



"The mission of the Ada-Borup School District is to educate and prepare all students for a successful tomorrow through academics, activities, arts and attitude."

**REGULAR MEETING
ADA-BORUP SCHOOL DISTRICT NO. 2854
INDEPENDENT SCHOOL DISTRICT NO. 2854
604 WEST THORPE AVENUE
ADA, MINNESOTA 56510
October 13, 2020 – 7:00 AM**

I.	Chairperson - Call to order by Chairperson _____ at _____ and declaration of a quorum.	
II.	Attendance:	
III.	Pledge of Allegiance	
IV.	Consideration/Approval of district invoices (A)	3
V.	Public Input	
VI.	School Board Member Comments	
VII.	Audit Report - Brady Martz	18
VIII.	Budget Report	93
IX.	Administrative Reports	
	A. Superintendent or Business Manager Report	97
	B. High School Principal	98
	C. Elementary Principal/DAC	99
	D. Activities Director	100
	E. Committees	
	I. Building & Maintenance	
	II. Transportation	
	III. Staff Development	
	IV. MSHSL	
X.	Adoption of Agenda	
XI.	Old or Unfinished Business	
XII.	New Business	
	A. Consent Agenda (A)	
	I. Approve minutes from the Sept 15 regular Meeting	101
	II. Accept Donations	103
	B. Personnel	
	I. Hirings	
	a. Approve hiring Alexis Miller as a paraprofessional (A)	
	II. Leaves	
	a. Approve the maternity leave request for Kyli Altepeter (A)	
	C. Approve the Seniority list for the 2020-21 School Year (A)	
	D. Approve the fiscal year 2020 audit (A)	
	E. Resolution approving the sale of the district's taxable general obligation refunding bonds, series 2020B (R)	105
XIII.	Adjourn	

Next Regular School Board Meeting **Date:** _____ **Time:** _____

This institution is an equal opportunity provider and employer.

Ada-Borup Public Schools Detail Payment Register By Check

Co	Bank	Check No	Code	Rcd	Vendor	Pmt/Void Date	Pmt Type		
2854	CFB	55766	210677		AM. FAMILY LIFE ASSURANCE CO.		Check		
				B 28 215 006	American Family			\$2,660.41	
	PO#:	Voucher #:	45372	Invoice	Invoice No: M2021030	9/25/2020	Paid Amt:	\$2,660.41	
							Check Amount:	\$2,660.41	
2854	CFB	55767	8560		Dentegra Ins. Co (Delta Dental)		Check		
				B 28 215 036	Dental			\$146.96	
	PO#:	Voucher #:	45374	Invoice	Invoice No: M2021030	9/25/2020	Paid Amt:	\$146.96	
							Check Amount:	\$146.96	
2854	CFB	55768	8445		HORACE MANN AUTO		Check		
				B 28 215 028	HORACE MANN AUTO			\$1,440.37	
	PO#:	Voucher #:	45377	Invoice	Invoice No: M2021030	9/25/2020	Paid Amt:	\$1,440.37	
							Check Amount:	\$1,440.37	
2854	CFB	55769	8729		Horace Mann Life Insurance Company		Check		
				B 28 215 030	Mcl Life Insurance			\$1,101.17	
	PO#:	Voucher #:	45376	Invoice	Invoice No: M2021030	9/25/2020	Paid Amt:	\$1,101.17	
							Check Amount:	\$1,101.17	
2854	CFB	55770	8530		MADISON NATIONAL LIFE		Check		
				B 28 215 030	Mcl Life Insurance			\$286.35	
				B 28 215 030	Adjustment			(\$4.05)	
	PO#:	Voucher #:	45379	Invoice	Invoice No: M2021030	9/25/2020	Paid Amt:	\$282.30	
				B 28 215 032	Long Term Disability			\$482.48	
				B 28 215 032	Adjustment			\$16.53	
	PO#:	Voucher #:	45380	Invoice	Invoice No: M2021030	9/25/2020	Paid Amt:	\$499.01	
							Check Amount:	\$781.31	
2854	CFB	55771	8396		NCPERS Group Life Insurance		Check		
				B 28 215 026	PERA Life			\$54.40	
				B 28 215 026	9-mo adjustment			(\$6.40)	
	PO#:	Voucher #:	45384	Invoice	Invoice No: M2021030	9/25/2020	Paid Amt:	\$48.00	
							Check Amount:	\$48.00	
2854	RAM	59432	9018		STERTON CHRISTIAN		Check		
				E 01 005 810 154 401 000	Gen Supplies			\$600.00	
	PO#:	Voucher #:	45312	Invoice	Invoice No: 09022001	9/2/2020	Paid Amt:	\$600.00	
							Check Amount:	\$600.00	
2854	RAM	59433	8780		LINCOLN HIGH SCHOOL		Check		
				E 01 300 292 000 366 110	Travel - Cross Country			\$100.00	
	PO#:	Voucher #:	45313	Invoice	Invoice No: 09032001	9/3/2020	Paid Amt:	\$100.00	
							Check Amount:	\$100.00	

Ada-Borup Public Schools Detail Payment Register By Check

Co	Bank	Check No	Code	Rcd	Vendor	Pmt/Void Date	Pmt Type		
2854	RAM	59434	9019		Roseau High School		Check		
				E 01	300 292 000 366 110	Travel - Cross Country		\$125.00	
PO#:	Voucher #:	45314	Invoice		Invoice No: 09082001	9/8/2020	Paid Amt:	\$125.00	
							Check Amount:	\$125.00	
2854	RAM	59435	2143		ADA BUILDING CENTER		Check		
				E 01	005 810 000 401 000	Custodial Supplies		\$162.14	
PO#:	Voucher #:	45315	Invoice		Invoice No: 129385-129999	9/9/2020	Paid Amt:	\$162.14	
							Check Amount:	\$162.14	
2854	RAM	59436	10989		AL'S DISPOSAL		Check		
				E 01	005 810 000 330 000	Utility Services		\$91.55	
PO#:	Voucher #:	45316	Invoice		Invoice No: 09092001	9/9/2020	Paid Amt:	\$91.55	
							Check Amount:	\$91.55	
2854	RAM	59437	8546		AMAZON		Check		
				E 01	100 203 000 430 000	Inst Supplies		\$64.46	
PO#:	Voucher #:	45317	Invoice		Invoice No: 09092002	9/9/2020	Paid Amt:	\$64.46	
				E 01	005 850 302 555 000	Technology Equipment		\$58.55	
PO#:	Voucher #:	45318	Invoice		Invoice No: 1gdy-44rd-kncv	9/9/2020	Paid Amt:	\$58.55	
				E 01	100 203 154 401 000	Gen Supplies		\$92.15	
PO#:	Voucher #:	45319	Invoice		Invoice No: 1lpq-v3fr-jmkp	9/9/2020	Paid Amt:	\$92.15	
							Check Amount:	\$215.16	
2854	RAM	59438	2521		APPLE INC		Check		
				E 01	005 810 154 555 000	Technology Equipment		\$23,920.00	
PO#:	Voucher #:	45320	Invoice		Invoice No: AC41843670	9/9/2020	Paid Amt:	\$23,920.00	
							Check Amount:	\$23,920.00	
2854	RAM	59439	2552		AREA SPECIAL EDUCATION COOP #997		Check		
				E 01	200 420 000 394 000	ASEC Payments		\$15,878.92	
PO#:	Voucher #:	45321	Invoice		Invoice No: 09092002	9/9/2020	Paid Amt:	\$15,878.92	
							Check Amount:	\$15,878.92	
2854	RAM	59440	1659		AUTO VALUE ADA		Check		
				E 01	005 760 720 401 000	Gen Supplies		\$498.76	
PO#:	Voucher #:	45322	Invoice		Invoice No: 63138561-63139396	9/9/2020	Paid Amt:	\$498.76	
							Check Amount:	\$498.76	
2854	RAM	59441	2389		BANC OF AMERICA LEASING & CAPI		Check		
				E 01	005 920 000 730 000	Energy Loan Payment		\$3,090.55	
				E 01	005 920 000 740 000	Energy Loan Interest		\$316.83	
PO#:	Voucher #:	45323	Invoice		Invoice No: R20564	9/9/2020	Paid Amt:	\$3,407.38	
							Check Amount:	\$3,407.38	

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Co	Bank	Check No	Code	Rcd	Vendor	Pmt/Void Date	Pmt Type		
2854	RAM	59442	9020		BERG, LORI		Check		
				R 02	005 770 701 601 000	Student Food Service Sales		\$14.95	
	PO#:	Voucher #:	45324	Invoice	Invoice No: 09092003	9/9/2020	Paid Amt:	\$14.95	
							Check Amount:	\$14.95	
2854	RAM	59443	8337		BITKER INC		Check		
				E 01	005 810 000 350 000	Repair & Maint Svc		\$27.45	
	PO#:	Voucher #:	45325	Invoice	Invoice No: 7016	9/9/2020	Paid Amt:	\$27.45	
							Check Amount:	\$27.45	
2854	RAM	59444	10017		CITY OF ADA		Check		
				E 01	005 810 000 330 000	Utility Services		\$337.08	
	PO#:	Voucher #:	45326	Invoice	Invoice No: 0400002227041	9/9/2020	Paid Amt:	\$337.08	
				E 01	005 810 000 330 000	Utility Services		\$2,972.81	
	PO#:	Voucher #:	45327	Invoice	Invoice No: 0400002227148	9/9/2020	Paid Amt:	\$2,972.81	
				E 01	005 810 000 330 000	Utility Services		\$569.13	
	PO#:	Voucher #:	45328	Invoice	Invoice No: 0400002227070	9/9/2020	Paid Amt:	\$569.13	
				E 01	005 810 000 330 000	Utility Services		\$3,936.88	
	PO#:	Voucher #:	45329	Invoice	Invoice No: 0400002227122	9/9/2020	Paid Amt:	\$3,936.88	
				E 01	005 810 000 330 000	Utility Services		\$2,763.60	
	PO#:	Voucher #:	45330	Invoice	Invoice No: 0400002227012	9/9/2020	Paid Amt:	\$2,763.60	
				E 01	005 810 000 330 000	Utility Services		\$25.99	
	PO#:	Voucher #:	45331	Invoice	Invoice No: 0400002227083	9/9/2020	Paid Amt:	\$25.99	
							Check Amount:	\$10,605.49	
2854	RAM	59445	10030		COLE PAPER, INC		Check		
				E 01	005 110 000 401 000	Gen Supplies		\$3,173.75	
	PO#:	Voucher #:	45332	Invoice	Invoice No: 9874120	9/9/2020	Paid Amt:	\$3,173.75	
							Check Amount:	\$3,173.75	
2854	RAM	59446	2047		CULLIGAN WATER CONDITIONING		Check		
				E 01	005 760 720 401 000	Gen Supplies		\$12.00	
	PO#:	Voucher #:	45333	Invoice	Invoice No: 245-00026922-6	9/9/2020	Paid Amt:	\$12.00	
							Check Amount:	\$12.00	
2854	RAM	59447	8742		DAKOTA REFRIGERATION INC		Check		
				E 01	005 810 000 350 000	Repair & Maint Svc		\$32.95	
	PO#:	Voucher #:	45334	Invoice	Invoice No: 159936	9/9/2020	Paid Amt:	\$32.95	
							Check Amount:	\$32.95	
2854	RAM	59448	8481		DSI		Check		
				E 01	005 810 154 401 000	Gen Supplies		\$10.25	
	PO#:	Voucher #:	45335	Invoice	Invoice No: S1212282	9/9/2020	Paid Amt:	\$10.25	
							Check Amount:	\$10.25	

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Co	Bank	Check No	Code	Rcd	Vendor	Pmt/Void Date	Pmt Type		
2854	RAM	59449	2641		ECOLAB PEST ELIMINATION DIVISION		Check		
				E 01	005 865 347 305 000	Consulting Fees/Fees - LTFM Physical Hazarc		\$238.10	
	PO#:	Voucher #:	45336	Invoice	Invoice No: 7681051	9/9/2020	Paid Amt:	\$238.10	
							Check Amount:	\$238.10	
2854	RAM	59450	8801		EDMENTUM		Check		
				E 01	300 211 302 460 000	Secondary Capital		\$1,591.20	
	PO#:	Voucher #:	45337	Invoice	Invoice No: INV143018	9/9/2020	Paid Amt:	\$1,591.20	
							Check Amount:	\$1,591.20	
2854	RAM	59451	1821		GRAINGER		Check		
				E 01	005 810 154 401 000	Gen Supplies		\$79.98	
	PO#:	Voucher #:	45338	Invoice	Invoice No: 9629810681	9/9/2020	Paid Amt:	\$79.98	
							Check Amount:	\$79.98	
2854	RAM	59452	1713		HERC-U-LIFT		Check		
				E 01	005 865 347 305 000	Consulting Fees/Fees - LTFM Physical Hazarc		\$152.44	
	PO#:	Voucher #:	45339	Invoice	Invoice No: W470332	9/9/2020	Paid Amt:	\$152.44	
							Check Amount:	\$152.44	
2854	RAM	59453	9021		HOHNADEL CHRIS		Check		
				R 02	005 770 701 601 000	Student Food Service Sales		\$1.00	
	PO#:	Voucher #:	45340	Invoice	Invoice No: 09092002	9/9/2020	Paid Amt:	\$1.00	
							Check Amount:	\$1.00	
2854	RAM	59454	1701		JIM'S LOCKSMITH SERVICE		Check		
				E 01	005 810 000 401 000	Custodial Supplies		\$12.00	
	PO#:	Voucher #:	45341	Invoice	Invoice No: 2664	9/9/2020	Paid Amt:	\$12.00	
							Check Amount:	\$12.00	
2854	RAM	59455	9022		KOSTE, JODY CAIN		Check		
				R 02	005 770 701 601 000	Student Food Service Sales		\$11.75	
	PO#:	Voucher #:	45342	Invoice	Invoice No: 09092005	9/9/2020	Paid Amt:	\$11.75	
							Check Amount:	\$11.75	
2854	RAM	59456	10681		KRJB		Check		
				E 01	005 110 000 305 000	Consulting Fees/Fees		\$2,884.00	
	PO#:	Voucher #:	45343	Invoice	Invoice No: KRJB0315200880152	9/9/2020	Paid Amt:	\$2,884.00	
							Check Amount:	\$2,884.00	
2854	RAM	59457	2105		MARCO INC		Check		
				E 01	005 850 302 370 000	Facilities Lease		\$3,145.93	
	PO#:	Voucher #:	45344	Invoice	Invoice No: 422632141	9/9/2020	Paid Amt:	\$3,145.93	
							Check Amount:	\$3,145.93	

