for cash and investments in certain restricted and special funds, the District's funds are maintained on a combined basis and invested, to the extent possible, in allowable short-term investments. All investments are reported at fair value.

**INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- 2) Current property taxes receivable represent current real and personal property tax levies which were certified the previous December and are payable in the current calendar year, less payments remitted by the county to the District for property taxes payable in 2021.

Delinquent property taxes receivable represents taxes collectible in the years 2016 through 2020 that remain uncollected. No allowance for uncollectible taxes has been recorded as such amounts are not expected to be material.

- 3) The District's inventories are recorded using the consumption method of accounting. Inventories of materials and supplies are recorded in an inventory account at cost (first-in, first-out) and are subsequently charged to expenditures when consumed. Inventories include maintenance and operating supplies as well as instructional supplies. Food service inventory consists of food supplies, recorded at cost (first-in, first-out), and surplus commodities received from the federal government. Surplus commodities are stated at standardized commodities cost determined by the U. S. Department of Agriculture. Expenditures are recognized when inventories are consumed.
- 4) Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.
- 5) Capital assets are reported in the government-wide financial statements. In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital expenditures of the governmental fund upon acquisition.

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

Capital assets are 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 purposes. Useful lives vary from 20 to 50 years for land improvements and buildings, and 5 to 20 years for equipment. Capital assets not being depreciated include land and construction in progress.

The District does not possess any material amounts of infrastructure capital assets. Items such as sidewalks and other land improvements are considered to be part of the cost of buildings or other immovable property.

- 6) Deferred outflows of resources represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The District has two items in this category, related to other postemployment benefits and related to pensions. See Notes 6 and 14 for detail.

INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- 7) Government-wide financial statements report unearned revenue in connection with resources that have been received, but not yet earned. Governmental funds report unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period and resources that have been received, but not yet earned.
- 8) In the government-wide financial statements, long-term debt obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts are reported as deferred charges and amortized over the life of the related debt using the effective interest method. Bond issuance costs are recognized as an outflow of resources in the period incurred. Bonds payable are reported net of the applicable bond premium or discount. On the government-wide statement of activities, unamortized debt premiums and discounts are deferred and amortized over the life of the debt. The governmental fund financial statements report debt premiums and discounts as other financing sources and uses, separately from the face amount of the debt issued. Debt issuance costs are reported as debt service expenditures. The long-term liabilities consist primarily of bonds payable.
- 9) Defined Benefit Pension Plans

Teachers Retirement Association

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Teachers Retirement Association (TRA) and additions to/deductions from TRA's fiduciary net position have been determined on the same basis as they are reported by TRA.

TRA has a special funding situation created by direct aid contributions made by the State of Minnesota, City of Minneapolis and Minneapolis School District. This 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 in 2015.

Public Employees Retirement Association

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 additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA. 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.

INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- 10) Deferred inflows of resources represent an acquisition of net position 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 items that qualify for reporting in this category. The first is property taxes levied for subsequent years. As an imposed non-exchange revenue transaction, property taxes received or reported as a receivable before the period for which the property taxes are levied are reported as a deferred inflow of resources in the government-wide financial statements and in the governmental fund financial statements. The second type of deferred inflow of resources is related to other postemployment benefits. See Note 6 for detail. The third type of deferred inflow of resources is related to pensions. See Note 14 for detail. The fourth type of deferred inflow of resources is delinquent property taxes. Governmental fund revenues are not recognized until available (collected not later than 60 days after the end of the District's year-end) under the modified accrual basis of accounting. Delinquent taxes not collected within 60 days after the District's year-end are considered unavailable and reported as a deferred inflow of resources in the governmental fund financial statements.
- 11) 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 imposed on their use through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

In the fiduciary fund statements, restricted net position represents the net position to be used to provide other postemployment benefits to retirees and scholarships to students.

In the fund financial statements, fund balances of the governmental funds are classified as follows:

Nonspendable—amounts that cannot be spent either because they are in nonspendable form, such as inventory and prepaid items, or because they are legally or contractually required to be maintained intact.

Restricted—amounts that can be spent only for specific purposes because of enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed—amounts that can be used only for specific purposes determined by a formal action of the School Board. The School Board is the highest level of decision making authority for the District. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the School Board.

Assigned—amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The School Board or an individual or committee authorized by the School Board may assign amounts for specific purposes.

Unassigned—all other spendable amounts.

**INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the School Board has provided otherwise in its commitment or assignment actions.

F. Revenues and Expenditures

- 1) The majority of District revenue is determined annually by statutory funding formulas. The total revenue allowed by these formulas is then allocated between property taxes and state aids by the Legislature based on education funding priorities. Changes in this allocation are periodically accompanied by a change in property tax revenue recognition referred to as the "tax shift."

Generally, property tax revenue is recognized in the fiscal year ending June 30, following the calendar year in which the tax levy is collectible, while the current calendar year tax levy is recorded as a deferred inflow of resources (property taxes levied for subsequent year). Property taxes levied for subsequent year is equal to the amount levied by the School Board in December 2020 less various levies mandated by the State. These mandated portions of the levy are recognized as revenue in fiscal year 2021. The remaining portion of the levy will be recognized when measurable and available.

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

The District also receives revenue from taconite production taxes, which is recognized when earned in accordance with Minnesota Statute 123B.75.

Federal and other state revenues are reported under the legal and contractual requirements of the individual programs and are classified into essentially two types of revenues. In one, monies must be expended for the specific purpose before any amounts will be paid to the District; therefore, revenues are recognized based on expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure, and the resources are recorded as revenue at the time of receipt or earlier if they are available.

**INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- 2) Employees earn vacation and sick leave based on various bargaining units and length of service. Vacation time must be used annually. Any liability for unused vacation is recognized in the financial statements. Sick leave is available to employees in the event of illness related absences and is recorded as an expenditure when taken. Unpaid sick leave does not vest and therefore is not accrued. Unused sick leave enters into the calculation of payments for some employees upon termination. For the year ended June 30, 2021, all unused vacation time was paid out at the end of the year.
- 3) As provided in union and employment contracts, qualified employees meeting minimum age and length of service requirements may be eligible for certain other postemployment benefits from the District.

G. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

H. Prior Period Comparative Financial Information

The notes to the financial statements include certain prior-year comparative information. Prior year comparative information was obtained and combined from Independent School District No. 706, Virginia, Minnesota's, and Independent School District No. 2154 Eveleth-Gilbert, Minnesota's prior year audit reports. Accordingly, such information should be read in conjunction with the separate District's financial statements for the year ended June 30, 2020, from which the summarized information was derived.

NOTE 2 - CASH AND INVESTMENTS

Except for cash and investments in certain restricted and special funds, the District's funds are combined (pooled) and invested to the extent available in various investments authorized by Minnesota statutes. This pool functions essentially as a demand account for all participating funds. Each fund type's portion of this pool is displayed on the balance sheet as "cash and investments". Several funds hold cash and investments separate from the cash and investment pool.

**INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2021**

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Cash and investments recorded in the accompanying statement of net position consist of the following:

Deposits	
Deposits with financial institutions	\$ 10,949,076
Cash on hand	2,700
Total deposits	10,951,776
 Investments	
Repurchase agreements	729,464
Money market funds	9,616,629
Money market account	9,571,169
Government bonds	83,498,837
Guaranteed investment contracts	4,967,432
Mortgage backed securities	1,262,470
Commercial paper	26,487,915
Total investments	136,133,916
Total cash and investments	\$ 147,085,692

Reconciliation to the financial statements:

Statement of Net Position	
Cash and investments	\$ 7,098,418
Restricted cash and investments	126,719,054
 Statement of Fiduciary Net Position	
Cash and investments	13,268,220
Total	\$ 147,085,692

Deposits

Custodial Credit Risk – Deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover its deposits. The District's deposit policy for custodial credit risk requires deposits to be insured, bonded or collateralized.

**INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2021**

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

The District maintains deposits at financial institutions authorized by the School Board. Minnesota statutes require that all District deposits be protected by insurance, surety bond or collateral. The market value of collateral pledged must equal 110 percent of the deposits not covered by insurance or bonds. State statutes authorize the types of securities which may be pledged as collateral and require that those securities be held in safekeeping by the District or in a financial institution other than that furnishing the collateral. At year-end, the carrying amount of the District's deposits, which includes certificates of deposit, was \$10,949,076 (as listed below); the bank balance was \$17,307,219. At year-end, \$17,196,598 of the bank balance was covered by Federal Depository Insurance. The remaining \$110,621 was uninsured and uncollateralized.

Unrestricted cash	\$ 3,123,912
Restricted cash	7,681,415
Fiduciary fund cash (not included in the government-wide statements)	<u>143,749</u>
Total	<u><u>\$ 10,949,076</u></u>

Investments

Custodial Credit Risk – Investments

For an investment, custodial credit risk 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 securities that are in the possession of an outside party. The District's investment policy for custodial credit risk requires any amount of investments or securities held by the District's custodial agent in excess of deposit insurance be collateralized as required by Minnesota statutes. At June 30, 2021, the District's repurchase agreements were fully collateralized with securities held by the pledging financial institution but not in the District's name.

Credit Risk and Concentration of Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The District's investment policy for credit risk and concentration of credit risk states safety of principal is the first priority and that the District will diversify its investments to avoid incurring unreasonable risks inherent in over-investing in specific instruments, individual financial institutions or maturities. State statutes authorize the District to invest in qualified repurchase agreements, obligations of the U.S. government, obligations of the State of Minnesota or its municipalities, shares of certain investment companies, banker's acceptance notes, commercial paper and guaranteed investment contracts.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of investments will adversely affect the fair value of an investment. The District's investment policy requires investments be managed in a manner to attain a market rate of return while preserving and protecting the capital in the investment portfolio and taking into account constraints on risk and cash flow requirements.

During the year, the District utilized the Minnesota School District Liquid Asset Fund and the MN Trust which are external investment pools not registered with the Securities Exchange Commission (SEC) that follows the same regulatory rules of the SEC under rule 2a7. The fair value of the positions in the pools are the same as the value of the pool shares

**INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2021**

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

As of June 30, 2021, the District had the following investments:

Investment Type	Fair Value	Rating	Investment Maturities	
			Less Than 1 Year	1 - 5 Years
Unrestricted investments				
Frandsen Bank & Trust				
Repurchase agreements	\$ 729,464	not rated	\$ 729,464	\$ -
Minnesota School District				
Liquid Asset Fund				
Money market funds	222,425	AAAm (Standard and Poor's)	222,425	-
MN Trust				
Money market account	3,019,916	AAAm (Standards and Poor's)	3,019,916	-
Total unrestricted investments	<u>3,971,805</u>		<u>3,971,805</u>	<u>-</u>
Restricted investments				
Ehlers				
Commercial paper	2,999,008	P-1 (Moody's)	2,999,008	-
Commercial paper	19,490,314	A-1 (Standard and Poor's)	19,490,314	-
Commercial paper	3,998,593	A-1+ (Standard and Poor's)	3,998,593	-
Mortgage backed securities	1,262,470	AA+ (Standard and Poor's)	755,040	507,430
Government bonds	2,304,430	Aa1 (Moody's)	291,664	2,012,766
Government bonds	5,095,327	Aa2 (Moody's)	1,223,853	3,871,474
Government bonds	2,667,746	Aa3 (Moody's)	940,366	1,727,380
Government bonds	4,224,328	Aaa (Moody's)	1,087,359	3,136,969
Government bonds	612,372	A (Standard and Poor's)	612,372	-
Government bonds	260,953	A- (Standard and Poor's)	260,953	-
Government bonds	1,066,448	A+(Standard and Poor's)	646,579	419,869
Government bonds	31,854,692	AA (Standard and Poor's)	14,327,158	17,527,534
Government bonds	5,365,367	AA- (Standard and Poor's)	2,761,565	2,603,802
Government bonds	6,452,379	AA+ (Standard and Poor's)	2,067,460	4,384,919
Government bonds	21,578,064	AAA (Standard and Poor's)	14,216,781	7,361,283
Government bonds	500,000	SP-1+ (Standard and Poor's)	500,000	-
Money market funds	2,917,098	Not Applicable	2,917,098	-
Money market funds	6,388,050	AAAm (Standards and Poor's)	6,388,050	-
Total restricted investments	<u>119,037,639</u>		<u>75,484,213</u>	<u>43,553,426</u>
Fiduciary fund investments (not included in the government-wide statements)				
Minnesota School District				
Liquid Asset Fund				
Money market funds	89,056	AAAm (Standard and Poor's)	89,056	-
MN Trust				
Government Bonds	501,430	AAA (Standard and Poor's)	501,430	-
Government Bonds	1,015,301	Aa2 (Moody's)	1,015,301	-
Money Market Account	6,551,253	AAAm (Standards and Poor's)	6,551,253	-
Mid America				
Guaranteed investment contracts				
American United Life	4,967,432	AA- (Standard and Poor's)	4,967,432	-
Total fiduciary fund investments	<u>13,124,472</u>		<u>13,124,472</u>	<u>-</u>
Total	<u>\$ 136,133,916</u>		<u>\$ 92,580,490</u>	<u>\$ 43,553,426</u>

Credit risk is measured by assignment of a rating by a national recognized rating organization. U.S. government securities or obligations by the U.S. government are not considered to have credit risk exposure.

**INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2021**

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Fair Value of Investments

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The three levels of the fair value hierarchy are as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs (other than quoted prices included within Level 1) that are observable for the asset or liability – either directly or indirectly.
- Level 3: Unobservable inputs – market data are not available and are developed using the best information available about the assumptions that market participants would use when pricing an asset or liability.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following is a summary of the fair value hierarchy of the fair value of investments of the District as of June 30, 2021:

	<u>Level 2</u>	<u>Level 3</u>
Investments by Fair Value Level:		
Commercial paper	\$ 26,487,915	\$ -
Mortgage backed securities	-	1,262,470
Government bonds	<u>83,498,837</u>	-
Total	<u>\$109,986,752</u>	<u>\$ 1,262,470</u>

The remaining District investments of \$24,884,694 at June 30, 2021 are not subject to measurement.

NOTE 3 - RESTRICTED ASSETS

Restricted assets are restricted by bond agreements and legal contractual requirements as of their use. Restricted assets as of June 30, 2021 consisted of \$7,681,415 in cash and \$119,037,639 in investments.

**INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2021**

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021, was as follows:

	Beginning Balance	Additions	Deletions	Reclassification	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 2,769,299	\$ -	\$ -	\$ -	\$ 2,769,299
Construction in progress	6,216,051	54,831,741	-	(714,509)	60,333,283
Total capital assets, not being depreciated	8,985,350	54,831,741	-	(714,509)	63,102,582
Capital assets, being depreciated:					
Land improvements	1,465,812	-	-	714,509	2,180,321
Buildings	65,405,151	-	-	-	65,405,151
Equipment	7,606,863	184,762	(91,148)	-	7,700,477
Total capital assets, being depreciated	74,477,826	184,762	(91,148)	714,509	75,285,949
Less accumulated depreciation for:					
Land improvements	(1,197,676)	(42,133)	-	-	(1,239,809)
Buildings	(32,520,695)	(1,430,326)	-	-	(33,951,021)
Equipment	(5,298,671)	(409,145)	91,148	-	(5,616,668)
Total accumulated depreciation	(39,017,042)	(1,881,604)	91,148	-	(40,807,498)
Capital assets being depreciated, net	35,460,784	(1,696,842)	-	714,509	34,478,451
Governmental activities capital assets, net	\$ 44,446,134	\$ 53,134,899	\$ -	\$ -	\$ 97,581,033

Depreciation expense was charged to the District's programs as follows:

District and school administration	\$ 26,551
District support services	27,519
Regular instruction	299,327
Vocational instruction	3,796
Special education instruction	83,545
Community education and services	12,010
Instructional support services	48,470
Pupil support services	331,669
Sites, buildings, and equipment	1,048,717
Total depreciation expense	\$ 1,881,604

**INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2021**

NOTE 5 - LONG-TERM LIABILITIES

The District issued general obligation bonds to finance other postemployment benefits and for the construction of new school buildings. In 2017, bonded indebtedness was issued to advance refund the District's general obligation bonds. The general obligation bonds are being repaid from the applicable resources. For the governmental activities, claims and judgments and compensated absences are generally liquidated by the general fund. The District used calculations from an actuary to determine the total severance payable in accordance with Governmental Accounting Standards Board (GASB) Statement No. 16, *Accounting for Compensated Absences*. The last actuarial valuation of severance payable as measured as of June 30, 2016 and the liability has been reduced each year since by the amount the District paid in severance benefits. The valuation is based on outdated information and is not current. The independent auditor issued a qualified opinion on the government-wide financial statements with respect to this matter.

Components of long-term liabilities:

Issue	Issue Date	Interest Rates	Original Issue	Final Maturity	Principal Outstanding
General Obligation Bonds					
2017 Taxable OPEB Refunding Bonds	11/2/2017	3.0-4.0%	\$ 7,400,000	02/01/2036	\$ 6,315,000
2017 OPEB Taxable Bonds	9/7/2017	2.7%	\$ 1,280,000	3/1/2025	876,000
2019 School Building Bonds	7/18/2019	3.0-5.0%	\$136,355,000	02/01/2040	132,105,000
2019A Schools Building Bonds	7/18/2019	3.0-5.0%	\$ 28,550,000	02/01/2040	27,650,000
Other Long-Term Liabilities					
Severance Payable					927,860
Total Long-Term Liabilities					<u>\$ 167,873,860</u>

On November 2, 2017, advance refunding OPEB bonds were issued to refund 2009 Taxable OPEB Bonds. Assets of the Debt Service Fund, together with scheduled future ad valorem tax levies, are dedicated for the retirement of the 2017 Taxable OPEB Refunding Bonds. The annual future debt service levies authorized are equal to 105% of the principal and interest due each year. These levies are subject to reduction if fund balance amounts exceed limitations imposed by Minnesota law.

The Taxable General Obligation OPEB Bonds, Series 2009A were issued for funding actuarial liabilities to pay other postemployment benefits. On August 31, 2017, the District issued G.O. 2017A OPEB Refunding bonds to advance refund the 2025 maturity of the District's \$1,995,000 Taxable General Obligation OPEB Bonds, Series 2009A. Assets of the Debt Service Fund, together with scheduled future ad valorem tax levies, are dedicated for the retirement of the 2017 Taxable OPEB Bonds. The annual future debt service levies authorized are equal to 105% of the principal and interest due each year. These levies are subject to reduction if fund balance amounts exceed limitations imposed by Minnesota Law.

**INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2021**

NOTE 5 - LONG-TERM LIABILITIES (CONTINUED)

On July 18, 2019, the District issued \$136,355,000 GO School Building Bonds, Series 2019 related to the construction of new school buildings. The bonds are general obligations of the District to which its full faith, credit and taxing powers are pledged.

On July 18, 2019, the District issued \$28,550,000 GO School Building Bonds, Series 2019A related to the construction of new school buildings. The bonds are general obligations of the District to which its full faith, credit and taxing powers are pledged.

Long-term liability activity for the year ended June 30, 2021 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
General Obligation Bonds Payable					
2017 Taxable OPEB Refunding Bonds	\$ 6,655,000	\$ -	\$ (340,000)	\$ 6,315,000	\$ 340,000
Unamortized Bond Premium	151,344	-	(9,712)	141,632	-
2017 Taxable OPEB Bonds	1,081,000	-	(205,000)	876,000	210,000
2019 School Building Bonds	136,355,000	-	(4,250,000)	132,105,000	4,325,000
Unamortized Bond Premium	11,453,189	-	(584,844)	10,868,345	-
2019A School Building Bonds	28,550,000	-	(900,000)	27,650,000	950,000
Unamortized Bond Premium	2,381,055	-	(121,585)	2,259,470	-
Total General Obligations Bonds	<u>186,626,588</u>	<u>-</u>	<u>(6,411,141)</u>	<u>180,215,447</u>	<u>5,825,000</u>
Other Long-Term Liabilities					
Severance Payable	1,069,896	-	(142,036)	927,860	-
Total Long-Term Liabilities	<u>\$ 187,696,484</u>	<u>\$ -</u>	<u>\$ (6,553,177)</u>	<u>\$ 181,143,307</u>	<u>\$ 5,825,000</u>

Minimum annual principal and interest payments required to retire long-term liabilities, excluding the net pension liability are as follows:

No interest was capitalized for the year ended June 30, 2021; interest incurred and charged to expense totaled \$5,829,279.

Year ending June 30,	General Obligation Bonds	
	Principal	Interest
2022	\$ 5,825,000	\$ 6,385,572
2023	5,916,000	6,105,952
2024	6,647,000	5,822,120
2025	6,968,000	5,502,076
2026	7,015,000	5,166,320
2027 - 2031	40,570,000	20,333,035
2032 - 2036	49,590,000	11,384,950
2037 - 2041	44,415,000	3,380,550
Total	<u>\$166,946,000</u>	<u>\$64,080,575</u>

**INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2021**

NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The District operates a single-employer retiree benefit plan that provides postemployment health and life insurance benefits to eligible employees and their spouses. The plans are funded through a qualifying trust. As of June 30, 2021, the plans are in separate trust funds between the school districts of ISD No. 2154 and ISD No. 706. The District is in the process of merging the two OPEB plans based on ISD No. 2909 Rock Ridge Schools' contract negotiations. Financial statements for the trust fund are included in the District's financial statements as a fiduciary OPEB trust fund. The net OPEB asset is reported on the District's government-wide financial statements and is reported under GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which requires the net OPEB asset (liability) of the District's defined benefit OPEB to be measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position. An actuarial valuation specifically for GASB Statement No. 75 and the fiscal year ending June 30, 2021 was unavailable as of the date of this report for the two plans. The independent auditor issued a qualified opinion on the government-wide financial statements due to this matter.

In regards to the OPEB plan for ISD No. 2154 Eveleth-Gilbert, Minnesota, the District chose to use the most recent actuarial report which was issued under GASB Statement No. 74 and for the fiscal year ended June 30, 2017 to determine the other postemployment benefit liability. The actuarial report issued for the year ending June 30, 2017 used a valuation date of June 30, 2016. The District offset the other postemployment benefit liability with the plan net position reported as of June 30, 2021, deferred payments for fiscal years 2018, 2019, 2020, and 2021 retiree health insurance costs (reported in deferred outflows of resources related to other postemployment benefits), and deferred service cost and interest (reported in deferred inflows of resources related to other postemployment benefits) for the year ended June 30, 2021, based on the June 30, 2017 actuarial report which had a valuation date of June 30, 2016.

In regards to the OPEB plan for ISD No. 706 Virginia, Minnesota, the District chose to use the most recent actuarial report which was issued under GASB Statement No. 74 and for the fiscal year ended June 30, 2019 to determine the other postemployment benefit liability. The actuarial report issued for the year ending June 30, 2019 used a valuation date of June 30, 2018. The District offset the other postemployment benefit liability with the plan net position reported as of June 30, 2021, deferred payments for fiscal year 2020 and 2021 retiree health insurance costs (reported in the deferred outflows of resources related to other postemployment benefits), and deferred service cost and interest (reported in deferred inflows of resources related to other postemployment benefits) for the year ended June 30, 2021, based on the June 30, 2019 actuarial report which had a valuation date of June 30, 2018.

Since separate stand-alone financial statements are not prepared, this note combines the note disclosures of GASB Statements No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and No. 75. The independent auditor issued a qualified opinion on the governmental activities financial statements because of this departure from accounting principles generally accepted in the United States of America.

**INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2021**

NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Benefits Provided

Benefits and eligibility are established and amended through contracts with bargaining units or other employment contracts. The District subsidizes the premium rates of the retirees by allowing them to participate in the plan at reduced or blended (implicitly subsidized) premium rates for both active and retired employees. These rates provided an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees. Additionally, certain retirees receive insurance at a lower (explicitly subsidized) premium rate than active employees.

Plan Membership

At June 30, 2018, plan membership for ISD No. 706 consisted of the following:

Active employees electing coverage	116
Active employees waiving coverage	31
Retirees electing coverage	<u>134</u>
	<u>281</u>

At June 30, 2016, plan membership for ISD No. 2154 consisted of the following:

Active employees electing coverage	55
Active employees waiving coverage	54
Retirees electing coverage	<u>27</u>
	<u>136</u>

Contributions

The District and retirees make contributions toward health insurance premiums based on their employment contracts. During the year ended June 30, 2021, the District paid a portion of postemployment benefits (those that the District is authorized to levy for) out of its general fund on a pay-as-you-go method. Contributions into ISD No. 2154 individual health accounts for future retirees are considered severance benefits. Contributions into individual health accounts for ISD No. 706 current employees are paid out of the general fund on a pay-as-you go method so no severance liability is accrued. The District will continue to contribute towards the medical premium for grandfathered retirees and employees hired before dates specified in employee contracts. The contribution amount is either part of or the full amount of the medical premium and continues for the life of the retiree. The District will not pay any premiums for future retirees that were hired after dates specified in employee contracts.

**INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2021**

NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial Methods and Assumptions

In regards to the OPEB plan for ISD No. 2154 Eveleth-Gilbert, Minnesota, the total OPEB liability was determined by an actuarial valuation as of June 30, 2016, and a measurement date of June 30, 2017 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	3.50%
Expected long-term rate of return on assets	3.50%
Inflation rate (CPI-U)	2.75%
Mortality	Mortality rates were based on the RP-2014 mortality tables with projected mortality improvements based on scale MP-2015, and other adjustments.
Healthcare cost trend rate	6.60% for FY2017, gradually decreasing over several decades to an ultimate rate of 4.40% in FY2075 and later years. In addition, the medical trend rates were increased to reflect the projected effect of the Affordable Care Act's Excise Tax on high-cost health insurance plans. The additional trend rate adjustments vary by year, but average 0.37% beginning calendar year 2025 for plans other than Medicare Supplement plans.

In regards to the OPEB plan for ISD No. 706 Virginia, Minnesota, The total OPEB liability was determined by an actuarial valuation as of June 30, 2018, and a measurement date of June 30, 2019 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	3.25%
Expected long-term rate of return on assets	3.25%
Inflation rate	2.50%
Mortality	
Teachers	From the July 1, 2018 Teachers Retirement Association of Minnesota (TRA) actuarial valuation, mortality rates were based on the RP-2014 mortality tables with projected mortality improvements based on scale MP-2015, and other adjustments
Non-Teachers	From the July 1, 2018 PERA of Minnesota General Employees Retirement Plan actuarial valuation, mortality rates were based on the RP-2014 mortality tables with projected mortality improvements based on scale MP-2017, and other adjustments
Healthcare cost trend rate	6.90% for FY2019, gradually decreasing over several decades to an ultimate rate of 4.00% in FY2076 and later years. In addition, the medical trend rates were increased to reflect the projected effect of the Affordable Care Act's Excise Tax on high-cost health insurance plans. The additional trend rate adjustments vary by year, but average 0.37% beginning calendar year 2022 for plans other than Medicare plans.

**INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2021**

NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimates of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These asset class estimates are combined to produce the portfolio long-term expected rate of return by weighting the expected future real rates of return by the current asset allocation percentage (or target allocation, if available) and by adding expected inflation. All results are then rounded to the nearest quarter percentage point.

The best-estimates of expected future asset class returns were published in the 2017 and 2019 Survey of Capital Market Assumptions produced by Horizon Actuarial Services. These expected returns, along with expected asset class standard deviations and correlation coefficients, are based on Horizon's annual survey of investment advisory firms. The expected inflation assumption was developed based on an analysis of historical experience blended with forward-looking expectations available in market data.

In regards to the OPEB plan for ISD No. 2154 Eveleth-Gilbert, Minnesota, best-estimates of geometric real and nominal rates of return for each major asset class included in the OPEB plan's asset allocation as of the measurement date are summarized in the following table (using the 2017 Survey of Capital Market Assumptions):

Asset Class	Target Allocation at Measurement Date	Long-Term Expected Real Rate of Return	Long-Term Expected Nominal Rate of Return
Domestic Equity	0.00%	5.39%	8.14%
International Equity	0.00%	5.20%	7.95%
Fixed Income	0.00%	1.98%	4.73%
Real estate and alternatives	0.00%	4.25%	7.00%
Cash and equivalents	100.00%	0.79%	3.54%

In regards to the OPEB plan for ISD No. 2154 Eveleth-Gilbert, Minnesota, best-estimates of geometric real and nominal rates of return for each major asset class included in the OPEB plan's asset allocation as of the measurement date are summarized in the following table (using the 2019 Survey of Capital Market Assumptions):

Asset Class	Target Allocation at Measurement Date	Long-Term Expected Real Rate of Return	Long-Term Expected Nominal Rate of Return
Domestic Equity	0.00%	4.76%	7.26%
International Equity	0.00%	5.41%	7.91%
Fixed Income	0.00%	2.01%	4.51%
Real estate and alternatives	0.00%	4.53%	7.03%
Cash and equivalents	100.00%	0.74%	3.24%

**INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2021**

NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Discount Rate

The discount rate for ISD No. 2154 Eveleth-Gilbert, Minnesota used to measure the total OPEB liability was 3.50%. The discount rate for ISD No. 706 Virginia, Minnesota used to measure the total OPEB liability was 3.25%. The projection of cash flows and OPEB trust assets used to determine the discount rate were based on recent employer contribution history and their stated funding policy. Therefore, the OPEB trust's long-term assumed investment return was applied to all projected benefit payments when determining the total OPEB liability.

Changes in the Net OPEB Liability (Combining Both Plans)

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (c) = (a)-(b)
Balance for fiscal year ending 6/30/2020	\$11,912,476	\$ 12,879,167	\$ (966,691)
Changes for the year:			
Service cost	115,924	-	115,924
Interest	376,985	-	376,985
Employer contributions	-	854,999	(854,999)
Net Investment Income	-	189,952	(189,952)
Benefit payments	(783,485)	(854,999)	71,514
Administrative Expense	-	(500)	500
Net Changes	<u>(290,576)</u>	<u>189,452</u>	<u>(480,028)</u>
Balance for fiscal year ending 6/30/2021	<u>\$11,621,900</u>	<u>\$ 13,068,619</u>	<u>\$ (1,446,719)</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability/(asset) of the District for ISD No. 2154 Eveleth-Gilbert, Minnesota, as well as what the District's net OPEB liability/(asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50%) or 1-percentage-point higher (4.50%) than the current discount rate, as of the year ended June 30, 2017.

	1% Decrease (2.5%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Net OPEB liability (asset)	\$ (44,660)	\$ (120,453)	\$ (185,384)

The following presents the net OPEB liability/(asset) of the District for ISD No. 706 Virginia, Minnesota, as well as what the District's net OPEB liability/(asset) would be if it were calculated using a discount rate that is 1 percentage point lower (2.25%) or 1 percentage point higher (4.25%) than the current discount rate, as of the year ended June 30, 2019.

	1% Decrease (2.25%)	Current Discount Rate (3.25%)	1% Increase (4.25%)
Net OPEB liability (asset)	\$ 505,848	\$ (868,471)	\$(2,005,758)

**INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2021**

NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following represents the net OPEB liability/(asset) of the District for ISD No. 2154 Eveleth-Gilbert, Minnesota, as well as what the District's net OPEB liability/(asset) would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower or 1 percentage-point higher than the current healthcare cost trend rates, as of the year ended June 30, 2017.