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Co	Bank	Check No	Code	Rcd	Vendor	Pmt/Void Date	Pmt Type
2854	RAM	59458	2300		MAREK, SAM		Check
				R 02	005 770 701 601 000	Student Food Service Sales	\$34.00
	PO#:	Voucher #:	45345	Invoice	Invoice No: 09092006	9/9/2020	Paid Amt: \$34.00
							Check Amount: \$34.00
2854	RAM	59459	10373		MIDWAY MOTORS		Check
				E 01	005 810 000 350 000	Repair & Maint Svc	\$145.52
	PO#:	Voucher #:	45346	Invoice	Invoice No: 09092007	9/9/2020	Paid Amt: \$145.52
							Check Amount: \$145.52
2854	RAM	59460	3751		NETWORK SERVICES CO		Check
				E 01	005 810 154 401 000	Gen Supplies	\$94.80
	PO#:	Voucher #:	45347	Invoice	Invoice No: 73885	9/9/2020	Paid Amt: \$94.80
							Check Amount: \$94.80
2854	RAM	59461	2402		NETWORKING SPECIALISTS		Check
				E 01	005 850 302 305 000	Consulting Fees/Fees	\$2,573.00
	PO#:	Voucher #:	45348	Invoice	Invoice No: NSPC-4285	9/9/2020	Paid Amt: \$2,573.00
							Check Amount: \$2,573.00
2854	RAM	59462	10069		NORMAN COUNTY INDEX		Check
				E 01	005 110 000 305 000	Consulting Fees/Fees	\$939.25
	PO#:	Voucher #:	45349	Invoice	Invoice No: 09092007	9/9/2020	Paid Amt: \$939.25
							Check Amount: \$939.25
2854	RAM	59463	8700		NOR-SON, INC		Check
				E 06	005 870 000 305 000	Gen Obligation Contracted Services	\$705,377.85
	PO#:	Voucher #:	45350	Invoice	Invoice No: 3668.03	9/9/2020	Paid Amt: \$705,377.85
							Check Amount: \$705,377.85
2854	RAM	59464	8700		NOR-SON, INC		Check
				E 06	005 870 000 305 001	Consulting Fees/Fees	\$106,400.00
	PO#:	Voucher #:	45351	Invoice	Invoice No: 36682.02	9/9/2020	Paid Amt: \$106,400.00
							Check Amount: \$106,400.00
2854	RAM	59465	10244		OFFICE SUPPLIES PLUS		Check
				E 01	005 110 000 401 000	Gen Supplies	\$106.38
	PO#:	Voucher #:	45352	Invoice	Invoice No: 38854	9/9/2020	Paid Amt: \$106.38
							Check Amount: \$106.38
2854	RAM	59466	10495		POPPLERS MUSIC STORE		Check
				E 01	300 258 000 441 000	Vocal Music Supp	\$30.15
	PO#:	Voucher #:	45353	Invoice	Invoice No: 2396411	9/9/2020	Paid Amt: \$30.15
							Check Amount: \$30.15

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Co	Bank	Check No	Code	Rcd	Vendor	Pmt/Void Date	Pmt Type		
2854	RAM	59467	1814		PRAXAIR DISTRIBUTION INC		Check		
				E 01	300 361 000 430 000	Inst Supplies		\$44.47	
	PO#:	Voucher #:	45354	Invoice	Invoice No: 98721822			Paid Amt:	\$44.47
						9/9/2020		Check Amount:	\$44.47
2854	RAM	59468	9023		PRIMEAU LISA		Check		
				R 02	005 770 701 601 000	Student Food Service Sales		\$12.55	
	PO#:	Voucher #:	45355	Invoice	Invoice No: 09092008			Paid Amt:	\$12.55
						9/9/2020		Check Amount:	\$12.55
2854	RAM	59469	3612		PRODUCTIVITY PLUS ACCOUNT		Check		
				E 01	005 760 720 401 000	Gen Supplies		\$46.38	
	PO#:	Voucher #:	45356	Invoice	Invoice No: 6035180007001114			Paid Amt:	\$46.38
						9/9/2020		Check Amount:	\$46.38
2854	RAM	59470	2324		RDO EQUIPMENT COMPANY		Check		
				E 01	005 760 720 401 000	Gen Supplies		\$13.92	
	PO#:	Voucher #:	45357	Invoice	Invoice No: P5028148			Paid Amt:	\$13.92
						9/9/2020		Check Amount:	\$13.92
2854	RAM	59471	1913		REGION 1		Check		
				E 01	005 110 000 401 000	Gen Supplies		\$111.18	
	PO#:	Voucher #:	45358	Invoice	Invoice No: 9682			Paid Amt:	\$111.18
						9/9/2020		Check Amount:	\$111.18
2854	RAM	59472	8519		REINDERS		Check		
				E 01	005 810 000 401 000	Custodial Supplies		\$1,267.30	
	PO#:	Voucher #:	45359	Invoice	Invoice No: 3073777-00			Paid Amt:	\$1,267.30
						9/9/2020		Check Amount:	\$1,267.30
2854	RAM	59473	9024		SIP, DAREL		Check		
				R 02	005 770 701 601 000	Student Food Service Sales		\$137.60	
	PO#:	Voucher #:	45360	Invoice	Invoice No: 09092008			Paid Amt:	\$137.60
						9/9/2020		Check Amount:	\$137.60
2854	RAM	59474	9025		SIVERTSON, ANGELA		Check		
				R 02	005 770 701 601 000	Student Food Service Sales		\$31.82	
	PO#:	Voucher #:	45361	Invoice	Invoice No: 09092009			Paid Amt:	\$31.82
						9/9/2020		Check Amount:	\$31.82
2854	RAM	59475	8954		Sourcewell Technology		Check		
				E 01	100 203 302 460 000	Elem Capital		\$810.00	
	PO#:	Voucher #:	45363	Invoice	Invoice No: SF00000396			Paid Amt:	\$810.00
						9/9/2020		Check Amount:	\$810.00

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Co	Bank	Check No	Code	Rcd	Vendor	Pmt/Void Date	Pmt Type		
2854	RAM	59476	8537		STARFALL EDUCATION FOUNDATION		Check		
				E 01	100 200 000 401 000 VPK Supplies			\$150.00	
	PO#:	Voucher #:	45362	Invoice	Invoice No: 5668-2827-4255	9/9/2020	Paid Amt:	\$150.00	
							Check Amount:	\$150.00	
2854	RAM	59477	8573		VALLEY PETROLEUM EQUIPMENT INC		Check		
				E 01	005 865 347 305 000 Consulting Fees/Fees - LTFM Physical Hazarc			\$644.80	
	PO#:	Voucher #:	45364	Invoice	Invoice No: 121474	9/9/2020	Paid Amt:	\$644.80	
							Check Amount:	\$644.80	
2854	RAM	59478	2334		VIKING TROPHIES		Check		
				E 01	300 258 000 441 000 Vocal Music Supp			\$73.00	
	PO#:	Voucher #:	45365	Invoice	Invoice No: 09092009	9/9/2020	Paid Amt:	\$73.00	
							Check Amount:	\$73.00	
2854	RAM	59479	2291		WDAY AM 970		Check		
				E 01	005 110 000 305 000 Consulting Fees/Fees			\$150.00	
	PO#:	Voucher #:	45366	Invoice	Invoice No: 262204	9/9/2020	Paid Amt:	\$150.00	
							Check Amount:	\$150.00	
2854	RAM	59480	8333		WFO Enterprises		Check		
				E 01	005 850 302 305 000 Consulting Fees/Fees			\$3,360.00	
	PO#:	Voucher #:	45367	Invoice	Invoice No: 55	9/9/2020	Paid Amt:	\$3,360.00	
							Check Amount:	\$3,360.00	
2854	RAM	59481	1544		MASSP		Check		
				E 01	005 640 316 366 000 Travel			\$125.00	
	PO#:	Voucher #:	45392	Invoice	Invoice No: 09212001	9/21/2020	Paid Amt:	\$125.00	
							Check Amount:	\$125.00	
2854	RAM	59482	8784		Bagley Schools		Check		
				E 01	300 292 000 366 110 Travel - Cross Country			\$125.00	
	PO#:	Voucher #:	45393	Invoice	Invoice No: 09212002	9/21/2020	Paid Amt:	\$125.00	
							Check Amount:	\$125.00	
2854	RAM	59483	9027		3P Learning Inc		Check		
				E 01	100 203 302 460 000 Elem Capital			\$768.75	
	PO#:	Voucher #:	45394	Invoice	Invoice No: INV-US-10119	9/24/2020	Paid Amt:	\$768.75	
							Check Amount:	\$768.75	
2854	RAM	59484	2511		ADA FELTON COUNTRY STORE		Check		
				E 01	005 760 720 440 000 Fuel			\$38.76	
	PO#:	Voucher #:	45395	Invoice	Invoice No: 7240	9/24/2020	Paid Amt:	\$38.76	
							Check Amount:	\$38.76	

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Co	Bank	Check No	Code	Rcd	Vendor	Pmt/Void Date	Pmt Type		
2854	RAM	59485	2381		ARVIG COMMUNICATION SYSTEMS		Check		
				E 01	005 810 000 320 000 Telephone			\$698.11	
PO#:	Voucher #:	45396	Invoice	Invoice No:	00025843300011	9/24/2020	Paid Amt:	\$698.11	
				E 01	005 810 000 320 000 Telephone			\$87.06	
PO#:	Voucher #:	45397	Invoice	Invoice No:	00025843290014	9/24/2020	Paid Amt:	\$87.06	
				E 01	005 810 000 320 000 Telephone			\$45.58	
PO#:	Voucher #:	45398	Invoice	Invoice No:	00025843280015	9/24/2020	Paid Amt:	\$45.58	
				E 01	005 810 000 320 000 Telephone			\$48.64	
PO#:	Voucher #:	45399	Invoice	Invoice No:	00025783560014	9/24/2020	Paid Amt:	\$48.64	
							Check Amount:	\$879.39	
2854	RAM	59486	10030		COLE PAPER, INC		Check		
				E 01	005 110 000 401 000 Gen Supplies			\$13.25	
PO#:	Voucher #:	45400	Invoice	Invoice No:	9880074	9/24/2020	Paid Amt:	\$13.25	
							Check Amount:	\$13.25	
2854	RAM	59487	10437		ELECTRO WATCHMAN, INC		Check		
				E 01	005 865 363 305 000 Consulting Fees/Fees - LTFM Fire Safety			\$144.00	
PO#:	Voucher #:	45401	Invoice	Invoice No:	354661	9/24/2020	Paid Amt:	\$144.00	
							Check Amount:	\$144.00	
2854	RAM	59488	3568		EMC INSURANCE COMPANIES		Check		
				E 01	005 940 000 340 000 Property Ins			\$4,972.80	
				E 01	005 110 000 270 000 Workmens Comp			\$2,242.36	
PO#:	Voucher #:	45402	Invoice	Invoice No:	C-07530281	9/24/2020	Paid Amt:	\$7,215.16	
							Check Amount:	\$7,215.16	
2854	RAM	59489	9028		Excel Tubmbling & Cheer		Check		
				E 04	005 505 321 305 000 Consulting Fees/Fees			\$3,500.00	
PO#:	Voucher #:	45403	Invoice	Invoice No:	1	9/24/2020	Paid Amt:	\$3,500.00	
							Check Amount:	\$3,500.00	
2854	RAM	59490	8413		Foss Architecture & Interiors		Check		
				E 06	005 870 000 305 000 Gen Obligation Contracted Services			\$5,920.16	
PO#:	Voucher #:	45404	Invoice	Invoice No:	1843.02	9/24/2020	Paid Amt:	\$5,920.16	
							Check Amount:	\$5,920.16	
2854	RAM	59491	8751		FURTHER		Check		
				E 01	005 110 000 305 000 Consulting Fees/Fees			\$477.90	
PO#:	Voucher #:	45405	Invoice	Invoice No:	15509900-15522720	9/24/2020	Paid Amt:	\$477.90	
							Check Amount:	\$477.90	

Ada-Borup Public Schools Detail Payment Register By Check

Co	Bank	Check No	Code	Rcd	Vendor	Pmt/Void Date	Pmt Type		
2854	RAM	59492	3541		HANDYMAN'S INC		Check		
				E 01	005 810 000 401 000	Custodial Supplies		\$255.78	
PO#:	Voucher #:	45406	Invoice	Invoice No:	224992	9/24/2020	Paid Amt:	\$255.78	
							Check Amount:	\$255.78	
2854	RAM	59493	1992		HILLYARD/HUTCHINSON		Check		
				E 01	005 810 154 401 000	Gen Supplies		\$272.68	
PO#:	Voucher #:	45407	Invoice	Invoice No:	604052831	9/24/2020	Paid Amt:	\$272.68	
							Check Amount:	\$272.68	
2854	RAM	59494	8526		INNOVATIVE OFFICE SOLUTIONS LLC		Check		
				E 01	005 110 000 401 000	Gen Supplies		\$54.71	
PO#:	Voucher #:	45408	Invoice	Invoice No:	IN3094273	9/24/2020	Paid Amt:	\$54.71	
							Check Amount:	\$54.71	
2854	RAM	59495	1632		MCCOLLUM HARDWARE, INC.		Check		
				E 01	005 810 154 401 000	Gen Supplies		\$657.50	
				E 01	005 810 000 401 000	Custodial Supplies		\$1,295.65	
PO#:	Voucher #:	45409	Invoice	Invoice No:	133124-135640	9/24/2020	Paid Amt:	\$1,953.15	
							Check Amount:	\$1,953.15	
2854	RAM	59496	8535		MENARDS		Check		
				E 01	300 361 000 430 000	Inst Supplies		\$227.82	
PO#:	Voucher #:	45410	Invoice	Invoice No:	16917	9/24/2020	Paid Amt:	\$227.82	
				E 01	005 810 000 401 000	Custodial Supplies		\$39.44	
PO#:	Voucher #:	45411	Invoice	Invoice No:	16666	9/24/2020	Paid Amt:	\$39.44	
							Check Amount:	\$267.26	
2854	RAM	59497	1840		MINNESOTA ENERGY		Check		
				E 01	005 810 000 330 000	Utility Services		\$103.04	
PO#:	Voucher #:	45412	Invoice	Invoice No:	0502755022-00001	9/24/2020	Paid Amt:	\$103.04	
				E 01	005 810 000 320 000	Telephone		\$95.22	
PO#:	Voucher #:	45413	Invoice	Invoice No:	0506903733-00001	9/24/2020	Paid Amt:	\$95.22	
				E 01	005 810 000 320 000	Telephone		\$172.13	
PO#:	Voucher #:	45414	Invoice	Invoice No:	0504407860-00001	9/24/2020	Paid Amt:	\$172.13	
							Check Amount:	\$370.39	
2854	RAM	59498	3751		NETWORK SERVICES CO		Check		
				E 01	005 810 154 401 000	Gen Supplies		\$77.52	
PO#:	Voucher #:	45415	Invoice	Invoice No:	77776	9/24/2020	Paid Amt:	\$77.52	
				E 01	005 810 000 401 000	Custodial Supplies		\$47.01	
PO#:	Voucher #:	45416	Invoice	Invoice No:	84766	9/24/2020	Paid Amt:	\$47.01	

Ada-Borup Public Schools Detail Payment Register By Check

Co	Bank	Check No	Code	Rcd	Vendor	Pmt/Void Date	Pmt Type		
2854	RAM	59498	3751		NETWORK SERVICES CO		Check		
				E 01	005 810 000 401 000	Custodial Supplies		\$59.28	
PO#:	Voucher #:	45417	Invoice	Invoice No:	77775	9/24/2020	Paid Amt:	\$59.28	
							Check Amount:	\$183.81	
2854	RAM	59499	8940		NORTHERN TECHNOLOGIES INC		Check		
				E 06	005 870 000 305 000	Gen Obligation Contracted Services		\$2,633.50	
PO#:	Voucher #:	45419	Invoice	Invoice No:	36309	9/24/2020	Paid Amt:	\$2,633.50	
							Check Amount:	\$2,633.50	
2854	RAM	59500	10028		NORTHWEST SERVICE COOPERATIVE		Check		
				E 01	005 640 316 366 000	Travel		\$150.00	
PO#:	Voucher #:	45418	Invoice	Invoice No:	4434	9/24/2020	Paid Amt:	\$150.00	
							Check Amount:	\$150.00	
2854	RAM	59501	8706		NW MN CC Conference		Check		
				E 01	300 292 000 820 000	Dues Membership		\$100.00	
PO#:	Voucher #:	45420	Invoice	Invoice No:	09242001	9/24/2020	Paid Amt:	\$100.00	
							Check Amount:	\$100.00	
2854	RAM	59502	10244		OFFICE SUPPLIES PLUS		Check		
				E 01	005 110 000 401 000	Gen Supplies		\$10.55	
PO#:	Voucher #:	45421	Invoice	Invoice No:	39012	9/24/2020	Paid Amt:	\$10.55	
				E 01	005 850 302 555 000	Technology Equipment		\$87.96	
PO#:	Voucher #:	45422	Invoice	Invoice No:	39234	9/24/2020	Paid Amt:	\$87.96	
				E 02	005 770 701 401 000	Gen Supplies		\$17.99	
PO#:	Voucher #:	45423	Invoice	Invoice No:	38154	9/24/2020	Paid Amt:	\$17.99	
							Check Amount:	\$116.50	
2854	RAM	59503	8719		PEMBERTON, SORLIE, RUFER & KERSHNER PLLP		Check		
				E 01	005 110 000 305 000	Consulting Fees/Fees		\$98.00	
PO#:	Voucher #:	45424	Invoice	Invoice No:	20176322-000M	9/24/2020	Paid Amt:	\$98.00	
							Check Amount:	\$98.00	
2854	RAM	59504	8759		PETRO SERVE USA		Check		
				E 01	005 760 720 440 000	Fuel		\$273.46	
PO#:	Voucher #:	45425	Invoice	Invoice No:	6328-1308	9/24/2020	Paid Amt:	\$273.46	
							Check Amount:	\$273.46	
2854	RAM	59505	2401		PITNEY BOWES		Check		
				E 01	005 110 000 329 000	Postage		\$70.75	
PO#:	Voucher #:	45426	Invoice	Invoice No:	8000909009718805	9/24/2020	Paid Amt:	\$70.75	
							Check Amount:	\$70.75	

Ada-Borup Public Schools Detail Payment Register By Check

Co	Bank	Check No	Code	Rcd	Vendor	Pmt/Void Date	Pmt Type		
2854	RAM	59506	8935		RANGE PRINTING		Check		
				E 01	300 292 000 401 001 Corp Sponsor AD Supplies			\$139.56	
	PO#:	Voucher #:	45427	Invoice	Invoice No: 204119	9/24/2020	Paid Amt:		\$139.56
							Check Amount:		\$139.56
2854	RAM	59507	10751		REALLY GOOD STUFF, INC		Check		
				E 01	100 203 154 401 000 Gen Supplies			\$159.90	
	PO#:	Voucher #:	45429	Invoice	Invoice No: 7393773	9/24/2020	Paid Amt:		\$159.90
				E 01	100 203 000 430 000 Inst Supplies			\$332.48	
	PO#:	Voucher #:	45430	Invoice	Invoice No: 7338949	9/24/2020	Paid Amt:		\$332.48
							Check Amount:		\$492.38
2854	RAM	59508	10314		RED RIVER PROMOTER (THE)		Check		
				E 01	005 110 000 305 000 Consulting Fees/Fees			\$89.00	
	PO#:	Voucher #:	45428	Invoice	Invoice No: 25349-25376	9/24/2020	Paid Amt:		\$89.00
							Check Amount:		\$89.00
2854	RAM	59509	1913		REGION 1		Check		
				E 01	005 110 000 305 000 Consulting Fees/Fees			\$525.00	
	PO#:	Voucher #:	45431	Invoice	Invoice No: 09242001	9/24/2020	Paid Amt:		\$525.00
							Check Amount:		\$525.00
2854	RAM	59510	8475		Resources for Educators		Check		
				E 01	200 216 401 401 000 Gen Supplies			\$249.00	
	PO#:	Voucher #:	45432	Invoice	Invoice No: 2762496	9/24/2020	Paid Amt:		\$249.00
							Check Amount:		\$249.00
2854	RAM	59511	2620		SANDER'S METAL PRODUCTS INC		Check		
				E 01	005 810 000 401 000 Custodial Supplies			\$361.50	
	PO#:	Voucher #:	45433	Invoice	Invoice No: 48562	9/24/2020	Paid Amt:		\$361.50
							Check Amount:		\$361.50
2854	RAM	59513	1667		SCHOOL HEALTH CORPORATION		Check		
				E 01	005 810 154 401 000 Gen Supplies			\$276.91	
	PO#:	Voucher #:	45435	Invoice	Invoice No: 3810698-00	9/24/2020	Paid Amt:		\$276.91
							Check Amount:		\$276.91
2854	RAM	59514	2469		SCHOOL SPECIALTY		Check		
				E 01	300 220 000 430 000 Inst Supplies			\$78.97	
	PO#:	Voucher #:	45436	Invoice	Invoice No: 208126078712	9/24/2020	Paid Amt:		\$78.97
				E 01	100 203 000 430 000 Inst Supplies			\$917.77	
	PO#:	Voucher #:	45437	Invoice	Invoice No: 55865049	9/24/2020	Paid Amt:		\$917.77
							Check Amount:		\$996.74

Ada-Borup Public Schools Detail Payment Register By Check

Co	Bank	Check No	Code	Rcd	Vendor	Pmt/Void Date	Pmt Type		
2854	RAM	59515	9007		SDI Innovations		Check		
				E 01	300 211 000 430 000	Inst Supplies		\$677.56	
	PO#:	Voucher #:	45438	Invoice	Invoice No: S20-0183883	9/24/2020	Paid Amt:	\$677.56	
							Check Amount:	\$677.56	
2854	RAM	59516	8880		SHI International Corp		Check		
				E 01	005 620 000 405 000	Software & Licensing		\$1,960.00	
	PO#:	Voucher #:	45439	Invoice	Invoice No: B12257759	9/24/2020	Paid Amt:	\$1,960.00	
							Check Amount:	\$1,960.00	
2854	RAM	59517	8777		TEAM FITZ GRAPHICS		Check		
				E 01	300 292 000 401 001	Corp Sponsor AD Supplies		\$1,175.00	
	PO#:	Voucher #:	45440	Invoice	Invoice No: 49680	9/24/2020	Paid Amt:	\$1,175.00	
							Check Amount:	\$1,175.00	
2854	RAM	59518	2122		TECH CHECK		Check		
				E 01	005 810 154 555 000	Technology Equipment		\$17,996.22	
	PO#:	Voucher #:	45441	Invoice	Invoice No: 41843	9/24/2020	Paid Amt:	\$17,996.22	
				E 01	005 810 154 555 000	Technology Equipment		\$2,449.00	
	PO#:	Voucher #:	45442	Invoice	Invoice No: 41844	9/24/2020	Paid Amt:	\$2,449.00	
				E 01	005 850 302 305 000	Consulting Fees/Fees		\$6,400.00	
	PO#:	Voucher #:	45443	Invoice	Invoice No: 41897	9/24/2020	Paid Amt:	\$6,400.00	
				E 01	005 850 302 555 000	Technology Equipment		\$3,468.82	
	PO#:	Voucher #:	45444	Invoice	Invoice No: 41857	9/24/2020	Paid Amt:	\$3,468.82	
							Check Amount:	\$30,314.04	
2854	RAM	59519	1967		THRIFTY WHITE PHARMACY		Check		
				E 01	005 810 154 401 000	Gen Supplies		\$275.52	
	PO#:	Voucher #:	45445	Invoice	Invoice No: 1454160	9/24/2020	Paid Amt:	\$275.52	
							Check Amount:	\$275.52	
2854	RAM	59520	8789		EAST GRAND FORKS SCHOOLS		Check		
				E 01	300 292 000 366 110	Travel - Cross Country		\$125.00	
	PO#:	Voucher #:	45451	Invoice	Invoice No: 09302001	9/30/2020	Paid Amt:	\$125.00	
							Check Amount:	\$125.00	
2854	RAM	59521	8694		HEROS TIMING		Check		
				E 01	300 292 000 305 110	Consulting Fees/Fees - Cross Country		\$1,127.00	
	PO#:	Voucher #:	45452	Invoice	Invoice No: 09302002	9/30/2020	Paid Amt:	\$1,127.00	
							Check Amount:	\$1,127.00	
2854	STAC	11472	8975		504 HOME DECOR AND MORE		Check		
				E 21	300 292 301 899 729	SA - Cross Country Exp		\$140.00	
	PO#:	Voucher #:	45369	Invoice	Invoice No: 09102002	9/10/2020	Paid Amt:	\$140.00	
							Check Amount:	\$140.00	

Ada-Borup Public Schools Detail Payment Register By Check

Co	Bank	Check No	Code	Rcd	Vendor	Pmt/Void Date	Pmt Type
2854	STAC	11473	9026		RUEBKE, MITCHELL		Check
				E 21	300 292 301 899 729	SA - Cross Country Exp	\$210.00
	PO#:	Voucher #:	45370	Invoice	Invoice No: 09102003	9/10/2020	Paid Amt: \$210.00
							Check Amount: \$210.00
2854	STAC	11474	2090		RUEBKE, SPENCER		Check
				E 21	300 292 301 899 729	SA - Cross Country Exp	\$191.93
	PO#:	Voucher #:	45368	Invoice	Invoice No: 09102001	9/10/2020	Paid Amt: \$191.93
							Check Amount: \$191.93
2854	STAC	11475	8742		DAKOTA REFRIGERATION INC		Check
				E 21	300 298 301 899 712	SA - Concessions Exp	\$32.95
	PO#:	Voucher #:	45453	Invoice	Invoice No: 09302001	9/30/2020	Paid Amt: \$32.95
							Check Amount: \$32.95
Report Total:							\$961,090.79

Ada-Borup Public Schools Detail Payment Register By Wire

Co	Bank	Check No	Code	Rcd	Vendor	Pmt/Void Date	Pmt Type		
2854	CFB	201995			SELECTACCOUNT		Wire		
			B 28 215 022		New York Life TSA Co		\$14,683.14		
PO#:	Voucher #:	45378	Invoice	Invoice No:	M2021030	9/25/2020	Paid Amt:	\$14,683.14	
			B 28 215 021		VEBA		\$7,961.67		
PO#:	Voucher #:	45390	Invoice	Invoice No:	M2021030	9/25/2020	Paid Amt:	\$7,961.67	
							Check Amount:	\$22,644.81	
2854	CFB	203564			THE OMNI GROUP		Wire		
			B 28 215 005		TSA Valic		\$291.67		
PO#:	Voucher #:	45386	Invoice	Invoice No:	M2021030	9/25/2020	Paid Amt:	\$291.67	
			B 28 215 005		TSA Valic		\$3,183.36		
PO#:	Voucher #:	45387	Invoice	Invoice No:	M2021030	9/25/2020	Paid Amt:	\$3,183.36	
			B 28 215 005		TSA Valic		\$4,127.26		
PO#:	Voucher #:	45388	Invoice	Invoice No:	M2021030	9/25/2020	Paid Amt:	\$4,127.26	
			B 28 215 005		TSA Valic		\$2,283.38		
PO#:	Voucher #:	45389	Invoice	Invoice No:	M2021030	9/25/2020	Paid Amt:	\$2,283.38	
							Check Amount:	\$9,885.67	
2854	CFB	210361			MN CHILD SUPPORT PAYMENT CTR.		Wire		
			B 28 215 050		Child Support		\$493.00		
PO#:	Voucher #:	45381	Invoice	Invoice No:	M2021030	9/25/2020	Paid Amt:	\$493.00	
							Check Amount:	\$493.00	
2854	CFB	210605			MN DEPT OF REVENUE		Wire		
			B 28 215 013		MN Tax		\$13,530.00		
PO#:	Voucher #:	45382	Invoice	Invoice No:	M2021030	9/25/2020	Paid Amt:	\$13,530.00	
							Check Amount:	\$13,530.00	
2854	CFB	210675			BLUE CROSS BLUE SHEILD/NW Serv Co-op School		Wire		
			B 28 215 025		Blue Cross		\$64,564.20		
			B 28 215 025		Retiree/Cobra adjustment		\$15,487.30		
PO#:	Voucher #:	45373	Invoice	Invoice No:	M2021030	9/25/2020	Paid Amt:	\$80,051.50	
							Check Amount:	\$80,051.50	
2854	CFB	210684			PUBLIC EMPLOYEES RETIREMENT AS		Wire		
			B 28 215 017		PERA		\$10,998.62		
PO#:	Voucher #:	45383	Invoice	Invoice No:	M2021030	9/25/2020	Paid Amt:	\$10,998.62	
							Check Amount:	\$10,998.62	
2854	CFB	210685			TEACHERS RETIREMENT ASSOCIATIO		Wire		
			B 28 215 018		TRA		\$45,089.39		
PO#:	Voucher #:	45385	Invoice	Invoice No:	M2021030	9/25/2020	Paid Amt:	\$45,089.39	
							Check Amount:	\$45,089.39	

Ada-Borup Public Schools Detail Payment Register By Wire

Co	Bank	Check No	Code	Rcd	Vendor	Pmt/Void Date	Pmt Type
2854	CFB	21589			IRS		Wire
				B 28 215 010	FICA	\$54,113.62	
				B 28 215 011	Fed Tax	\$27,480.40	
PO#:	Voucher #:	45375	Invoice	Invoice No:	M2021030	9/25/2020	Paid Amt: \$81,594.02
							Check Amount: \$81,594.02
2854	CFB	8561			Vision Service Plan BC/BS		Wire
				B 28 215 025	Blue Cross	\$307.52	
				B 28 215 025	Vision Ins Adjustment	(\$171.18)	
PO#:	Voucher #:	45391	Invoice	Invoice No:	M2021030	9/25/2020	Paid Amt: \$136.34
							Check Amount: \$136.34
2854	CFB	210605			MN DEPT OF REVENUE		Wire
				B 28 215 013	MN Tax	\$161.39	
PO#:	Voucher #:	45449	Invoice	Invoice No:	M202103S0	9/28/2020	Paid Amt: \$161.39
							Check Amount: \$161.39
2854	CFB	210685			TEACHERS RETIREMENT ASSOCIATIO		Wire
				B 28 215 018	TRA	\$535.50	
PO#:	Voucher #:	45450	Invoice	Invoice No:	M202103S0	9/28/2020	Paid Amt: \$535.50
							Check Amount: \$535.50
2854	CFB	21589			IRS		Wire
				B 28 215 010	FICA	\$524.20	
				B 28 215 011	Fed Tax	\$239.84	
PO#:	Voucher #:	45446	Invoice	Invoice No:	M202103S0	9/28/2020	Paid Amt: \$764.04
							Check Amount: \$764.04
2854	RAM	8816			Cardmember Service		Wire
				E 01 005 810 154 401 000	Gen Supplies	\$503.34	
				E 01 005 810 154 401 000	Gen Supplies	\$250.00	
				E 01 005 110 000 422 000	FLEX FUND	\$85.83	
				E 01 005 850 302 555 000	Technology Equipment	\$232.08	
PO#:	Voucher #:	45371	Invoice	Invoice No:	09102001	9/10/2020	Paid Amt: \$1,071.25
							Check Amount: \$1,071.25
Report Total:							\$266,955.53

October 2, 2020

To the Board of Education
Independent School District No. 2854
Ada, Minnesota

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 2854 for the year ended June 30, 2020, and have issued our report thereon dated October 2, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to the District's chairperson dated May 26, 2020. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Independent School District No. 2854 are described in Note 1 to the financial statements. As described in Note 12 to the financial statements, the District adopted the provision of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities* as of and for the year ended June 30, 2020. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

- Management's estimates include assumptions used in determining the liability for post retirement benefits as part of its defined benefit healthcare plan. We evaluated the key factors and assumptions used to develop the liability in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimates include assumptions used in determining the net pension liability for cost sharing defined benefit plans and the net OPEB liability for its health insurance plan. We evaluated the key factors and assumptions used to determine future liabilities for defined benefit plans in determining that they are reasonable in relation to the financial statements taken as a whole. Management's estimate of its actuarially calculated pension liability is based on several factors including, but not limited to, anticipated investment return rate, retirement age for active employees, life expectancy, salary increases, and form of annuity payment upon retirement.

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 2, 2020.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

We applied certain limited procedures to the management's discussion and analysis, budgetary comparison information, schedule of changes in the District's total OPEB liability and related ratios, schedule of District contributions, and schedule of District share of net pension liability, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining statements and schedule of changes in fund balance and compliance table, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

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

Restriction of Use

This information is intended solely for the use of school board and management of Independent School District No. 2854 and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in cursive script that reads "Brady Martz".