	1% Decrease	Current Trend Rates	1% Increase
Net OPEB liability (asset)	\$ (192,558)	\$ (120,453)	\$ (37,201)

The following represents the net OPEB liability/(asset) of the District for ISD No. 706 Virginia, Minnesota, as well as what the District's net OPEB liability/(asset) would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates, as of the year ended June 30, 2019.

	1% Decrease	Current Discount Rate	1% Increase
Net OPEB liability (asset)	\$ (2,097,741)	\$ (868,471)	\$ 590,772

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$492,909. At June 30, 2021, 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
Difference between expected and actual liability	\$ -	\$ 120,214
Change in actuarial assumptions	123,327	19,040
Net difference between projected and actual investment earnings	103,397	-
Contributions between measurement date and reporting date	289,494	-
Total	\$ 516,218	\$ 139,254

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

Year Ended June 30,	OPEB Expense Amount
2022	\$ 71,172
2023	\$ 22,071
2024	\$ (5,773)

**INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2021**

NOTE 7 - INTERFUND ACTIVITY

Transfer to/from other funds at June 30, 2021, consist of the following:

	From General Fund to Community Service Special Revenue Fund to fund deficits.
<u>\$ 115,000</u>	

NOTE 8 - FUND EQUITY

Restricted Net Position

The amount reported as net position restricted for other purposes on the Statement of Net Position is comprised of the following:

Restricted for -	Basic skills extended time	\$121,756
	Staff development	266,712
	Extracurricular activities	97,075
	Medical Assistance	101,344
		<u>\$586,887</u>

Fund Balance

As of June 30, 2021, fund balances are comprised of the following:

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
Nonspendable:					
Inventory	\$ 20,801	\$ -	\$ -	\$ 37,092	\$ 57,893
Restricted:					
Staff Development	266,712	-	-	-	266,712
Student activities	97,075	-	-	-	97,075
Taconite building maintenance	697,577	-	-	-	697,577
Medical assistance	101,344	-	-	-	101,344
Operating capital	531,064	-	-	-	531,064
Basic skills extended time	121,756	-	-	-	121,756
Long-term facilities maintenance	1,709,804	-	116,808,245	-	118,518,049
Debt service	-	265,857	-	-	265,857
Food service	-	-	-	344,819	344,819
Community education	-	-	-	171,144	171,144
Early childhood family education	-	-	-	85,445	85,445
Community services	-	-	-	2,087	2,087
Total Restricted	<u>3,525,332</u>	<u>265,857</u>	<u>116,808,245</u>	<u>603,495</u>	<u>121,202,929</u>
Committed:					
Laurentian Elementary construction	3,000,000	-	-	-	3,000,000
Rock Ridge High School construction	2,500,000	-	-	-	2,500,000
Total Committed	<u>5,500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,500,000</u>
Unassigned	<u>2,492,489</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,492,489</u>
Total fund balances	<u>\$11,538,622</u>	<u>\$ 265,857</u>	<u>\$116,808,245</u>	<u>\$ 640,587</u>	<u>\$129,253,311</u>

**INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2021**

NOTE 9 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has purchased commercial insurance to cover its risks of loss. There were no significant increases or decreases in insurance coverage from the previous year. Settled claims resulting from these risks did not exceed insurance coverage in any of the past three fiscal years.

NOTE 10 - CONTINGENCIES AND COMMITMENTS

Grants

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2021, may be impaired. In the opinion of the District, there are no significant liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

COVID-19 Pandemic

In December 2019, a novel strain of coronavirus was reported in Wuhan, China. The World Health Organization has declared the outbreak to constitute a "Public Health Emergency of International Concern." The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. Due to the unknown breadth and duration of this pandemic, the impact of COVID-19 on the District's future operational and financial performance cannot be determined at this time and has not been reflected in the accompanying financial statements.

Construction Commitments

The District had four outstanding or planned construction projects as of June 30, 2021. These projects are evidenced by pending contractual commitments with contractors or further district work. The following table shows the amount spent as of June 30, 2021 compared to the total budget for each project.

Project	Spent-to-date	Total Project Budget
Rock Ridge High School	\$ 40,916,600	\$ 117,304,418
Virginia Elementary School	1,076,035	27,000,000
Eveleth Elementary School	21,074,535	34,000,000
Demolitions Projects	-	7,500,000
Total	<u>\$ 63,067,170</u>	<u>\$ 185,804,418</u>

**INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2021**

NOTE 11 - JOINT VENTURES

Northland Learning Center

The Northland Learning Center, District No. 6076, was established as a joint powers educational center pursuant to applicable Minnesota laws and statutes and was created to organize, manage, undertake, implement and accomplish all the purposes, functions, services and programs designed and intended to 1) ensure that all children with disabilities residing within the service area of the parties hereto have available to them a free appropriate public education that emphasizes special education and related services to meet their unique needs and to prepare them for employment and independent living; and 2) meet the needs of those students within its member districts whose experience in traditional learning environments has not been particularly beneficial or successful so as to better assure them a quality and efficacious educational and learning experience. The following school districts are members:

Independent School District No. 695, Chisholm
Independent School District No. 696, Ely
Independent School District No. 2711, Mesabi East
Independent School District No. 712, Mountain Iron-Buhl
Independent School District No. 707, Nett Lake
Independent School District No. 2909, Rock Ridge
Independent School District No. 2142, St. Louis County
Independent School District No. 166, Cook County
Independent School District No. 361, International Falls

Each member school district is represented on the Northland Learning Center Board of Directors by its superintendent. In the event the members agree to terminate the joint powers agreement, any surplus monies and property shall be returned to the member school districts in proportion to each party's total contribution over the three years prior to termination.

It is the responsibility of the members to adequately fund the Center although funding may also come from other sources, including, but not limited to, grants and gifts. The contribution of each member shall be determined based on the total number of school district students served. During fiscal year 2021, the District disbursed \$1,096,463 to Northland Learning Center for educational programs. Complete financial information may be obtained from the Northland Learning Center, Independent School District No. 6076, 1201 13th Avenue South, P.O. Box 1286, Virginia, MN 55792.

Northern St. Louis County Family Services Collaborative

The Northern St. Louis County Family Services Collaborative was established pursuant to Minn. Stat. §124D.23. The Collaborative includes St. Louis County; several St. Louis County agencies; Arrowhead Economic Opportunity Agency; Arrowhead Regional Corrections; Range Mental Health; Bois Forte Reservation; Northland Special Education Cooperative; and Independent School District Nos. 695, 696, 698, 701, 707, 712, 2142, 2909, 2711, and 6076. The purpose of the Collaborative is to support partnerships, both regionally and locally, that promote and support healthy families. The Collaborative serves children and families by encouraging collaboration of integrated family centered services, which provide education, advocacy, and support.

**INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2021**

NOTE 11 - JOINT VENTURES (CONTINUED)

Control of the Northern St. Louis County Family Services Collaborative is vested in a Board of Directors appointed by its members. Independent School District No. 2142 appoints two members on the Board; all other members appoint only one. Financing is provided by state and federal grants, appropriations from the Collaborative members, and miscellaneous revenues. Independent School District No. 2142 and St. Louis County are the fiscal agents for the Collaborative. The District receives funds from the Collaborative as reimbursement for eligible expenditures. Separate financial information can be obtained from Northern St. Louis County Family Services Collaborative, 1701 North 9th Avenue, Rock Ridge Schools, Minnesota 55792.

Joint Recreation Board

The District entered into a joint powers agreement with the Cities of Eveleth and Gilbert, Minnesota, and the Town of Fayal, Minnesota, to organize, manage, conduct, and operate recreational programs and facilities for their residents, constituents, and patrons. The Joint Recreation Board is governed by a nine-member board composed of three members from the City of Eveleth, two from the City of Gilbert, two from the Town of Fayal, and two from the District. If the joint powers agreement is terminated, all real and personal property will be sold and any surplus money and property remaining after payment of all liabilities shall be returned to the members in proportion to each member's total contribution over the three years prior to termination. During the fiscal year ended June 30, 2021, the District contributed \$24,800 to the Joint Recreation Board. Complete financial information can be obtained from the Joint Recreation Board, P.O. Box 536, Eveleth, Minnesota 55734.

Joint Cable Television Access Board

The Joint Cable Television Access Board is a joint powers agreement between the City of Eveleth, Minnesota, the Town of Fayal, Minnesota, and the District and is made pursuant to Minn. Stat. §471.59. The general purpose of this agreement is to create a board to organize, manage, conduct, operate and facilitate community-oriented television programming on access channels set aside by cable operators for public, educational, and governmental use.

The joint board consists of 7 members; three from the City and two members appointed by the other parties to the agreement. It is the primary responsibility of the City of Eveleth, Minnesota, and the Town of Fayal, Minnesota to adequately and properly fund the Board. The contribution of the District shall be in the form of in-kind services such as fiscal and bookkeeping services or oversight, organizational and supervisory services. The District shall be the fiscal agent for the Board with the value of its services being considered as part of its in-kind contribution.

If this joint powers agreement is terminated, all personal property equipment shall be utilized to pay off any existing or contingent liabilities with the remaining, if any, surplus monies or property to be returned to the remaining parties in a proportion commensurate with the member's representation on the board or as otherwise agreed upon by the members. Should a member decide to withdraw from this agreement, that member shall waive and forego any right or interest it shall have in and to the funds or personal property of the joint board.

The District, as the fiscal agent for the Board, accounts for the activities in a custodial fund. As of June 30, 2021, the Joint Cable Television Access Board has no assets and liabilities.

**INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2021**

NOTE 12 - RELATED ORGANIZATION

The District is a member of Arrowhead Regional Computing Consortium (ARCC), a consortium of Minnesota school districts that provides data processing services and support to its member districts. ARCC is a separate legal entity that is financially independent of the District. Furthermore, the District does not appoint a voting majority of ARCC's Board of Directors. Therefore, ARCC is not included as part of the District's reporting entity. During the fiscal year ended June 30, 2021, the District paid ARCC \$98,927 for services provided.

NOTE 13 - OTHER EMPLOYEE BENEFITS

The District offers a Health Care Savings Plan (HCSP) to all eligible employees. The HCSP is an employer-sponsored program that allows employees to save money, tax-free, to use upon termination of employment to pay for eligible health care expenses. Amounts to be contributed to the accounts must be negotiated or agreed to by both the bargaining unit and employer and written into the collective bargaining agreement or Memorandum of Understanding or included in a written personnel policy for those employees not covered by a bargaining unit. Employer contributions into eligible employee accounts were \$368,927 for the year ended June 30, 2021.

NOTE 14 - RETIREMENT PLANS

Substantially all employees of the District are required by State law to belong to pension plans administered by the Teachers Retirement Association (TRA) or Public Employees Retirement Association (PERA), both of which are administered on a statewide basis. In addition, some District employees participate in tax-deferred annuity and other plans.

Disclosures relating to these plans follow:

A. Teachers Retirement Association

1. 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 employed by St. Paul schools or Minnesota State Colleges and Universities). Educators first hired by Minnesota State may elect either TRA coverage or coverage through the Defined Contribution Plan (DCR) administered by the State of Minnesota.

**INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2021**

NOTE 14 - RETIREMENT PLANS (CONTINUED)

2. 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 I	Step Rate Formula	Percentage
Basic	First ten years of service	2.2 percent per year
	All years after	2.7 percent per year
Coordinated	First ten years if service years are up to July 1, 2006	1.2 percent per year
	First ten years if service years are July 1, 2006 or after	1.4 percent per year
	All other years of service if service years are up to July 1, 2006	1.7 percent per year
	All other years of service if service years are July 1, 2006 or after	1.9 percent per year

With these provisions:

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

or

Tier II Benefits

For years of service prior to July 1, 2006, a level formula of 1.7 percent per year for Coordinated members and 2.7 percent per year for Basic members is applied. For years of service July 1, 2006 and after, a level formula of 1.9 percent per year for Coordinated members and 2.7 percent per year 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.

**INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2021**

NOTE 14 - RETIREMENT PLANS (CONTINUED)

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

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.

3. Contribution Rate

Per Minnesota Statutes, Chapter 354 sets the contribution rates for employees and employers. Rates for each fiscal year ended June 30, 2019, June 30, 2020, and June 30, 2021, were:

	June 30, 2019		June 30, 2020		June 30, 2021	
	Employee	Employer	Employee	Employer	Employee	Employer
Basic	11.00%	11.71%	11.00%	11.92%	11.00%	12.13%
Coordinated	7.50%	7.71%	7.50%	7.92%	7.50%	8.13%

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

	<i>in thousands</i>
Employer contributions reported in TRA's CAFR Statement of Changes in Fiduciary Net Position	\$ 425,223
Add employer contributions not related to future contribution efforts	(56)
Deduct TRA's contributions not included in allocation	(508)
Total employer contributions	424,659
Total non-employer contributions	35,587
Total contributions reported in Schedule of Employer and Non-Employer Allocations	<u>\$ 460,246</u>

**INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2021**

NOTE 14 - RETIREMENT PLANS (CONTINUED)

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

4. Actuarial Assumptions

The total pension liability in the June 30, 2020, 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, 2020
Measurement date	June 30, 2020
Experience studies	June 28, 2019 (demographic assumptions) November 6, 2017 (economic assumptions)
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Investment rate of return	7.50%
Price inflation	2.50%
Wage growth rate	2.85% before July 1, 2028 and 3.25% after June 30, 2028
Projected salary increase	2.85% to 8.85% before July 1, 2028 and 3.25% to 9.25% after June 30, 2028
Cost of living adjustment	1.00% for January 2019 through January 2023, then increasing by 0.10% each year up to 1.50% annually
Mortality assumptions	
Pre-retirement:	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.
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 projection uses the MP-2015 scale.

**INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2021**

NOTE 14 - RETIREMENT PLANS (CONTINUED)

Post-disability: RP-2014 disabled retiree mortality table, without adjustment.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	35.5%	5.10%
International Equity	17.5%	5.30%
Private Markets	25.0%	5.90%
Fixed Income	20.0%	0.75%
Unallocated cash	2.0%	0.00%
Total	100%	

The TRA actuary has determined the average of the expected remaining service lives of all members for fiscal year 2016 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 five years as required by GASB 68.

Changes in actuarial assumptions since the 2018 valuation:

- The COLA was reduced from 2.0 percent each January 1 to 1.0 percent, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.1 percent each year until reaching the ultimate rate of 1.5 percent on January 1, 2028.
- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of credit service are exempt.
- The COLA trigger provision, which would have increased COLA to 2.5 percent if the funded ratio was at least 90 percent for two consecutive years, was eliminated.
- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019 and ending June 30, 2024 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt.
- Augmentation of deferred benefits will be reduced to zero percent beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.0 percent to 3.0 percent, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.5 percent to 7.5 percent, effective July 1, 2018.

**INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2021**

NOTE 14 - RETIREMENT PLANS (CONTINUED)

- The employer contribution rate is increased each July 1 over the next 6 years, (7.71 percent in 2018, 7.92 percent in 2019, 8.13 percent in 2020, 8.34 percent in 2021, 8.55 percent in 2022, and 8.75 percent in 2023). In addition, the employee contribution rate will increase from 7.50 percent to 7.75 percent on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.

5. Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. There was no change since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year 2020 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was not projected to be depleted and, as a result, the Municipal Bond Index Rate was not used in the determination of the Single Equivalent Interest Rate (SEIR).

6. Net Pension Liability

On June 30, 2021, Independent School District No. 2909, Rock Ridge Schools, Minnesota reported a liability of \$19,290,417 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Independent School District No. 2909, Rock Ridge Schools, Minnesota's proportion of the net pension liability was based on Independent School District No. 2909, Rock Ridge Schools, Minnesota'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 0.2611% at the end of the measurement period and 0.2300% 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	\$ 19,290,417
State's proportionate share of the net pension liability associated with the District	\$ 1,616,131

For the year ended June 30, 2021, the District recognized pension expense of \$2,240,256. It also recognized \$148,049 as an increase to pension expense for the support provided by direct aid.

**INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2021**

NOTE 14 - RETIREMENT PLANS (CONTINUED)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 386,851	\$ 256,127
Changes in actuarial assumptions	5,778,643	14,000,096
Net difference between projected and actual investment earnings on pension plan investments	1,027,710	-
Changes in proportion	2,961,422	726,115
District contributions to TRA subsequent to the measurement date	1,094,160	-
Total	\$ 11,248,786	\$ 14,982,338

The \$1,094,160 reported as deferred outflows of resources related to pensions resulting from District contributions to TRA subsequent to the measurement date, will be recognized in pension expense for the year ended June 30, 2021. The remaining deferred outflows of resources and (deferred inflows of resources) will be recognized in pension expense as follows:

Year Ended June 30:	Pension Expense Amount
2022	\$ 1,299,747
2023	\$ (4,279,649)
2024	\$ (3,076,816)
2025	\$ 818,350
2026	\$ 410,656
Thereafter	\$ -

7. Pension Liability Sensitivity

The following presents the net pension liability of TRA calculated using the discount rate of 7.50 percent as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent) or one percentage point higher (8.50 percent) than the current rate.

Sensitivity of Net Pension Liability (NPL) to Changes in the Discount Rate

1 Percent Decrease (6.50%)	Current (7.50%)	1 Percent Increase (8.50%)
\$29,533,425	\$19,290,417	\$10,850,697

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.

INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 14 - RETIREMENT PLANS (CONTINUED)

8. Pension Plan Fiduciary Net Position

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

B. Public Employees Retirement Association

1. Plan Description

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

General Employees Retirement Plan

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

2. 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 accrual rate for Coordinated members is 1.2 percent of average salary for each of the first 10 years of service and 1.7 percent of average salary for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7 percent of average salary for all years of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 14 - RETIREMENT PLANS (CONTINUED)

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

3. Contributions

Minnesota Statutes Chapter 353 sets 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 6.50 percent of their annual covered salary in fiscal year 2021 and the District was required to contribute 7.50 percent for Coordinated Plan members. The District's contributions to the General Employees Fund for the year ended June 30, 2021, were \$414,937. The District's contributions were equal to the required contributions as set by state statute.

4. Pension Costs

General Employees Fund Pension Costs

At June 30, 2021, the District reported a liability of \$4,994,216 for its proportionate share of the General Employees Fund's net pension liability. The District's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million to the fund in 2019. The State of Minnesota is considered a 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 \$153,881. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on the District's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2019 through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2020, the District's proportionate share was 0.0858 percent at the end of the measurement period and 0.0840 percent for the beginning of the period.

District's proportionate share of the net pension liability	\$ 4,994,216
State of Minnesota's proportionate share of the net pension liability associated with the District	<u>153,881</u>
Total	<u><u>\$ 5,148,097</u></u>

There were no provision changes during the measurement period.

**INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2021**

NOTE 14 - RETIREMENT PLANS (CONTINUED)

For the year ended June 30, 2021, the District recognized pension expense of \$443,501 for its proportionate share of the General Employees Plan's pension expense. In addition, the District recognized an additional \$13,392 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

At June 30, 2021, the District reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 45,929	\$ 18,896
Changes in actuarial assumptions	-	186,362
Net collective difference between projected and actual investment earnings	67,432	-
Changes in proportion	55,720	175,222
Contributions paid to PERA subsequent to the measurement date	414,937	-
Total	\$ 584,018	\$ 380,480

The \$414,937 contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	Pension Expense Amount
2022	\$ (394,770)
2023	\$ (22,628)
2024	\$ 85,337
2025	\$ 120,662
2026	\$ -
Thereafter	\$ -

Total Pension Expense

The total pension expense for all plans recognized by the District for the year ended June 30, 2021, was \$3,052,102.

**INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2021**

NOTE 14 - RETIREMENT PLANS (CONTINUED)

5. Actuarial Assumptions

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

Inflation	2.25% per year
Active Member Payroll Growth	3.00% per year
Investment Rate of Return	7.50%

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

Actuarial assumptions used in the June 30, 2020 valuation were based on the results of actuarial experience studies. 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 2020:

General Employees Fund

Changes in Actuarial Assumptions:

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- 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.

**INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2021**

NOTE 14 - RETIREMENT PLANS (CONTINUED)

- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

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 Stocks	35.5%	5.10%
International Stocks	17.5%	5.30%
Bonds (Fixed Income)	20.0%	0.75%
Alternative Assets (Private Markets)	25.0%	5.90%
Cash	2.0%	0.00%
Total	100%	

6. Discount Rate

The discount rate used to measure the total pension liability in 2020 was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund 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.

7. Pension Liability Sensitivity

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

Sensitivity Analysis		
<i>Net Pension Liability (Asset) at Different Discount Rates</i>		
	General Employees Fund	
1% Lower	6.50%	\$ 8,003,995
Current Discount Rate	7.50%	\$ 4,994,216
1% Higher	8.50%	\$ 2,511,389

**INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2021**

NOTE 14 - RETIREMENT PLANS (CONTINUED)

8. Pension Plan Fiduciary Net Position

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

C. Public Employees Defined Contribution Plan (Defined Contribution Plan)

Six school district board members were covered by the Defined Contribution Plan, a multiple-employer deferred compensation plan administered by PERA. The Defined Contribution Plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. *Minnesota Statutes*, Chapter 353D.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes five percent of salary which is matched by the elected official's employer. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives two percent of employer contributions and twenty-five hundredths of one percent (0.25 percent) of the assets in each member's account annually.

Total contributions made by the District during fiscal year 2021 were:

Contribution Amount		Percentage of Covered Payroll		Required
Employee	Employer	Employee	Employer	Rate
\$645	\$645	5%	5%	5%

D. Tax-Deferred Annuity Plans

As established in contracts with bargaining units and other employee contracts, eligible District employees may participate in tax-deferred annuity plans under Section 403(b) of the Internal Revenue Code. Employee contracts determine which employees are eligible to participate and the District's matching contributions, if any. During the year, the District expended \$94,185 as matching contributions to these plans.

REQUIRED SUPPLEMENTARY INFORMATION

**INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA**

**SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY
AND RELATED RATIOS
Year Ended June 30, 2021**

	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB Liability				
Service cost	\$ 115,924	\$ 115,924	\$ 115,924	\$ -
Interest	376,985	387,015	395,824	-
Differences between expected and actual experience	-	-	(267,415)	-
Changes of assumptions	-	-	274,338	-
Benefit payments				
Direct subsidy	(721,846)	(670,831)	(632,637)	-
Implicit rate subsidy	(61,639)	(124,667)	(112,607)	-
Adjustment to match prior year actual	-	-	(193,487)	-
Net change in OPEB liability	<u>(290,576)</u>	<u>(292,559)</u>	<u>(420,060)</u>	<u>-</u>
Total OPEB Liability - beginning	<u>11,912,476</u>	<u>12,205,035</u>	<u>12,625,095</u>	<u>12,625,095</u>
Total OPEB Liability - ending	<u>\$ 11,621,900</u>	<u>\$ 11,912,476</u>	<u>\$ 12,205,035</u>	<u>\$ 12,625,095</u>
Plan Fiduciary Net Position (FNP, assets)				
Employer contributions	\$ 854,999	\$ 228,481	\$ 778,774	\$ 30,496
Net investment income	189,952	256,022	307,624	179,655
Benefit payments				
Direct subsidy	(793,360)	(703,553)	(663,770)	(27,341)
Implicit rate subsidy	(61,639)	(124,667)	(112,607)	(15,086)
Administrative expense	(500)	(500)	(500)	(2,350)
Net change in plan fiduciary net position	<u>189,452</u>	<u>(344,217)</u>	<u>309,521</u>	<u>165,374</u>
Plan Fiduciary Net Position - beginning	<u>12,879,167</u>	<u>13,223,384</u>	<u>12,913,863</u>	<u>12,748,489</u>
Plan Fiduciary Net Position - ending	<u>\$ 13,068,619</u>	<u>\$ 12,879,167</u>	<u>\$ 13,223,384</u>	<u>\$ 12,913,863</u>
Net OPEB Liability (Asset) - ending	<u>\$ (1,446,719)</u>	<u>\$ (966,691)</u>	<u>\$ (1,018,349)</u>	<u>\$ (288,768)</u>
Fiduciary net position as a percentage of the total OPEB liability	112.4%	108.1%	108.3%	102.3%
Covered-employee payroll for measurement period	\$ 20,311,600	\$ 19,799,597	\$ 16,860,034	\$ 15,913,590
Net OPEB Liability as a % of employee payroll	-7.1%	-4.9%	-6.0%	-1.8%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available. Information presented for the fiscal years ending June 30, 2020 and prior were completed by combining ISD No. 706 Virginia Schools and ISD No. 2154 Eveleth-Gilbert Schools because ISD No. 2909 had not yet been formed.

See notes to required supplementary information.

INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA

SCHEDULE OF OPEB PLAN INVESTMENT RETURNS
Year Ended June 30, 2021

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Annual money-weighted rate of return, net of investment expense	1.47%	2.02%	2.36%	1.40%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available. Information presented for the fiscal years ending June 30, 2020 and prior were completed by combining ISD No. 706 Virginia Schools and ISD No. 2154 Eveleth-Gilbert Schools because ISD No. 2909 had not yet been formed.

See notes to required supplementary information.

**INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA**

**SCHEDULES OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY AND
DISTRICT'S CONTRIBUTIONS FOR DEFINED BENEFIT PENSION PLANS
Year Ended June 30, 2021**

**TEACHERS RETIREMENT ASSOCIATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY**

Fiscal Year Ending	Employer's Proportion (Percentage) of the Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	State's Proportionate Share (Amount) of the Net Pension Liability (Asset) Associated with Employer (b)	Total (a+b)	Employer's Covered Payroll (c)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2020	0.2611%	\$ 19,290,417	\$ 1,616,131	\$20,906,548	\$13,728,405	140.51%	75.48%
June 30, 2019	0.2300%	\$ 14,660,248	\$ 1,297,624	\$15,957,872	\$13,604,800	107.76%	78.07%
June 30, 2018	0.2252%	\$ 14,143,779	\$ 1,329,159	\$15,472,938	\$12,404,574	114.02%	78.07%
June 30, 2017	0.2282%	\$ 45,552,859	\$ 4,402,404	\$49,955,263	\$12,306,653	370.15%	51.57%
June 30, 2016	0.2179%	\$ 51,974,349	\$ 5,217,490	\$57,191,839	\$11,988,026	433.55%	44.88%
June 30, 2015	0.2312%	\$ 14,302,006	\$ 1,753,879	\$16,055,885	\$11,784,168	121.37%	76.80%
June 30, 2014	0.2509%	\$ 11,561,291	\$ 813,471	\$12,374,762	\$11,456,284	100.92%	81.50%

Note: This schedule is provided prospectively beginning with the fiscal year ended June 30, 2015. Information presented for the fiscal years ending June 30, 2020 and prior were completed by combining ISD No. 706 Virginia Schools and ISD No. 2154 Eveleth-Gilbert Schools because ISD No. 2909 had not yet been formed.

Note: For purposes of this schedule, covered payroll is defined as "pensionable wages".

**TEACHER'S RETIREMENT ASSOCIATION
SCHEDULE OF DISTRICT'S CONTRIBUTIONS**

Fiscal Year Ending	Statutory Required Contribution (a)	Contributions in Relation to the Statutory Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (d)	Contributions as a Percentage of Covered Payroll (b/d)
June 30, 2021	\$1,094,160	\$ 1,094,160	\$ -	\$13,815,152	7.92%
June 30, 2020	\$1,058,460	\$ 1,058,460	\$ -	\$13,728,405	7.71%
June 30, 2019	\$1,020,360	\$ 1,020,360	\$ -	\$13,604,800	7.50%
June 30, 2018	\$ 930,343	\$ 930,343	\$ -	\$12,404,573	7.50%
June 30, 2017	\$ 922,999	\$ 922,999	\$ -	\$12,306,653	7.50%
June 30, 2016	\$ 899,102	\$ 899,102	\$ -	\$ 7,608,533	11.82%
June 30, 2015	\$ 883,814	\$ 883,814	\$ -	\$ 7,389,667	11.96%

Note: This schedule is provided prospectively beginning with the fiscal year ended June 30, 2015. Information presented for the fiscal years ending June 30, 2020 and prior were completed by combining ISD No. 706 Virginia Schools and ISD No. 2154 Eveleth-Gilbert Schools because ISD No. 2909 had not yet been formed.

Note: For purposes of this schedule, covered payroll is defined as "pensionable wages".

See notes to required supplementary information.

**INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA**

**SCHEDULES OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY AND
DISTRICT'S CONTRIBUTIONS FOR DEFINED BENEFIT PENSION PLANS
Year Ended June 30, 2021**

**PUBLIC EMPLOYEES RETIREMENT ASSOCIATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
PUBLIC EMPLOYEES GENERAL EMPLOYEES RETIREMENT PLAN**

Fiscal Year Ending	Employer's Proportionate Share (Percentage) of the Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with District (b)	Employer's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with District (a+b)	Employer's Covered Payroll (c)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2020	0.0833%	\$ 4,994,216	\$ 153,881	\$ 5,148,097	\$ 5,998,720	85.82%	79.10%
June 30, 2019	0.0840%	\$ 4,644,172	\$ 144,327	\$ 4,788,499	\$ 5,962,200	80.31%	80.20%
June 30, 2018	0.0845%	\$ 4,687,713	\$ 153,639	\$ 4,841,352	\$ 5,680,586	85.23%	79.50%
June 30, 2017	0.0893%	\$ 5,700,853	\$ 71,718	\$ 5,772,571	\$ 5,643,227	102.29%	75.90%
June 30, 2016	0.0887%	\$ 7,202,000	\$ 94,000	\$ 7,296,000	\$ 5,511,720	132.37%	68.91%
June 30, 2015	0.0888%	\$ 4,602,077	\$ -	\$ 4,602,077	\$ 5,236,094	87.89%	78.19%
June 30, 2014	0.0953%	\$ 4,476,717	\$ -	\$ 4,476,717	\$ 4,871,486	91.90%	78.75%

Note: This schedule is provided prospectively beginning with the fiscal year ended June 30, 2015. Information presented for the fiscal years ending June 30, 2020 and prior were completed by combining ISD No. 706 Virginia Schools and ISD No. 2154 Eveleth-Gilbert Schools because ISD No. 2909 had not yet been formed.

Note: For purposes of this schedule, covered payroll is defined as "pensionable wages".

**PUBLIC EMPLOYEES RETIREMENT ASSOCIATION
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
PUBLIC EMPLOYEES GENERAL EMPLOYEES RETIREMENT PLAN**

Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a- b)	Covered Payroll (d)	Contributions as a Percentage of Covered Payroll (b/d)
June 30, 2021	\$ 414,937	\$ 414,937	\$ -	\$ 5,532,493	7.50%
June 30, 2020	\$ 449,904	\$ 449,904	\$ -	\$ 5,998,720	7.50%
June 30, 2019	\$ 447,165	\$ 447,165	\$ -	\$ 5,962,200	7.50%
June 30, 2018	\$ 426,044	\$ 426,044	\$ -	\$ 5,680,587	7.50%
June 30, 2017	\$ 423,242	\$ 423,242	\$ -	\$ 5,643,227	7.50%
June 30, 2016	\$ 413,379	\$ 413,379	\$ -	\$ 3,439,720	12.02%
June 30, 2015	\$ 385,605	\$ 385,605	\$ -	\$ 3,236,867	11.91%

Note: This schedule is provided prospectively beginning with the fiscal year ended June 30, 2015. Information presented for the fiscal years ending June 30, 2020 and prior were completed by combining ISD No. 706 Virginia Schools and ISD No. 2154 Eveleth-Gilbert Schools because ISD No. 2909 had not yet been formed.