**BRADY, MARTZ & ASSOCIATES, P.C.
GRAND FORKS, NORTH DAKOTA**

Client: **36006 - ISD No. 2854 Ada**
 Engagement: **36006 - Independent School District No. 2854**
 Period Ending: **6/30/2020**
 Trial Balance: **2401.00 - TB**
 Workpaper: **2201.00 - Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 14				
JE 7141 - To correct JE 7126				
R010050000000920	000 000 092 Interest Earned		34,712.93	
R010050000000210	000 000 021 Rev/Other MN Dists			34,712.93
Total			34,712.93	34,712.93
Adjusting Journal Entries JE # 15				
JE 7143 - Norman County Receivable				
B01125000	01 125 Due from other Govt Units		4,617.20	
B04125000	04 125 Due from Other Govt Units		158.96	
B07125000	07 125 Due From Other Govt Units		1,264.46	
R010050000000010	000 000 001 Local Levy			4,617.20
R040055053210010	505 321 001 Local Levy			158.96
R070059100000010	910 000 001 Local Levy			1,264.46
Total			6,040.62	6,040.62
Adjusting Journal Entries JE # 16				
JE 7157 - Addt Ext Time Compensatory				
E011002033091950	203 309 195 Interdepart Salary & Wages		10,300.00	
R011000003172110	000 317 211 General Ed Aid		10,301.04	
E011002033171950	203 317 195 Interdepart Salary & Wages			10,300.00
R010050003092110	000 309 211 Basic Skills Ext time			10,301.04
Total			20,601.04	20,601.04
Adjusting Journal Entries JE # 17				
JE 7158 - FY20 Tax Shift				
B01235000	01 235 Property Taxes Levied Subs Years		94,303.04	
R010050000000010	000 000 001 Local Levy			40,913.34
R010050008300010	000 830 001 Local Levy Career Technical			53,389.70
Total			94,303.04	94,303.04
Adjusting Journal Entries JE # 18				
JE 7156 - Generated from FA System				
B98143000	98 143 Equipment		319,679.60	
B98430000	98 430 Total Investment in Gen Fixed Assets			319,679.60
Total			319,679.60	319,679.60
Adjusting Journal Entries JE # 19				
JE 7160 - Tax Reconciliation				
B01110000	01 110 Curr Property Taxes Rec		5,728.20	
B01231000	01 231 Deferred Revenue Delinquent Taxes		3,068.60	
B04110000	04 110 Current Property Taxes Receivable		558.36	
B04231000	04 231 Deferred Revenue-Delinq. Taxes		357.75	
B07110000	07 110 Taxes Receivable		449,596.10	
B07231000	07 231 Deferred Revenue-Delinq. Taxes		3,511.02	
R010050000000010	000 000 001 Local Levy		104,087.60	
R040055053210010	505 321 001 Local Levy		1,287.83	
R070059100000010	910 000 001 Local Levy		183,089.89	
B01111000	01 111 Delinq Property Taxes Rec			3,068.60
B01235000	01 235 Property Taxes Levied Subs Years			109,815.80
B04111000	04 111 Delinq Property Taxes Receiv.			357.75
B04235000	04 235 Property Taxes Levied Subsequent Yrs Exp			1,846.19

Client: **36006 - ISD No. 2854 Ada**
 Engagement: **36006 - Independent School District No. 2854**
 Period Ending: **6/30/2020**
 Trial Balance: **2401.00 - TB**
 Workpaper: **2201.00 - Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
B07111000	07 111 Delinq Property Taxes Receiv.			3,511.02
B07235000	07 235 Taxes Levied Subsequent Years			632,685.99
Total			751,285.35	751,285.35
Adjusting Journal Entries JE # 20				
JE 7161 - Adjust Safe Schools				
E010058500005450	850 000 545 Inter Operating Capital		50,000.00	
E010057903425450	790 342 545 Inter Operating Capital			50,000.00
Total			50,000.00	50,000.00
Adjusting Journal Entries JE # 21				
JE 7162 - Adjust Operating Capital				
E010058500005450	850 000 545 Inter Operating Capital		350,000.00	
E010058503025450	850 302 545 Inter Operating Capital			350,000.00
Total			350,000.00	350,000.00
Adjusting Journal Entries JE # 22				
JE 7163 - Adjust funds for Project				
B01422000	01 422 Fund Balance-Unappropriated		375,000.00	
B01462005	01 462 Assigned Fund Balance - Multi Purpose Addition			375,000.00
Total			375,000.00	375,000.00
Adjusting Journal Entries JE # 23				
JE 7164 - Correct Neg Exp				
E04005582344140000	582 344 140 Inst Salaries		1,572.70	
E04005505321140000	505 321 140 Inst Salaries			1,572.70
Total			1,572.70	1,572.70
Adjusting Journal Entries JE # 24				
JE 7166 - SEDRA Correction				
E012004207403910	420 740 391 payments to other school distr		277.41	
E012004207403940	420 740 394 Special Ed Purchased Services			277.41
Total			277.41	277.41
Adjusting Journal Entries JE # 25				
JE 7167 - Addt Fin 328 Exp				
E040055803281400	580 328 140 Inst Salaries		178.76	
E040055053211400	505 321 140 Inst Salaries			178.76
Total			178.76	178.76
Adjusting Journal Entries JE # 26				
JE 7168 - Fin 354				
B01101000	01 101 Cash General		460.00	
E040055833541400	583 354 140 Inst Salaries		1,000.00	
E040055833544010	583 354 401 Gen Supplies		460.00	
B04101000	04 101 Cash			460.00
E011002030004300	203 000 430 Inst Supplies			460.00
E040055053211400	505 321 140 Inst Salaries			1,000.00
Total			1,920.00	1,920.00
Adjusting Journal Entries JE # 27		5302.00		

Client: **36006 - ISD No. 2854 Ada**
 Engagement: **36006 - Independent School District No. 2854**
 Period Ending: **6/30/2020**
 Trial Balance: **2401.00 - TB**
 Workpaper: **2201.00 - Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
JE 7183 - To adjust underwriter's discount out of bond proceeds				
E060058700007900	870 000 790 Other D/S Exp		111,875.00	
R060058700006310	870 000 631 Sale of Gen Obligation Bonds			111,875.00
Total			111,875.00	111,875.00
Adjusting Journal Entries JE # 28				
JE 7184 - Adj oper cap levy to actual				
R010050000000010	000 000 001 Local Levy		32,760.00	
R010050003020010	000 302 001 Operating Capital Levy			32,760.00
Total			32,760.00	32,760.00
Adjusting Journal Entries JE # 30				
JE 7186 Adjust CIP to actual				
		4606.10		
B98430000	98 430 Total Investment in Gen Fixed Assets		33,998.35	
B98149000	98 149 Construction W-I-P			33,998.35
Total			33,998.35	33,998.35
Adjusting Journal Entries JE # 31				
JE 7155 PBC AP Voucher				
R0130021100002100	211 000 021 Rev/Other MN Dists		13,322.13	
B01206000	01 206 Accounts Payable			13,322.13
Total			13,322.13	13,322.13
Adjusting Journal Entries JE # 32				
JE 7173 FY19 State Funding Situation				
E0130021100008910	211 000 891 TRA/PERA Spec Funding		2,672.00	
E0130021100008910	211 000 891 TRA/PERA Spec Funding		20,285.00	
R0100500000003970	000 000 397 TRA/PERA Spec Funding Rev			2,672.00
R0100500000003970	000 000 397 TRA/PERA Spec Funding Rev			20,285.00
Total			22,957.00	22,957.00
Adjusting Journal Entries JE # 33				
JE 7191 Move restricted to deficit act				
B07464000	07 464 Restricted Debt Service Fund Bal		28,104.00	
B07463000	07 463 Restricted Fund Balance Deficit			28,104.00
Total			28,104.00	28,104.00
Adjusting Journal Entries JE # 34				
JE 7197 Addtl Special Edu Receivable				
B01121000	01 121 Due from Dept of Ed		159,483.48	
R0120042000036000	420 000 360 State Aid Spec Ed			159,483.48
Total			159,483.48	159,483.48

**INDEPENDENT SCHOOL DISTRICT NO. 2854
ADA, MINNESOTA**

AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

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INDEPENDENT SCHOOL DISTRICT NO. 2854
ADA, MINNESOTA
ROSTER OF SCHOOL OFFICIALS
JUNE 30, 2020

Mick Thompson	Chairperson
Gretchen Rockstad	Vice-Chairperson
Nancy Merkens	Clerk
Dena Bishop	Treasurer
Paul Johnson	Director
Jana Engel	Director
Aaron Cook	Superintendent

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Independent School District No. 2854
Ada, 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. 2854, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Independent School District No. 2854, as of June 30, 2020, 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.

Emphasis of Matter

As discussed in Note 12 to the financial statements, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. As discussed in Note 12 to the financial statements, the District has retroactively restated the previously reported Net Position and Fund Balances in accordance with this statement.

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, budgetary comparison information, and schedules as listed in the table of contents as required supplementary information 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 District's basic financial statements. The combining statements, schedule of changes in fund balances, and uniform financial accounting and reporting standards compliance table as listed in the table of contents as supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining statements, the schedule of changes in fund balances, and uniform financial accounting and reporting standards compliance table are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to

prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements, schedule of changes in fund balances, and uniform financial accounting and reporting standards compliance table are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The roster of school officials on page 1 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 2, 2020 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



**BRADY, MARTZ & ASSOCIATES, P.C.
GRAND FORKS, NORTH DAKOTA**

October 2, 2020

INDEPENDENT SCHOOL DISTRICT NO. 2854
ADA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020

This section of Independent School District No. 2854's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2020. Please read it in conjunction with the District's financial statements, which immediately follow this section. Certain reclassifications have been made to the 2019 financial statements in order to conform with the 2020 presentation.

Financial Highlights

The general fund balance increased by \$843,907 during the 2019-2020 school year.

Overview of the Financial Statements

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

- The first two statements are *district-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the district-wide statements.
 - The *governmental funds statements* tell how basic services such as regular and special education were financed in the *short-term* as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's general fund budget for the year, and supplementary information that is presented for additional analysis.

District-wide Statements

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

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

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

INDEPENDENT SCHOOL DISTRICT NO. 2854
ADA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2020

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

- *Governmental activities:* All of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state formula aid finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues.

The District has one kind of fund:

- **Governmental funds:** The District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, reconciliations have been provided following the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances to help explain the relationship (or differences) between the governmental funds and governmental activities.

The District maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, and building fund which are considered to be major funds. Data from the other two governmental funds are combined into a single, aggregated presentation. Individual fund data is provided in the form of combining statements elsewhere in this report.

INDEPENDENT SCHOOL DISTRICT NO. 2854
ADA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2020

Financial Analysis of the District as a Whole

Net Position

The District's combined net position was \$7,405,951 on June 30, 2020 (see details in Table A-1). This was an increase of 4.7 percent.

Table A-1
Statement of Net Position

	<u>2020</u>	<u>2019</u>	<u>Total Percentage Change</u>
Current and Other Assets	\$13,914,469	\$3,709,765	275.1 %
Capital Assets	18,023,486	17,534,367	2.8
Total Assets	<u>31,937,955</u>	<u>21,244,132</u>	50.3
Deferred Outflows of Resources	<u>3,631,921</u>	<u>4,550,022</u>	(20.2)
Long-Term Liabilities	19,713,818	10,774,768	83.0
Other Liabilities	2,138,109	1,187,489	80.1
Total Liabilities	<u>21,851,927</u>	<u>11,962,257</u>	82.7
Deferred Inflows of Resources	<u>6,311,998</u>	<u>6,758,798</u>	(6.6)
Net Position			
Net Investment in Capital Assets	10,988,659	11,265,621	(2.5)
Restricted	682,833	437,546	56.1
Unrestricted	(4,265,541)	(4,630,068)	(7.9)
Total Net Position	<u>\$ 7,405,951</u>	<u>\$7,073,099</u>	4.7 %

INDEPENDENT SCHOOL DISTRICT NO. 2854
ADA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2020

Change in Net Position

Table A-2 presents the change in net position of the District.

Table A-2
Change in Net Position

	2020	2019	Total Percentage Change
Revenues			
Program Revenues			
Charges for Services	\$ 556,459	\$ 423,482	31.4 %
Operating Grants and Contributions	2,503,522	2,030,817	23.3
Capital Grants and Contributions	130,349	98,396	32.5
General Revenues			
Property Taxes	871,899	853,565	2.1
Unrestricted State Aid	4,696,347	4,988,932	(5.9)
Other Sources	1,071,093	977,218	9.6
Total Revenues	<u>9,829,669</u>	<u>9,372,410</u>	4.9
Expenses			
Administration	532,271	564,684	(5.7)
District Support Services	388,766	395,158	(1.6)
Elementary & Secondary Regular Instruction	3,298,975	1,659,155	98.8
Vocational Education Instruction	334,468	315,856	5.9
Special Education Instruction	1,647,555	1,361,330	21.0
Community Education and Services	113,045	122,518	(7.7)
Instructional Support Services	194,045	162,056	19.7
Pupil Support Services	927,286	977,788	(5.2)
Sites and Buildings	1,322,315	1,264,100	4.6
Fixed Costs	172,692	64,954	165.9
Interest on Long-Term Debt	288,939	192,201	50.3
Depreciation - Unallocated	325,434	331,559	(1.8)
Total Expenses	<u>9,545,791</u>	<u>7,411,359</u>	28.8
Change in Net Position	283,878	1,961,051	85.5
Net Position - Beginning	7,073,099	5,112,048	38.4
GASB 84 Adjustment - See Note 12	48,974	-	(100.0)
Net Position - Beginning of Year as Restated	<u>7,122,073</u>	<u>5,112,048</u>	(39.3)
Net Position - Ending	<u>\$ 7,405,951</u>	<u>\$7,073,099</u>	4.7 %

The District's total revenues were \$9,829,669 for the year ended June 30, 2020. Property taxes and unrestricted state aid payments accounted for 57% of total revenue for the year.

INDEPENDENT SCHOOL DISTRICT NO. 2854
ADA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2020

The total cost of all programs and services was \$9,545,791, which is an increase of \$2,134,432. Total revenues surpassed expenses, increasing net position \$283,878 over last year.

The net cost of governmental activities is their total costs less program revenues applicable to each category.

Table A-3 presents these net costs.

Table A-3
Net Cost of Governmental Activities

	Total Cost of Services		Total	Net Cost of Services		Total
	2020	2019	Percentage Change	2020	2019	Percentage Change
Expenses						
Administration	\$ 532,271	\$ 564,684	(5.7) %	\$ 532,271	\$ 564,684	(5.7) %
District Support Services	388,766	395,158	(1.6)	380,958	393,147	(3.1)
Elementary & Secondary						
Regular Instruction	3,298,975	1,659,155	98.8	2,124,732	683,930	210.7
Vocational Education Instruction	334,468	315,856	5.9	328,812	312,021	5.4
Special Education Instruction	1,647,555	1,361,330	21.0	353,446	552,690	(36.0)
Community Education and Services	113,045	122,518	(7.7)	29,208	21,985	32.9
Instructional Support Services	194,045	162,056	19.7	118,263	83,746	41.2
Pupil Support Services	927,286	977,788	(5.2)	500,608	479,908	4.3
Sites and Buildings	1,322,315	1,264,100	4.6	1,277,010	1,241,366	2.9
Fixed Costs	172,692	64,954	165.9	95,780	1,427	6,612.0
Interest on Long-Term Debt	288,939	192,201	50.3	288,939	192,201	50.3
Depreciation - Unallocated	325,434	331,559	(1.8)	325,434	331,559	(1.8)
	<u>\$9,545,791</u>	<u>\$7,411,359</u>	28.8 %	<u>\$6,355,461</u>	<u>\$4,858,664</u>	30.8 %

Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Table A-4
Major Funds

	Fund Balance		Increase (Decrease)	Percentage Increase (Decrease)
	2020	As Restated 2019		
Governmental Funds				
General	\$2,820,495	\$1,976,588	\$ 843,907	42.7 %
Debt Service	(41,718)	(69,821)	28,103	(40.3)
Building Fund	8,148,094	-	8,148,094	100.0

INDEPENDENT SCHOOL DISTRICT NO. 2854
ADA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2020

General Fund

The general fund includes the primary operations of the District in providing educational services to students from kindergarten through grade 12, including pupil transportation activities and capital outlay projects.

Table A-5 presents a summary of general fund revenue.

Table A-5
General Fund Revenue

	<u>2020</u>	<u>2019</u>	<u>Amount of Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>
Local Sources				
Property Taxes	\$ 580,736	\$ 510,872	\$ 69,864	13.7 %
Interest Earnings	25,890	30,779	(4,889)	(15.9)
Other	1,385,497	1,143,054	242,443	21.2
State Sources	6,634,773	6,369,593	265,180	4.2
Federal Sources	157,039	161,184	(4,145)	(2.6)
Other	1,165	1,810	(645)	(35.6)
Total General Fund Revenue	<u>\$ 8,785,100</u>	<u>\$ 8,217,292</u>	<u>\$ 567,808</u>	6.9 %

Total general fund revenue increased by \$567,808 or 6.9 percent from the previous year. Basic general education revenue is determined by a state per student funding formula. Other state-authorized revenue, including excess levy referendum and the property tax shift, involve an equalized mix of property tax and state aid revenue. Therefore, the mix of property tax and state aid can change significantly from year to year without any net change in revenue.

Table A-6 presents a summary of general fund expenditures.

Table A-6
General Fund Expenditures

	<u>2020</u>	<u>2019</u>	<u>Amount of Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>
Salaries	\$ 4,534,792	\$ 4,164,164	\$ 370,628	8.9 %
Employee Benefits	1,438,529	1,339,035	99,494	7.4
Purchased Services	1,053,201	1,211,703	(158,502)	(13.1)
Supplies and Materials	321,288	432,683	(111,395)	(25.7)
Capital Expenditures	393,819	1,452,729	(1,058,910)	(72.9)
Debt Service	40,889	40,889	-	-
Other Expenditures	159,175	25,273	133,902	529.8
Total General Fund Expenditures	<u>\$ 7,941,693</u>	<u>\$ 8,666,476</u>	<u>\$ (724,783)</u>	(8.4) %

Total general fund expenditures decreased \$724,783 or 8.4 percent from the previous year.

INDEPENDENT SCHOOL DISTRICT NO. 2854
ADA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2020

General Fund Budgetary Highlights

During the year, the District revised the budget to account for changes in enrollment, special education revenue, added costs for additional personnel, teacher master agreement updates, and other miscellaneous expenses and revenues.

Although the District's final budget for the general fund anticipated that revenues and other financing sources would exceed expenditures and other financing uses by \$572,525, the actual result for the year is a surplus of \$843,907.

Capital Assets and Debt Administration

Capital Assets

Note 3 to the financial statements presents an analysis of capital asset transactions occurring during the year ended June 30, 2020. Additions included a camera system, a forklift, a kitchen skillet, two busses, and a special education van. A building renovation project also began in fiscal year 2020, with costs incurred to date of approximately \$1 million. Disposals included a camera system and a bus.

Long-Term Liabilities

At year-end, the District had \$20,441,373 of long-term liabilities. This consisted of an energy service payable of \$96,870, other postemployment benefit liability of \$1,022,803, net pension liability of \$4,235,649, and G.O. Bonds of \$15,086,051. Note 6 to the financial statements presents detail and payment provisions of these items.

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of the existing circumstances that could significantly affect its financial health in the future:

On March 13, 2020, a national emergency was declared for the COVID-19 outbreak in the United States of America. This event affects the economy and financial markets. The extent of the impact on the District may be both direct and indirect and will vary based on the duration of the outbreak and various other factors. Estimates of the effect cannot be determined at the time of this report.

The District expects to see increased costs for teaching, paraprofessionals, administration, custodial and food service as the District sees an increase in enrollment. A large portion of the increased enrollment comes from the tuition agreement with Norman County West. The elementary is also growing with students choosing to open enroll to Ada-Borup.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Administration Offices, Independent School District No. 2854, 604 West Thorpe Ave, Ada, MN 56510.

INDEPENDENT SCHOOL DISTRICT NO. 2854
ADA, MINNESOTA
STATEMENT OF NET POSITION
JUNE 30, 2020

GOVERNMENTAL ACTIVITIES	
ASSETS	
Cash and Investments	\$ 11,992,523
Property Taxes Receivable, Net of Allowance	1,041,178
Due From Department of Education	794,667
Due From Other Governmental Units	40,181
Due From Other MN Districts	35,713
Inventory	10,207
Capital Assets	
Land and Construction in Process	1,110,055
Other Capital Assets, Net of Depreciation	<u>16,913,431</u>
TOTAL ASSETS	<u>31,937,955</u>
DEFERRED OUTFLOWS OF RESOURCES	
Cost Sharing Defined Benefit Pension Plan	3,536,813
Other Post Employment Benefits	<u>95,108</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>3,631,921</u>
LIABILITIES	
Accounts Payable	559,112
Due to Other MN Districts	77,021
Salaries Payable	290,359
Payroll Deductions	302,515
Interest Payable	181,547
Long-Term Liabilities Due Within One Year	727,555
Long-Term Liabilities	
Bonds, Net Unamortized Discounts	15,086,051
Energy Service Payable	96,870
Total Other Postemployment Benefit Liability	1,022,803
Net Pension Liability	4,235,649
Less Amounts Due Within One Year	<u>(727,555)</u>
Total Long-Term Liabilities	<u>19,713,818</u>
TOTAL LIABILITIES	<u>21,851,927</u>
DEFERRED INFLOWS OF RESOURCES	
Property Taxes Levied - Subs. Years	1,664,032
Cost Sharing Defined Benefit Pension Plan	4,571,657
Other Post-Employment Benefits	<u>76,309</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>6,311,998</u>
NET POSITION	
Net Investment in Capital Assets	10,988,659
Restricted for:	
Long-Term Facility Maintenance	305,130
Operating Capital	124,101
Medical Assistance	68,722
Safe Schools	12,947
Student Activities	75,966
Food Service	25,698
School Readiness	1,885
Community Service	5,647
ECFE	62,737
Unrestricted	<u>(4,265,541)</u>
TOTAL NET POSITION	<u>\$ 7,405,951</u>

See Notes to the Basic Financial Statements

INDEPENDENT SCHOOL DISTRICT NO. 2854
ADA, MINNESOTA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
GOVERNMENTAL ACTIVITIES					
Administration	\$ 532,271	\$ -	\$ -	\$ -	\$ (532,271)
District Support Services	388,766	7,808	-	-	(380,958)
Elementary & Secondary					
Regular Instruction	3,298,975	278,794	874,932	20,517	(2,124,732)
Vocational Education Instruction	334,468	5,656	-	-	(328,812)
Special Education Instruction	1,647,555	51,583	1,242,526	-	(353,446)
Community Education and Services	113,045	52,070	31,767	-	(29,208)
Instructional Support Services	194,045	-	75,782	-	(118,263)
Pupil Support Services	927,286	160,498	201,603	64,577	(500,608)
Sites and Buildings	1,322,315	50	-	45,255	(1,277,010)
Fixed Costs	172,692	-	76,912	-	(95,780)
Interest on Long-Term Debt	288,939	-	-	-	(288,939)
Depreciation - Unallocated	325,434	-	-	-	(325,434)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 9,545,791	\$ 556,459	\$ 2,503,522	\$ 130,349	(6,355,461)

GENERAL REVENUES

Taxes	
Property Taxes, Levied for General Purposes	508,324
Property Taxes, Levied for Community Education and Services	41,970
Property Taxes, Levied for Debt Service	321,605
Unrestricted State Aid	4,696,347
Unrestricted Investment Earnings	35,799
Other General Revenue	1,034,794
Gain on Sale of Capital Asset	500
TOTAL GENERAL REVENUES	6,639,339
Change in Net Position	283,878
Net Position - Beginning	7,073,099
GASB 84 Adjustment - See Note 12	48,974
Net Position - Beginning as Restated	7,122,073
Net Position - Ending	\$ 7,405,951

See Notes to the Basic Financial Statements

INDEPENDENT SCHOOL DISTRICT NO. 2854
ADA, MINNESOTA
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2020

	General Fund	Debt Service Fund	Building Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Investments	\$ 2,947,105	\$ 294,088	\$ 8,662,270	\$ 89,060	\$ 11,992,523
Current Property Taxes Receivable	252,718	769,853	-	19,627	1,042,198
Delinquent Property Taxes Receivable	5,049	4,543	-	388	9,980
Due From Department of Education	768,692	22,698	-	3,277	794,667
Due From Other Governmental Units	6,420	9,507	-	24,254	40,181
Due from Other Districts	35,713	-	-	-	35,713
Inventory	-	-	-	10,207	10,207
TOTAL ASSETS	\$ 4,015,697	\$ 1,100,689	\$ 8,662,270	\$ 146,813	\$ 13,925,469
LIABILITIES					
Accounts Payable	\$ 44,647	\$ -	\$ 514,176	\$ 289	\$ 559,112
Due to Other MN Districts	77,021	-	-	-	77,021
Salaries Payable	284,825	-	-	5,534	290,359
Payroll Deductions	302,515	-	-	-	302,515
TOTAL LIABILITIES	709,008	-	514,176	5,823	1,229,007
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Delinquent Taxes	5,049	4,543	-	388	9,980
Property Taxes Levied - Subs. Years	481,145	1,137,864	-	45,023	1,664,032
TOTAL DEFERRED INFLOWS OF RESOURCES	486,194	1,142,407	-	45,411	1,674,012
FUND BALANCES					
Fund Balance:					
Nonspendable: Inventory	-	-	-	10,207	10,207
Restricted for Long-Term Facility Maintenance	305,130	-	-	-	305,130
Restricted for Operating Capital	124,101	-	-	-	124,101
Restricted for Medical Assistance	68,722	-	-	-	68,722
Restricted for Safe Schools	12,947	-	-	-	12,947
Restricted for Student Activities	75,966	-	-	-	75,966
Restricted for Food Service	-	-	-	15,491	15,491
Restricted for School Readiness	-	-	-	1,885	1,885
Restricted for Community Service	-	-	-	5,259	5,259
Restricted for ECFE	-	-	-	62,737	62,737
Restricted for Capital Project	-	-	8,148,094	-	8,148,094
Committed for OPEB	140,000	-	-	-	140,000
Assigned for Corporate Sponsorships	27,902	-	-	-	27,902
Assigned for Flex Benefits	3,843	-	-	-	3,843
Assigned for Thronson Memorial	1,975	-	-	-	1,975
Assigned for Security Entry	12,726	-	-	-	12,726
Assigned for Multipurpose Addition	375,000	-	-	-	375,000
Unassigned	1,672,183	(41,718)	-	-	1,630,465
TOTAL FUND BALANCES	2,820,495	(41,718)	8,148,094	95,579	11,022,450
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 4,015,697	\$ 1,100,689	\$ 8,662,270	\$ 146,813	\$ 13,925,469

See Notes to the Basic Financial Statements

INDEPENDENT SCHOOL DISTRICT NO. 2854
ADA, MINNESOTA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
JUNE 30, 2020

Total fund balances - governmental funds	\$ 11,022,450
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	
Cost of capital assets	28,724,139
Less accumulated depreciation	(10,700,653)
Deferred outflows of resources relating to the cost sharing defined benefit plans and other post-employment benefits in the governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	
	3,631,921
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	
Bonds	(14,610,000)
Unamortized premiums	(476,051)
Energy service payable	(96,870)
Total other postemployment benefit liability	(1,022,803)
Net pension liability	(4,235,649)
Deferred inflows of resources relating to the cost sharing defined benefit plans and other post-employment benefits in the governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	
	(4,647,966)
Interest payable is not due and payable in the current period and, therefore, is not reported as a liability in the debt service fund.	
	(181,547)
Other long-term assets are not available to pay for current period expenditures and, therefore, are unavailable in the governmental funds.	
	9,980
An allowance has been set up for taxes receivable in the government-wide financial statements.	
	<u>(11,000)</u>
Net position - governmental activities	<u><u>\$ 7,405,951</u></u>

See Notes to the Basic Financial Statements

**INDEPENDENT SCHOOL DISTRICT NO. 2854
ADA, MINNESOTA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

	General Fund	Debt Service Fund	Building Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Local Property Tax Levies	\$ 580,736	\$ 323,630	\$ -	\$ 42,252	\$ 946,618
Other Local & County Revenues	1,411,387	-	9,909	52,070	1,473,366
Revenue From State Sources	6,634,773	227,016	-	54,122	6,915,911
Revenue From Federal Sources	157,039	-	-	265,798	422,837
Sale/Other Conversion of Asset	1,165	-	-	161,638	162,803
TOTAL REVENUES	8,785,100	550,646	9,909	575,880	9,921,535
EXPENDITURES					
Current					
Administration	530,358	-	-	-	530,358
District Support Services	388,766	-	-	-	388,766
Elementary & Secondary					
Regular Instruction	3,177,681	-	-	-	3,177,681
Vocational Education Instruction	332,488	-	-	-	332,488
Special Education Instruction	1,647,555	-	-	-	1,647,555
Community Education and Services	-	-	-	113,046	113,046
Instructional Support Services	194,045	-	-	-	194,045
Pupil Support Services	476,654	-	-	440,735	917,389
Sites and Buildings	734,233	-	-	-	734,233
Fixed Costs	59,317	-	-	-	59,317
Debt Service					
Principal	36,007	330,000	-	-	366,007
Interest	4,882	192,543	-	-	197,425
Fees and Other	-	-	145,873	-	145,873
Capital Outlay	359,707	-	1,005,056	16,706	1,381,469
TOTAL EXPENDITURES	7,941,693	522,543	1,150,929	570,487	10,185,652
Revenues Over (Under) Expenditures	843,407	28,103	(1,141,020)	5,393	(264,117)
OTHER FINANCING SOURCES (USES)					
Debt Issued	-	-	8,950,000	-	8,950,000
Premium on Debt	-	-	339,114	-	339,114
Sale of Capital Asset	500	-	-	-	500
TOTAL OTHER FINANCING SOURCES (USES)	500	-	9,289,114	-	9,289,614
Net Change in Fund Balances	843,907	28,103	8,148,094	5,393	9,025,497
Fund Balances - Beginning	1,927,614	(69,821)	-	90,186	1,947,979
GASB 84 Adjustment - See Note 12	48,974	-	-	-	48,974
Fund Balance - Beginning as Restated	1,976,588	(69,821)	-	90,186	1,996,953
Fund Balances - Ending	\$ 2,820,495	\$ (41,718)	\$ 8,148,094	\$ 95,579	\$ 11,022,450

See Notes to the Basic Financial Statements

**INDEPENDENT SCHOOL DISTRICT NO. 2854
ADA, MINNESOTA**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

Total net change in fund balances - governmental funds	\$ 9,025,497
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.	
Capital outlay	1,324,735
Depreciation expense	(818,819)
Net book value of assets disposed	(16,797)
Change in net pension liability	(498,544)
Issuance of debt is revenue in the governmental funds, but the receipt increases long-term liabilities in the statement of net position.	(8,950,000)
Payment of debt principal is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the statement of net position.	366,007
Revenue in the statement of activities that does not provide current financial resources is not reported as revenues in the governmental funds.	(6,938)
Changes in deferred outflows and inflows of resources related to net pension liability and other postemployment benefit liability	178,745
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. Also, governmental funds report the effect of premiums and discounts when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	(432,128)
In the statement of activities, certain expenses are measured by the amounts earned during the year. In the governmental funds, however, expenditures for this item are measured by the amount of financial resources used (essentially, the amounts paid.)	
Other postemployment benefit liability	112,120
Change in net position - governmental activities	\$ 283,878

See Notes to the Basic Financial Statements

INDEPENDENT SCHOOL DISTRICT NO. 2854
ADA, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The financial statements of Independent School District No. 2854 have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

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

Component units are legally separated entities for which the District (primary government) is financially accountable, or for which the exclusion of the component unit would render the financial statements of the primary government misleading. The criteria used to determine if the primary government is financially accountable for a component unit includes whether or not the primary government appoints the voting majority of the potential component unit's governing body, is able to impose its will on the potential component unit, is in a relationship of financial benefit or burden with the potential component unit, or is fiscally dependent upon by the potential component unit.