Note: For purposes of this schedule, covered payroll is defined as "pensionable wages".

See notes to required supplementary information.

**INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
Year ended June 30, 2021**

NOTE 1 - POSTEMPLOYMENT BENEFIT PLAN ACTUARIAL ASSUMPTIONS AND METHODS

June 30, 2019 Measurement Date Changes

Changes in Actuarial Assumptions:

- The discount rate was changes from 3.50% to 3.25% based on updated expectations of long-term returns on trusts.
- Healthcare trend rates were reset to reflect updated cost increase expectations.
- Medical per capita claim costs were updated to reflect recent experience and new plan offerings.
- Mortality and salary increase rates were updated from the rates used in the 7/1/2016 PERA General Employees Retirement Plan and 7/1/2016 Teachers Retirement Association valuations to the rates used in the 7/1/2018 valuations.
- The inflation assumption was changed from 2.75% to 2.50% based on an updated historical analysis of inflation rates and forward-looking market expectation.

June 30, 2017 Measurement Date Changes

Changes since the most recent GASB 45 actuarial valuation are as follows:

- The actuarial cost method changed from using the Projected Unit Credit cost method to the Entry Age Normal level percent of pay cost method due to new GASB 74 accounting rules.
- Healthcare trend rates were reset to reflect updated cost increase expectations, including an adjustment to reflect the impact of the Affordable Care Act's Excise Tax on high-cost health insurance plans.
- Medical per capita claims costs were updated to reflect recent experience.
- Withdrawal, retirement and mortality increase rates were updated from the rates used in the 7/1/2014 PERA General Employees Retirement Plan and 7/1/2014 Teachers Retirement Association valuations to the rates used in the 7/1/2016 valuations.
- A salary scale assumption was added to reflect the cost method change. Rates are from the 7/1/2016 PERA General Employees Retirement Plan and 7/1/2016 Teachers Retirement Association valuations.

NOTE 2 - TEACHERS RETIREMENT ASSOCIATION RETIREMENT FUND CHANGES IN ACTUARIAL ASSUMPTIONS AND PLAN PROVISIONS

June 30, 2020 Measurement Date Changes

Changes in actuarial assumptions and methods since the 2018 valuation:

- 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, males rates set back 5 years and female rates set back 7 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.

**INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
Year Ended June 30, 2021**

NOTE 2 - TEACHERS RETIREMENT ASSOCIATION RETIREMENT FUND CHANGES IN ACTUARIAL ASSUMPTIONS AND PLAN PROVISIONS (CONTINUED)

June 30, 2019 Measurement Date Changes

Change in Actuarial Assumptions:

- None.

June 30, 2018 Measurement Date Changes

Changes in Actuarial Assumptions:

- The COLA was reduced from 2.0 percent each January 1 to 1.0 percent, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.1 percent each year until reaching the ultimate rate of 1.5 percent in January 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 credit service are exempt.
- The COLA trigger provision, which would have increased COLA to 2.5% if the funded ratio was at least 90 percent for two consecutive years, was eliminated.
- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019 and ending June 30, 2024 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt.
- Augmentation of deferred benefits will be reduced to zero percent beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.0 percent to 3.0 percent, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.5 percent to 7.5 percent, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next 6 years, (7.71 percent in 2018, 7.92 percent in 2019, 8.13 percent in 2020, 8.34 percent in 2021, 8.55 percent in 2022, and 8.75 percent in 2023). In addition, the employee contribution rate will increase from 7.50 percent to 7.75 percent on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.

June 30, 2017 Measurement Date Changes

Changes in Actuarial Assumptions:

- The cost of living adjustment (COLA) was assumed to increase from 2.0 percent annually to 2.5 percent annually on July 1, 2045.
- The COLA was not assumed to increase to 2.5 percent, but remain at 2.0 percent for all future years.
- Adjustments were made to the combined service annuity loads. The active load was reduced from 1.4 percent to 0.0 percent, the vested inactive load increased from 4.0 percent to 7.0 percent and the non-vested inactive load increased from 4.0 percent to 9.0 percent.
- The investment return assumption was changed from 8.00 percent to 7.50 percent.
- The price inflation assumption was lowered from 2.75 percent to 2.50 percent.
- The payroll growth assumption was lowered from 3.50 percent to 3.00 percent.
- The general wage growth assumption was lowered from 3.50 percent to 2.85 percent for ten years followed by 3.25 percent thereafter.

**INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
Year Ended June 30, 2021**

NOTE 2 - TEACHERS RETIREMENT ASSOCIATION RETIREMENT FUND CHANGES IN ACTUARIAL ASSUMPTIONS AND PLAN PROVISIONS (CONTINUED)

- The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.

June 30, 2016 Measurement Date Changes

Changes in Actuarial Assumptions:

- The discount rate used to measure the total pension liability was 4.66 percent. This is a decrease from the discount rate at the prior measurement date of 8.00 percent.

June 30, 2015 Measurement Date Changes

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

NOTE 3 - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION RETIREMENT FUND CHANGES IN ACTUARIAL ASSUMPTIONS AND PLAN PROVISIONS

June 30, 2020 Measurement Date Changes:

Changes in Actuarial Assumptions:

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- 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.

**INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
Year Ended June 30, 2021**

**NOTE 3 - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION RETIREMENT FUND
CHANGES IN ACTUARIAL ASSUMPTIONS AND PLAN PROVISIONS
(CONTINUED)**

- 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 & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & 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% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

June 30, 2019 Measurement Date Changes:

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

June 30, 2018 Measurement Date Changes:

Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent 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 percent to 3.0 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Post-retirement benefit increases were changed from 1.0 percent per year with a provision to increase to 2.5 percent upon attainment of 90 percent funding ratio to 50 percent of the Social Security Cost of Living Adjustment, not less than 1.0 percent and not more than 1.5 percent, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches Normal Retirement Age. Does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.

**INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
Year Ended June 30, 2021**

**NOTE 3 - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION RETIREMENT FUND
CHANGES IN ACTUARIAL ASSUMPTIONS AND PLAN PROVISIONS
(CONTINUED)**

- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

June 30, 2017 Measurement Date Changes

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- The State's special funding contribution increased from \$6 million to \$16 million.

June 30, 2016 Measurement Date Changes

Changes in Actuarial Assumptions:

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

June 30, 2015 Measurement Date Changes

Changes in Actuarial Assumptions:

- The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2030 and 2.5 percent per year thereafter to 1.0 percent per year through 2035 and 2.5 percent 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 million, which meets the special funding situation definition, is due September 2015.

OTHER INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted for particular purposes.

Food Service Special Revenue Fund – This fund is used to record financial activities of the District's food service program. Food service includes activities for the purpose of preparation and service of milk, meals, and snacks in connection with school and community service activities.

Community Service Special Revenue Fund – This fund is used to record all financial activities of the community service programs. The community service programs include activities relating to community service, community education, early childhood family education, school readiness, and adult basic education.

**INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA**

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2021**

	Food Service Special Revenue Fund	Community Service Special Revenue Fund	Total Nonmajor Governmental Funds
ASSETS			
Cash and investments	\$ 182,507	\$ 225,859	\$ 408,366
Due from State of Minnesota	3,285	39,319	42,604
Due from federal government through State of Minnesota	167,074	-	167,074
Inventory	<u>37,092</u>	<u>-</u>	<u>37,092</u>
TOTAL ASSETS	<u>\$ 389,958</u>	<u>\$ 265,178</u>	<u>\$ 655,136</u>
 LIABILITIES AND FUND BALANCES			
LIABILITIES			
Salaries payable	\$ -	\$ 3,922	\$ 3,922
Accounts payable	<u>8,047</u>	<u>2,580</u>	<u>10,627</u>
TOTAL LIABILITIES	<u>8,047</u>	<u>6,502</u>	<u>14,549</u>
 FUND BALANCES			
Nonspendable	37,092	-	37,092
Restricted for:			
Food service	344,819	-	344,819
Community education	-	171,144	171,144
Early childhood family education	-	85,445	85,445
Community services	<u>-</u>	<u>2,087</u>	<u>2,087</u>
TOTAL FUND BALANCES	<u>381,911</u>	<u>258,676</u>	<u>640,587</u>
 TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 389,958</u>	<u>\$ 265,178</u>	<u>\$ 655,136</u>

**INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2021**

	Food Service Special Revenue Fund	Community Service Special Revenue Fund	Total Nonmajor Governmental Funds
REVENUES			
Local property tax levies	\$ -	\$ 229,499	\$ 229,499
Other local and county revenues	-	46,566	46,566
Revenue from state sources	14,677	343,584	358,261
Revenue from federal sources	794,672	21,600	816,272
Sales and other conversion of assets	<u>108,591</u>	<u>-</u>	<u>108,591</u>
TOTAL REVENUES	<u>917,940</u>	<u>641,249</u>	<u>1,559,189</u>
EXPENDITURES			
Community education and services	-	760,280	760,280
Pupil support services	<u>874,541</u>	<u>-</u>	<u>874,541</u>
TOTAL EXPENDITURES	<u>874,541</u>	<u>760,280</u>	<u>1,634,821</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	43,399	(119,031)	(75,632)
OTHER FINANCING SOURCES			
Transfers in	<u>-</u>	<u>115,000</u>	<u>115,000</u>
NET CHANGE IN FUND BALANCES	43,399	(4,031)	39,368
FUND BALANCES, JULY 1	<u>338,512</u>	<u>262,707</u>	<u>601,219</u>
FUND BALANCES, JUNE 30	<u>\$ 381,911</u>	<u>\$ 258,676</u>	<u>\$ 640,587</u>

**INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA**

**GENERAL FUND
BALANCE SHEET
June 30, 2021**

ASSETS

Cash and investments	\$ 8,522,127
Current property taxes receivable	898,266
Delinquent property taxes receivable	82,450
Accounts receivable	5,630
Due from other Minnesota school districts	564,194
Due from State of Minnesota	3,327,597
Due from federal government through State of Minnesota	1,623,386
Due from federal government	19,162
Due from other governmental units	1,238,330
Inventory	<u>20,801</u>
TOTAL ASSETS	<u>\$ 16,301,943</u>

**LIABILITIES, DEFERRED INFLOWS OF
RESOURCES, AND FUND BALANCES**

LIABILITIES

Salaries payable	\$ 2,274,614
Accounts payable	373,098
Due to other Minnesota school districts	477,930
Due to other governmental units	265
Payroll deductions and employer contributions	247,234
Unearned revenue	<u>144,021</u>
TOTAL LIABILITIES	<u>3,517,162</u>

DEFERRED INFLOWS OF RESOURCES

Unavailable revenue - delinquent taxes	82,450
Property taxes levied for subsequent years	<u>1,163,709</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,246,159</u>

FUND BALANCES

Nonspendable	20,801
Restricted for:	
Staff development	266,712
Student activities	97,075
Taconite building maintenance	697,577
Medical assistance	101,344
Operating capital	531,064
Basic skills extended time	121,756
Long-term facilities maintenance	1,709,804
Committed for:	
Laurentian Elementary construction	3,000,000
Rock Ridge High School construction	2,500,000
Unassigned	<u>2,492,489</u>
TOTAL FUND BALANCES	<u>11,538,622</u>

TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 16,301,943</u>
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**INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA**

**GENERAL FUND - STUDENT ACTIVITY ACCOUNTS
SCHEDULE OF REVENUES AND EXPENDITURES
As of and for the Year Ended June 30, 2021**

	<u>Balance July 1</u>	<u>Revenues</u>	<u>Transfers In</u>	<u>Expenditures</u>	<u>Transfers Out</u>	<u>Balance June 30</u>
Virginia School						
Class of 2020	\$ -	\$ -	\$ 97	\$ 97	\$ -	\$ -
Class of 2022	-	-	26	-	-	26
Close Up	172	-	-	-	-	172
Clubs United (Green Team)	793	220	-	541	-	472
Construction Club	2,581	400	-	953	-	2,028
Fiddle Club	51	-	-	-	-	51
Interest Holding Account	-	3	-	-	3	-
Leo's Club	8,380	9	-	509	-	7,880
Math Counts	129	-	-	-	-	129
National Honor Society	1,984	-	-	-	-	1,984
Prom Committee	97	2,920	-	2,894	123	-
Robotics	1,537	1,000	-	518	-	2,019
Rohian	8,142	6,881	3	3,899	-	11,127
Science Bowl	82	-	-	-	-	82
Student Council	1,080	4,570	-	3,104	-	2,546
WEB	822	-	-	832	-	(10)
Virginia Engineer Club	5,905	-	-	1,201	-	4,704
Total Virginia School	<u>31,755</u>	<u>16,003</u>	<u>126</u>	<u>14,548</u>	<u>126</u>	<u>33,210</u>
Nelle Shean Elementary						
Fundraising	684	65	-	627	-	122
Student Council	783	-	-	-	-	783
6th Grade	2,142	-	-	-	-	2,142
5th Grade	19,923	2,683	-	-	-	22,606
Total Nelle Shean Elementary	<u>23,532</u>	<u>2,748</u>	<u>-</u>	<u>627</u>	<u>-</u>	<u>25,653</u>
Eveleth/Gilbert Junior High						
Student Council	1,363	-	8	164	8	1,199
Yearbook	1,866	-	8	-	-	1,874
Interest Holding Account	8	8	-	-	8	8
Total Eveleth/Gilbert Junior High	<u>3,237</u>	<u>8</u>	<u>16</u>	<u>164</u>	<u>16</u>	<u>3,081</u>
Eveleth/Gilbert Senior High						
Carbide/Yearbook	8,645	1,591	-	3,699	-	6,537
Close Up	656	-	-	-	-	656
Jr. Class/Prom	-	1,920	-	1,534	-	386
Miscellaneous	325	39	-	-	-	364
Minnesota Honor Society	4,123	693	-	651	-	4,165
POMS	1,732	-	-	638	-	1,094
Senior Class	3,344	-	-	1,766	-	1,578
Student Council	1,223	-	-	485	-	738
Total Eveleth/Gilbert Senior High	<u>20,048</u>	<u>4,243</u>	<u>-</u>	<u>8,773</u>	<u>-</u>	<u>15,518</u>
Franklin Elementary						
Student Account	3,363	787	-	2,162	-	1,988
Patrol Account	577	-	-	374	-	203
Kindergarten Field Trip	4,303	-	-	-	-	4,303
1st Grade Field Trip	2,544	370	-	815	-	2,099
2nd Grade Field Trip	1,727	410	-	255	-	1,882
3rd Grade Field Trip	1,671	-	-	100	-	1,571
4th Grade Field Trip	4,318	380	-	400	-	4,298
Total Franklin Elementary	<u>18,503</u>	<u>1,947</u>	<u>-</u>	<u>4,106</u>	<u>-</u>	<u>16,344</u>
TOTAL DISTRICT	<u>\$ 97,075</u>	<u>\$ 24,949</u>	<u>\$ 142</u>	<u>\$ 28,218</u>	<u>\$ 142</u>	<u>\$ 93,806</u>

**INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA**

**FOOD SERVICE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive (Negative)
REVENUES				
Other local and county revenues	\$ 1,020	\$ 1,020	\$ -	\$ (1,020)
Revenue from state sources	74,480	74,480	14,677	(59,803)
Revenue from federal sources	650,360	650,360	794,672	144,312
Sales and other conversion of assets	<u>557,100</u>	<u>557,100</u>	<u>108,591</u>	<u>(448,509)</u>
TOTAL REVENUES	1,282,960	1,282,960	917,940	(365,020)
EXPENDITURES				
Pupil support services	<u>1,282,960</u>	<u>1,282,960</u>	<u>874,541</u>	<u>408,419</u>
NET CHANGE IN FUND BALANCE	-	-	43,399	43,399
FUND BALANCE, JULY 1	<u>338,512</u>	<u>338,512</u>	<u>338,512</u>	<u>-</u>
FUND BALANCE, JUNE 30	<u>\$ 338,512</u>	<u>\$ 338,512</u>	<u>\$ 381,911</u>	<u>\$ 43,399</u>

**INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA**

**COMMUNITY SERVICE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget -
	<u>Original</u>	<u>Final</u>		Positive (Negative)
REVENUES				
Local property tax levies	\$ 234,302	\$ 234,302	\$ 229,499	\$ (4,803)
Other local and county revenues	93,500	93,500	46,566	(46,934)
Revenue from state sources	329,044	329,044	343,584	14,540
Revenue from federal sources	<u>-</u>	<u>-</u>	<u>21,600</u>	<u>21,600</u>
TOTAL REVENUES	656,846	656,846	641,249	(15,597)
EXPENDITURES				
Community education and services	<u>960,474</u>	<u>960,474</u>	<u>760,280</u>	<u>200,194</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(303,628)	(303,628)	(119,031)	184,597
OTHER FINANCING SOURCES				
Transfers in	<u>240,000</u>	<u>240,000</u>	<u>115,000</u>	<u>(125,000)</u>
NET CHANGE IN FUND BALANCE	(63,628)	(63,628)	(4,031)	59,597
FUND BALANCE, JULY 1	<u>262,707</u>	<u>262,707</u>	<u>262,707</u>	<u>-</u>
FUND BALANCE, JUNE 30	<u>\$ 199,079</u>	<u>\$ 199,079</u>	<u>\$ 258,676</u>	<u>\$ 59,597</u>

**INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA**

**DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget -
	<u>Original</u>	<u>Final</u>		Positive (Negative)
REVENUES				
Local property tax levies	\$ 7,318,138	\$ 7,318,138	\$ 6,662,557	\$ (655,581)
Other local and county revenues	180,095	180,095	-	(180,095)
Revenue from state sources	<u>5,427,629</u>	<u>5,427,629</u>	<u>5,737,205</u>	<u>309,576</u>
TOTAL REVENUES	12,925,862	12,925,862	12,399,762	(526,100)
EXPENDITURES				
Fiscal and other fixed cost programs	<u>12,369,620</u>	<u>12,369,620</u>	<u>12,361,857</u>	<u>7,763</u>
NET CHANGE IN FUND BALANCE	556,242	556,242	37,905	(518,337)
FUND BALANCE, JULY 1	<u>227,952</u>	<u>227,952</u>	<u>227,952</u>	<u>-</u>
FUND BALANCE, JUNE 30	<u>\$ 784,194</u>	<u>\$ 784,194</u>	<u>\$ 265,857</u>	<u>\$ (518,337)</u>

Fiscal Compliance Report - 6/30/2021

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District: ROCK RIDGE (2909-1) Back Print

	Audit	UFARS	Audit - UFARS		Audit	UFARS	Audit - UFARS
01 GENERAL FUND				06 BUILDING CONSTRUCTION			
Total Revenue	\$36,530,720	<u>\$36,530,720</u>	\$0	Total Revenue	\$1,671,006	<u>\$1,671,006</u>	\$0
Total Expenditures	\$34,391,298	<u>\$34,391,298</u>	\$0	Total Expenditures	\$54,796,028	<u>\$54,796,028</u>	\$0
<i>Non Spendable:</i>				<i>Non Spendable:</i>			
4.60 Non Spendable Fund Balance	\$20,801	<u>\$20,801</u>	\$0	4.60 Non Spendable Fund Balance	\$0	<u>\$0</u>	\$0
<i>Restricted / Reserved:</i>				<i>Restricted / Reserved:</i>			
4.01 Student Activities	\$97,075	<u>\$97,075</u>	\$0	4.07 Capital Projects Levy	\$0	<u>\$0</u>	\$0
4.02 Scholarships	\$0	<u>\$0</u>	\$0	4.13 Project Funded by COP	\$0	<u>\$0</u>	\$0
4.03 Staff Development	\$266,712	<u>\$266,712</u>	\$0	4.67 LTFM	\$0	<u>\$0</u>	\$0
4.07 Capital Projects Levy	\$0	<u>\$0</u>	\$0	<i>Restricted:</i>			
4.08 Cooperative Revenue	\$0	<u>\$0</u>	\$0	4.64 Restricted Fund Balance	\$116,808,245	<u>\$116,808,245</u>	\$0
4.13 Project Funded by COP	\$0	<u>\$0</u>	\$0	<i>Unassigned:</i>			
4.14 Operating Debt	\$0	<u>\$0</u>	\$0	4.63 Unassigned Fund Balance	\$0	<u>\$0</u>	\$0
4.16 Levy Reduction	\$0	<u>\$0</u>	\$0	07 DEBT SERVICE			
4.17 Taconite Building Maint	\$697,577	<u>\$697,577</u>	\$0	Total Revenue	\$11,686,556	<u>\$11,686,556</u>	\$0
4.24 Operating Capital	\$531,064	<u>\$531,064</u>	\$0	Total Expenditures	\$11,571,700	<u>\$11,571,700</u>	\$0
4.26 \$25 Taconite	\$0	<u>\$0</u>	\$0	<i>Non Spendable:</i>			
4.27 Disabled Accessibility	\$0	<u>\$0</u>	\$0	4.60 Non Spendable Fund Balance	\$0	<u>\$0</u>	\$0
4.28 Learning & Development	\$0	<u>\$0</u>	\$0	<i>Restricted / Reserved:</i>			
4.34 Area Learning Center	\$0	<u>\$0</u>	\$0	4.25 Bond Refundings	\$0	<u>\$0</u>	\$0
4.35 Contracted Alt. Programs	\$0	<u>\$0</u>	\$0	4.33 Maximum Effort Loan Aid	\$0	<u>\$0</u>	\$0
4.36 State Approved Alt. Program	\$0	<u>\$0</u>	\$0	4.51 QZAB Payments	\$0	<u>\$0</u>	\$0
4.38 Gifted & Talented	\$0	<u>\$0</u>	\$0	4.67 LTFM	\$0	<u>\$0</u>	\$0
4.40 Teacher Development and Evaluation	\$0	<u>\$0</u>	\$0	<i>Restricted:</i>			
4.41 Basic Skills Programs	\$0	<u>\$0</u>	\$0	4.64 Restricted Fund Balance	\$147,894	<u>\$147,894</u>	\$0
4.48 Achievement and Integration	\$0	<u>\$0</u>	\$0	<i>Unassigned:</i>			
4.49 Safe School Crime - Crime Levy	\$0	<u>\$0</u>	\$0	4.63 Unassigned Fund Balance	\$0	<u>\$0</u>	\$0
4.51 QZAB Payments	\$0	<u>\$0</u>	\$0	08 TRUST			
4.52 OPEB Liab Not In Trust	\$0	<u>\$0</u>	\$0	Total Revenue	\$0	<u>\$0</u>	\$0
4.53 Unfunded Sev & Retirement Levy	\$0	<u>\$0</u>	\$0	Total Expenditures	\$0	<u>\$0</u>	\$0
4.59 Basic Skills Extended Time	\$121,756	<u>\$121,756</u>	\$0	<i>Restricted / Reserved:</i>			
4.67 LTFM	\$1,709,804	<u>\$1,709,804</u>	\$0	4.01 Student Activities	\$0	<u>\$0</u>	\$0
4.72 Medical Assistance	\$101,344	<u>\$101,344</u>	\$0	4.02 Scholarships	\$0	<u>\$0</u>	\$0
4.73 PPP Loan	\$0	<u>\$0</u>	\$0	4.22 Unassigned Fund Balance (Net Assets)	\$0	<u>\$0</u>	\$0
4.74 EIDL Loan	\$0	<u>\$0</u>	\$0	18 CUSTODIAL			
<i>Restricted:</i>				Total Revenue	\$2,787	<u>\$2,787</u>	\$0
4.64 Restricted Fund Balance	\$0	<u>\$0</u>	\$0	Total Expenditures	\$14,400	<u>\$14,400</u>	\$0
4.75 Title VII Impact Aid	\$0	<u>\$0</u>	\$0	<i>Restricted / Reserved:</i>			
4.76 Payments in Lieu of Taxes	\$0	<u>\$0</u>	\$0	4.01 Student Activities	\$0	<u>\$0</u>	\$0
<i>Committed:</i>				4.02 Scholarships	\$199,601	<u>\$199,601</u>	\$0
4.18 Committed for Separation	\$0	<u>\$0</u>	\$0	4.48 Achievement and Integration	\$0	<u>\$0</u>	\$0
4.61 Committed Fund Balance	\$5,500,000	<u>\$5,500,000</u>	\$0	4.64 Restricted Fund Balance	\$0	<u>\$0</u>	\$0
<i>Assigned:</i>				20 INTERNAL SERVICE			
4.62 Assigned Fund Balance	\$0	<u>\$0</u>	\$0	Total Revenue	\$0	<u>\$0</u>	\$0
<i>Unassigned:</i>				Total Expenditures	\$0	<u>\$0</u>	\$0
4.22 Unassigned Fund Balance	\$2,492,489	<u>\$2,492,489</u>	\$0	4.22 Unassigned Fund Balance (Net Assets)	\$0	<u>\$0</u>	\$0
02 FOOD SERVICES				25 OPEB REVOCABLE TRUST			
Total Revenue	\$917,940	<u>\$917,940</u>	\$0	Total Revenue	\$0	<u>\$0</u>	\$0
Total Expenditures	\$874,541	<u>\$874,541</u>	\$0	Total Expenditures	\$0	<u>\$0</u>	\$0
<i>Non Spendable:</i>				4.22 Unassigned Fund Balance (Net Assets)			
4.60 Non Spendable Fund Balance	\$37,092	<u>\$37,092</u>	\$0	\$0	<u>\$0</u>	\$0	\$0
<i>Restricted / Reserved:</i>				45 OPEB IRREVOCABLE TRUST			
4.52 OPEB Liab Not In Trust	\$0	<u>\$0</u>	\$0	Total Revenue	\$189,951	<u>\$189,952</u>	(\$1)
4.74 EIDL Loan	\$0	<u>\$0</u>	\$0	Total Expenditures	\$500	<u>\$500</u>	\$0
<i>Restricted:</i>				4.22 Unassigned Fund Balance (Net Assets)			
4.64 Restricted Fund Balance	\$344,819	<u>\$344,819</u>	\$0	\$13,068,619	<u>\$13,068,619</u>	\$0	\$0
<i>Unassigned:</i>							
4.63 Unassigned Fund Balance	\$0	<u>\$0</u>	\$0				

04 COMMUNITY SERVICE

Total Revenue	\$641,249	<u>\$641,249</u>	<u>\$0</u>
Total Expenditures	\$760,280	<u>\$760,280</u>	<u>\$0</u>
<i>Non Spendable:</i>			
4.60 Non Spendable Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
<i>Restricted / Reserved:</i>			
4.26 \$25 Taconite	\$0	<u>\$0</u>	<u>\$0</u>
4.31 Community Education	\$171,144	<u>\$171,144</u>	<u>\$0</u>
4.32 E.C.F.E	\$85,445	<u>\$85,445</u>	<u>\$0</u>
4.40 Teacher Development and Evaluation	\$0	<u>\$0</u>	<u>\$0</u>
4.44 School Readiness	\$0	<u>\$0</u>	<u>\$0</u>
4.47 Adult Basic Education	\$0	<u>\$0</u>	<u>\$0</u>
4.52 OPEB Liab Not In Trust	\$0	<u>\$0</u>	<u>\$0</u>
4.73 PPP Loan	\$0	<u>\$0</u>	<u>\$0</u>
4.74 EIDL Loan	\$0	<u>\$0</u>	<u>\$0</u>
<i>Restricted:</i>			
4.64 Restricted Fund Balance	\$2,087	<u>\$2,087</u>	<u>\$0</u>
<i>Unassigned:</i>			
4.63 Unassigned Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>

47 OPEB DEBT SERVICE

Total Revenue	\$713,206	<u>\$713,207</u>	<u>(\$1)</u>
Total Expenditures	\$790,157	<u>\$790,157</u>	<u>\$0</u>
<i>Non Spendable:</i>			
4.60 Non Spendable Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
<i>Restricted:</i>			
4.25 Bond Refundings	\$0	<u>\$0</u>	<u>\$0</u>
4.64 Restricted Fund Balance	\$117,963	<u>\$117,963</u>	<u>\$0</u>
<i>Unassigned:</i>			
4.63 Unassigned Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>

INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2021

<u>Federal Grantor/ Pass Through Grantor/ Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Provided to to Subrecipients</u>	<u>Total Federal Expenditures</u>
U.S. DEPARTMENT OF AGRICULTURE			
Passed through State of Minnesota:			
Child Nutrition Cluster			
National School Lunch Program	10.555		\$ 80,263
Summer Food Service Program	10.559		713,187
Total Child Nutrition Cluster			<u>793,450</u>
Child and Adult Care Food Program	10.558		<u>1,222</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>794,672</u>
U.S. DEPARTMENT OF TREASURY			
Passed through State of Minnesota:			
COVID-19 - Coronavirus Relief Funds	21.019		676,044
Passed through St. Louis County, Minnesota:			
COVID-19 - Coronavirus Relief Funds	21.019		90,000
Total AL# 21.019			<u>766,044</u>
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027		<u>21,600</u>
TOTAL U.S. DEPARTMENT OF TREASURY			<u>787,644</u>
U.S. DEPARTMENT OF EDUCATION			
Passed through Northland Learning Center, Independent School District No. 6076, Minnesota:			
Special Education Cluster			
Special Education Grants to States	84.027		310,951
Special Education Preschool Grants	84.173		3,228
Total Special Education Cluster			<u>314,179</u>
Passed through State of Minnesota:			
COVID-19 - Elementary and Secondary School Education Relief Fund (ESSER) - 90% Formula Allocation	84.425		545,835
COVID-19 - Elementary and Secondary School Education Relief Fund (ESSER) - 25% Advance - Expanded Summer Learning	84.425		9,560
Total AL# 84.425			<u>555,395</u>
Title I Grants to Local Educational Agencies	84.010		769,992
Career and Technical Education - Basic Grants to States	84.048	\$ 26,790	136,463
Student Support and Academic Enrichment Program	84.424		48,131
Rural Education	84.358		32,642
Improving Teacher Quality State Grants	84.367		90,324
Direct Award:			
Indian Education Grants to Local Educational Agencies	84.060		<u>39,162</u>
TOTAL U.S. DEPARTMENT OF EDUCATION		<u>26,790</u>	<u>1,986,288</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u>\$ 26,790</u>	<u>\$ 3,568,604</u>

The accompanying notes are an integral part of this schedule.

**INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2021**

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Independent School District No. 2909, Rock Ridge Schools, Minnesota, under programs of the federal government for the year ended June 30, 2021. The information in this schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of Independent School District No. 2909, Rock Ridge Schools, Minnesota, it is not intended to and does not present the financial position or changes in net position of Independent School District No. 2909, Rock Ridge Schools, Minnesota. Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Independent School District No. 2909, Rock Ridge Schools, Minnesota, has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C - COMMODITY DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received. At June 30, 2021, the District had food commodities totaling \$27,700 in inventory.

NOTE D - SUBRECIPIENTS

Of the federal expenditures presented in this schedule, Independent School District No. 2909, Rock Ridge Schools, Minnesota, provided federal awards to a subrecipient as follows:

<u>Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Amount Provided to Subrecipients</u>
Career and Technical Education – Basic Grants to States	84.048	\$ 26,790

NOTE E - PASS-THROUGH GRANT NUMBERS

Pass-through grant numbers were not assigned by the pass-through agencies.