Based on these criteria, there are no organizations considered to be component units of the District.

C. Basic Financial Statement Presentation

The district-wide financial statements (i.e. the statement of net position and the statement of activities) display information about the reporting government as a whole. These statements include all the financial activities of the District.

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

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available. Depreciation expense that can be specifically identified by function is included in the direct expenses of each function.

INDEPENDENT SCHOOL DISTRICT NO. 2854
ADA, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2020

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

D. Measurement Focus and Basis of Accounting

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

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

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

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

As a general rule, the effect of interfund activity has been eliminated from the district-wide financial statements.

Description of Funds

The existence of the various District funds has been established by the State of Minnesota, Department of Education. Each fund is accounted for as an independent entity. Descriptions of the funds included in this report are as follows:

INDEPENDENT SCHOOL DISTRICT NO. 2854
ADA, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2020

Major Governmental Funds

General Fund – Accounts for all financial resources and transactions except those required to be accounted for in other funds including pupil transportation and capital outlay activities, which were previously (prior to July 1, 1996) accounted for in separate special revenue funds.

Debt Service Fund – Accounts for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Building Fund – Accounts for the capital outlays related to the building construction project.

Nonmajor Governmental Funds

Special Revenue Funds – Accounts for proceeds of specific revenue sources (other than a permanent fund and major capital projects) that are legally restricted to expenditures for specified purposes. The District's special revenue funds and their purposes are as follows:

Food Service – Accounts for all activities associated with the preparation and serving of regular and incidental meals, lunches or snacks in connection with school activities.

Community Service – Accounts for the resources designated for programs other than those for elementary and secondary students.

GASB No. 34 also requires that budget vs. actual information be presented for the general fund and all major special revenue funds.

E. Specific Account Information

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

Investments are carried at fair value. The District considers certificates of deposit to be cash.

When fair value measurements are required, various data is used in determining those values. This statement requires that assets and liabilities that are carried at fair value must be classified and disclosed in the following levels based on the nature of the data used.

- Level 1: Quoted market prices in active markets for identical assets or liabilities.
- Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.
- Level 3: Unobservable market inputs that are not corroborated by market data.

Taxes Receivable – Taxes receivable represents taxes levied in 2019 which are not payable until 2020, net of the amount received prior to June 30.

Property Taxes – 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 year. In Minnesota,

INDEPENDENT SCHOOL DISTRICT NO. 2854
ADA, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2020

counties act as collection agents for all property taxes. The county spreads all levies over taxable property. Such taxes become a lien on property on the following January 1. The county generally remits taxes to the District at periodic intervals as the taxes 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.

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

The majority of the revenue in the general fund 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."

Taxes which remain unpaid are classified as delinquent taxes receivable. Revenue from these delinquent property taxes that is not collected within 60 days of year-end is deferred in the fund based financial statements because it is not known to be available to finance the operations of the District in the current year. The allowance for uncollectible taxes is \$11,000.

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

Capital Assets – Capital assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their acquisition value at the date of donation. The District maintains a threshold level of \$5,000 or more for capitalizing capital assets. Expenditures for major additions and improvements that extend the useful lives of property and equipment are capitalized. Routine expenditures for repairs and maintenance are charged to expense as incurred.

Capital assets are recorded in the district-wide financial statements, but are not reported in the fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school 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, if any.

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

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Long-Term Obligations – In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Existing bonded debt is reported at the face value of remaining indebtedness. For any new indebtedness that may be issued in the future, bond premiums and discounts will be deferred, and amortized over the life of the bonds using the effective interest method. Bonds payable will be reported net of the applicable bond premium or discount. Bond issuance costs will be expensed in the period incurred.

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

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

PERA has a special funding situation created by direct aid contributions of \$16 million made by the State of Minnesota to the fund in 2019.

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

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *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 resource (expense/expenditure) until then. The District has two items reported on the statement of net position as deferred outflows of resources. The first is *Cost Sharing Defined Benefit Pension Plan* which represents actuarial differences within PERA and TRA pension plans as well as amounts paid to the plans after the measurement date. The second is *Deferred Outflows* related to OPEB, which represents the amounts paid to the plan after the measurement date.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three types of items, one of which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue – delinquent*

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taxes, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source, property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The item, *property taxes levied – subs. years*, is reported as a deferred inflow of resources for both the Balance Sheet – Governmental Funds and the Statement of Net Position as this amount represents property tax revenue levied for a subsequent period. The third item, *Cost Sharing Defined Benefit Pension Plan*, represents actuarial differences within PERA and TRA pension plans. See Note 4 for more details.

Net Position – Net position represents the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources in the District's financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any long-term debt attributable to the acquisition, construction, or improvement of those assets. Restricted Net Position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted Net Position is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Net Position Flow Assumption – Sometimes the government will fund outlays for a particular purpose for both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance – The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable – Consists of amounts that are not in spendable form (such as inventory) or are required to be maintained intact.

Restricted – Consists of amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions and administered by the Minnesota Department of Education.

Committed – Consists of amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.

Assigned – Consists of amounts a government intends to use for a specific purpose. These constraints are established by the Board of Education and/or management. The Board of Education delegates the power to assign fund balances to the bookkeeper.

Unassigned – Consists of amounts that are available for any purpose; positive amounts are reported only in the general fund.

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

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

The District's goal shall be to maintain an unrestricted general fund balance, defined as the total of the committed, assigned and unassigned fund balance categories, of not less than 10% and not more than 25% with the optimal fund balance of 15% of the general fund's current annual operating expenditure budget.

F. 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 and liabilities 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. Ultimate results could differ from those estimates.

NOTE 2 DEPOSITS AND INVESTMENTS

The District maintains a cash account at its depository bank. Investments are carried at fair value.

The District's interest income for the year ended June 30, 2020, was \$25,890.

The pooled cash and investment account is comprised of the following:

Cash	\$ 1,071,614
Investments	10,920,909
	\$11,992,523

As of June 30, 2020, the District had the following investments:

Investment	Fair Value (Level 1)
Minnesota School District Liquid Asset Fund	\$ 1,894,683
MN Trust	9,026,226
	\$ 10,920,909

The Minnesota School District Liquid Asset Fund and the MnTrust are common law trusts organized and existing under the laws of the State of Minnesota, in accordance with the provisions of the Minnesota Joint Powers Act. The general objective of the Funds is to provide a high yield for the participants while maintaining liquidity and preserving capital by investing only in instruments authorized by Minnesota Statutes, which govern the temporary investment of school district monies. In addition, the fixed rate/fixed term portion of the program is also structured with safety of principal as the major objective.

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The Minnesota School District Liquid Asset Fund and the MnTrust are external investment pools not registered with the Securities Exchange Commission (SEC) that follows the same regulatory rules of the SEC under 2a7. The fair value of the position in the pool is the same as the value of the pool shares.

Interest Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The District may invest idle funds as authorized in Minnesota Statutes, as follows:

- (a) Direct obligations or obligations guaranteed or insured issued by the United States, its agencies, its instrumentalities, or organizations created by an act of Congress.
- (b) General obligations and revenue obligations of any state or local government with taxing powers rated "A" and "AA", respectively, and general obligations of the Minnesota Housing Finance Agency which is a moral obligation of the State of Minnesota and rated "A" or better.
- (c) Commercial paper issued by United States corporations or their Canadian subsidiaries, rated in the highest quality by at least two rating agencies, and maturing in 270 days or less.
- (d) Time deposits that are fully insured by the FDIC or bankers acceptances of U.S. banks.
- (e) Shares of investment companies registered under the Federal Investment Company Act of 1940 and whose only investments are in securities described in (a) above.
- (f) Repurchase or reverse repurchase agreements with banks that are qualified as a "depository" of public funds of the government entity, any other financial institution which is a member of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.
- (g) Guaranteed investment contracts (GIC's) issued or guaranteed by United States commercial banks or domestic branches of foreign banks or United States insurance companies if similar debt obligations of the issuer or the collateral pledged by the issuer is in the top two rating categories, or in the top three rating categories for long-term GIC's issued by Minnesota banks.
- (h) Securities lending agreements with financial institutions having its principal executive office in Minnesota and meeting the qualifications described in (f) above.

The Minnesota School District Liquid Asset Fund is rated AAA by Standard & Poor's, while the MnTrust is rated Aaa by Moody's Investor Services.

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Concentration of Credit Risk

The District places no limit on the amount the District may invest in any one issuer.

Custodial Credit Risk - Deposits

The District does not have a policy for custodial credit risk. In accordance with Minnesota Statutes, the District maintains deposits at those depository banks authorized by the District's board, all of which are members of the Federal Reserve System. 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. As of June 30, 2020, the District was not exposed to custodial credit risk.

Custodial Credit Risk - Investments

The investment in the Minnesota School District Liquid Asset Fund and the MnTrust are not subject to the credit risk classifications as noted in paragraph 9 of GASB Statement 40.

NOTE 3 CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Not Being Depreciated:				
Land	\$ 105,000	\$ -	\$ -	\$ 105,000
Construction in Process	-	1,005,055	-	1,005,055
Total Capital Assets, Not Being Depreciated:	<u>105,000</u>	<u>1,005,055</u>	<u>-</u>	<u>1,110,055</u>
Capital Assets, Being Depreciated:				
Land Improvements	710,537	-	-	710,537
Buildings	25,296,969	-	-	25,296,969
Equipment	<u>1,374,687</u>	<u>319,680</u>	<u>87,787</u>	<u>1,606,580</u>
Total Capital Assets, Being Depreciated	<u>27,382,193</u>	<u>319,680</u>	<u>87,787</u>	<u>27,614,086</u>
Less Accumulated Depreciation For:				
Land Improvements	407,595	18,133	-	425,728
Buildings	8,818,491	683,018	-	9,501,509
Equipment	<u>726,740</u>	<u>117,668</u>	<u>70,990</u>	<u>773,418</u>
Total Accumulated Depreciation	<u>9,952,826</u>	<u>818,819</u>	<u>70,990</u>	<u>10,700,655</u>
Total Capital Assets, Being Depreciated, Net	<u>17,429,367</u>	<u>(499,139)</u>	<u>16,797</u>	<u>16,913,431</u>
Governmental Activities Capital Assets, Net	<u>\$ 17,534,367</u>	<u>\$ 505,916</u>	<u>\$ 16,797</u>	<u>\$ 18,023,486</u>

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In the statement of activities, depreciation expense was charged to the following governmental functions:

Administration	\$	1,913
Elementary & Secondary Regular Instruction		1,661
Vocational Education Instruction		2,578
Pupil Support Services		94,424
Sites and Buildings		392,809
		493,385
Unallocated		325,434
Total Depreciation Expense	\$	818,819

NOTE 4 DEFINED BENEFIT PENSION PLANS- STATEWIDE

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), all of which are administered on a statewide basis.

Disclosures relating to these plans follow:

Public Employees Retirement Association

A. Plan Description

The District participates in the following cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees Retirement Association (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.

1. *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.

B. Benefits Provided

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

1. General Employees Plan Benefits

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2% of average salary for each of the first ten years of service and 1.7% of

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

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 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 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 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.

C. Contributions

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

1. General Employees Plan Contributions

Coordinated Plan members were required to contribute 6.50 percent of the annual covered salary in fiscal year 2020; 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, 2020, were \$98,250. The District's contributions were equal to the required contributions for each year as set by state statute.

D. General Employees Fund Pension Costs

At June 30, 2020, the District reported a liability of \$895,662 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 \$27,832. The net pension liability was measured as of June 30, 2019 and the total net 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 dates from July 1, 2018, through June 30, 2019, relative to the total employer contributions received from all of PERA's participating employers. The District's proportionate share was 0.0162% at the end of the measurement period and 0.0143% for the beginning of the period.

District's proportionate share of net pension liability	\$	895,662
State of Minnesota's proportionate share of the net pension liability associated with the District		27,832
Total	\$	923,494

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For the year ended June 30, 2020, the District recognized pension expense of \$128,149 for its proportionate share of General Employees Plan's pension expense. In addition, the District recognized an additional \$2,084 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 23,132	\$ -
Net collective difference between projected and actual investment earnings	-	78,508
Changes in actuarial assumptions	-	62,790
Changes in proportion	97,484	-
Contributions paid to PERA subsequent to the measurement date	98,250	-
Total	\$ 218,866	\$ 141,298

The \$98,250 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Pension Expense Amount
2021	\$ (5,654)
2022	(27,597)
2023	11,124
2024	1,443

E. Actuarial Assumptions

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

Inflation	2.50% per year
Active Member Payroll Growth	3.25% 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 for all plans 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% per year.

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

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

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- The employer supplemental contribution was changed prospectively, 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.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	35.5%	5.10%
Private Markets	25.0%	5.90%
Fixed Income	20.0%	0.75%
International Equity	17.5%	5.90%
Cash Equivalents	2.0%	0.00%
Total	100.0%	

F. Discount Rate

The discount rate used to measure the total pension liability for 2019 was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on this assumption, 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.

G. Pension Liability Sensitivity

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

District Proportionate Share of NPL		
1% Decrease (6.5%)	Current (7.5%)	1% Increase (8.5%)
\$ 1,472,420	\$ 895,662	\$ 419,433

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H. Pension Plan Fiduciary Net Position

Detailed information about each defined benefit pension plan’s fiduciary net position is available in a separately issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at www.mnpera.org; or by writing to PERA at 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088; or by calling (651) 296-7460 or 1-800-652-9026.

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

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

Teachers Retirement Association

A. Plan Description

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

Educators employed in Minnesota’s public elementary and secondary schools, charter schools, and certain other TRA-covered educational institutions maintained by the state are required to be TRA members (except those 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.

B. Benefits Provided

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

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

Tier I Benefits:

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

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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 for Basic members applies. Beginning July 1, 2015, the early retirement reduction factors are based on rates established under Minnesota Statute. Smaller reductions, more favorable to the member, will be applied to individuals who reach age 62 and have 30 years or more of service credit.

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

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

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

C. Contribution Rate

Per Minnesota Statutes, Chapter 354 sets the contribution rates for employees and employers. Rates for each fiscal year ended June 30, 2018, 2019, and 2020 were:

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

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:

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

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

D. Actuarial Assumptions

The total pension liability in the June 30, 2019, 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, 2019
Experience Study	July 5, 2015
Actuarial Cost Method	November 6, 2017 (economic assumptions)
Actuarial Assumptions:	Entry Age Normal
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	1.0% for January 2019 through January 2023, then increasing by 0.1% each year up to 1.5% annually
Mortality Assumption	
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.
Post-disability	RP-2014 disabled retiree mortality table, without adjustment.

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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	100.00%	

The TRA actuary has determined the average of the expected remaining service lives of all members for fiscal year 2016 is 6 years. The *Difference Between Expected and Actual Experience, Changes of Assumptions, and Changes in Proportion* use the amortization period of 6 years in the schedule presented. The amortization period for *Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments* is 5 years as required by GASB 68.

E. Changes in Actuarial Assumptions Since the 2018 Valuation

- The COLA was reduced from 2.0% each January 1 to 1.0%, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.1% each year until reaching the ultimate rate of 1.5% in January 1, 2028.
- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit are exempt.
- The COLA trigger provision, which would have increased the COLA to 2.5% if the funded ratio was at least 90% for two consecutive years, was eliminated.
- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019 and ending June 30, 2024 (this reduces early retirement benefits). Members who retire and are at least 62 with 30 years of service are exempt.
- Augmentation on deferred benefits will be reduced to zero percent beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.0% to 3.0%, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.5% to 7.5%, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next 6 years, (7.71% in 2018, 7.92% in 2019, 8.13% in 2020, 8.34% in 2021, 8.55% in 2022, and 8.75% in 2023). In addition, the employee contribution rate will increase from 7.50% to 7.75% on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.

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JUNE 30, 2020

F. 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 2019 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was not projected to be depleted and, as a result, the Municipal Bond Index Rate was not used in the determination of the Single Equivalent Interest Rate (SEIR).

G. Net Pension Liability

On June 30, 2020, the District reported a liability of \$3,339,987 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to TRA in relation to total system contributions including direct aid from the State of Minnesota, City of Minneapolis, and Minneapolis School District. The District's proportionate share was 0.0524% at the end of the measurement period and 0.0469% 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	\$ 3,339,987
State's proportionate share of the net pension liability associated with the District	\$ 295,386

For the year ended June 30, 2020, the District recognized pension expense of \$624,717. It also recognized \$22,453 as an increase to pension expense for the support provided by direct aid.

On June 30, 2020, 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	\$ 471	\$ 75,424
Net difference between projected and actual earnings on plan inv.	-	238,245
Changes in actuarial assumptions	2,588,240	3,957,460
Changes in proportion	472,261	159,230
Contributions paid to TRA subsequent to the measurement date	256,975	-
Total	<u>\$ 3,317,947</u>	<u>\$ 4,430,359</u>

\$256,975 reported as deferred outflows of resources related to pensions resulting from District contributions to TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to TRA pensions will be recognized in pension expense as follows:

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JUNE 30, 2020

Year Ending June 30	Pension Expense Amount
2021	\$ 250,340
2022	55,516
2023	(1,055,802)
2024	(699,670)
2025	80,229

H. Pension Liability Sensitivity

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent as well as the liability measured using one percent lower and one percent higher.

Sensitivity of the Net Pension Liability (NPL) to Changes in the Discount Rate		
1% Decrease (6.5%)	Current (7.5%)	1% Increase (8.50%)
\$ 5,324,756	\$ 3,339,987	\$ 1,703,574

The Employer'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.

J. 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.

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

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

NOTE 5 OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The District's Plan is a single-employer defined benefit healthcare plan to eligible retirees and their spouses. The authority and requirement to provide these benefits is established in Minnesota Statutes Section 471.61, Subd. 2b. The benefit levels, employee contributions and employer contributions are governed by the District and can be amended by the District through the District's collective bargaining agreements with employee groups. In as much as the Plan has no assets, reporting another employee benefit trust fund in the accompanying financial statements is not required nor was a separate or stand-alone report issued.

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Benefit Provided – The District allows eligible individuals who have separated from employment to remain on the healthcare plan with no subsidized benefit from the District. An eligible individual is an active employee who has access to the healthcare plan and all retirees who have elected to continue coverage on the District’s medical plan after retiring. The District provides \$4,000 per year toward medical premiums for 8 years, if the teacher was hired before September 1, 2013. The District also provides non-certified employees \$4,000 per year toward medical premiums for 6 years. The District requires a three-year service requirement for all non-TRA employees who began employment on or before July 1, 2010, after July 1, 2010 the service requirement is five years. All teachers and principals have a service requirement of three years.

Employees Covered by Benefit Terms – At July 1, 2019, the valuation date of the total OPEB liability, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits	16
Active employees	101
	117
	117

Total OPEB Liability

At June 30, 2020, the District reported a liability of \$1,022,803 for the defined benefit healthcare plan. The total OPEB liability was measured as of July 1, 2019, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of July 1, 2019.

Actuarial Methods and Assumptions

The total OPEB liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	Rates vary by service and contract group
Discount rate	3.10%
Healthcare cost trend	6.50% decreasing to 5.00% over 6 years

The discount rate was based on the 20-year AA rated municipal bond yield.

The valuation uses mortality rates based on the RP-2014 White Collar Mortality Tables with MP-2016 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2018 Generational Improvement Scale. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Amortization of deferred resource flows are based on the average of expected remaining service on a closed basis for differences between expected and actual experience and assumption changes.

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In the July 1, 2019 actuarial valuation, the entry age, level percentage of pay actuarial cost method was used.

Retirees and their spouses contribute to the healthcare plan according to their benefit received at retirement. Since the premium is a blended rate determined on the entire active and retiree population, the retirees are receiving an implicit rate subsidy for which the District has historically funded on a pay-as-you-go basis. All of the active employees who have access to healthcare and all retirees who have elected to continue coverage on the employer's medical plan after retirement have been included in this valuation.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2019	\$1,134,923
Changes for the year:	
Service cost	47,979
Interest	38,416
Differences between expected and actual experience	(77,846)
Changes in assumptions or other inputs	(13,726)
Benefit payments	(106,943)
Net changes	(112,120)
Balance at June 30, 2020	\$1,022,803

Sensitivity of the total OPEB Liability

The following presents the total OPEB liability as of June 30, 2020, calculated using the discount rate of 3.1%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.1 percent) or 1-percentage-point higher (4.1 percent) than the current rate:

Discount:		
1% Decrease (2.1%)	Discount Rate (3.1%)	1% Increase (4.1%)
\$ 1,077,332	\$ 1,022,803	\$ 970,530

The following presents the total OPEB liability as of June 30, 2020, calculated using the healthcare cost trend rate of 6.5% grading to 5.0% over six years, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.5 percent) or 1-percentage-point higher (7.5 percent) than the current rate:

Health Care Cost Trend:		
1% Decrease (5.5% decreasing to 4.0%)	Current Discount Rate (6.5% decreasing to 5.0%)	1% Increase (7.5% decreasing to 6.0%)
\$ 979,730	\$ 1,022,803	\$ 1,073,658

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JUNE 30, 2020

OPEB Liabilities, OPEB Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2020, the District recognized OPEB expense of \$71,132.

On June 30, 2020, the District had deferred resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 64,871
Changes in actuarial assumptions	-	11,438
Contributions paid to OPEB subsequent to the measurement date	<u>95,108</u>	<u>-</u>
Total	<u>\$ 95,108</u>	<u>\$ 76,309</u>

The \$95,108 reported as deferred outflows of resources related to OPEB resulting from District OPEB expense subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2021. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ending June 30:</u>	<u>OPEB Expense Amount</u>
2021	\$ (15,263)
2022	(15,263)
2023	(15,263)
2024	(15,263)
2025	(15,257)

NOTE 6 LONG-TERM LIABILITIES

Changes in the District's long-term liabilities for the year ended June 30, 2020 are as follows:

	Beginning Balance	Additions	Retired	Ending Balance	Due Within One Year
G.O. Alternative Facilities Bond	\$ 1,905,000	\$ -	\$ 70,000	\$ 1,835,000	\$ 70,000
G.O. Capital Facilities Bond	60,000	-	30,000	30,000	30,000
G.O. Tax Abatement Bond	215,000	-	40,000	175,000	40,000
G.O. School Building Bond, 2015A	3,810,000	-	190,000	3,620,000	190,000
G.O. School Building Bond, 2020A	-	8,950,000	-	8,950,000	360,000
Unamortized Premium	145,869	339,114	8,932	476,051	-
Total G.O. Bonds, Net	<u>6,135,869</u>	<u>9,289,114</u>	<u>338,932</u>	<u>15,086,051</u>	<u>690,000</u>
Energy Service Payable	132,877	-	36,007	96,870	37,555
Other Postemployment Benefits	1,134,923	-	112,120	1,022,803	-
Net Pension Liability	3,737,105	498,544	-	4,235,649	-
	<u>\$ 11,140,774</u>	<u>\$ 9,787,658</u>	<u>\$ 487,059</u>	<u>\$ 20,441,373</u>	<u>\$ 727,555</u>

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The District's interest expense for the year ended June 30, 2020, was \$195,925. Energy service payable, other postemployment benefit obligation, and net pension liability are generally liquidated by the general fund.

A. General Obligation Bonds

Date of Issue	Net Interest Rate	Maturity Dates	Original Amount	Current Year Retired	Balance 6/30/2020	Amounts Due in 2020-2021	
						Principal	Interest
2015	2-3.75%	2021/35	\$ 2,200,000	\$ 70,000	\$ 1,835,000	\$ 70,000	\$ 59,167
2015	2%	2021	165,000	30,000	30,000	30,000	600
2015	2-2.5%	2021/24	370,000	40,000	175,000	40,000	4,175
2015	2-3.5%	2021/35	4,700,000	190,000	3,620,000	190,000	120,500
2020	2-5%	2021/40	8,950,000	-	8,950,000	360,000	253,399
				<u>\$ 330,000</u>	<u>\$ 14,610,000</u>	<u>\$ 690,000</u>	<u>\$ 437,841</u>

Annual debt service requirements until maturity are as follows:

Year Ending June 30	Principal	Interest
2021	\$ 690,000	\$ 437,841
2022	635,000	418,972
2023	660,000	396,517
2024	685,000	369,854
2025	725,000	342,016
2026-2030	4,060,000	1,287,995
2031-2035	4,680,000	662,057
2036-2040	2,475,000	167,930
Total	<u>\$ 14,610,000</u>	<u>\$ 4,083,182</u>

B. Energy Service Payable

Date of Issue	Net Interest Rate	Maturity Dates	Original Amount	Current Year Retired	Balance 6/30/2020	Amounts Due in 2020-2021	
						Principal	Interest
2006	4.19%	2020/23	\$ 459,429	\$ 36,007	\$ 96,871	\$ 37,555	\$ 3,344

Annual debt service requirements until maturity are as follows:

Year Ending June 30	Principal	Interest
2021	\$ 37,555	\$ 3,344
2022	39,148	1,740
2023	20,167	266
	<u>\$ 96,870</u>	<u>\$ 5,350</u>

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JUNE 30, 2020

NOTE 7 CONTINGENCIES AND COMMITMENTS

The District receives significant financial assistance from numerous federal, state and local governmental agencies in the form of grants and aids. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District at June 30, 2020.

Effective September 1, 2018, the District has entered into an agreement with the Norman County West School District, ISD No. 2527 to provide instruction for secondary students. Norman County West has agreed to provide funding on a per student basis for the students attending the Ada school district with a guaranteed minimum funding amount of \$625,000 annually through June 30, 2021. Each District has the opportunity to terminate the agreement at the end of each fiscal year end.

NOTE 8 RISK MANAGEMENT

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

The District has joined together with other school districts in Minnesota in the Northwest Service Cooperative's Minimum Premium Funding Plan (Plan). The Plan is a public entity risk pool established as a health insurance purchasing pool for its members. The agreement for the formation of the Plan provides that the Plan will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$300,000. The pool and its members purchase reinsurance, currently with a \$300,000 specific stop loss attachment point and 110% aggregate stop loss attachment point. If the assets of the Plan were to be exhausted, members would not be responsible for the Plan's liabilities. The Northwest Service Cooperative retains the risk of the Plan's liabilities.

There has been no significant reduction in insurance coverage from the previous year in any of the District's policies. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

NOTE 9 NEW PRONOUNCEMENTS

GASB Statement No. 87, *Leases*, establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This Statement requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This

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Statement is effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, establishes accounting requirements for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged.

GASB Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement clarifies the existing definition of a conduit debt obligation; establishes that a conduit debt obligation is not a liability of the issuer; establishes standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improves required note disclosures. This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. Earlier application is encouraged.

GASB Statement No. 92, *Omnibus 2020*, provides additional guidance to improve consistency of authoritative literature by addressing practice issues identified during the application of certain GASB statements. This statement provides accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activity of public entity risk pools, fair value measurements and derivative instruments. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*, provides guidance to address accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR), most notable, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. This statement provides exceptions and clarifications regarding hedging derivative instruments for such transactions that result from the replacement of IBOR. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs) and also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The statement

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provides definitions of PPPs and APAs and provides uniform guidance on accounting and financial reporting for transactions that meet those definitions. A PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. An APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

GASB Statement No. 96, *Subscription-Based Information Arrangements* provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs). A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. Under this Statement, a government generally should recognize a right-to use subscription asset—an intangible asset—and a corresponding subscription liability. The requirements of this Statement will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32* provides additional guidance for determining whether a primary government is financially accountable for a potential component unit. This Statement requires that the financial burden criterion in paragraph 7 of Statement No. 84, *Fiduciary Activities*, be applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67, *Financial Reporting for Pension Plans*, or paragraph 3 of Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, respectively. This Statement (1) requires that a Section 457 plan be classified as either a pension plan or another employee benefit plan depending on whether the plan meets the definition of a pension plan and (2) clarifies that Statement 84, as amended, should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities. The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021.

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Management has not yet determined the effect these Statements will have on the District's financial statements.

NOTE 10 FUND BALANCE DEFICIT

As of June 30, 2020, the Debt Service Fund had a deficit fund balance of \$41,718. This will be funded through future property tax collections.

NOTE 11 COMMITTED CONTRACTS

As of June 30, 2020, the District had construction commitments in the amount of \$6,437,272 for planned facility upgrades.

NOTE 12 CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF NET POSITION AND FUND BALANCE

The District implemented GASB Statement No. 84, Fiduciary Activities in the fiscal year ended June 30, 2020. As a result, beginning net position and beginning general fund balance have been restated to reflect the student activity cash balance of \$48,974, resulting in an increase in net position and general fund balance.

NOTE 13 SUBSEQUENT EVENTS

No significant events occurred subsequent to the District's year end. Subsequent events have been evaluated through October 2, 2020, which is the date these financial statements were available to be issued.

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 BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual	Over (Under)
	Original	Final		Final Budget
REVENUES				
Local Property Tax Levies	\$ 558,926	\$ 562,489	\$ 580,736	\$ 18,247
Other Local & County Revenues	1,151,625	1,160,625	1,411,387	250,762
Revenue From State Sources	6,123,811	6,499,691	6,634,773	135,082
Revenue From Federal Sources	138,500	138,500	157,039	18,539
Sale/Other Conversion of Asset	2,650	2,650	1,165	(1,485)
TOTAL REVENUES	<u>7,975,512</u>	<u>8,363,955</u>	<u>8,785,100</u>	<u>421,145</u>
EXPENDITURES				
Current				
Administration	558,583	558,083	530,358	(27,725)
District Support Services	294,712	294,712	388,766	94,054
Elementary & Secondary				
Regular Instruction	3,054,174	3,044,710	3,177,681	132,971
Vocational Education Instruction	325,617	331,117	332,488	1,371
Special Education Instruction	1,487,339	1,618,393	1,647,555	29,162
Instructional Support Services	192,228	197,228	194,045	(3,183)
Pupil Support Services	455,099	474,891	476,654	1,763
Sites and Buildings	671,466	757,466	734,233	(23,233)
Fixed Costs	58,000	58,000	59,317	1,317
Debt Service				
Principal	34,530	34,530	36,007	1,477
Interest	6,300	6,300	4,882	(1,418)
Capital Outlay	327,000	422,000	359,707	(62,293)
TOTAL EXPENDITURES	<u>7,465,048</u>	<u>7,797,430</u>	<u>7,941,693</u>	<u>144,263</u>
Revenues Under Expenditures	510,464	566,525	843,407	276,882
OTHER FINANCING SOURCES (USES)				
Sale of Capital Asset	6,000	6,000	500	(5,500)
TOTAL OTHER FINANCING SOURCES (USES)	<u>6,000</u>	<u>6,000</u>	<u>500</u>	<u>(5,500)</u>
Net Change in Fund Balances	516,464	572,525	843,907	271,382
Fund Balances - Beginning	1,927,614	1,927,614	1,927,614	-
GASB 84 Adjustment - See Note 12	-	-	48,974	48,974
Fund Balances - Beginning as Restated	<u>1,927,614</u>	<u>1,927,614</u>	<u>1,976,588</u>	<u>48,974</u>
Fund Balances - Ending	<u>\$ 2,444,078</u>	<u>\$ 2,500,139</u>	<u>\$ 2,820,495</u>	<u>\$ 320,356</u>

See Notes to the Required Supplementary Information

**INDEPENDENT SCHOOL DISTRICT NO. 2854
ADA, MINNESOTA**

**SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST 10 YEARS**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Service cost	\$ 47,979	\$ 46,623	\$ 45,265
Interest	38,416	38,827	38,904
Differences between expected and actual experience	(77,846)	-	-
Changes of assumptions or other inputs	(13,726)	-	-
Benefit payments	<u>(106,943)</u>	<u>(91,007)</u>	<u>(84,606)</u>
Net change in total OPEB Liability	(112,120)	(5,557)	(437)
Total OPEB Liability - beginning	<u>1,134,923</u>	<u>1,140,480</u>	<u>1,140,917</u>
Total OPEB Liability - ending	<u>\$ 1,022,803</u>	<u>\$ 1,134,923</u>	<u>\$ 1,140,480</u>
Covered employee payroll	4,132,965	3,349,001	3,251,457
Total OPEB Liability as a percentage of covered-employee payroll	25%	34%	35%

The District implemented GASB No. 75 for its fiscal year ended June 30, 2018. Information from prior years is not available.