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

To the School Board
Independent School District No. 2909,
Rock Ridge Schools, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 2909, Rock Ridge Schools, Minnesota as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Independent School District No. 2909, Rock Ridge Schools, Minnesota’s basic financial statements and have issued our report thereon dated December 27, 2021. Our report on the governmental activities is qualified because the District has not had an actuarial valuation of the net OPEB liability/asset in accordance with Governmental Account Standard Board (GASB) Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* which is a departure from accounting principles generally accepted in the United States of America. In addition, the District’s severance payable liability is not current as it has not had a valuation in accordance with Governmental Accounting Standards Board (GASB) Statement No. 16, *Accounting for Compensated Absences* since June 30, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Independent School District No. 2909, Rock Ridge Schools, Minnesota’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Independent School District No. 2909, Rock Ridge Schools, Minnesota’s internal control. Accordingly, we do not express an opinion on the effectiveness of Independent School District No. 2909, Rock Ridge Schools, Minnesota’s internal control.

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. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2021-002 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2021-001 to be a significant deficiency.

Compliance

As part of obtaining reasonable assurance about whether Independent School District No. 2909, Rock Ridge Schools, Minnesota's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Minnesota Legal Compliance

In connection with our audit, nothing came to our attention that caused us to believe that Independent School District No. 2909, Rock Ridge Schools, Minnesota failed to comply with the provisions of the contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and uniform financial accounting and reporting standards sections of the *Minnesota Legal Compliance Audit Guide for School Districts*, promulgated by the State Auditor pursuant to Minn. Stat. §6.65, except as described in the accompanying schedule of findings and questioned costs as item 2021-003. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the District's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

Manual for Activity Fund Accounting

The provisions of the *Manual for Activity Fund Accounting (MAFA)*, issued by the Minnesota Department of Education. Minn. Stat. §123B.49, subd. 4(c) requires an annual audit of extracurricular activities. In connection with our audit, nothing came to our attention that caused us to believe the Independent School District No. 2909, Rock Ridge Schools, Minnesota failed to comply with the provisions of the *MAFA*. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the District's noncompliance with the above referenced provisions.

Other Matters

We noted certain matters that we reported to management of the Independent School District No. 2909, Rock Ridge Schools, Minnesota, in a separate letter dated December 27, 2021, included under this cover.

Independent School District No. 2909, Rock Ridge Schools, Minnesota's Response to Findings

Independent School District No. 2909, Rock Ridge Schools, Minnesota's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Independent School District No. 2909, Rock Ridge Schools, Minnesota's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Walker, Giroux & Helne, LLC

Virginia, Minnesota
December 27, 2021



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

To the School Board
Independent School District No. 2909,
Rock Ridge Schools, Minnesota

Report on Compliance for Each Major Federal Program

We have audited Independent School District No. 2909, Rock Ridge Schools, Minnesota's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Independent School District No. 2909, Rock Ridge Schools, Minnesota's major federal programs for the year ended June 30, 2021. Independent School District No. 2909, Rock Ridge Schools, Minnesota's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Independent School District No. 2909, Rock Ridge Schools, Minnesota's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Independent School District No. 2909, Rock Ridge Schools, Minnesota's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Independent School District No. 2909, Rock Ridge Schools, Minnesota's compliance.

Opinion on Each Major Federal Program

In our opinion, Independent School District No. 2909, Rock Ridge Schools, Minnesota complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of Independent School District No. 2909, Rock Ridge Schools, Minnesota is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Independent School District No. 2909, Rock Ridge Schools, Minnesota's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Independent School District No. 2909, Rock Ridge Schools, Minnesota's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2021-004, that we consider to be a significant deficiency.

Independent School District No. 2909, Rock Ridge Schools, Minnesota's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Independent School District No. 2909, Rock Ridge Schools, Minnesota's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Walker, Miray & Helne, LLC

Virginia, Minnesota
December 27, 2021

INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2021

Prior Audit Financial Statement Findings

FINDING 2020-001. SEGREGATION OF DUTIES

Summary of Condition

Due to the limited number of personnel within the District's business office, the segregation of accounting functions necessary to ensure adequate internal accounting control is not possible.

Summary of Corrective Action Previously Reported

The administration is monitoring transactions and the structure of duties of office personnel to help ensure as much segregation of duties as possible within the District's staffing limitations and funding constraints.

Current Status

Ongoing.

FINDING 2020-002. LACK OF CONTROL OVER FINANCIAL REPORTING PROCESS

Summary of Condition

Management requested that the auditor prepare a draft of the District's financial statements, including related notes to financial statements. Management reviewed, approved, and accepted responsibility for those financial statements prior to their issuance; however, management did not possess the technical expertise to comply with governmental accounting reporting standards.

Summary of Corrective Action Previously Reported

Management determined that the cost and training involved to review or prepare the District's financial statements exceeded the benefit that would result.

Current Status

Ongoing.

MINNESOTA LEGAL COMPLIANCE

FINDING 2020-003. COLLATERAL REQUIREMENTS

Summary of Condition

At June 30, 2020, \$1,181,779 of the District's deposits held certificates of deposits that were not FDIC insured or collateralized.

Summary of Corrective Action Previously Reported

The District will monitor their bank balances and will obtain the proper amount of collateral from all of their financial institutions.

Current Status

Ongoing.

INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)
Year Ended June 30, 2021

Prior Audit Federal Award Findings and Questioned Costs

FINDINGS 2020-004. SEGREGATION OF DUTIES

DEPARTMENT OF EDUCATION

Title I Grants to Local Educational Agencies AL# 84.010 – Passed through State of Minnesota

Child Nutrition Cluster AL# 10.553, 10.555, and 10.559 – Passed through State of Minnesota

Summary of Condition

Due to the limited number of personnel within the District's business office, the segregation of accounting functions necessary to ensure adequate internal accounting control is not possible.

Summary of Corrective Action Previously Reported

The administration is monitoring transactions and the structure of duties of office personnel to help ensure as much segregation of duties as possible within the District's staffing limitations and funding constraints.

Current Status

Ongoing.

**INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2021**

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

qualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?

 yes X no

Federal Awards

Internal control over major federal programs:

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

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

unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

 X yes no

Identification of major programs:

Federal Assistance Listing Number(s)
10.555 and 10.559
21.019
84.425

Name of Federal Program or Cluster
Child Nutrition Cluster
COVID-19 – Corona Relief Funds
COVID-19 – Elementary and Secondary School Education Relief Fund (ESSER)

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

 yes X no

**INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2021**

Section II - Financial Statement Findings

2021-001. SEGREGATION OF DUTIES

Criteria

The concentration of duties and responsibilities in a limited number of individuals is not desirable from an internal accounting control point of view.

Condition

Due to the limited number of personnel within the District's business office, the segregation of accounting functions necessary to ensure adequate internal accounting control is not possible.

Effect

Because of the weakness in segregation of duties, the District has not provided adequate internal control.

Cause

This occurred because of staffing limitations caused by fiscal constraints.

Recommendations

Officials and management of the District should constantly be aware of this condition, attempt to segregate duties as much as possible, and provide oversight to partially compensate for this deficiency.

Views of Responsible Officials and Planned Corrective Action

Management agrees with the audit finding. The business manager will continue to monitor all transactions and the District's administration will structure the duties of office and school personnel to help ensure as much segregation of duties as possible within the District's staffing limitations and funding constraints.

2021-002. LACK OF CONTROL OVER FINANCIAL REPORTING PROCESS

Condition and Criteria

As part of the audit, management requested that the auditor prepare a draft of the District's financial statements, including the related notes to financial statements. Management reviewed, approved, and accepted responsibility for those financial statements prior to their issuance; however, management does not possess the technical expertise to comply with governmental accounting reporting standards.

Effect

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

INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2021

Cause

This occurred because of staffing limitations caused by fiscal constraints.

Recommendations

In order to provide controls over the financial statement preparation services at an appropriate level, we suggest management establish effective review policies and procedures.

Views of Responsible Officials and Planned Corrective Action

Management agrees with the audit finding. Management has determined that the cost and training involved to review or prepare the Organization's financial statements exceeds the benefit that would result.

MINNESOTA LEGAL COMPLIANCE

2021-003. COLLATERAL REQUIREMENTS

Criteria

Minnesota Statutes require that District deposits in excess of FDIC insurance must be protected by surety bonds or collateral. The amount of collateral must be computed at its market value and be at least 10 percent more than the amount of deposits in excess of any insured portion.

Condition

At June 30, 2021, \$110,621 of the District's deposits held certificates of deposits were not FDIC insured or collateralized.

Effect

The District is not in compliance with *Minnesota Statutes* regarding deposits.

Cause

This occurred because the District did not obtain enough collateral to protect the uninsured portion of the District's deposits at June 30, 2021.

Recommendations

Management must monitor the District's deposits and obtain the proper amount of collateral from all of their financial institutions.

Views of Responsible Officials and Planned Corrective Action

Management agrees with the audit finding. The District will monitor their bank balances and will obtain the proper amount of collateral from all of their financial institutions.

**INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2021**

Section III - Federal Award Findings and Questioned Costs

2021-004. SEGREGATION OF DUTIES

DEPARTMENT OF AGRICULTURE

Child Nutrition Cluster AL# 10.555 and 10.559 – Grant Period – Year ended June 30, 2021
– Passed through State of Minnesota

DEPARTMENT OF TREASURY

COVID-19 – Corona Relief Funds AL# 21.019 – Grant Period – Year ended June 30, 2021
– Passed through State of Minnesota

DEPARTMENT OF EDUCATION

COVID-19 – Elementary and Secondary School Education Relief Fund (ESSER) – 90%
Formula Allocation AL# 84.425 – Grant Period – Year ended June 30, 2021 – Passed
through State of Minnesota

Criteria

The concentration of duties and responsibilities in a limited number of individuals is not desirable from an internal accounting control point of view.

Condition

Due to the limited number of personnel within the District's business office, the segregation of accounting functions necessary to ensure adequate internal accounting control is not possible.

Effect

Because of the weakness in segregation of duties, the District has not provided adequate internal control.

Cause

This occurred because of staffing limitations caused by fiscal constraints.

Recommendations

Officials and management of the District should constantly be aware of this condition, attempt to segregate duties as much as possible and provide oversight to partially compensate for this deficiency.

Views of Responsible Officials and Planned Corrective Action

Management agrees with the audit finding. The business manager will continue to monitor all transactions and the District's administration will structure the duties of office and school personnel to ensure sufficient internal controls over federal awards are in place within the District's staffing limitations and funding constraints

ROCK RIDGE PUBLIC SCHOOLS

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REPRESENTATION OF INDEPENDENT SCHOOL DISTRICT NO. 2909, ROCK RIDGE SCHOOLS, MINNESOTA

CORRECTIVE ACTION PLAN Year Ended June 30, 2021

Finding Number: 2021-001

Finding Title: SEGREGATION OF DUTIES

Name of Contact Person Responsible for Corrective Action

Dr. Noel Schmidt, Superintendent

Corrective Action Planned

The administration will attempt to monitor transactions and structure the duties of office personnel to help ensure as much segregation of duties as possible within the District's staffing limitations and funding constraints.

Anticipated Completion Date

Ongoing.

Finding Number: 2021-002

Finding Title: LACK OF CONTROL OVER FINANCIAL REPORTING PROCESS

Name of Contact Person Responsible for Corrective Action

Dr. Noel Schmidt, Superintendent

Corrective Action Planned

Management has determined that the cost and training involved to review or prepare the District's financial statements exceeds the benefit that would result.

Anticipated Completion Date

Ongoing.

Finding Number: 2021-003

Finding Title: COLLATERAL REQUIREMENTS

Name of Contact Person Responsible for Corrective Action

Dr. Noel Schmidt, Superintendent

Corrective Action Planned

The Business Manager will monitor bank balances and obtain the proper collateral requirements from all of their financial institutions.

Anticipated Completion Date

January 31, 2022.

REPRESENTATION OF INDEPENDENT SCHOOL DISTRICT NO. 2909,
ROCK RIDGE SCHOOLS, MINNESOTA

CORRECTIVE ACTION PLAN (CONTINUED)
Year Ended June 30, 2021

Finding Number: 2021-004

Finding Title: SEGREGATION OF DUTIES

Name of Contact Person Responsible for Corrective Action

Dr. Noel Schmidt, Superintendent

Corrective Action Planned

The business manager will continue to monitor all transactions and the District's administration will structure the duties of office and school personnel to ensure sufficient internal controls over federal awards are in place within the District's staffing limitations and funding constraints.

Anticipated Completion Date

September 30, 2022.

Dr. Noel Schmidt, Superintendent





CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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MANAGEMENT LETTER

To the School Board
Independent School District No. 2909,
Rock Ridge Schools, Minnesota

In planning and performing our audit of the financial statements of Independent School District No. 2909, Rock Ridge Schools, Minnesota as of and for the year ended June 30, 2021, in accordance with auditing standards generally accepted in the United States of America, 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

However, during our audit we became aware of deficiencies in internal control other than significant deficiencies and material weaknesses and matters that are opportunities for strengthening internal controls and operating efficiency. A separate report dated December 27, 2021, included under this cover, contains our communication of significant deficiencies or material weaknesses in the District's internal control. This letter does not affect our report dated December 27, 2021, on the financial statements of Independent School District No. 2909, Rock Ridge Schools, Minnesota.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with District personnel, and we will be pleased to discuss it in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized as follows:

1. Bank reconciliations were not done in smart finance and adjustments were required to properly reconcile bank statements to smart finance. We suggest bank reconciliations be completed within two weeks of receipt of the bank statement and reviewed by a board member to ensure the bank properly reconciles to the general ledger (smart finance).
2. Student Activity accounting records were not recorded in smart finance due to a journal entry not being posted. We suggest the district review the activity and properly record student activity funds properly in smart finance.

3. Journal entries reclassifying fiscal year 2022 expenditures were recorded in fiscal year 2021. Overall, the reclassifications were immaterial, however controls over grants did not recognize these expenditures were for a different accounting period. We suggest the district review their internal controls over grants to ensure controls are properly segregated between office staff.

This communication is intended solely for the information and use of the School Board, management, the State of Minnesota, federal awarding agencies, and pass-through entities, is not intended to be and should not be used by anyone other than these specified parties.

Walker, Gray & Helne, LLC

Virginia, Minnesota
December 27, 2021

**INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

Year Ended June 30, 2021



CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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INDEPENDENT AUDITOR'S REPORT

To the School Board
Independent School District No. 2909,
Rock Ridge Schools, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Independent School District No. 2909, Rock Ridge Schools, Minnesota, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Summary of Opinions

Opinion Unit	Type of Opinion
Governmental Activities	Qualified
Governmental Funds	Unmodified
Aggregate Remaining Fund Information	Unmodified

Basis for Qualified Opinion on the Governmental Activities

The District has not had an actuarial valuation of the net OPEB asset/liability as required by Governmental Accounting Standard Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The net OPEB liability (asset) reported in the statement of net position was based on previous actuarial calculations that are not in compliance with reporting requirements outlined in GASB Statement No. 75 and accounting principles generally accepted in the United States of America. In addition to the net OPEB asset, the actuary also would determine the total severance payable in accordance with Governmental Accounting Standard Board (GASB) Statement No. 16, *Accounting for Compensated Absences*. The last actuarial valuation of the severance payable was measured as of June 30, 2016 and the liability has been reduced each year since by the amount the District paid in severance benefits. The valuation is based on outdated information and is not current. The amount by which these departures would affect assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, and expenses of the governmental activities has not been determined.

Qualified Opinions

In our opinion, except for the effects of the matters described in the "Basis for Qualified Opinion on the Governmental Activities" paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of Independent School District No. 2909, Rock Ridge Schools, Minnesota, as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Independent School District No. 2909, Rock Ridge Schools, Minnesota, as of June 30, 2021, and the respective changes in financial position thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, on July 29, 2019 Independent School District No. 2154, Eveleth-Gilbert, Minnesota and Independent School District No. 706, Virginia, Minnesota passed resolutions to consolidate and form Independent School District No. 2909 Rock Ridge Schools, Minnesota effective July 1, 2020. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in the District's net OPEB liability and related ratios, schedule of OPEB plan investment returns, and schedules of District's proportionate share of net pension liability and District's contributions for defined benefit pension plans, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Independent School District No. 2909, Rock Ridge Schools, Minnesota's basic financial statements. The combining and individual fund financial statements and schedules and fiscal compliance report are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules, fiscal compliance report, and schedule of expenditures of federal awards, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules, fiscal compliance report, and 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 December 27, 2021, on our consideration of the Independent School District No. 2909, Rock Ridge Schools, Minnesota's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Independent School District No. 2909, Rock Ridge Schools, Minnesota's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing*

Standards in considering Independent School District No. 2909, Rock Ridge Schools, Minnesota's internal control over financial reporting and compliance.

Walker, Miroux & Abene, LLC

Virginia, Minnesota
December 27, 2021

ISD 2909 - Rock Ridge Public Schools
Fund Balances

General Fund
June 30, 2021

	Year Ended 6/30/21			June 30, 2021
	July 1, 2020 Beginning Balance	Revenues	Expenditures	
Unassigned Fund Balance	\$ 2,076,862	\$ 32,526,319	\$ (32,350,864)	\$ (4,562)
Unassigned Fund Balance - (Donations/Target Funds)	245,072	29,854	(30,192)	-
Total Unassigned Fund Balance	2,321,933	32,556,173	(32,381,056)	(4,562)
Reserved Fund Balances - Other	327,449	1,648,704	(1,486,341)	-
Nonspendable Fund Balance (Inventory)	16,239			4,562
Committed to Four-Year Old Program	115,000			(115,000)
Reserved for Taconite Capital Funds	224,624	472,953	-	-
Reserved for Operating Capital Funds	113,484	769,955	(352,375)	-
Reserved for LTFM Funds	798,395	1,082,935	(171,526)	-
Student Activities Fund Balance	97,075	-	-	97,075
Committed for Construction (E-G Elementary)	3,000,000		-	3,000,000
Committed for Construction (Rock Ridge HS)	2,500,000		-	2,500,000
TOTAL	\$ 9,514,200	\$ 36,530,720	\$ (34,391,298)	\$ (115,000)
				\$ 11,538,622

ISD 2909 - Rock Ridge Public Schools
Fund Balances
Special Revenue Funds
June 30, 2021

	Year Ended 6/30/21				June 30, 2021
	July 1, 2020	Revenues	Expenditures	Transfers	
	Beginning Balance				Ending Balance
	\$ 297,348	\$ 917,940	\$ (874,541)	\$ 4,072	\$ 344,819
	41,164			(4,072)	37,092
Reserved Fund Balances - Food Service	171,982	170,075	(170,913)	-	171,144
Nonspendable Fund Balance (Inventory)	84,643	224,008	(223,206)	-	85,445
Restricted for Community Education	3,873	211,525	(330,398)	115,000	-
Restricted for ECFE	2,209	35,641	(35,763)	-	2,087
Restricted for School Readiness					
Restricted for Community Services					
TOTAL	\$ 601,219	\$ 1,559,189	\$ (1,634,821)	\$ 115,000	\$ 640,587

**ISD 2909 - Rock Ridge Public Schools
Fund Balances**

**Debt Service and Capital Project Funds
June 30, 2021**

	Year Ended June 30, 2021				June 30, 2021 Ending Balance
	June 30, 2020 Beginning Balance	Revenues	Expenditures	Transfers	
Fund 07 Debt	\$ 33,038	\$ 11,686,556	\$ (11,571,700)	\$ -	\$ 147,894
Fund 47 OPEB Debt	194,914	713,206	(790,157)	-	117,963
Total Debt Service Fund	\$ 227,952	\$ 12,399,762	\$ (12,361,857)	\$ -	\$ 265,857
Restricted for Building Construction Fund	\$ 169,933,267	\$ 1,671,006	\$ (54,796,028)	\$ -	\$ 116,808,245
TOTAL BLDG CONS FUND	\$ 169,933,267	\$ 1,671,006	\$ (54,796,028)	\$ -	\$ 116,808,245
TOTAL ALL GOVERNMENTAL FUNDS					\$ 129,253,311

ISD 2909 - Rock Ridge Public Schools
Fund Balances
Fiduciary Funds
June 30, 2021

	Year Ended June 30, 2021				June 30, 2021 Ending Balance
	July 1, 2020 Beginning Balance	Revenues	Expenditures	Transfers	
Fund 18 Scholarships Other Trust	\$ 211,214	\$ 2,787	\$ (14,400)	\$ -	\$ 199,601
Total Scholarship Trust Fund	\$ 211,214	\$ 2,787	\$ (14,400)	\$ -	\$ 199,601
OPEB Irrevocable Employee Benefit Trust	\$ 12,879,168	\$ 189,951	\$ (500)	\$ -	\$ 13,068,619
TOTAL OPEB Trust Fund 47	\$ 12,879,168	\$ 189,951	\$ (500)	\$ -	\$ 13,068,619

**INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA**

**GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget -
	<u>Original</u>	<u>Final</u>		Positive (Negative)
REVENUES				
Local property tax levies	\$ 5,291,054	\$ 5,291,054	\$ 5,415,005	\$ 123,951
Other local and county revenues	1,203,300	1,203,300	1,968,349	765,049
Revenue from state sources	27,468,732	27,468,732	26,391,320	(1,077,412)
Revenue from federal sources	1,433,738	1,433,738	2,752,332	1,318,594
Sales and other conversion of assets	10,350	10,350	3,714	(6,636)
TOTAL REVENUES	35,407,174	35,407,174	36,530,720	1,123,546
EXPENDITURES				
Administration	1,768,080	1,768,080	1,537,363	230,717
District support services	829,092	829,092	1,173,585	(344,493)
Regular instruction	16,314,721	16,314,721	15,932,382	382,339
Vocational instruction	177,007	177,007	240,256	(63,249)
Special education instruction	5,603,939	5,603,939	5,270,846	333,093
Instructional support services	1,577,325	1,577,325	2,852,649	(1,275,324)
Pupil support services	3,219,621	3,219,621	2,727,526	492,095
Site, buildings and equipment	5,231,066	5,231,066	4,392,521	838,545
Fiscal and other fixed cost programs	244,805	244,805	264,170	(19,365)
TOTAL EXPENDITURES	34,965,656	34,965,656	34,391,298	574,358
EXCESS OF REVENUES OVER EXPENDITURES	441,518	441,518	2,139,422	1,697,904
OTHER FINANCING USES				
Transfers out	-	-	(115,000)	(115,000)
NET CHANGE IN FUND BALANCE	441,518	441,518	2,024,422	1,582,904
FUND BALANCE, JULY 1	9,514,200	9,514,200	9,514,200	-
FUND BALANCE, JUNE 30	\$ 9,955,718	\$ 9,955,718	\$ 11,538,622	\$ 1,582,904

The accompanying notes are an integral part of these financial statements.

INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2021

Federal Grantor/ Pass Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Provided to to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Passed through State of Minnesota:			
Child Nutrition Cluster			
National School Lunch Program	10.555		\$ 80,263
Summer Food Service Program	10.559		713,187
Total Child Nutrition Cluster			<u>793,450</u>
Child and Adult Care Food Program	10.558		<u>1,222</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>794,672</u>
U.S. DEPARTMENT OF TREASURY			
Passed through State of Minnesota:			
COVID-19 - Coronavirus Relief Funds	21.019		676,044
Passed through St. Louis County, Minnesota:			
COVID-19 - Coronavirus Relief Funds	21.019		<u>90,000</u>
Total AL# 21.019			766,044
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027		<u>21,600</u>
TOTAL U.S. DEPARTMENT OF TREASURY			<u>787,644</u>
U.S. DEPARTMENT OF EDUCATION			
Passed through Northland Learning Center, Independent School District No. 6076, Minnesota:			
Special Education Cluster			
Special Education Grants to States	84.027		310,951
Special Education Preschool Grants	84.173		<u>3,228</u>
Total Special Education Cluster			<u>314,179</u>
Passed through State of Minnesota:			
COVID-19 - Elementary and Secondary School Education Relief Fund (ESSER) - 90% Formula Allocation	84.425		545,835
COVID-19 - Elementary and Secondary School Education Relief Fund (ESSER) - 25% Advance - Expanded Summer Learning	84.425		<u>9,560</u>
Total AL# 84.425			555,395
Title I Grants to Local Educational Agencies	84.010		769,992
Career and Technical Education - Basic Grants to States	84.048	\$ 26,790	136,463
Student Support and Academic Enrichment Program	84.424		48,131
Rural Education	84.358		32,642
Improving Teacher Quality State Grants	84.367		90,324
Direct Award:			
Indian Education Grants to Local Educational Agencies	84.060		<u>39,162</u>
TOTAL U.S. DEPARTMENT OF EDUCATION		<u>26,790</u>	<u>1,986,288</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u>\$ 26,790</u>	<u>\$ 3,568,604</u>

The accompanying notes are an integral part of this schedule.

ISD 2909 - Rock Ridge Public Schools
G O Bonds Changes
Year Ended 6/30/2021

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
2017 Taxable OPEB Refunding Bonds	\$ 6,655,000	\$ -	\$ (340,000)	\$ 6,315,000
Unamortized Bond Premium	151,344	-	(9,712)	141,632
2019 School Building Bonds	136,355,000	-	(4,250,000)	132,105,000
Unamortized Bond Premium	11,453,189	-	(584,844)	10,868,345
2017 Taxable OPEB Refunding Bonds	1,081,000	-	(205,000)	876,000
Unamortized Bond Premium	-	-	-	-
2019 A School Building Bonds	28,550,000	-	(900,000)	27,650,000
Unamortized Bond Premium	2,381,055	-	(121,585)	2,259,470
TOTAL	<u>\$186,626,588</u>	<u>\$ -</u>	<u>\$ (6,411,141)</u>	<u>\$ 180,215,447</u>

**ISD 2909 - Rock Ridge Public Schools
Construction Commitments
6/30/2021**

	<u>Spent-to-date</u>	<u>Total Project Budget</u>
Rock Ridge High School	\$ 40,916,600	\$ 117,304,418
Virginia Elementary School	1,076,035	27,000,000
Eveleth Elementary School	21,074,535	34,000,000
Demolitions Projects	-	7,500,000
TOTAL	<u>\$ 63,067,170</u>	<u>\$ 185,804,418</u>

INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2021

Section II - Financial Statement Findings

2021-001. SEGREGATION OF DUTIES

Criteria

The concentration of duties and responsibilities in a limited number of individuals is not desirable from an internal accounting control point of view.

Condition

Due to the limited number of personnel within the District's business office, the segregation of accounting functions necessary to ensure adequate internal accounting control is not possible.

Effect

Because of the weakness in segregation of duties, the District has not provided adequate internal control.

Cause

This occurred because of staffing limitations caused by fiscal constraints.

Recommendations

Officials and management of the District should constantly be aware of this condition, attempt to segregate duties as much as possible, and provide oversight to partially compensate for this deficiency.

Views of Responsible Officials and Planned Corrective Action

Management agrees with the audit finding. The business manager will continue to monitor all transactions and the District's administration will structure the duties of office and school personnel to help ensure as much segregation of duties as possible within the District's staffing limitations and funding constraints.

2021-002. LACK OF CONTROL OVER FINANCIAL REPORTING PROCESS

Condition and Criteria

As part of the audit, management requested that the auditor prepare a draft of the District's financial statements, including the related notes to financial statements. Management reviewed, approved, and accepted responsibility for those financial statements prior to their issuance; however, management does not possess the technical expertise to comply with governmental accounting reporting standards.

Effect

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

INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2021

Cause

This occurred because of staffing limitations caused by fiscal constraints.

Recommendations

In order to provide controls over the financial statement preparation services at an appropriate level, we suggest management establish effective review policies and procedures.

Views of Responsible Officials and Planned Corrective Action

Management agrees with the audit finding. Management has determined that the cost and training involved to review or prepare the Organization's financial statements exceeds the benefit that would result.

MINNESOTA LEGAL COMPLIANCE

2021-003. COLLATERAL REQUIREMENTS

Criteria

Minnesota Statutes require that District deposits in excess of FDIC insurance must be protected by surety bonds or collateral. The amount of collateral must be computed at its market value and be at least 10 percent more than the amount of deposits in excess of any insured portion.

Condition

At June 30, 2021, \$110,621 of the District's deposits held certificates of deposits were not FDIC insured or collateralized.

Effect

The District is not in compliance with *Minnesota Statutes* regarding deposits.

Cause

This occurred because the District did not obtain enough collateral to protect the uninsured portion of the District's deposits at June 30, 2021.

Recommendations

Management must monitor the District's deposits and obtain the proper amount of collateral from all of their financial institutions.

Views of Responsible Officials and Planned Corrective Action

Management agrees with the audit finding. The District will monitor their bank balances and will obtain the proper amount of collateral from all of their financial institutions.

**INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2021**

Section III - Federal Award Findings and Questioned Costs

2021-004. SEGREGATION OF DUTIES

DEPARTMENT OF AGRICULTURE

Child Nutrition Cluster AL# 10.555 and 10.559 – Grant Period – Year ended June 30, 2021
– Passed through State of Minnesota

DEPARTMENT OF TREASURY

COVID-19 – Corona Relief Funds AL# 21.019 – Grant Period – Year ended June 30, 2021
– Passed through State of Minnesota

DEPARTMENT OF EDUCATION

COVID-19 – Elementary and Secondary School Education Relief Fund (ESSER) – 90%
Formula Allocation AL# 84.425 – Grant Period – Year ended June 30, 2021 – Passed
through State of Minnesota

Criteria

The concentration of duties and responsibilities in a limited number of individuals is not desirable from an internal accounting control point of view.

Condition

Due to the limited number of personnel within the District's business office, the segregation of accounting functions necessary to ensure adequate internal accounting control is not possible.

Effect

Because of the weakness in segregation of duties, the District has not provided adequate internal control.

Cause

This occurred because of staffing limitations caused by fiscal constraints.

Recommendations

Officials and management of the District should constantly be aware of this condition, attempt to segregate duties as much as possible and provide oversight to partially compensate for this deficiency.

Views of Responsible Officials and Planned Corrective Action

Management agrees with the audit finding. The business manager will continue to monitor all transactions and the District's administration will structure the duties of office and school personnel to ensure sufficient internal controls over federal awards are in place within the District's staffing limitations and funding constraints

ROCK RIDGE PUBLIC SCHOOLS

• 411 South Fifth Avenue, Virginia, Minnesota 55792 • (218) 749-5437 • Fax (218)741-8522 •

REPRESENTATION OF INDEPENDENT SCHOOL DISTRICT NO. 2909, ROCK RIDGE SCHOOLS, MINNESOTA

CORRECTIVE ACTION PLAN

Year Ended June 30, 2021

Finding Number: 2021-001

Finding Title: SEGREGATION OF DUTIES

Name of Contact Person Responsible for Corrective Action

Dr. Noel Schmidt, Superintendent

Corrective Action Planned

The administration will attempt to monitor transactions and structure the duties of office personnel to help ensure as much segregation of duties as possible within the District's staffing limitations and funding constraints.

Anticipated Completion Date

Ongoing.

Finding Number: 2021-002

Finding Title: LACK OF CONTROL OVER FINANCIAL REPORTING PROCESS

Name of Contact Person Responsible for Corrective Action

Dr. Noel Schmidt, Superintendent

Corrective Action Planned

Management has determined that the cost and training involved to review or prepare the District's financial statements exceeds the benefit that would result.

Anticipated Completion Date

Ongoing.

Finding Number: 2021-003

Finding Title: COLLATERAL REQUIREMENTS

Name of Contact Person Responsible for Corrective Action

Dr. Noel Schmidt, Superintendent

Corrective Action Planned

The Business Manager will monitor bank balances and obtain the proper collateral requirements from all of their financial institutions.

Anticipated Completion Date

January 31, 2022.

REPRESENTATION OF INDEPENDENT SCHOOL DISTRICT NO. 2909,
ROCK RIDGE SCHOOLS, MINNESOTA

CORRECTIVE ACTION PLAN (CONTINUED)
Year Ended June 30, 2021

Finding Number: 2021-004

Finding Title: SEGREGATION OF DUTIES

Name of Contact Person Responsible for Corrective Action
Dr. Noel Schmidt, Superintendent

Corrective Action Planned

The business manager will continue to monitor all transactions and the District's administration will structure the duties of office and school personnel to ensure sufficient internal controls over federal awards are in place within the District's staffing limitations and funding constraints.

Anticipated Completion Date
September 30, 2022.

Dr. Noel Schmidt, Superintendent





CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

P.O. Box 960 • 225 1st Street North, Suite 2400, Virginia, Minnesota 55792
218-749-4880 • FAX 218-749-8528

MANAGEMENT LETTER

To the School Board
Independent School District No. 2909,
Rock Ridge Schools, Minnesota

In planning and performing our audit of the financial statements of Independent School District No. 2909, Rock Ridge Schools, Minnesota as of and for the year ended June 30, 2021, in accordance with auditing standards generally accepted in the United States of America, 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

However, during our audit we became aware of deficiencies in internal control other than significant deficiencies and material weaknesses and matters that are opportunities for strengthening internal controls and operating efficiency. A separate report dated December 27, 2021, included under this cover, contains our communication of significant deficiencies or material weaknesses in the District's internal control. This letter does not affect our report dated December 27, 2021, on the financial statements of Independent School District No. 2909, Rock Ridge Schools, Minnesota.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with District personnel, and we will be pleased to discuss it in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized as follows:

1. Bank reconciliations were not done in smart finance and adjustments were required to properly reconcile bank statements to smart finance. We suggest bank reconciliations be completed within two weeks of receipt of the bank statement and reviewed by a board member to ensure the bank properly reconciles to the general ledger (smart finance).
2. Student Activity accounting records were not recorded in smart finance due to a journal entry not being posted. We suggest the district review the activity and properly record student activity funds properly in smart finance.

3. Journal entries reclassifying fiscal year 2022 expenditures were recorded in fiscal year 2021. Overall, the reclassifications were immaterial, however controls over grants did not recognize these expenditures were for a different accounting period. We suggest the district review their internal controls over grants to ensure controls are properly segregated between office staff.

This communication is intended solely for the information and use of the School Board, management, the State of Minnesota, federal awarding agencies, and pass-through entities, is not intended to be and should not be used by anyone other than these specified parties.

Walker, Miray & Abene, LLC

Virginia, Minnesota
December 27, 2021



Rock Ridge Public Schools: Quarterly Update – 24 JAN 2022



Rock Ridge High School (RRHS)



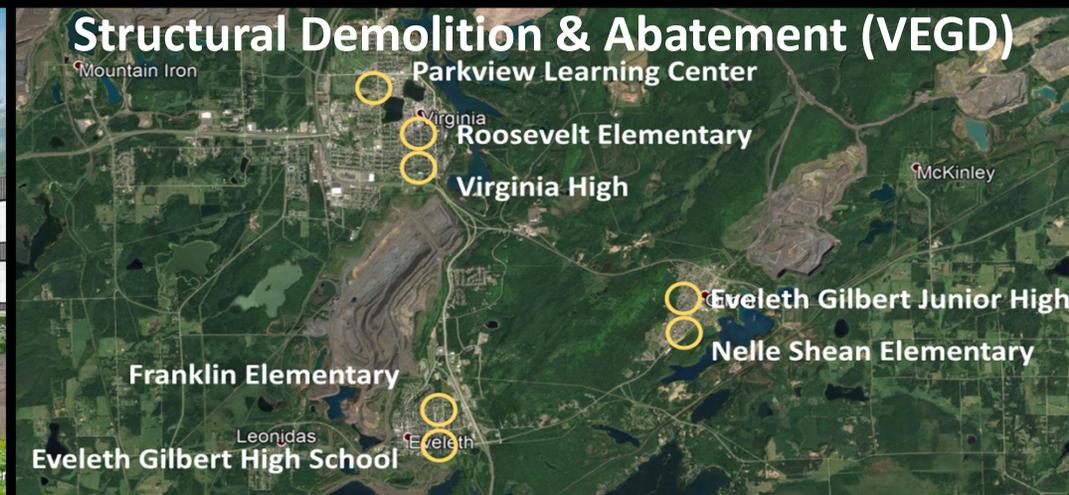
North Star Elementary School (NSE)



Laurentian Elementary School (EGE)



Structural Demolition & Abatement (VEGD)





AGENDA



1. Review Overall Referendum Budget Status

- Current Project Funding
- Current Budget Status

2. CM Quarterly Report Presentations

- Laurentian Elementary (*15 min*)
- Rock Ridge High School (*15 min*)
- North Star Elementary (*15 min*)
- Structural Demolition (*15 min*)

3. KA Contract Amendment #03 Presentation



PROJECT FUNDING



Section 01: Project Funding	Laurentian Current	RRHS Current	Demolition Current	North Star Current	Grand Total Current
01: FUNDING SOURCES	Current SF: 88,968 SF	Current SF: 282,000 SF	Current SF: 1.1M SF	Current SF: 61,000 New + 10,000 Reno	
01-1: Revenues (Base Project Scope)					
01-1A: Public Bond Referendum	\$ 31,000,000	\$ 113,000,000	\$ 7,500,000	\$ 27,000,000	\$ 178,500,000
01-1B: District-Direct Funds	\$ 3,000,000	\$ 1,500,000	\$ -	\$ -	\$ 4,500,000
01-2: Revenues Beyond Referendum (Scope Adds)					
01-2A: Additional Bond Sale/Interest (from \$2.6M)	\$ -	\$ 2,600,000	\$ -	\$ -	\$ 2,600,000
01-2B: Remaining Virginia District Funds (from \$1.0M)	\$ -	\$ 205,000	\$ -	\$ 795,000	\$ 1,000,000
01-2C: Fundraising Commitments (Cash-In-Hand)	\$ -	\$ 1,458,346	\$ -	\$ -	\$ 1,458,346
01-2D: Capital Fund Commitments (Varsity Athletic Lighting & Outbuilding Construction)	\$ -	\$ 871,661	\$ -	\$ -	\$ 871,661
01-2E: Deferred Maintenance Commitments	\$ -	\$ -	\$ -	\$ 1,730,000	\$ 1,730,000
01-2F: ERATE Funding Commitments (Access Control Gateways & Redundant WiFi)	\$ -	\$ 250,000	\$ -	\$ -	\$ 250,000
Total Project Funding	\$ 34,000,000	\$ 119,885,007	\$ 7,500,000	\$ 29,525,000	\$ 190,910,007



OVERALL BUDGET



Laurentian Original	Laurentian Current	Laurentian Spent-to-Date	Laurentian Remaining
			\$ 3,281,274.15
\$ 34,000,000.00	\$ 33,733,134.77	\$ 30,718,725.85	\$ 2,274,851.87
\$0.00	-\$266,865.23		

RRHS Original	RRHS Current	RRHS Spent-to-Date	RRHS Remaining
			\$ 51,735,027.39
\$ 114,500,000.00	\$ 120,134,575.52	\$ 68,399,548.13	\$ 51,735,027.39
\$0.00	\$249,568.52		

Demolition Original	Demolition Current	Demolition Spent-to-Date	Demolition Remaining
			\$ 6,868,979.67
\$ 7,500,000.00	\$ 7,450,225.60	\$ 581,245.93	\$ 6,868,979.67
\$0.00	-\$49,774.40		

North Star Original	North Star Current	North Star Spent-to-Date	North Star Remaining
			\$ 28,325,382.54
\$ 27,000,000.00	\$ 29,592,071.34	\$ 1,266,688.80	\$ 28,325,382.54
\$0.00	\$67,071.12		



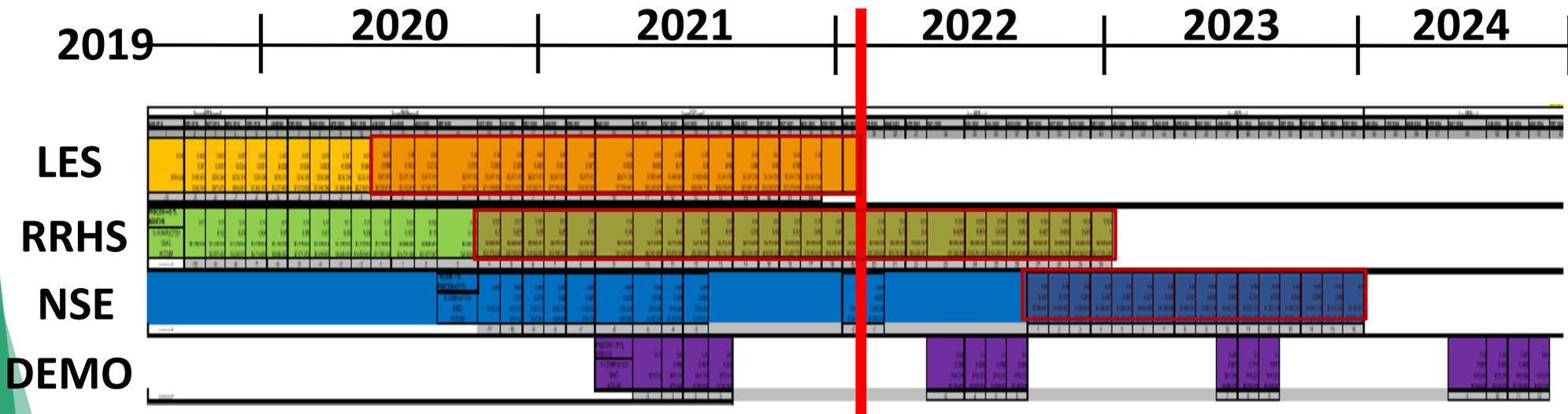
Grand Total Current	Grand Total Spent-to-Date	Grand Total Remaining
\$ 190,910,007.23		
\$ 190,910,007.23	\$ 100,966,208.71	\$ 89,943,798.52
\$0.00		

ALL REFERENDUM PROJECTS CURRENTLY BALANCE TO **NET-ZERO** BUDGET ALIGNMENT (ALL FUNDING ALLOCATED)

DISTRICT HAS SPENT **53%** OF ALL CURRENTLY-ALLOCATED FUNDS FOR THESE PROJECTS



EXECUTIVE STATUS REPORT



• 52% Referendum Funds Expended

- **98% Complete** Laurentian Elementary
- **57% Complete** High School
- **4% Complete** North Star Elementary
- **7% Complete** Demolition Projects





Questions?



THANK YOU!

**#FIERCELY
UNITED**



**#ROCKRIDGE
RISING**

GO WOLVERINES!

Rock Ridge Public Schools

#FiercelyUnited

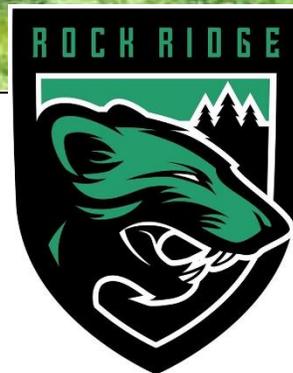


Laurentian Elementary

Rock Ridge Public Schools – School Board Quarterly Update

January 24th 2022

Elementary Courtyard – Exterior Materials



Cunningham





Agenda

- 1. Construction Update**
 - a. Safety**
 - b. Budget**
 - c. Schedule**
 - d. Punch List**
 - e. Quality**
- 2. Closing Comments/Questions**



KRAUS-ANDERSON®

Laurentian Elementary
Project Update Presentation

CONSTRUCTION UPDATE



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SAFETY

Project Update Presentation

SAFETY



Safety

- **Zero Injuries**
 - Zero **(0)** Lost-Time Accidents
 - Zero **(0)** OSHA Violations / Citations
- **COVID-19 Impacts Update & Current Status**
 - Zero **(0)** Additional Positive Cases Reported On-Site
 - Proper protocols followed.
- **OSHA Consultation**
 - MN-OSHA Consultation #04: **February 10th, 2022**



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Laurentian Elementary
Project Update Presentation

BUDGET UPDATE



KRAUS-ANDERSON

Master Referendum Budget Laurentian Elementary

Section 01: Project Funding		Laurentian Original	Laurentian Current		
01: FUNDING SOURCES		Current SF: 88,968 SF	Current SF: 88,968 SF		
Total Project Funding		\$ 34,000,000	\$ 34,000,000		
Section 02: Project Expenses		Laurentian Original	Laurentian Current	Laurentian Spent-to-Date	Laurentian Remaining
02A: HARD COSTS					
02A-1: Construction Costs Budget					
02A-1A: Construction Contracts (Held by District)		\$ 25,669,280.00	\$ 25,433,995.71	\$ 23,944,026.79	\$ 1,489,968.92
02A-1B: Value Engineering				\$ -	\$ -
02A-1C: Abatement Contracts & Consultant (Held by District)		\$ -	\$ -	\$ -	\$ -
02A-1D: KA General Conditions		\$ 630,000.00	\$ 630,000.00	\$ 664,095.39	\$ (34,095.39)
02A-1E: Construction & Design Contingency		\$ 900,720.00	\$ 129,582.01	\$ -	\$ 129,582.01
Subtotal Construction Costs		\$ 27,200,000.00	\$ 26,193,577.72	\$ 24,608,122.18	\$ 1,585,455.54
02B: SOFT COSTS					
02B-1: Construction Management (C.M.) Costs					
Subtotal Construction Management Costs		\$ 2,356,191.42	\$ 2,334,171.85	\$ 2,188,181.95	\$ 145,989.90
02B-2: Owner Costs Budget					
Subtotal Soft Costs		\$ 4,443,808.58	\$ 5,205,385.20	\$ 3,922,421.72	\$ 1,282,963.48
Total Owner Soft Cost Budget		\$ 6,800,000.00	\$ 7,539,557.05	\$ 6,110,603.67	\$ 689,396.33
Section 03: Summary		Laurentian Original	Laurentian Current	Laurentian Spent-to-Date	Laurentian Remaining
03: PROJECT TOTALS					\$ 3,281,274.15
Total Project Costs		\$ 34,000,000.00	\$ 33,733,134.77	\$ 30,718,725.85	\$ 2,274,851.87



Project Expenses Status

Total Project Budget: \$33,733,135

Project Funds

Spent

93%



\$30,718,725

Remaining
Funds

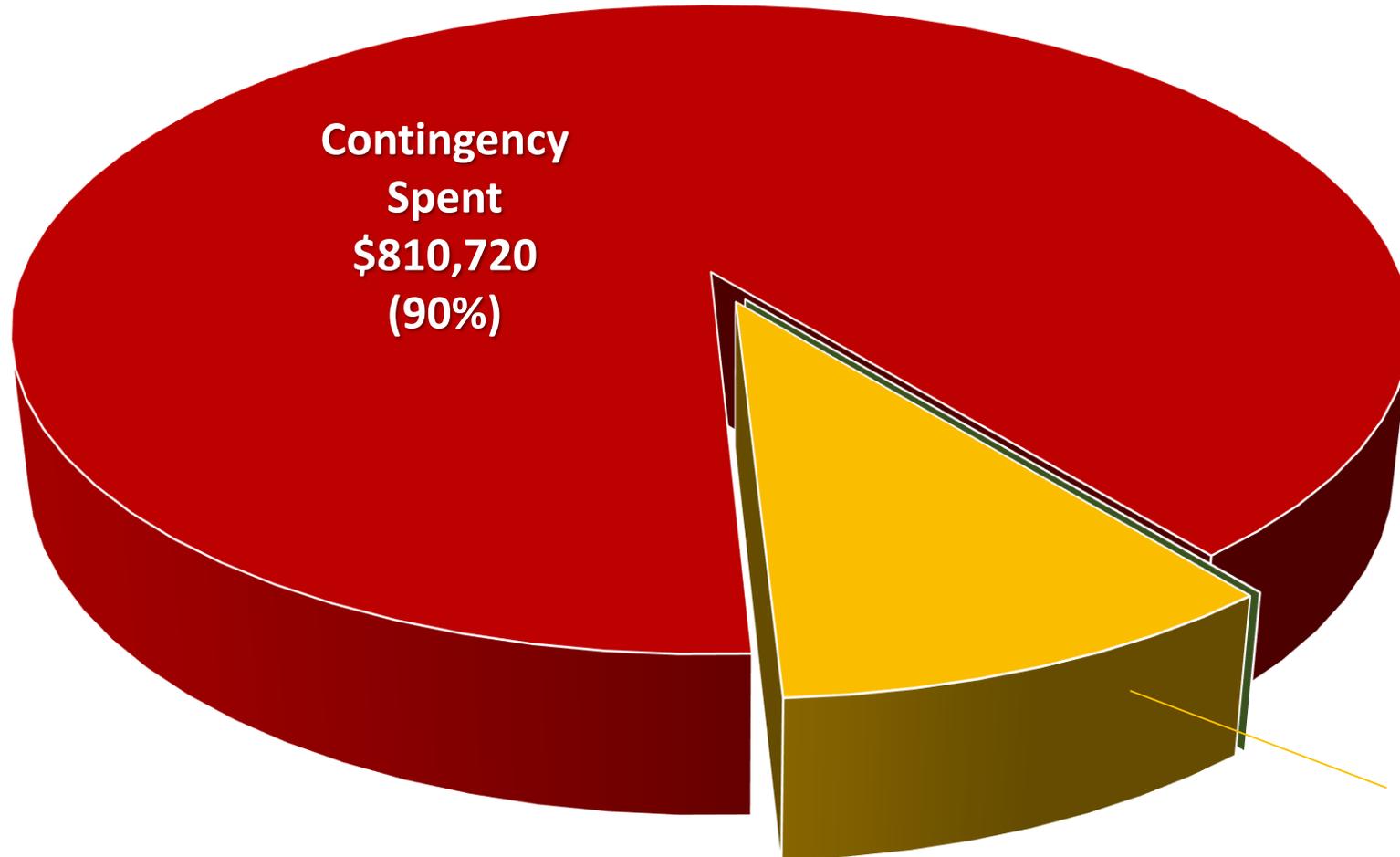
7%

\$2,274,851



Project Contingency Status

**Original
Contingency
Budget
\$900,720**



**Estimated
Contingency
Remaining
\$0**

**Pending
Contingency
Charges
\$90,000
(10%)**

■ Contingency Spent ■ Estimated Remaining Contingency ■ Pending Change Orders



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SCHEDULE

Project Update Presentation

SCHEDULE



- 12 JAN Certificate of Occupancy Inspection
- 20 JAN Health Inspection
- 28 JAN Interior Finishes Complete
- 31 JAN Final Walk-Through with District and Project Team



99% Completed Overall !!

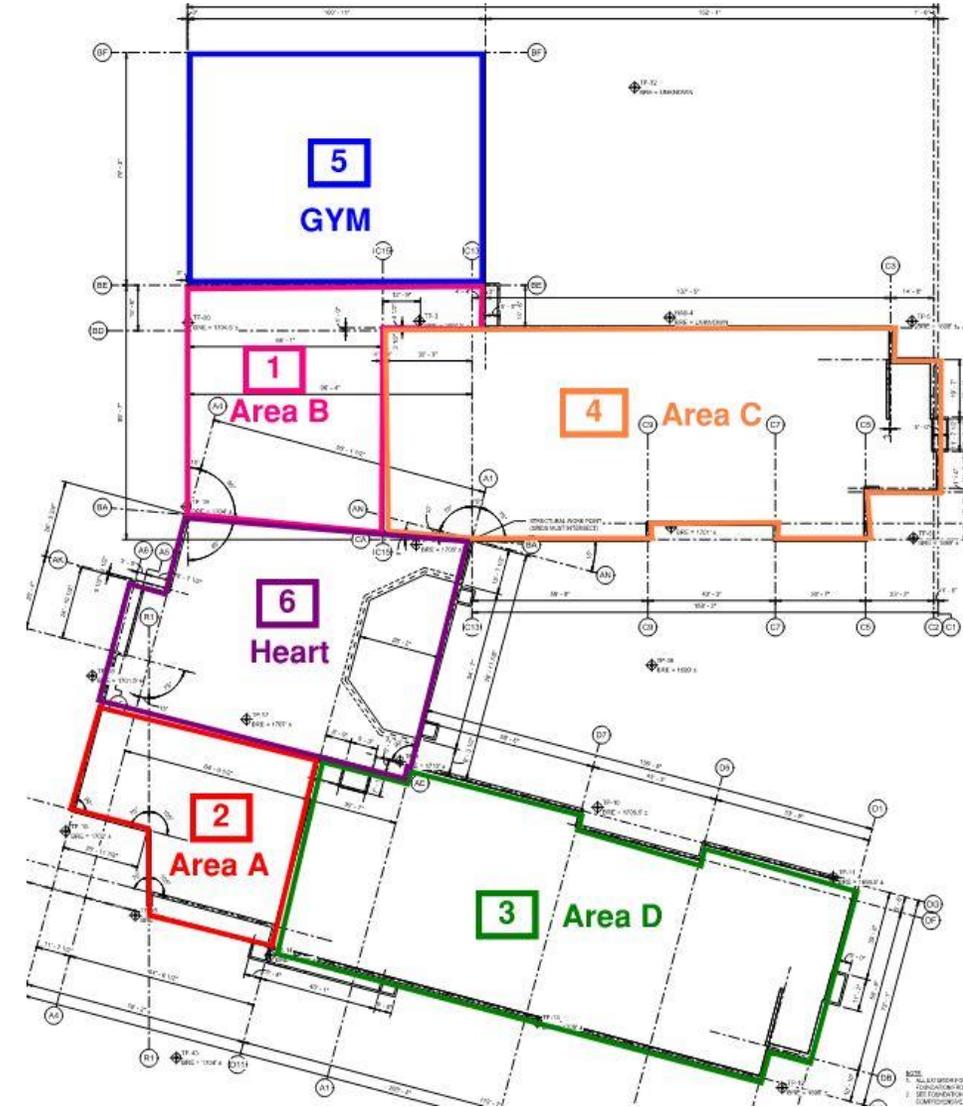




1 Week to go!

Completion Dates

- A. Building Structure: Complete
- B. Building Envelope: Complete
- C. Sitework: Complete
- D. Interior Buildout: Complete
- E. Interior Finishes: 28 JAN 2022
- F. Punchlist: 31 JAN 2022





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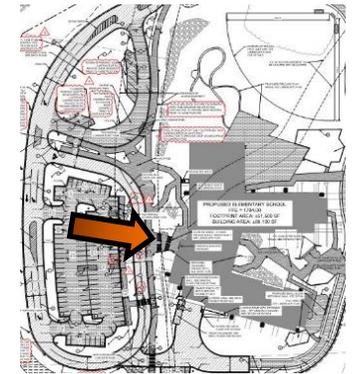
QUALITY

Project Update Presentation

QUALITY



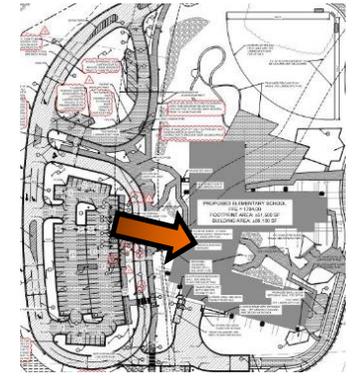
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Main Entry



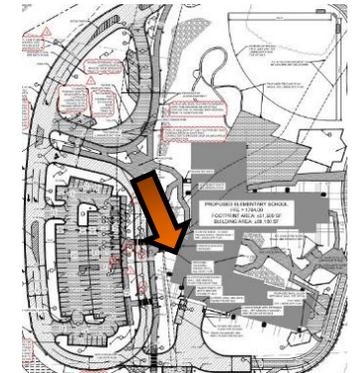
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Heart from the West



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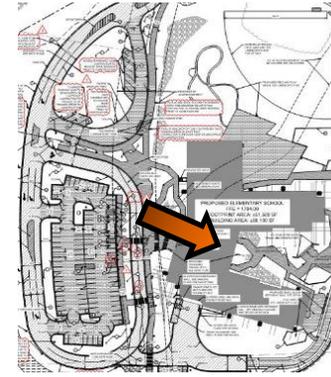


**Heart from
the South**



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Indoor Playground

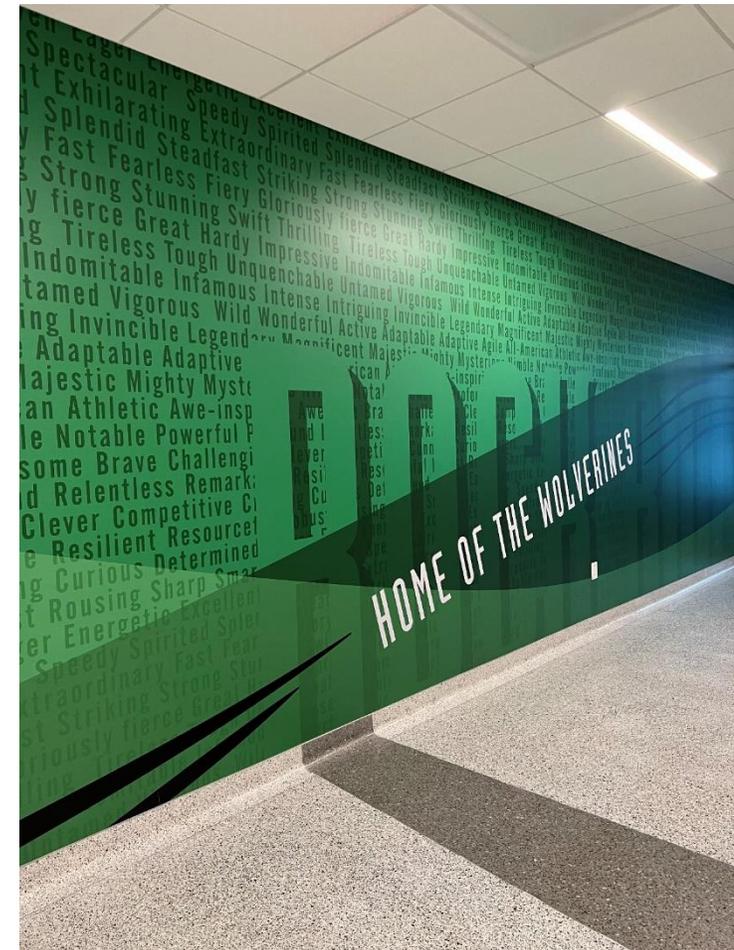
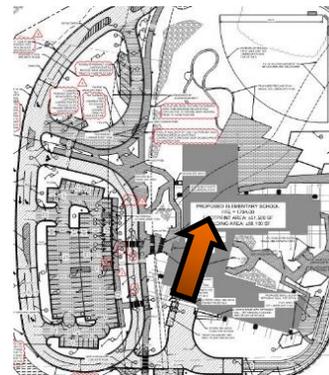




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Area B Level 1 Corridor

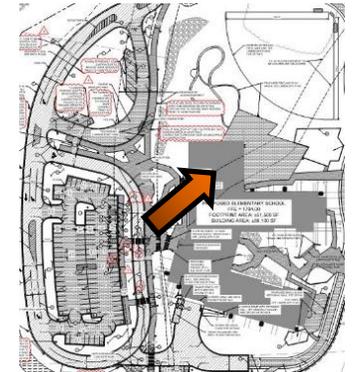




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Gymnasium

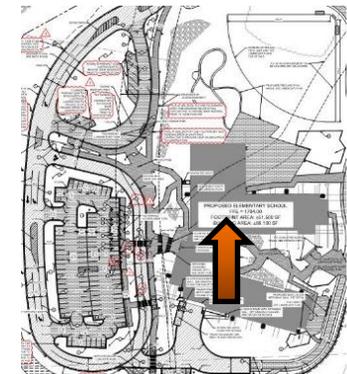




KRAUS-ANDERSON®



Technology Commons

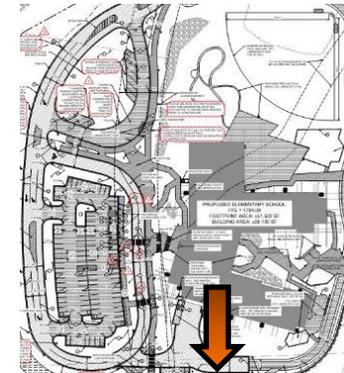




KRAUS-ANDERSON®



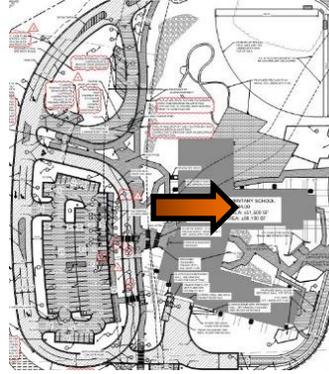
Heart from the Technology Room





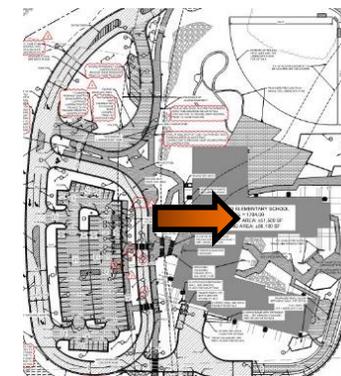
KRAUS-ANDERSON®

Area C Level 1





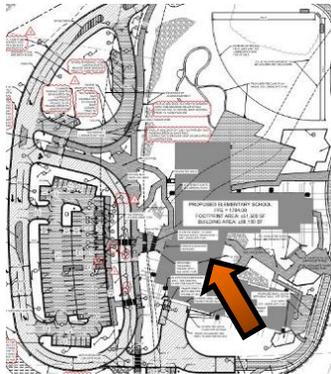
Area C Level 2





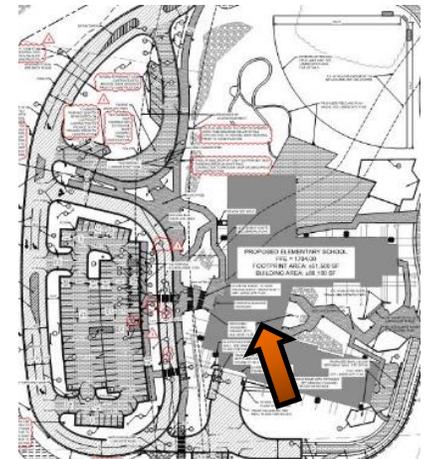
KRAUS-ANDERSON®

Treehouse



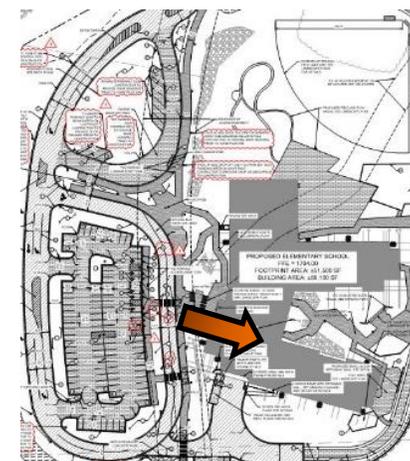


Heart from South Level 2



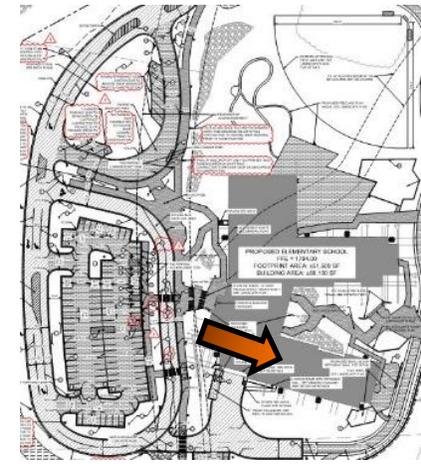


Group Room





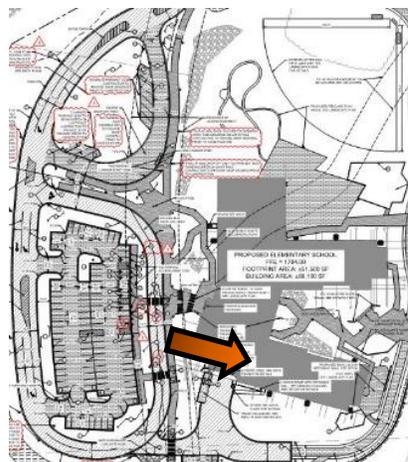
**Area D
Level 1**





KRAUS-ANDERSON®

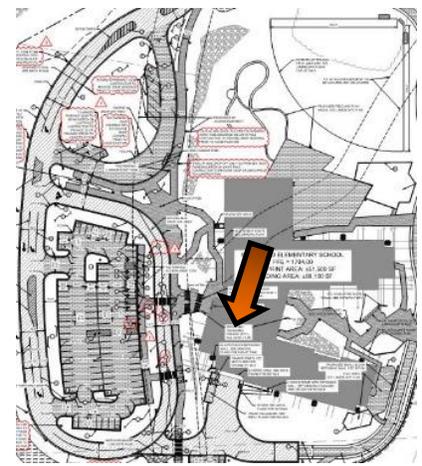
**Area D
Level 2**





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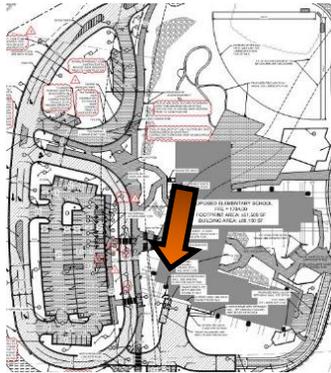
Kitchen





KRAUS-ANDERSON®

Administration





Closing Comments/Questions



KRAUS-ANDERSON®

Laurentian Elementary
Project Update Presentation

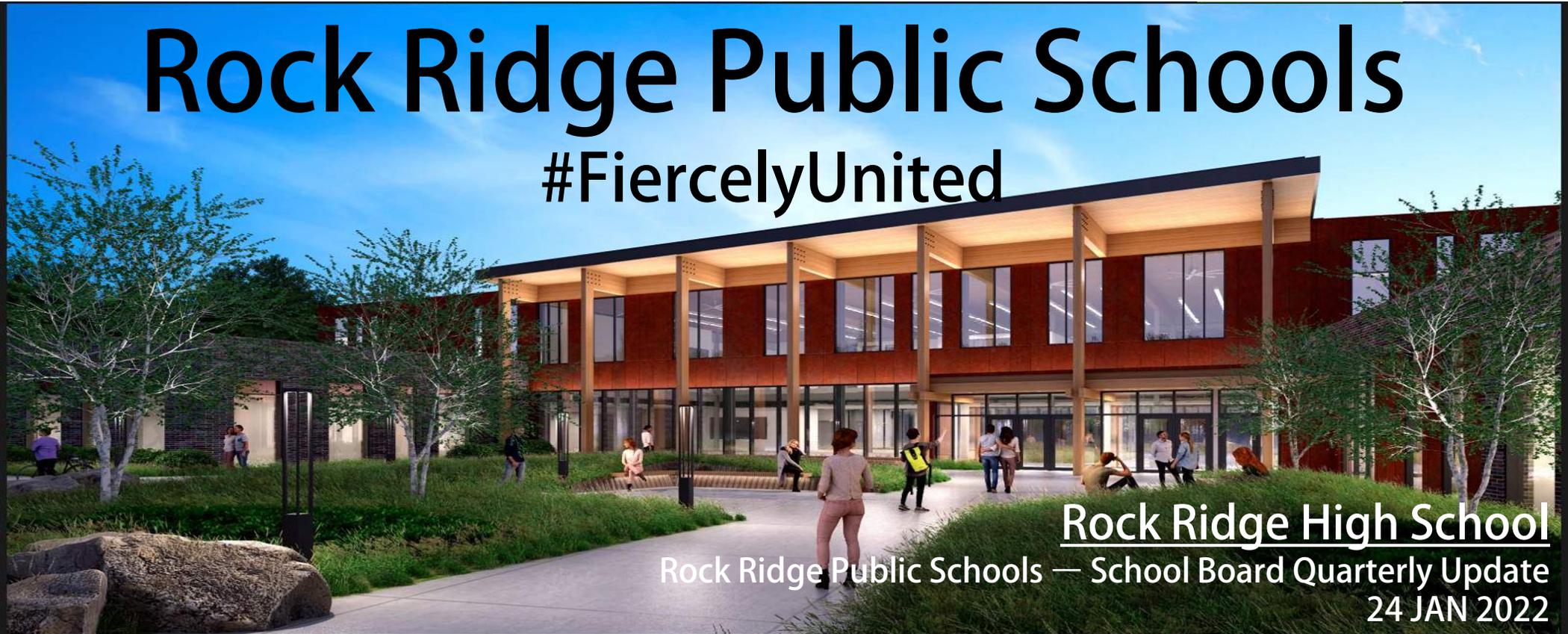
THANK YOU!



GO WOLVERINES!

Rock Ridge Public Schools

#FiercelyUnited



Rock Ridge High School

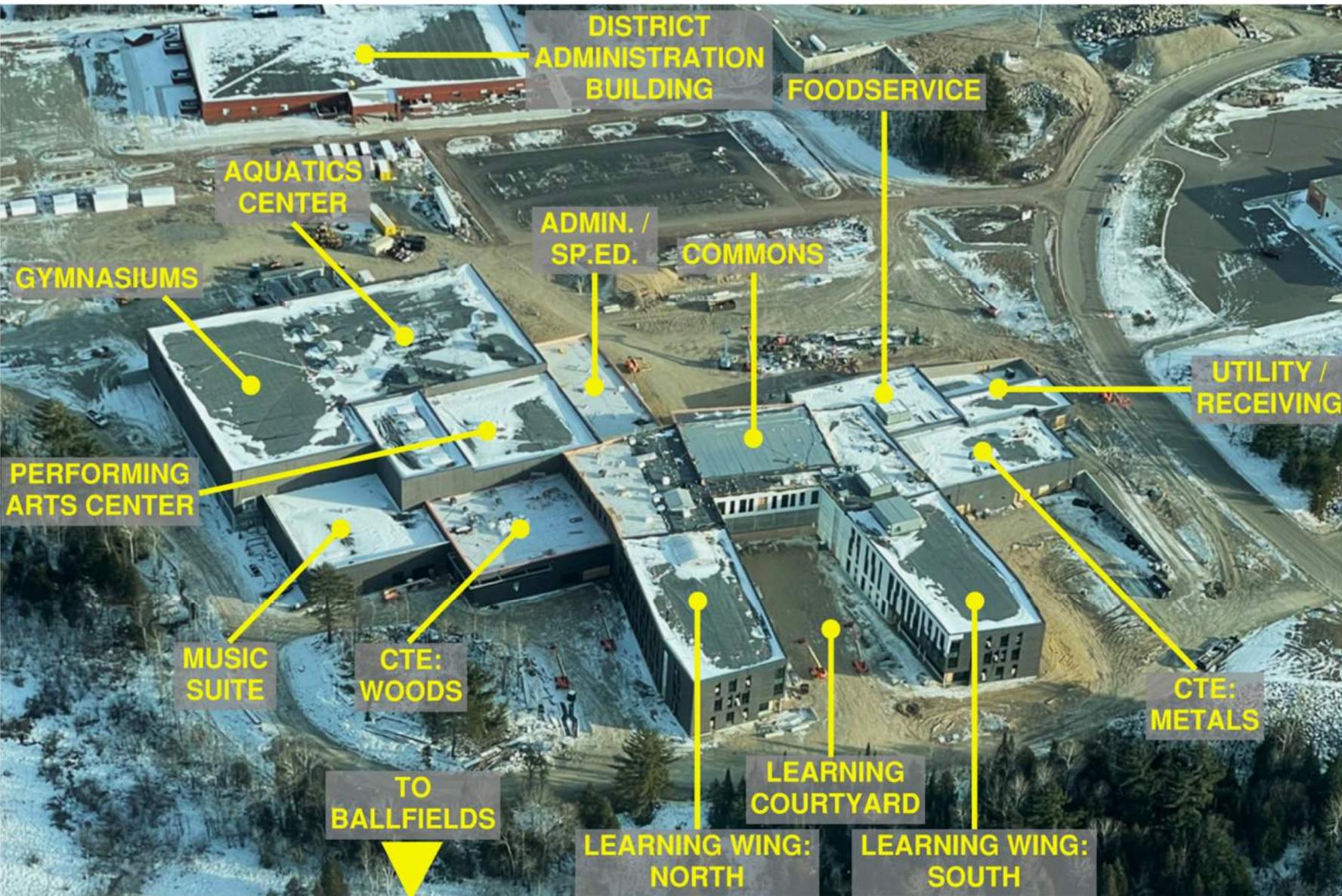
Rock Ridge Public Schools — School Board Quarterly Update

24 JAN 2022



Cunningham







JV BASEBALL

VARSITY BASEBALL

VARSITY SOFTBALL

JV SOFTBALL





**GRANDSTANDS /
PRESS BOX**

**CONCESSIONS /
RESTROOM**

**STORAGE
BUILDING**

**BIG-BLOCK
RETAINING WALL**

**SHOTPUT
AREA**

**FOOTBALL /
SOCCER**

**RUNNING
TRACK**

**DISCUS
AREA**

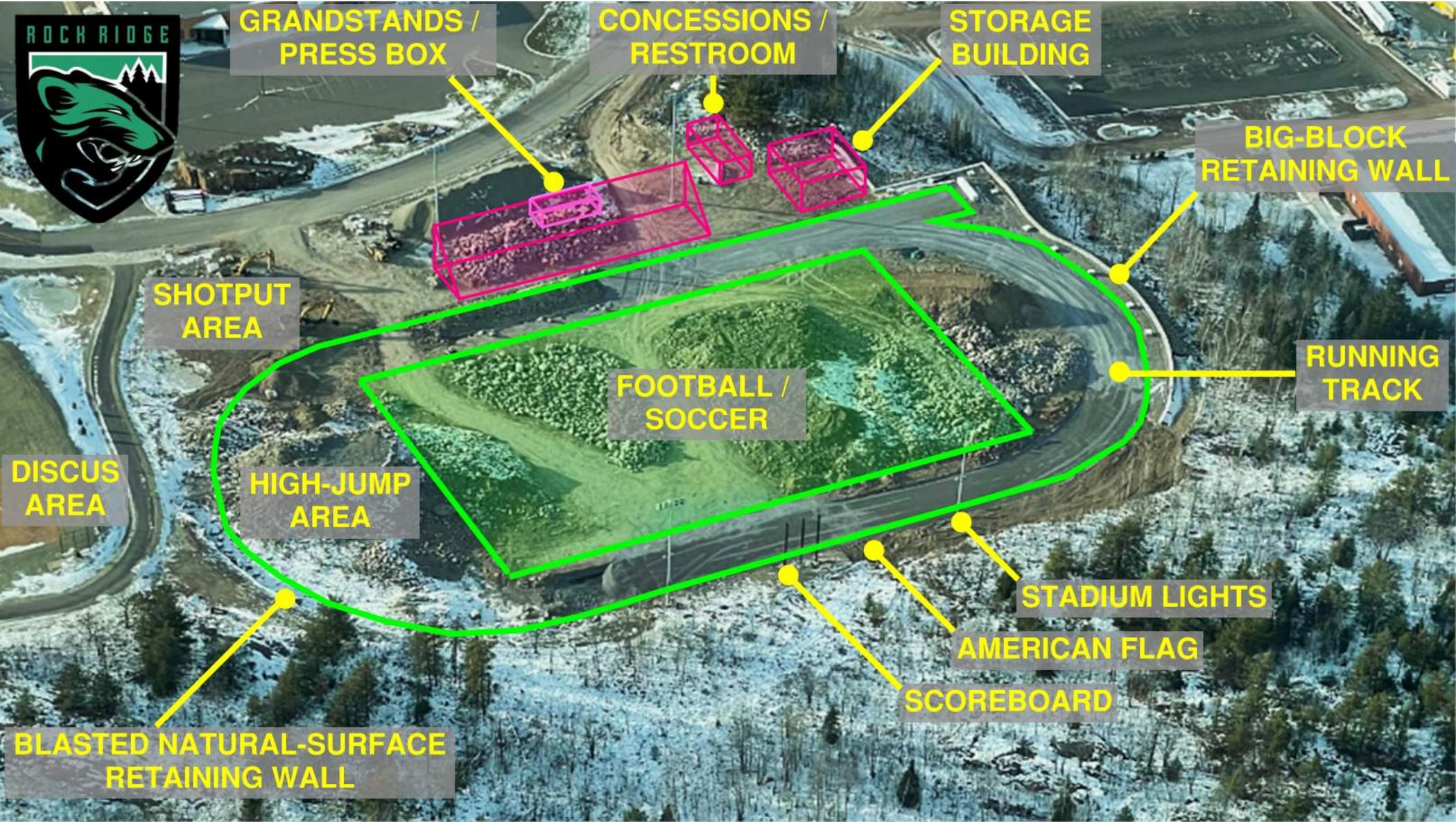
**HIGH-JUMP
AREA**

STADIUM LIGHTS

AMERICAN FLAG

SCOREBOARD

**BLASTED NATURAL-SURFACE
RETAINING WALL**





Agenda

Quarterly Construction Update

- **Safety**
- **Budget**
- **Schedule**
- **Quality**





KRAUS-ANDERSON®

SAFETY

Project Update Presentation

SAFETY





Safety

- **Zero Injuries**
 - ~**300,000** construction hours worked to date!
 - ~**150** workers/day currently (~1200 hours/day)
 - ~**40** District Contractors active on-site
 - Zero **(0)** Lost-Time Accidents
 - Zero **(0)** OSHA Violations / Citations
- **COVID-19 Impacts Update & Current Status**
 - Eight **(8)** Additional Positive Cases Reported On-Site
- **OSHA Consultation**
 - MN-OSHA Consultation #04: **February 10th, 2022**



KRAUS-ANDERSON®

BUDGET

Project Update Presentation

BUDGET





Section 01: Project Funding	RRHS Original	RRHS Current		
01: FUNDING SOURCES	Current SF: 279,000 SF	Current SF: 282,000 SF		
01-1: Revenues (Base Project Scope)				
01-1A: Public Bond Referendum	\$ 113,000,000	\$ 113,000,000		
01-1B: District-Direct Funds	\$ 1,500,000	\$ 1,500,000		
01-2: Revenues Beyond Referendum (Scope Adds)				
01-2A: Additional Bond Sale/Interest (from \$2.6M)	\$ -	\$ 2,600,000		
01-2B: Remaining Virginia District Funds (from \$1.0M)	\$ -	\$ 205,000		
01-2C: Fundraising Commitments (Cash-In-Hand)	\$ -	\$ 1,458,346		
01-2D: Capital Fund Commitments (Varsity Athletic Lighting & Outbuilding Construction)	\$ -	\$ 871,661		
01-2E: Deferred Maintenance Commitments	\$ -	\$ -		
01-2F: ERATE Funding Commitments (Access Control Gateways & Redundant WiFi)	\$ -	\$ 250,000		
Total Project Funding	\$ 114,500,000	\$ 119,885,007		



KRAUS-ANDERSON®

ROCK RIDGE HIGH SCHOOL — OVERALL BUDGET

Project Update Presentation

Section 01: Project Funding		RRHS Original	RRHS Current		
01: FUNDING SOURCES		Current SF: 279,000 SF	Current SF: 282,000 SF		
01-1: Revenues (Base Project Scope)					
01-2: Revenues Beyond Referendum (Scope Adds)					
Total Project Funding		\$ 114,500,000	\$ 119,885,007		
Section 02: Project Expenses		RRHS Original	RRHS Current	RRHS Spent-to-Date	RRHS Remaining
02A: HARD COSTS					
02A-1: Construction Costs Budget					
Subtotal Construction Costs		\$ 92,000,000.00	\$ 97,917,181.23	\$ 56,003,113.63	\$ 41,914,067.60
02B: SOFT COSTS					
02B-1: Construction Management (C.M.) Costs					
Subtotal Construction Management Costs		\$ 6,081,461.34	\$ 6,449,318.10	\$ 3,355,497.35	\$ 3,093,820.75
02B-2: Owner Costs Budget					
Subtotal Soft Costs		\$ 16,418,548.66	\$ 15,726,827.77	\$ 9,375,636.15	\$ 6,498,677.87
Total Owner Soft Cost Budget		\$ 22,500,000.00	\$ 22,176,145.87	\$ 12,731,133.50	\$ 9,445,012.37
Section 03: Summary		RRHS Original	RRHS Current	RRHS Spent-to-Date	RRHS Remaining
03: PROJECT TOTALS					\$ 51,359,079.97
Total Project Costs		\$ 114,500,000.00	\$ 120,093,327.10	\$ 68,734,247.13	\$ 51,359,079.97
Over / Under Budget		\$0.00	\$208,320.10		



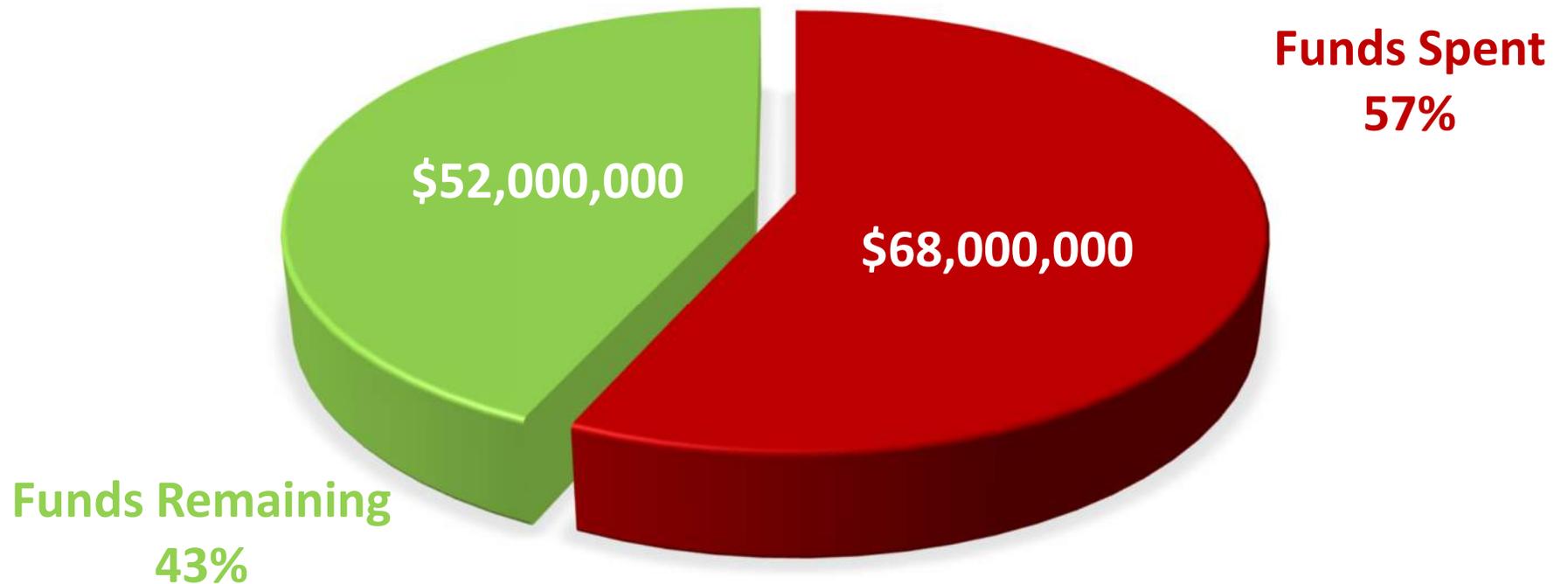
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ROCK RIDGE HIGH SCHOOL — TOTAL EXPENSES

Project Update Presentation

Project Expenditures

(THROUGH 30 DEC 2021)



TOTAL PROJECT FUNDING: \$120,000,000



Project Contingency Status

(PROJECTED THROUGH 30 JAN 2022)

Estimated
Contingency
Remaining
= \$465,000



Pending
Contingency
Expenses
= \$75,000

TOTAL CONTINGENCY: \$6,335,000



KRAUS-ANDERSON®

SCHEDULE

Project Update Presentation

SCHEDULE





KRAUS-ANDERSON®

SCHEDULE

56% Overall Complete!

Start Date: August, 2020

Substantial Completion: January, 2023





KRAUS-ANDERSON®

SCHEDULE

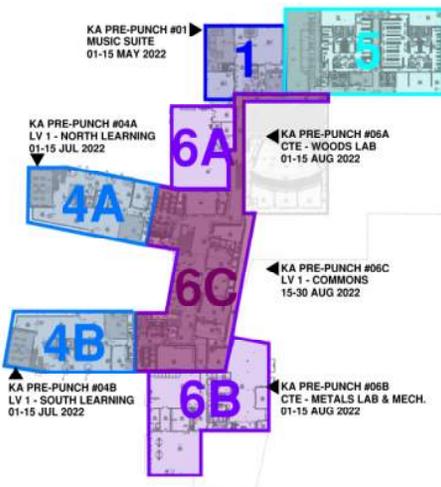
Punch List Process starts in MAY, 2022!

ROCK RIDGE HIGH SCHOOL - KA PRE-PUNCH LIST PHASING

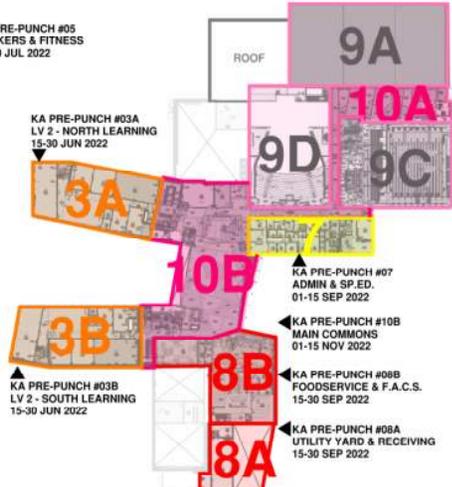


14 JAN 2022

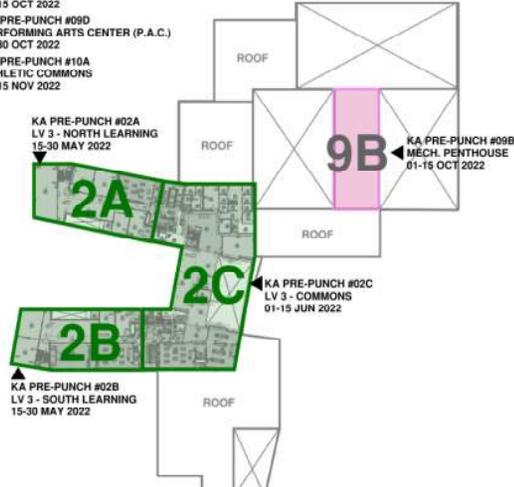
LEVEL 1



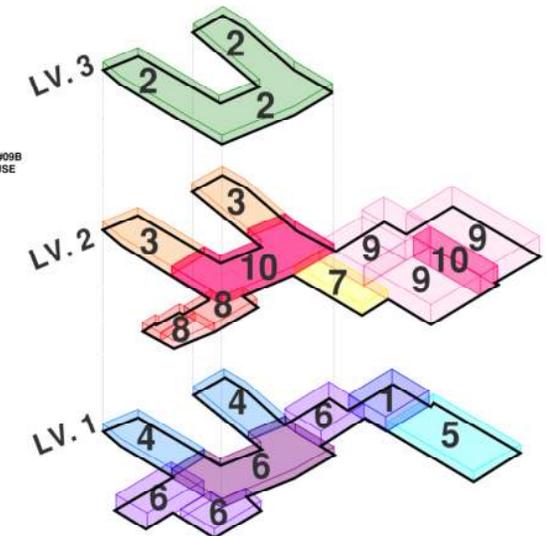
LEVEL 2



LEVEL 3

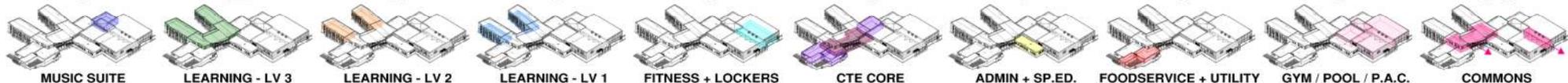


AXONOMETRIC



- ▲ KA PRE-PUNCH #09A GYMNASIUMS 01-15 OCT 2022
- ▲ KA PRE-PUNCH #09C AQUATICS 01-15 OCT 2022
- ▲ KA PRE-PUNCH #09D PERFORMING ARTS CENTER (P.A.C.) 15-30 OCT 2022
- ▲ KA PRE-PUNCH #10A ATHLETIC COMMONS 01-15 NOV 2022

1 → 2 → 3 → 4 → 5 → 6 → 7 → 8 → 9 → 10



MUSIC SUITE LEARNING - LV 3 LEARNING - LV 2 LEARNING - LV 1 FITNESS + LOCKERS CTE CORE ADMIN + SP.ED. FOODSERVICE + UTILITY GYM / POOL / P.A.C. COMMONS



KRAUS-ANDERSON®

QUALITY

Project Update Presentation

QUALITY





Quality

“Embracing The Career Academy Model”

- **Student Construction Opportunities**
 - Many exciting student build opportunities over the next 5 years!
 - The **SECOND Student Construction Project (2 Dugout Buildings)** will begin this Spring, 2022!
- **Mentorship Program**
 - Hands-on mentorship hours by KA & District Contractors
 - **Next Mentorship Experience:** Project Tours (LES & RRHS) & St. Germain’s Cabinets Production Facility All-Day Field Trip on Thursday, 27 JAN 2022

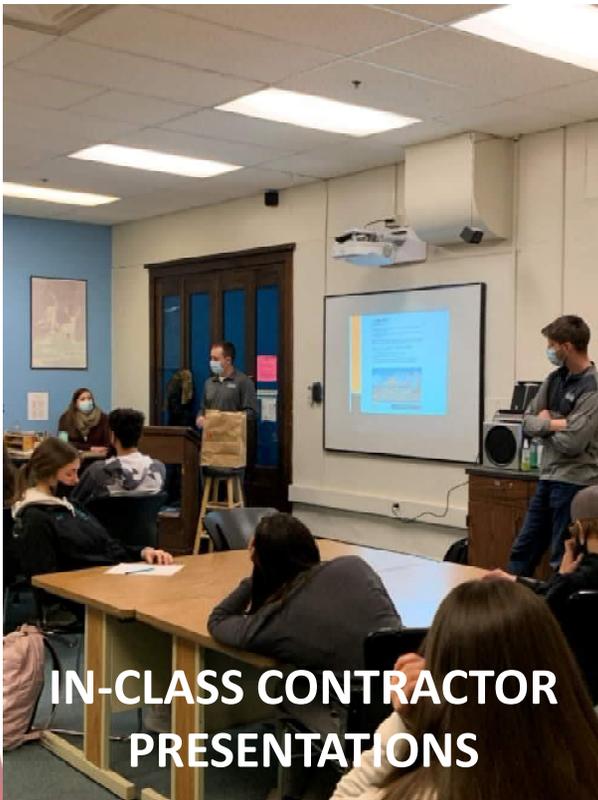


KRAUS-ANDERSON®

QUALITY

Project Update Presentation

Mentorship hours completed by District Contractors and KA to-date:
128 Hours!



IN-CLASS CONTRACTOR
PRESENTATIONS



ENGLISH CLASS
WRITING-INSPIRATION SITE VISIT

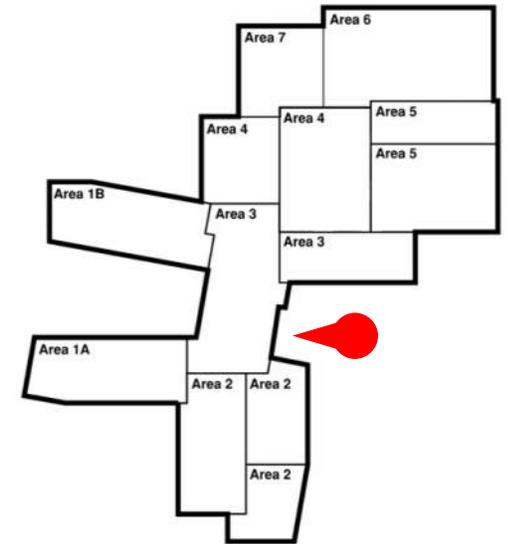


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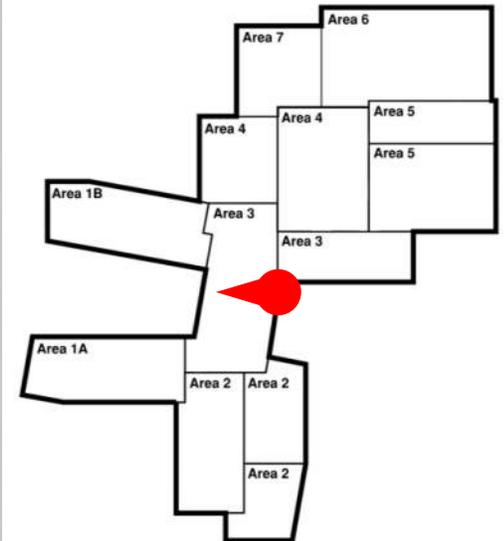
QUALITY

Project Update Presentation

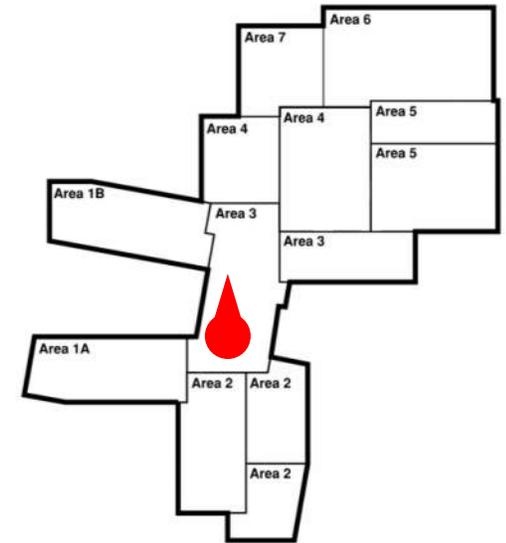
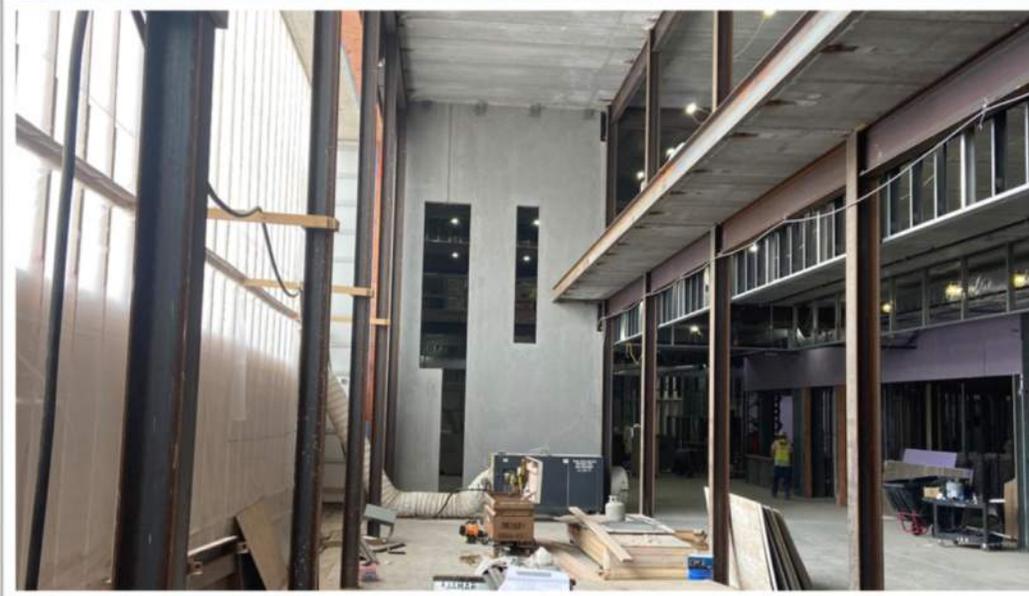
Rendering Comparisons



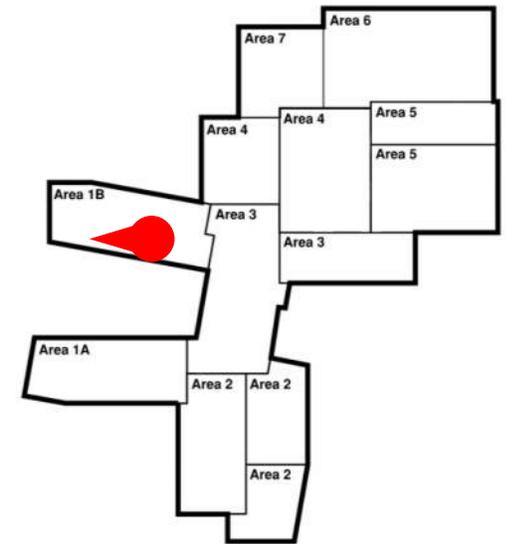
**MAIN
ENTRY**



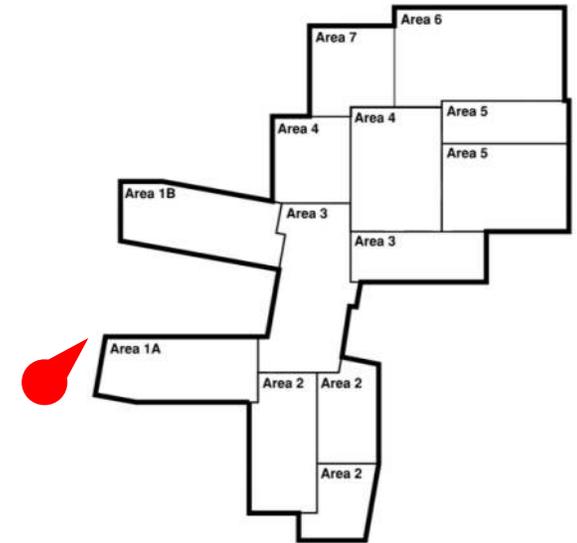
COMMONS



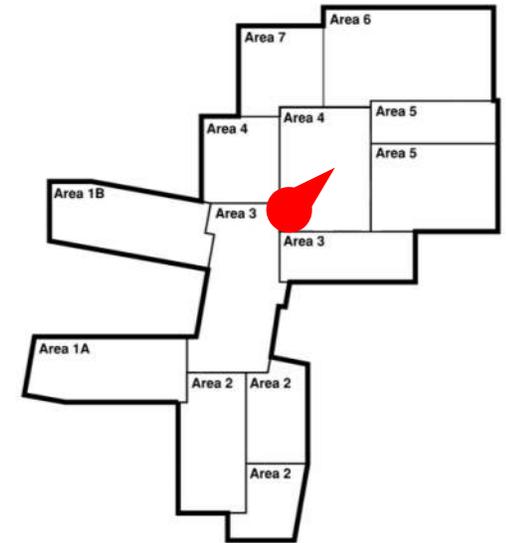
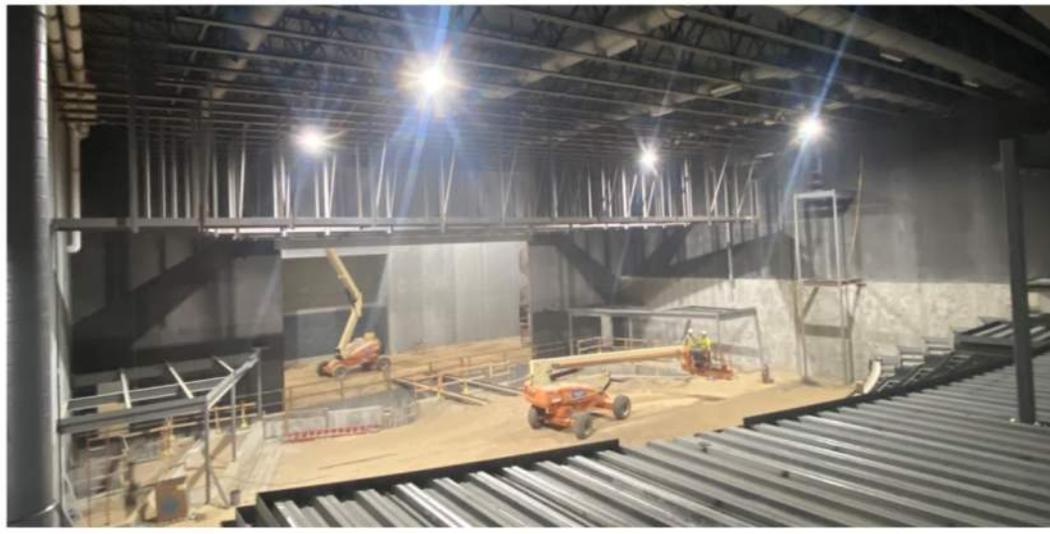
PRESENTATION PLAZA



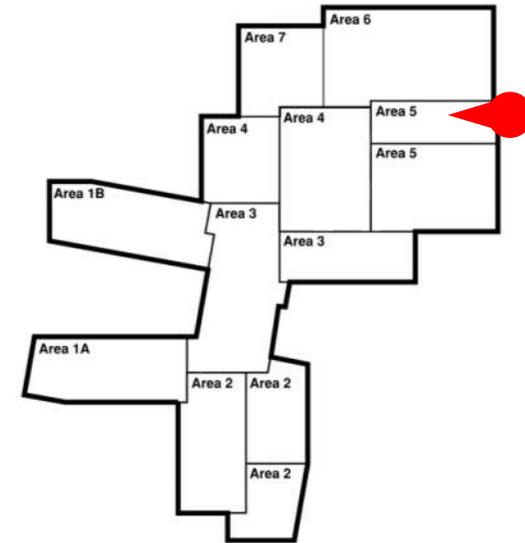
LEARNING NEIGHBORHOOD: INFORMAL LEARNING



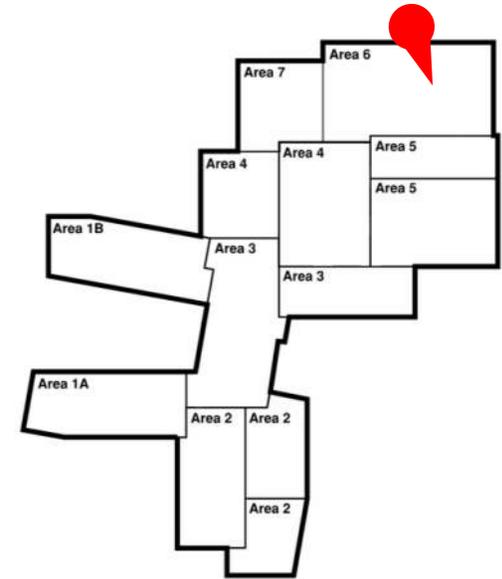
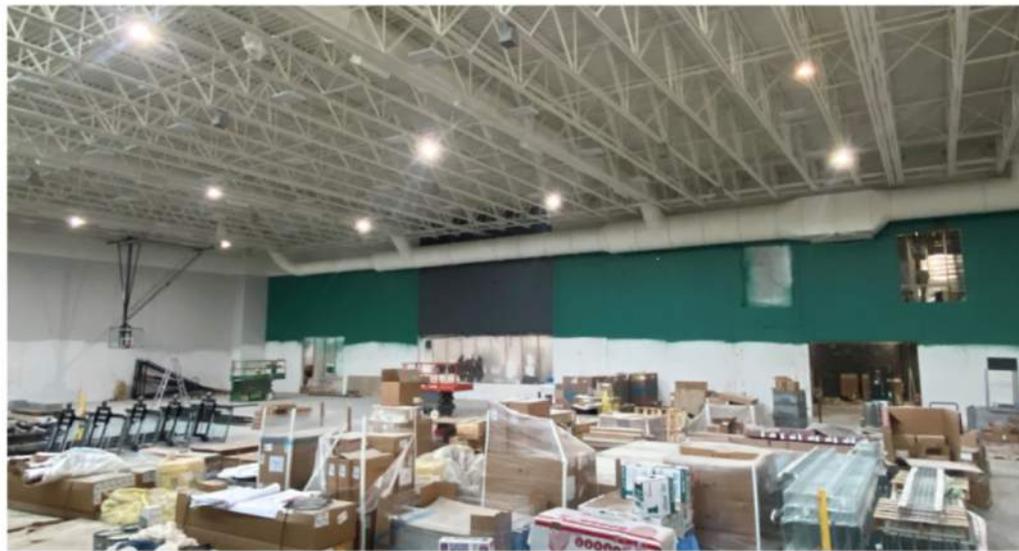
LEARNING COURTYARD



PERFORMING ARTS CENTER



ATHLETIC COMMONS



GYMANSIUM: MAIN COURT



KRAUS-ANDERSON®

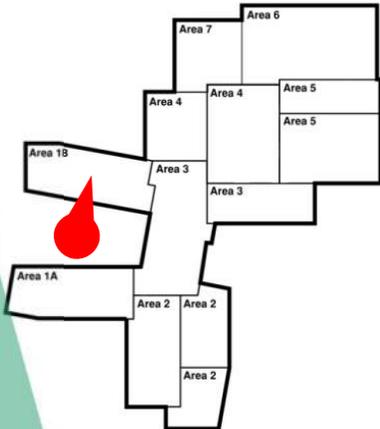
QUALITY

Project Update Presentation

Progress Photos

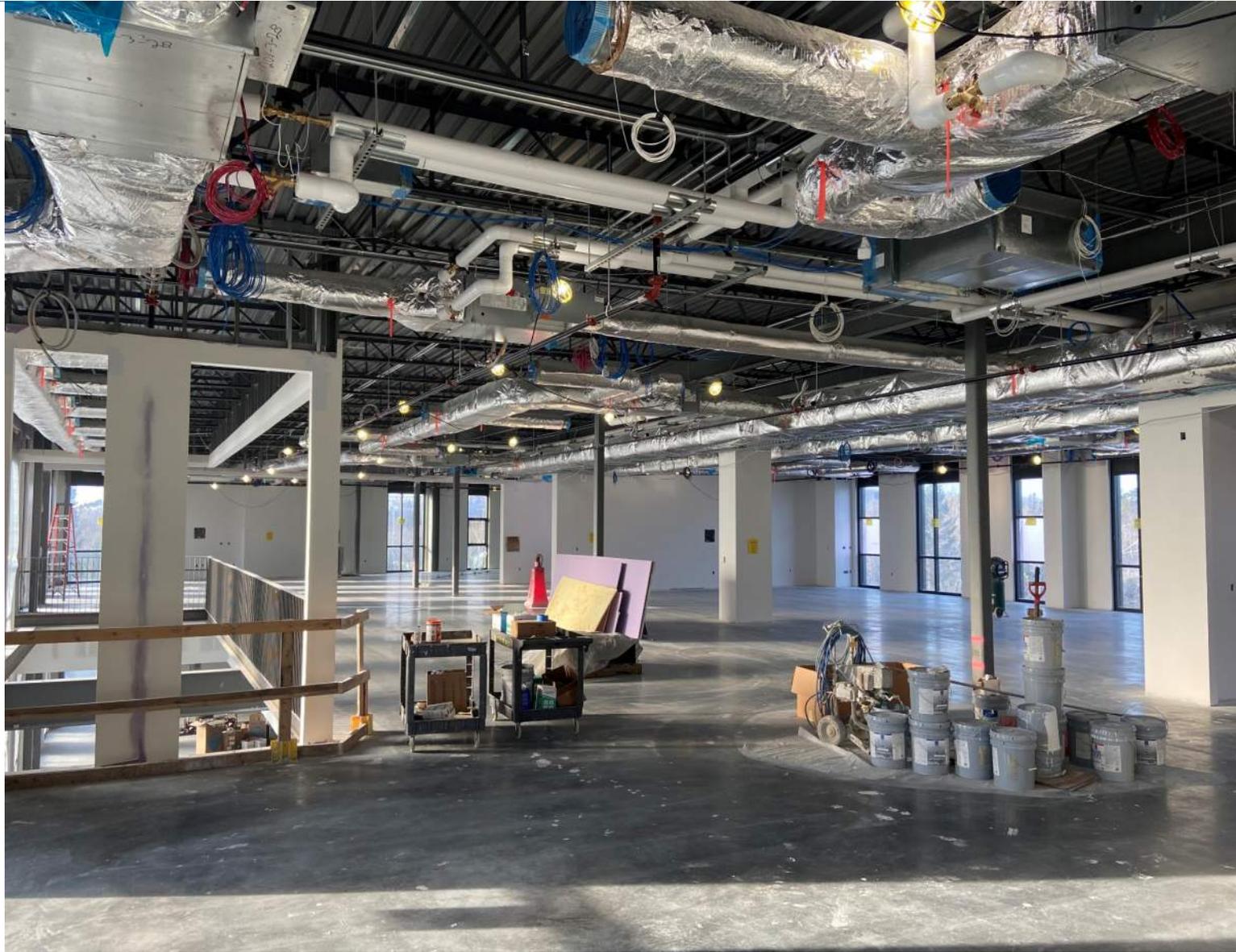
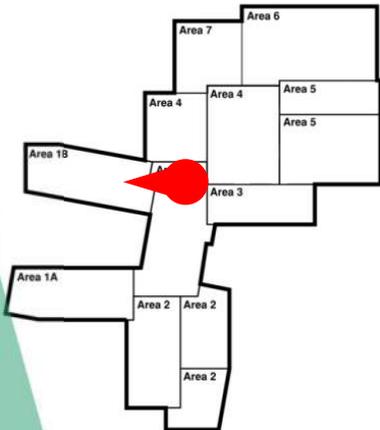


WEATHERING CORTEN STEEL SIDING



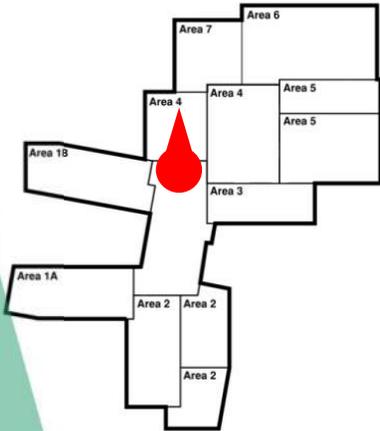


NORTH LEARNING WING LV 3



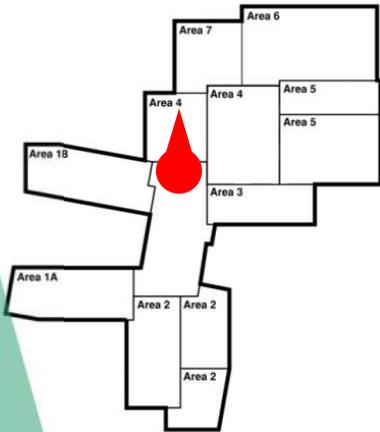


CTE: WOODS LAB



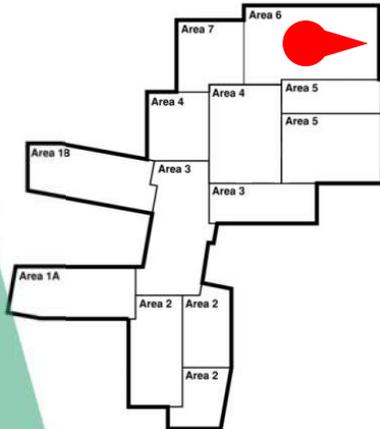


CTE: METALS LAB - WELDING BOOTHS



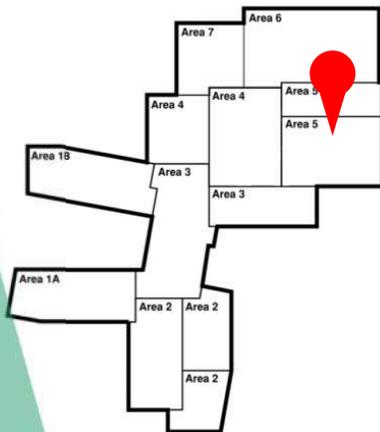


GYM EQUIPMENT



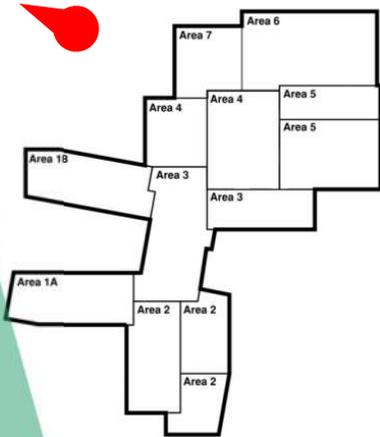


AQUATICS CENTER





WETLANDS BOARDWALK





KRAUS-ANDERSON®

QUESTIONS

Project Update Presentation

Questions?



KRAUS-ANDERSON®

THANK YOU!

Project Update Presentation

THANK YOU!

**#FIERCELY
UNITED**



**#ROCKRIDGE
RISING**

GO WOLVERINES!

Rock Ridge Public Schools

#FiercelyUnited



North Star Elementary

Rock Ridge Public Schools – School Board Quarterly Update

January 24th 2022



Cunningham





Agenda

- 1. Bidding Update**
- 2. Schedule Update**
- 3. Budget Update**
- 4. Closing Comments/Questions**



KRAUS-ANDERSON®

Bidding Update

Project Update Presentation

Bidding Update:



1) Planning & Project Development

PLANNING AND PROJECT DEVELOPMENT

- Confirm Virginia & Eveleth-Gilbert Public Schools' Visions & Goals
- Work with District & Selected Architect to Understand Options
- Confirm Budgets for Options Under Consideration
- Present Solution Scenarios to Board in Terms of Survey
- Engage Board & Community
- Finalize & Engage
- Finalize Documentation of Selected Options & Budget
- Confirm Funding Strategies & Finance Costs
- Develop & Submit Review & Comment Proposal to MDE

2) Pre-Referendum

PRE-REFERENDUM

- Board Resolution to Call Election
- Layout the Bond Campaign with Board & Selected Architect
- Facilitate District Informational Campaign Process
- Develop Timeline of Activities & Tasks for Referendum
- Suggest Strategies for Successful Referendum
- Develop Referendum Communication Information (Brochures, Flyers, etc.)
- Attend Public Meetings as Resource to District

3) Preconstruction

PRECONSTRUCTION

- Develop Communication Plan for Community Updates
- Lead District and Selected Architect Coordination Meetings
- Cost & Schedule Management
 - Detailed Estimates Throughout All Phases
 - Value Management Options
 - Construction Review of Design Documents
 - Safety Planning / Safety Plan / Disturbance Avoidance Plan
 - Project Delivery Schedule from Planning & Design Phase Through Post Construction
- Quality Control & Management Plan
 - Architectural Plan Review
 - Building Systems Review
 - Pre-Installation Guidance & Review
- MEP Systems Review
 - Review Mechanical & Electrical Systems
 - Life Cycle Costing Analysis
 - Commissioning Assistance

4) Bid / Award

BID / AWARD

- Best value bidding through a CM to keep work local
- A strong partner to make the bidding process pleasant
- A transparent bidding process
- Follow all state bidding requirements
- Ad for bid
- Instruction to bidders
- Project schedule
- Unit prices
- Alternates
- Contact documents
- Bonding requirements
- Wage determination schedule
- Work scopes
- Submittal process
- Quality assurance plan
- Cleaning and safety procedures

5) Construction

CONSTRUCTION

- Communication of Project Goals / Success Factors with Contractors
- Full-Time, On-Site Supervision
- Provide/Monitor & Update Detailed Project Schedule
- Weekly Progress Meetings & Reports
- Coordination of Contractors
- Jobsite Safety Coordination
- Information Management Between Field, Selected Architect, & Virginia Eveleth-Gilbert Public Schools
- Project Controls (RFI, PCO, SI)
- Cost Management
- Quality Management System
- Coordination with City Inspectors

6) Post-Construction

POST - CONSTRUCTION

- Project Closeout
- Commissioning Assistance
- Coordinate Move-In & Occupancy
- Warranty Enforcement
- 11-Month Walkthrough
- Commitment to the Long-Term Relationship with Virginia Eveleth-Gilbert Public Schools



NSE – Current Status Summary

1. Bidding:

- Bid Due Date: **01 FEB 2022**
- Board Approval: **22 or 23 FEB 2022**
- Contracts: **25 FEB 2022**

2. Existing Gym Improvements – Deferred Maintenance Funding

- Existing Gym Roof
- Structural Repairs (Alternate in NSE bid)
- Rebranding (Alternate in NSE bid)



SCHEDULE

UPDATE:

Estimating Activity	Date
Elementary #2 (NSE) – Contractor Bidding	01 FEB 2022 <i>(Existing Gym Mechanical Priority)</i>
Elementary #2 (NSE) – Abatement & Demo Bidding	DEC 2021
Elementary #2 (NSE) – Roosevelt <u>Abatement</u> & <u>Demo Work</u>	JUN-AUG 2022
Elementary #2 (NSE) – High School – Annex, Malone <u>Abatement</u> & <u>Demo Work</u>	JUN-AUG 2023
Elementary #2 (NSE) – Construction Phase 1	SEP 2022-JAN 2024 <i>(Building 100% JAN 2024)</i>
Elementary #2 (NSE) – Construction Phase 2 (Sitework)	May – AUG 2024 <i>(Remaining Sitework – 75%)</i>
Elementary #2 (NSE) – Move In	FEB-AUG 2024
Elementary #2 (NSE) – Start School – New Facility	SEP 2024



KRAUS-ANDERSON®

Budget

Project Update Presentation

BUDGET UPDATE:



KRAUS-ANDERS

Master Referendum
Budget
North Star
Elementary

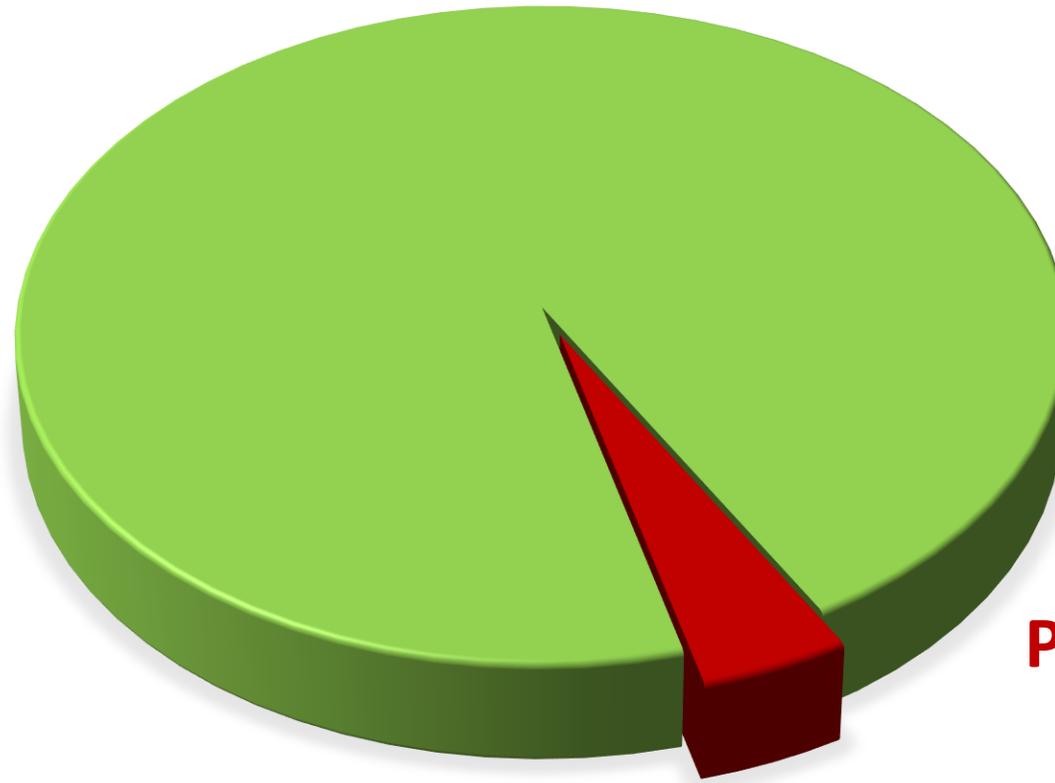
Section 01: Project Funding		North Star Original	North Star Current		
01: FUNDING SOURCES					
Total Project Funding		\$ 27,000,000	\$ 29,525,000		
Section 02: Project Expenses		North Star Original	North Star Current	North Star Spent-to-Date	North Star Remaining
02A: HARD COSTS					
02A-1: Construction Costs Budget					
02A-1A: Construction Contracts (Held by District)		\$ 19,991,700.00	\$ 21,853,863.00	\$ -	\$ 21,853,863.00
02A-1B: Value Engineering		\$ -	\$ -	\$ -	\$ -
02A-1C: Abatement Contracts & Consultant (Held by District)		\$ -	\$ -	\$ -	\$ -
02A-1D: KA General Conditions		\$ 491,000.00	\$ 566,750.01	\$ -	\$ 566,750.01
02A-1E: Construction & Design Contingency		\$ 1,017,300.00	\$ 1,093,050.01	\$ -	\$ 1,093,050.01
Subtotal Construction Costs		\$ 21,500,000.00	\$ 23,513,663.01	\$ -	\$ 23,513,663.01
02B: SOFT COSTS					
02B-1: Construction Management (C.M.) Costs					
Subtotal Construction Management Costs		\$ 2,039,205.10	\$ 2,078,462.40	\$ 112,756.79	\$ 1,965,705.61
02B-2: Owner Costs Budget					
Subtotal Soft Costs		\$ 3,460,794.90	\$ 3,999,945.93	\$ 1,153,932.01	\$ 2,846,013.92
Total Owner Soft Cost Budget		\$ 5,500,000.00	\$ 6,078,408.33	\$ 1,266,688.80	\$ 4,811,719.53
Section 03: Summary		North Star Original	North Star Current	North Star Spent-to-Date	North Star Remaining
03: PROJECT TOTALS					\$ 28,325,382.54
Total Project Costs		\$ 27,000,000.00	\$ 29,592,071.34	\$ 1,266,688.80	\$ 28,325,382.54



Project Expenses Status

Total Budget: \$29,592,071

Remaining
Funds
96%
\$28,325,382



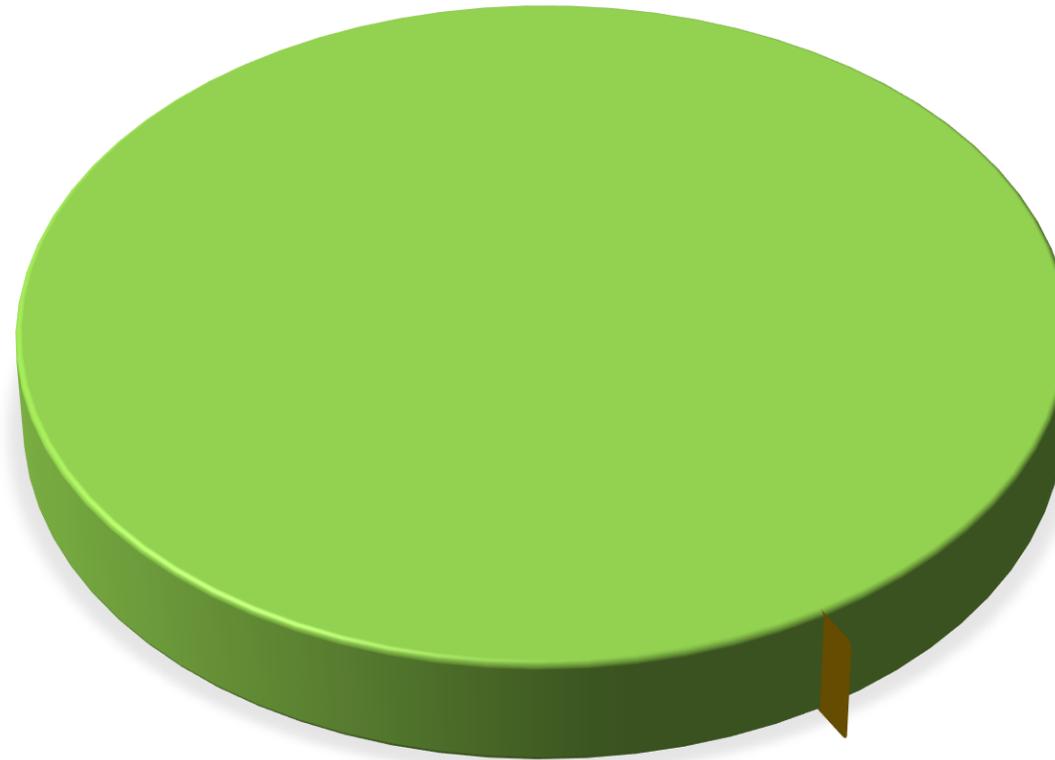
Project Funds
Spent
4%
\$1,266,688



Project Contingency Status

Total Contingency: \$1,093,050

**Estimated
Contingency
Remaining**
100%
\$1,093,050



**Pending
Contingency
Expenses**
0%
\$0

**Contingency
Spent**
0%
\$0



THANK YOU!

Questions(?)



Questions(?)

GO WOLVERINES!

Mountain Iron

Parkview Learning Center

Virginia
Roosevelt Elementary

Virginia High

McKinley

Rock Ridge Public Schools

#FiercelyUnited

Eveleth Gilbert Junior High

Nelle Shean Elementary

Franklin Elementary

RRPS Demolition Project

Rock Ridge Public Schools – School Board Quarterly Update

January 24th 2022

Leonidas
Eveleth
Eveleth Gilbert High School



Cunningham





Agenda

- 1. Hazardous Materials & Demo Update**
- 2. Budget Update**
- 3. Closing Comments/Questions**



Hazardous Materials & Demo UPDATE:



~~Eveleth Junior~~ ~~High School~~

- ~~1. Abatement – Complete~~
- ~~2. Demolition – Complete~~
- ~~3. Site Restoration – Complete~~





Manual Arts Building

1. Abatement – Completed August 2021
2. Demolition – School Board Approved Bid
 - Awaiting City of Eveleth Approval
 - Anticipating **February 2022** Demolition



Building Area Description:	Salvage & Sale Deadline:	Advertise for Abatement & Demo Bids:	Bid Abatement & Demolition Work:	Abatement of Hazardous Materials:	Demolition Work:
Existing Metal Bldg. Bus Garage, Athletic Fields/Facilities	REMAINS	N/A	N/A	N/A	N/A
Franklin Elementary	February 2024	March 2024	April-May 2024	June-July 2024 <i>VES Students Vacate to New VES</i>	Aug-Sept 2024
High School, Campus Heating Plant, New Gym & Connectors	February 2024	March 2024	April-May 2024	June-July 2024 <i>Students Vacate to New HS</i>	July-August 2024 <i>City Interested in Gym?</i>
Existing Masonry Bus Garage & U.G. Fuel Pumps/Tanks	February 2024??? <i>Shooting Range Agreement Termination Required</i>	March ??2024??	April-May ??2024??	June-July ??2024?? <i>Alternate Fueling Plan Required</i>	August-September ??2024?? <i>Alternate Bus Garage Plans Required</i>
Old Jr. High	January 2021	February 2021	May 2021	June-July 2021	July-August 2021
Manual Arts (Historical)	January 2021	February 2021	May 2021	July 2021	TBD: FEB 2022





Virginia Campus Milestones:

1. Abatement & Demo will be separate bid package from NSE Construction Project.
2. Abatement & Demo Schedule:
 - ~~Roosevelt~~ Abatement/Demo Ad for bid: ~~NOV 2021~~
 - ~~Roosevelt~~ Abatement/Demo Bid: ~~DEC 2021~~
 - Roosevelt Abatement of HazMat: **June-July 2022**
 - Roosevelt Demolition Work: **July-Aug 2022**
 - **HS/Annex** Abatement of HazMat: **June-Sept 2023**
 - **HS/Annex** Demolition Work: **Sept-Dec 2023**



Building Area Description:	Salvage & Sale Deadline:	Advertise for Abatement & Demo Bids:	Bid Abatement & Demolition Work:	Abatement of Hazardous Materials:	Demolition Work:
Existing Gym	REMAINS	N/A	N/A	N/A	N/A
Roosevelt Elementary	N/A <u>MUST</u> Demo	November 2021	Nov-Dec 2021	June-July 2022 <i>Students Temporarily Vacate to Franklin 2022-2023</i>	July-September 2022
Existing High School – Annex & Malone	N/A <u>MUST</u> Demo	November 2021	Nov-Dec 2021	June-September 2023 <i>Students Vacate to New HS June 2023</i>	September-December 2023

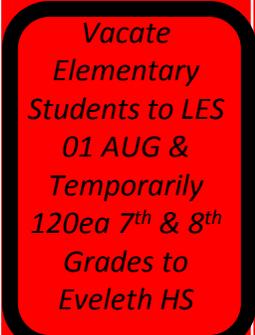




Gilbert Campus Bidding Milestones

- 7-18 FEB Advertisement for bid will go out
- 21 FEB Bid pack will go out
- 23 FEB Pre-Bid meeting
- 17 MAR Bids due
- 28 MAR School Board approval



Building Area Description:	Salvage & Sale Deadline:	Advertise for Abatement & Demo Bids:	Bid Abatement & Demolition Work:	Abatement of Hazardous Materials:	Demolition Work:
Athletic Fields, Green Space Playgrounds, Bus Garage	REMAINS N & S Field for sale NOV 2021– 30 APR 2022	N/A	N/A	N/A	N/A
Old Gym and Pool Area (BASE BID) <i>City Desires?</i>	07 FEB 2022	07-18 FEB 2022	21 FEB – 28 MAR 2022	AUG-SEPT 2022	SEPT-OCT 2022
Existing Elementary & Jr. High Schools (ALTERNATE) <i>City Desires?</i>	07 FEB 2022	07-18 FEB 2022 	21 FEB – 28 MAR 2022	AUG-SEPT 2022 	SEPT-OCT 2022





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Budget

Project Update Presentation

BUDGET UPDATE

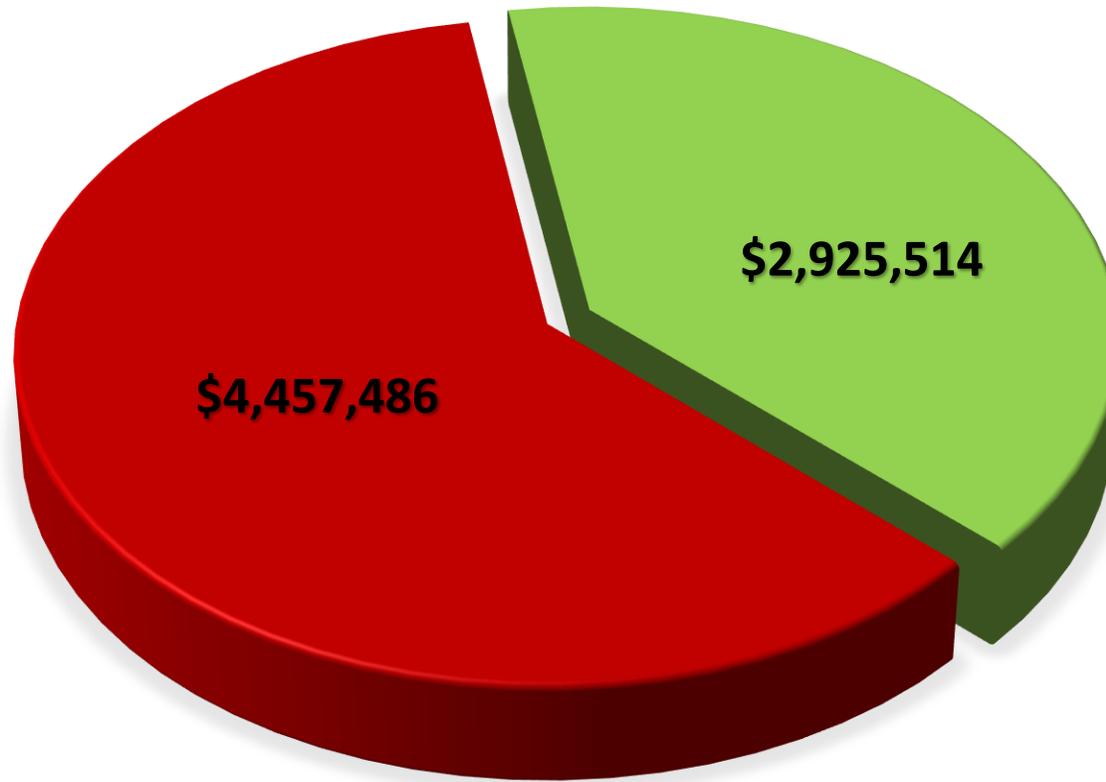


Project Budget Status

Total Budget: \$7,450,000

**Project Funds
Committed
60%**

- Eveleth Old Jr. High
- Eveleth Manual Arts
- Virginia Campus



**Remaining
Funds
40%**

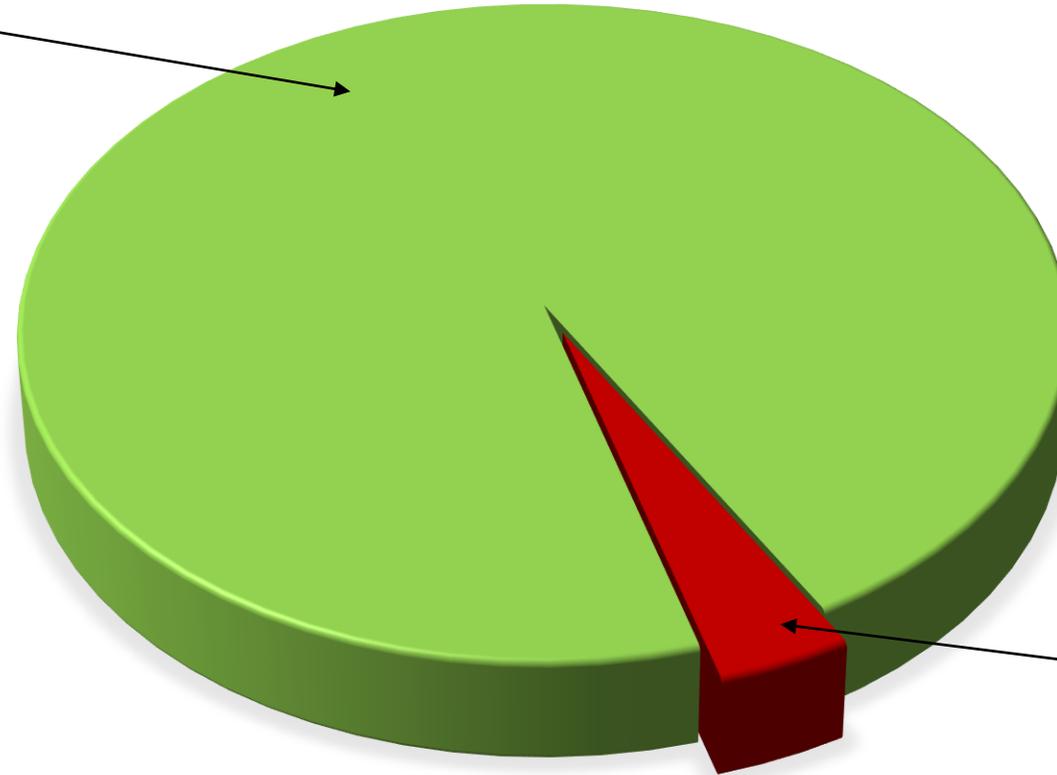
- Gilbert Campus
- Remaining Eveleth Campus



Project Contingency Status

Contingency: \$150,000

**Contingency
Remaining
\$144,202**



**Contingency
Spent
\$5,798**

Virginia, Eveleth, & Gilbert Campuses Budget Summary				
Description	Budget	Committed-To-Date	Remaining	Notes
Virginia HazMat/Abatement:	\$750,000	\$1,284,150 Abatement \$25,950 HazMat survey \$101,905 Abatement Monitoring	(\$662,005)	Budget assumed Selective Demo only in Roosevelt (Pool/Bleachers) & Malone Hall Remains
Virginia Demo: Revised/Required Demo: 385,000 SF	\$2,120,000 \$980K Short – Due to Complete Roosevelt & Malone Hall Demo	<u>\$2,295,693 Demo</u> <u>\$154,800 Rough Carpentry</u> <u>\$66,000 Fence</u>	(\$396,493)	Budget assumed Selective Demo only in Roosevelt (Pool/Bleachers) & Malone Hall Remains
Eveleth HazMat/Abatement:	\$780,000	\$174,778 Jr. High & Manual Arts (Including Monitoring)	\$605,222	Budget assumed no Demo of Franklin, Bus Garages, Fields, or HS Gym/Connector
Eveleth Demo: 381,500 SF Remaining	\$2,000,000 \$1.44M Short – If Franklin and Gym are NOT sold	\$471,210 Jr. High Demo	\$1,528,790	Budget assumed no Demo of Franklin, Bus Garages, Fields, or HS Gym/Connector
Gilbert HazMat/Abatement:	\$575,000	\$6,525 HazMat Survey \$92,625 Abatement Monitoring	\$475,850	Budget assumed Demo All Buildings
Gilbert Demo: 185,000 SF	\$1,275,000	\$0	\$1,275,000	Budget assumed Demo All Buildings
Totals: Must Sell 242,000 SF of Buildings to Remain In Budget	\$7,500,000 <u>\$2,420,000 Short</u> – Due to Revised Virginia Plan & If NO Eveleth Buildings are Sold	\$4,457,486 Note: Billed, pending payment	\$2,925,514	Note: Currently Spending \$10/SF to abate & demo



Closing Comments/Questions



KRAUS-ANDERSON®

Conclusion

Project Update Presentation

THANK YOU!



GO WOLVERINES!



KA Contract Amendment #03



- **Review of CM Contract Amendment #03**
 - Executive Summary (Bottom Line)
 - Context
 - Timing Going Forward



KA Contract Amendment #03



- **Intent?**: Re-align KA's CM-A Contract value to reflect added project funding and scope, budget adjustments to projects nearing completion, and Value Management finalizations
- **Why Now?**: Standard procedure is to memorialize changes after significant additional funding commitments are defined (Fundraising, Deferred Maintenance, ERATE, Board Contributions, Capital Fund, etc...) and Value Management processes are completed
- **What's Next?**: KA will continue to amend on a quarterly basis, as necessary (as projects complete & additional fundraising dollars commit to the overall budget)



Executive Summary



- **Total amount of appx. \$20,000**

1. General Conditions

- Budget Refinement to match project progressions
- 100% returned if/when unspent

2. Site Services

- Budget Refinement to match project progressions
- 100% returned if/when unspent

3. Reimbursable Expenses

- Budget Refinement to match project progressions
- 100% returned if/when unspent

4. CM Fee

- Based on 2% of current/final hard costs



Contract Amendment History



- **Primarily driven by net additional funding commitments to project over the last quarter**

\$178,500,000

- Original referendum amount

1.  \$190,000,000 (CM Amendment #01)
 - +\$11.5M of: bond interest, school board contributions, fundraising, capital fund, ERATE, & deferred maintenance commitments
2.  \$190,500,000 (CM Amendment #02)
 - +\$400k of fundraising commitments & a General Conditions budget refinement
3.  \$190,900,000 (CM Amendment #03)
 - +\$400k of fundraising commitments & a General Conditions budget refinement



Conclusion & Discussion



Questions?

- If not, then KA requesting -

Discussion & Vote



THANK YOU!

**#FIERCELY
UNITED**



**#ROCKRIDGE
RISING**

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COVID 19 Mitigation Plan 21-22

Rock Ridge Public Schools is committed to providing a safe and healthy workplace for all our faculty, staff, students, and visitors. To ensure we have a safe and healthy workplace and school environment, **Rock Ridge Public Schools** have developed the COVID-19 Operational Plan in response to the COVID-19 pandemic. The administration and directors are all responsible for implementing this plan. Our goal is to mitigate the potential for transmission of COVID-19 in our schools and communities, and that requires full cooperation among our faculty, staff, students, and communities. Only through this cooperative effort can we establish and maintain the safety and health of all persons in our school district.

Rock Ridge Public Schools are excited and optimistic for a school year that provides a normal learning environment for our students, faculty, staff, and our community for the 2021-2022 school year. We anticipate a year with full in-person learning 5 days per week for all our schools in grades PreK-12. This plan is subject to change if a situation compromises the health and well-being of our Rock Ridge community at any level or if there is a change in the guidance of the Minnesota Department of Health or if mandates are issued. This plan will be in effect in all district-owned facilities.

The Rock Ridge Public Schools COVID-19 Preparedness Plan follows the industry guidance developed by the state of Minnesota, which is based upon Centers for Disease Control and Prevention (CDC) and Minnesota Department of Health (MDH) guidelines for COVID-19, Minnesota Occupational Safety and Health Administration (MNOSHA) statutes, rules, and standards. It addresses:

- Monitoring symptoms and situations
- Testing and vaccination
- Isolation and quarantine
- Confirmed case of COVID-19
- Face coverings
- Social distancing
- Hygiene protocol
- Building and ventilation protocol
- Cleaning and disinfection protocol
- Communications





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2021-2022 COVID-19 Operational Plan

Monitoring symptoms and situations

Rock Ridge Public School will continue to monitor COVID-19 Infection Rates with the Minnesota Department of Health and St. Louis County Public Health. We will also monitor positive cases for the Rock Ridge faculty, staff, and students.

We ask that faculty, staff, and families monitor for signs and symptoms of COVID-19 on a daily basis. We ask that faculty, staff, and students do not attend work or school if they are experiencing any of the following symptoms, as this is imperative to protect the integrity of in-person learning.

What are the SYMPTOMS OF COVID:

More Common Symptoms:

If any ONE of these symptoms occur, your student could have COVID-19.
Refer to #1: What to do if your student develops symptoms of COVID-19.

- Fever 100.4 degrees F or greater
- New cough or cough that gets worse
- Difficulty/hard time breathing
- New loss of taste or smell

Less Common Symptoms:

If any TWO of these symptoms occur, your student could have COVID-19.
Refer to #1: What to do if your student develops symptoms of COVID-19.

- Sore throat
- Nausea
- Vomiting
- Diarrhea
- Chills
- Muscle pain
- Extreme fatigue/feeling very tired
- New severe/very bad headache
- New nasal congestion/stuffy or runny nose





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Testing and vaccination

Rock Ridge School District will offer at home screening tests to staff. Rock Ridge will consider offering tests for students if circumstances deem necessary and/or test kits are available.

We highly recommend and encourage our faculty, staff, and students to consider getting the COVID-19 vaccination when they are eligible.

Isolation and quarantine

Isolation: If you are sick or positive

- **IF YOU test positive for COVID-19 or have symptoms, regardless of vaccination status:**

- o Stay home for 5 days and isolate from others in your home.
- o Wear a well-fitted mask if you must be around others in your home.

- **Ending isolation if you had symptoms:**

- o End isolation after at least 5 full days if you are fever-free for 24 hours (without the use of fever-reducing medication) and your symptoms are improving.
- o If symptoms develop multiple days after testing positive, the 5-day isolation period should start over. Day 0 is the first day of symptoms.
- o If you are severely ill with COVID-19 you should isolate for at least 10 days. Consult your doctor before ending isolation.

- **Ending isolation if you did NOT have symptoms:**

- o End isolation after at least 5 full days after your positive test.

- **No matter what your isolation time is, take precautions until day 10:**

- o Wear a mask: Wear a well-fitted mask for 10 full days any time you are around others inside your home or in public. Do not go to places where you are unable to wear a mask.
- o Avoid travel.
- o Avoid being around people who are at high risk.

Who Doesn't Qualify for Shortened Isolation

- Children under 2, or other individuals who are unable to wear a mask.
- People who cannot wear a mask, including children under 2, should isolate (if infected) and quarantine (if exposed) for 10 days.
- People who have moderate or severe COVID-19 illness should isolate for the full 10 days. People with severe illness should consult with their healthcare provider to determine the appropriate duration of isolation.
- This guidance is not intended for people who are immunocompromised who might have a longer infectious period. See <https://www.cdc.gov/coronavirus/2019-ncov/hcp/duration-isolation.html> for more information.





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Day 0 is your first day of symptoms or when you take a positive test. Day 1 is the first full day after your symptoms developed or your test was taken. If you have COVID-19 or have symptoms, isolate for at least 5 days

Quarantine: If you have been exposed to a COVID-19 positive individual

*Up to date: means a person has received all recommended COVID-19 vaccines, including any booster dose(s) when eligible.

*Fully vaccinated: means a person has received their primary series of COVID-19 vaccine(s).

Who needs to quarantine?

Students, teachers, and staff who came into close contact with someone with COVID-19 should quarantine for at least 5 days (day 0 through day 5) after their last close contact if they are in one of the following groups:

- People who are ages 12 and older and completed the primary series of recommended vaccine, but are not up to date with the recommended booster shot.
- People who received the single-dose Johnson & Johnson vaccine (completing the primary series) over 2 months ago and are not up to date with the recommended booster shot.
- People who are not vaccinated or have not completed a primary vaccine series.

These individuals could also be eligible for Test to Stay programs that would allow them to stay in the school setting during the quarantine period. Outside the school setting, quarantine recommendations would apply.

Who does NOT need quarantine?

Students, teachers, and staff who came into close contact with someone with COVID-19 and are in one of the following groups do not need to quarantine:

- People who are ages 12 and older and have received all recommended vaccine doses, including boosters and additional primary shots for some immunocompromised people.
- People who are ages 5–11 years and completed the primary series of COVID-19 vaccines.
- People who had confirmed COVID-19 within the last 90 days (tested positive using a viral test).

Quarantine for Household Contacts

This only applies to close contacts that are not up to date on their COVID-19 vaccines.

- Quarantine for close contacts begins once the positive person separates from others in the household.
- If the positive person cannot separate from their household members, quarantine begins after they end their isolation.

o It is expected that the COVID-19 positive person will continue to wear a mask around the house throughout the full 10-day isolation period.





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- For close contacts who should quarantine, the length of the quarantine period would be 5 or 10 days depending on their ability to mask once they return to school, childcare, activities, work, etc.

Examples:

- Unable to separate = 5 days (positive person's infectious period) + 5 if the close contact can mask.
- Unable to separate = 5 days (positive person's infectious period) + 10 if the close contact cannot mask.

The date of your exposure is considered day 0. Day 1 is the first full day after your last contact with a person who has had COVID-19. Stay home and away from other people for at least 5 days.

~~Isolation is recommended when someone tests positive for COVID-19 and a recommended option when a person has symptoms of COVID-19 and is waiting on test results.~~

~~Individuals who test positive for COVID-19 must stay at home (isolation) until all three of these things are true:~~

- ~~• They feel better. Their cough, shortness of breath, or other symptoms are better; and,~~
- ~~• It has been at least 10 days since they first felt sick or tested positive; and,~~
- ~~• They have had no fever for at least 24 hours, without using medicine that lowers fever.~~

~~Quarantine is recommended when a person is experiencing symptoms of COVID-19 and is 10 days in length (day one starts on the first day of symptoms). Quarantine is also recommended by the CDC/MDH when someone has a contact exposure to a COVID-19 positive person even if asymptomatic. Our district~~

~~is NOT requiring quarantine of contact exposures if asymptomatic. Fully vaccinated people who are asymptomatic do not need to quarantine.~~

~~The procedure at Rock Ridge Public Schools for an individual who develops signs or symptoms of COVID-19 while away from school:~~

- ~~• Inform the school office where you work or the attendance where your student attends school if experiencing symptoms of COVID-19. Notify of the date symptoms started.~~
- ~~• We strongly recommend that you have your student tested immediately for COVID-19.~~
- ~~• Notify your students' school nursing office if your student tests positive for COVID-19. Provide the school with the positive test result.~~





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- If the person is told by their doctor or other health care provider that their symptoms are from something else (alternate diagnosis), and not from COVID-19, they can then go back to school when they are 24 hours fever free without fever reducing medications and symptoms have improved.
- Provide the school with a negative COVID test result or medical note of alternative diagnosis to return to school prior to the 10 day quarantine period.
- If the person does not get an evaluation from a doctor or another health care provider or get a COVID-19 test, they should stay at home from activities and school for at least 10 days starting from the time their symptoms started and until their symptoms have improved and they are fever free for 24 hours without using fever reducing medications.

The procedure at Rock Ridge Public Schools for a student who becomes sick, or develops COVID symptoms, while on campus:

- Parent/guardian will be contacted and informed to pick up their student from school.
- We strongly recommend that you have your student tested for COVID-19.
- Students will be provided a mask and encouraged to wear a mask. Students will be cared for in the nursing office until the parent/guardian is able to pick up from school.
- Parent/guardian will be informed that their student must remain home 10 days from the onset of symptoms or until they can provide a negative COVID-19 test result or an alternative diagnosis from a health care provider.
- After 10 days, the student may return to school if symptoms have improved and they have been fever free without fever reducing medications for 24 hours.

Fully vaccinated people and those who have had COVID-19 within the past 90 days are not recommended to quarantine, in most situations:

- Students in quarantine or isolation will follow traditional methods to make-up coursework unless instructed otherwise by their teacher. Virtual or online learning should not be expected.
- Parents/guardians are encouraged to work directly with their child's teacher to make arrangements. All students must complete required coursework.

The Procedure at Rock Ridge for Confirmed case of COVID-19

If there is a confirmed case of COVID-19 that attended while infectious, the district will notify the Minnesota Department of Health.

- If a staff member is alerted to or learns of a confirmed case, inform your supervisor immediately. More information can be found on the [CDC Website](#).





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Parent/Guardian of students who are identified as “close contacts” to a covid positive case in school or affiliated with a school activity will receive an email notification. Close contacts will not be sent home unless there is substantial transmission throughout the classroom and grade.

Parent/Guardian of students will be informed via email when there is a COVID positive case in their students' class.

If you choose to quarantine your student following contact exposure per the MDH and CDC guidelines, then we recommend that you provide a medical note excusing your child from school for the dates recommended by your healthcare provider.

Members of the same household that are close contacts are recommended to quarantine for a minimum of 10 days (day one of ten starts when the COVID positive household member starts isolation). If household members are fully vaccinated and do not have symptoms quarantine is not required. However, that could potentially change if household contacts begin to show signs and symptoms of COVID-19 or test positive for COVID-19.

Face coverings

- Face coverings/masks are required on student transportation. This is a federal requirement and not a rule under the authority of the school district.
- Face coverings/masks are required for all students, staff and visitors while inside any district facilities.
- Face coverings/masks are required for all students, staff and visitors while attending any indoor school event such as athletic contests, concerts, or other events.
- Student athletes will not be required to wear face coverings/masks while competing but will be required to wear face coverings/masks while on the bench or not competing.
- Face coverings/masks will not be required for any outdoor activities, competitions, or events.
- Face coverings/masks will not be required for any students under the age of 2.
- This is subject to change as community COVID ratios reach under 30 per 10,000 for two consecutive reporting periods.

Close Contacts: Persons who were 6 feet or closer for 15 minutes or more to a COVID positive person in a 24 hour period.

- Recommend immediate COVID testing if unvaccinated
- Recommend COVID testing 3-5 days after exposure for fully vaccinated individuals





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Close Contact Exemption: In the K-12 indoor classroom setting, the close contact definition excludes students who were within 3-6 feet of an infected student (laboratory-confirmed or a clinically compatible illness) if both the infected student and the exposed student (s) correctly and consistently wore well-fitting masks the entire time. The exception as written by CDC applies ONLY to the classroom. If less than 3 feet, the exemption does not apply.

Social distancing

Social distancing of 3 feet will be encouraged as conditions allow. There are no group size limits (assemblies, concerts, etc). This will continue to be monitored and could change based on conditions in the school setting.

Hygiene protocol

Basic infection prevention measures are being implemented at our workplaces at all times. Staff, students and visitors are instructed to wash their hands for at least 20 seconds with soap and water frequently throughout the day, but especially at the beginning and end of the day, prior to any mealtimes and after using the restroom.

Hygiene etiquette will be demonstrated on posters and will be communicated to staff and students on a regular basis in various forms.

Building and ventilation protocol

Operation of the building in which the workplace is located, includes necessary sanitation, assessment and maintenance of building systems, including water, plumbing, electrical, and heating, ventilation and air conditioning (HVAC) systems. The district follows all EPA, ASHRAE, industry guidance recommendations. Fresh air recirculation and ventilation are properly maintained and monitored.

Cleaning and disinfection protocol

Regular practices of cleaning and disinfecting have been implemented, including a schedule for routine cleaning and disinfecting of occupied spaces, including but not limited to: classrooms, gyms, cafeteria, common areas, work surfaces, equipment, tools and machinery, vehicles, meeting rooms, and drop-off and pick-up locations. Frequent cleaning and disinfecting is being conducted of high-touch areas.

Appropriate and effective cleaning and disinfecting supplies have been purchased and are available for use in accordance with product labels, safety data sheets and manufacturer specifications, and are being used with required personal protective equipment for the product.

All students and staff are encouraged to continuously wash their hands throughout the day (between every activity, at every transition, before after mealtimes, after bathroom use, before and after outside, etc.





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Communication

Rock Ridge Public Schools will maintain the covid-19 updates on our website (www.rrps.org) as a portal for information with links to data and health and safety guidelines.

Any changes to the Rock Ridge Public School COVID-19 Operational Plan will be directly communicated to parents via email.





Rock Ridge Schools

Changes to the 2021-2022 Mitigation Plan



Moving from 10 day to 5 Day Quarantine

- Until now, all COVID positive cases had a minimum 10 day quarantine
- In December, the CDC released guidelines for a shortened 5 day quarantine in certain instances
- In January, MDH adopted these guidelines and released school guidance.



Highlights of a 5 Day Isolation

If you test positive: May return to school 5 days after positive test if:

- No symptoms
- Fever Free for 24 hours
- Able to wear a well fitting mask for 10 days



Who Does Not Qualify for a Shortened Quarantine

- People who can not wear a mask
- People who have a moderate to severe case of COVID - they should continue to isolate for 10 days
- People who are immunocompromised



Quarantine

Students, teachers, and staff who came into close contact with someone with COVID-19 should quarantine for at least 5 days (day 0 through day 5) after their last close contact unless:

- People who are ages 12 and older and have received all recommended vaccine doses, including boosters
- People who are ages 5–11 years and completed the primary series of COVID-19 vaccines.
- People who had confirmed COVID-19 within the last 90 days (tested positive using a viral test).



Questions?

**ROCK RIDGE PUBLIC SCHOOLS
2022 SCHOOL BOARD COMMITTEE**

<u>Standing Committees</u>	Board Member #1	Board Member #2	Board Member #3	Board Member #4	Notes:
Facilities - Bldgs, Grounds, Transportation & Safety	John Uhan	Tom Tammaro <i>Safety Mtgs</i>	Bill Addy	Tim Riordan	Safety meets quarterly at 1:00
<u>Budget / Finance</u>	Matt Sjoberg	John Uhan	Nicole Culbert-Dahl	Stacey Scholz	
<u>Community Education Advisory</u>	John Uhan	Tom Tammaro	Nicole Culbert-Dahl		
<u>Athletic & Activities</u>	Matt Sjoberg & MSHSL Rep		John Uhan	Tim Riordan	
<u>Policy</u>	Brandi Lautigar	Stacey Scholz	Nicole Culbert-Dahl	John Uhan	
<u>Personnel</u>	Brandi Lautigar	Tom Tammaro	Bill Addy		
<u>District Curriculum Advisory & Staff Development</u>	Brandi Lautigar	Stacey Scholz	Nicole Culbert-Dahl	Bill Addy	
<u>Labor Management Meet and Confer</u>	Brandi Lautigar	Stacey Scholz			
<u>Wellness, Family Services Collaborative</u>	School Principal		Nicole Culbert-Dahl		
<u>Iron Range Youth in Action</u>	Brandi Lautigar				
<u>Negotiations - AFSCME</u> Administration & Teachers	Tom Tammaro Tom Tammaro	Stacey Scholz Tim Riordan	Bill Addy Bill Addy		
<u>City Council Liaison</u>	Matt Sjoberg Eveleth	Bill Addy Gilbert	Tim Riordan Virginia		
<u>Indian Education Liaison</u>	Tim Riordan				
<u>Legislative</u>	Tim Riordan				
<u>Recreation Board</u>					