See Notes to the Required Supplementary Information

**INDEPENDENT SCHOOL DISTRICT NO. 2854
ADA, MINNESOTA
SCHEDULE OF DISTRICT CONTRIBUTIONS
LAST 10 YEARS**

<u>Fiscal Year Ended June 30</u>	<u>Statutorily Required Contribution</u>	<u>Contributions in Relation to the Statutorily Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>District's Covered- Employee Payroll</u>	<u>Contributions as a Percentage of Covered- Employee Payroll</u>
PERA					
2015	\$ 63,734	\$ 63,734	\$ -	\$ 862,255	7.39 %
2016	63,746	63,746	-	849,950	7.50
2017	66,758	66,758	-	890,106	7.50
2018	72,187	72,187	-	962,494	7.50
2019	86,193	86,193	-	1,149,234	7.50
2020	98,250	98,250	-	1,310,001	7.50
TRA					
2015	\$ 199,399	\$ 199,399	\$ -	\$ 2,658,658	7.50 %
2016	187,182	187,182	-	2,495,762	7.50
2017	188,286	188,286	-	2,510,478	7.50
2018	196,226	196,226	-	2,605,877	7.53
2019	233,017	233,017	-	3,011,024	7.74
2020	256,975	256,975	-	3,232,910	7.95

The amounts presented for each fiscal year were determined as of the District's year end which is June 30.

The District implemented GASB Statement No. 68 for its fiscal year ended June 30, 2015. Information for the prior years is not available.

See Notes to the Required Supplementary Information

INDEPENDENT SCHOOL DISTRICT NO. 2854
ADA, MINNESOTA
SCHEDULE OF DISTRICT SHARE OF NET PENSION LIABILITY
LAST 10 YEARS

Fiscal Year Ended June 30	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	State's Proportionate Share of the Net Pension Liability Associated with the District (if Applicable)	Total	District's Covered- Employee Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
PERA							
2014	0.0159 %	\$ 746,902	\$ -	\$ 746,902	\$ 835,780	89.37 %	78.70 %
2015	0.0147	761,830	-	761,830	862,255	88.35	78.19
2016	0.0137	1,112,372	14,550	1,126,922	849,950	130.87	68.90
2017	0.0138	880,983	11,088	892,071	890,106	98.98	75.90
2018	0.0143	793,305	26,076	819,381	962,494	82.42	79.53
2019	0.0162	895,662	27,832	923,494	1,149,234	77.94	80.23
TRA							
2014	0.0569 %	\$ 2,621,911	\$ 184,439	\$ 2,806,350	\$2,595,255	101.03 %	81.50 %
2015	0.0520	3,216,714	394,707	3,611,421	2,658,658	120.99	76.80
2016	0.0482	11,496,850	1,153,156	12,650,006	2,495,762	460.65	44.88
2017	0.0464	9,262,282	895,613	10,157,895	2,510,478	368.94	51.57
2018	0.0469	2,943,800	276,728	3,220,528	2,605,877	112.97	78.07
2019	0.0524	3,339,987	295,386	3,635,373	2,972,218	112.37	78.07

The amounts presented for each fiscal year were determined as of the measurement date of the collective net pension liability which is June 30 of the previous fiscal year.

The District implemented GASB Statement No. 68 for its fiscal year ended June 30, 2015. Information for the prior years is not available.

See Notes to the Required Supplementary Information

INDEPENDENT SCHOOL DISTRICT NO. 2854
ADA, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020

NOTE 1 BUDGETARY DATA

Budgets are prepared for District funds on the same basis and using the same accounting practices as are used to account and prepare financial reports for the funds. Budgets presented in this report for comparison to actual amounts are presented in accordance with accounting principles generally accepted in the United States of America. All appropriations lapse at year-end. Encumbrances represent commitments related to unperformed contracts for goods and services. Encumbrance accounting is not utilized in the governmental funds of the District.

The budget is adopted through the passage of a resolution. Administration can authorize the transfer of budgeted amounts within any fund. Any revisions that alter the total expenditures of any fund must be approved by the governing board. The legal level of budgetary control is the fund level. The annual appropriated budget is not legally binding on the District unless the District has a deficit fund balance which exceeds 2.5% of expenditures. The District had expenditures in excess of budget by \$144,263.

NOTE 2 DEFINED BENEFIT PLANS

PERA

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.

TRA

Changes in Actuarial Assumptions:

- The COLA was reduced from 2.0% each January 1 to 1.0%, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.1% each year until reaching the ultimate rate of 1.5% in January 1, 2028.

- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit are exempt.

- The COLA trigger provision, which would have increased the COLA to 2.5% if the funded ratio was at least 90% for two consecutive years, was eliminated.

- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019 and ending June 30, 2024 (this reduces early retirement benefits). Members who retire and are at least 62 with 30 years of service are exempt.

- Augmentation on deferred benefits will be reduced to zero percent beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.0% to 3.0%, effective July 1, 2018. Interest due on payment and purchases from members, employers is reduced from 8.5% to 7.5%, effective July 1, 2018.

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

INDEPENDENT SCHOOL DISTRICT NO. 2854
ADA, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - CONTINUED
JUNE 30, 2020

NOTE 3 OTHER POSTEMPLOYMENT BENEFITS

Changes since prior valuation:

- The health care trend rates were changed to better anticipate short term and long term medical increases.
- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2016 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2018 Generational Improvement Scale.
- The salary increase rates were changed from a flat 3.00% per year for all employees to rates which vary by service and contract group.
- The discount rate was changed from 3.40% to 3.10%.

INDEPENDENT SCHOOL DISTRICT NO. 2854
ADA, MINNESOTA
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

	Special Revenue Funds		Total Nonmajor Governmental Funds
	Food Service Fund	Community Service Fund	
ASSETS			
Cash and Investments	\$ 17,059	\$ 72,001	\$ 89,060
Current Property Taxes Receivable	-	19,627	19,627
Delinquent Property Taxes Receivable	-	388	388
Due From Department of Education	-	3,277	3,277
Due from Other Governments	-	24,254	24,254
Inventory	10,207	-	10,207
TOTAL ASSETS	\$ 27,266	\$ 119,547	\$ 146,813
LIABILITIES			
Accounts Payable	\$ 289	\$ -	\$ 289
Salaries Payable	1,279	4,255	5,534
TOTAL LIABILITIES	1,568	4,255	5,823
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Delinquent Taxes	-	388	388
Property Taxes Levied - Subs. Years	-	45,023	45,023
TOTAL DEFERRED INFLOWS OF RESOURCES	-	45,411	45,411
FUND BALANCES			
Fund Balance:			
Nonspendable: Inventory	10,207	-	10,207
Restricted for Food Service	15,491	-	15,491
Restricted for School Readiness		1,885	1,885
Restricted for Community Service	-	5,259	5,259
Restricted for ECFE	-	62,737	62,737
TOTAL FUND BALANCES	25,698	69,881	95,579
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 27,266	\$ 119,547	\$ 146,813

INDEPENDENT SCHOOL DISTRICT NO. 2854
ADA, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Special Revenue Funds</u>		Total Nonmajor Governmental Funds
	<u>Food Service Fund</u>	<u>Community Service Fund</u>	
REVENUES			
Local Property Tax Levies	\$ -	\$ 42,252	\$ 42,252
Other Local & County Revenues		52,070	52,070
Revenue From State Sources	21,074	33,048	54,122
Revenue From Federal Sources	265,798	-	265,798
Sale/Other Conversion of Asset	161,638	-	161,638
	<u>448,510</u>	<u>127,370</u>	<u>575,880</u>
TOTAL REVENUES			
EXPENDITURES			
Current			
Community Education and Services	-	113,046	113,046
Pupil Support Services	440,735	-	440,735
Capital Outlay	16,706		16,706
	<u>457,441</u>	<u>113,046</u>	<u>570,487</u>
TOTAL EXPENDITURES			
Revenues Over (Under) Expenditures	(8,931)	14,324	5,393
Fund Balances - Beginning	34,629	55,557	90,186
Fund Balances - Ending	<u>\$ 25,698</u>	<u>\$ 69,881</u>	<u>\$ 95,579</u>

INDEPENDENT SCHOOL DISTRICT NO. 2854
ADA, MINNESOTA
SCHEDULE OF CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020

	UFARS Balance Beginning of Year	Revenues	Expenditures	Transfers	Prior Period Adjustment	Issuance of Long Term Debt	UFARS Balance End of Year	Reclassify	Balance End of Year
General Fund									
Restricted for:									
LTFM	\$ 184,638	\$ 184,078	\$ 63,586	\$ -	\$ -	\$ -	\$ 305,130	\$ -	\$ 305,130
Operating Capital	98,770	130,349	105,018	-	-	-	124,101	-	124,101
Medical Assistance	51,251	51,583	34,112	-	-	-	68,722	-	68,722
Safe Schools	11,955	41,491	40,499	-	-	-	12,947	-	12,947
Student Activities	-	146,858	119,866	-	48,974	-	75,966	-	75,966
Committed for OPEB	140,000	-	-	-	-	-	140,000	-	140,000
Assigned for Flex Benefits	3,146	2,601	1,904	-	-	-	3,843	-	3,843
Assigned for Corporate Sponsorships	23,379	7,975	3,452	-	-	-	27,902	-	27,902
Assigned for Thronson Memorial	1,710	265	-	-	-	-	1,975	-	1,975
Assigned for Security Entry	12,726	-	-	-	-	-	12,726	-	12,726
Assigned for Multipurpose Addition	-	-	-	375,000	-	-	375,000	-	375,000
Unassigned	1,400,039	8,220,400	7,573,256	(375,000)	-	-	1,672,183	-	1,672,183
Food Service Fund									
Nonspendable	6,437	-	-	3,770	-	-	10,207	-	10,207
Restricted for: Food Service	28,192	448,510	457,441	(3,770)	-	-	15,491	-	15,491
Community Service Fund									
Restricted for:									
Community Education	(5,016)	58,649	54,962	-	-	-	(1,329)	1,329	
ECFE	50,924	24,116	12,303	-	-	-	62,737	-	62,737
School Readiness	3,061	43,145	44,321	-	-	-	1,885	-	1,885
Community Service	6,588	1,460	1,460	-	-	-	6,588	(1,329)	5,259
Debt Service Fund									
Unassigned	(69,821)	550,646	522,543	-	-	-	(41,718)	-	(41,718)
Building Fund									
Unassigned	-	9,909	1,150,929	-	-	9,289,114	8,148,094	-	8,148,094
Total	\$ 1,947,979	\$ 9,922,035	\$ 10,185,652	\$ -	\$ 48,974	\$ 9,289,114	\$ 11,022,450	\$ -	\$ 11,022,450

INDEPENDENT AUDITOR'S REPORT ON MINNESOTA LEGAL COMPLIANCE

To the Board of Education
Independent School District No. 2854
Ada, Minnesota

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and aggregate remaining fund information of Independent School District No. 2854 as of and for the year ended June 30, 2020, and the related notes to the financial statements, and have issued our report thereon dated October 2, 2020.

Legal Compliance

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

Purpose of the Report

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



BRADY, MARTZ & ASSOCIATES, P.C.
GRAND FORKS, NORTH DAKOTA

October 2, 2020

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

To the Board of Education
Independent School District No. 2854
Ada, 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. 2854, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 2, 2020.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2020-001 and 2020-002 that we consider to be significant deficiencies.

Compliance and Other Matters

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

The District's Response to Findings

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

Purpose of this Report

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



BRADY, MARTZ & ASSOCIATES, P.C.
GRAND FORKS, NORTH DAKOTA

October 2, 2020

INDEPENDENT SCHOOL DISTRICT NO. 2854
ADA, MINNESOTA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2020

2020-001 FINDING

Criteria

Generally, a system of internal control contemplates separation of duties that no individual has responsibility to execute a transaction, have physical access to the related assets, and have responsibility or authority to record the transaction.

Condition

Lack of sufficient segregation of duties.

Cause

Size and budget constraints limiting the number of personnel within the accounting department.

Effect

The design of the internal control over financial reporting that could adversely affect the ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Recommendation

The areas should be reviewed periodically and consideration given to improving the segregation of duties.

Views of Responsible Officials and Planned Corrective Actions

The District agrees with the recommendation and will review on an annual basis.

Corrective Action Plan Prepared by the District

Contact Person: Superintendent

Correcting Plan: The District has the following procedures to mitigate the risk:

- 1) Review and approval of journal entries by superintendent.
- 2) Board approves checks.
- 3) Superintendent periodically reviews bank statement before turning it over to the business office for reconciliation.

When it becomes economically feasible, the District will hire additional personnel in the accounting department to improve segregation of duties.

Completion Date: Ongoing

INDEPENDENT SCHOOL DISTRICT NO. 2854
ADA, MINNESOTA
SCHEDULE OF FINDINGS AND RESPONSES - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2020

2020-002 FINDING

Criteria

An appropriate system of internal controls requires the District to prepare financial statements in compliance with accounting principles generally accepted in the United States of America.

Condition

The District's personnel prepare periodic financial information for internal use that meets the needs of management and the Board of Education. However, the District currently does not prepare financial statements, including accompanying note disclosures, as required by accounting principles generally accepted in the United States of America. The District has elected to have the auditors assist in the preparation of the financial statements and notes.

Cause

The District elected to not allocate resources for the preparation of the financial statements.

Effect

There is an increased risk of material misstatement to the District's financial statements.

Recommendation

We recommend the District consider the additional risk of having the auditors assist in the preparation of the financial statements and note disclosures and consider preparing them in the future. As a compensating control, the entity should establish an internal control policy to document the annual review of the financial statements and schedules and to review a financial statement disclosure checklist.

Views of Responsible Officials and Planned Corrective Actions

The District agrees with the recommendation and will review on an annual basis.

Corrective Action Plan Prepared by the District

Contact Person: Superintendent

Correcting Plan: Will establish policy to document review of financial statements and notes.

Completion Date: Ongoing

**INDEPENDENT SCHOOL DISTRICT NO. 2854
ADA, MINNESOTA**

**UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS COMPLIANCE TABLE
JUNE 30, 2020**

District Name: INDEPENDENT SCHOOL DISTRICT NO. 2854	District Number: 2854
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	Audit	UFARS	Variance		Audit	UFARS	Variance
01 GENERAL FUND				06 BUILDING CONSTRUCTION			
Total Revenue	8,785,100	8,785,100		Total Revenue	9,909	9,909	
Total Expenditures	7,941,693	7,941,694	(1)	Total Expenditures	1,150,929	1,150,929	
<i>Non Spendable</i>				<i>Non Spendable</i>			
460 Non Spendable Fund Balance				460 Non Spendable Fund Balance			
<i>Restricted/Reserved:</i>				<i>Restricted/Reserved:</i>			
401 Student Activities	75,966	75,965	1	407 Capital Projects Levy			
403 Staff Development				409 Alternative Facility Program			
406 Health & Safety				413 Projects Funded By COP			
407 Capital Projects Levy				467 LTFM			
408 Cooperative Revenue				<i>Restricted</i>			
409 Alternative Fac Program				464 Restricted Fund Balance	8,148,094	8,148,094	
413 Project Funded by COP				<i>Unassigned:</i>			
414 Operating Debt				463 Unassigned Fund Balance			
416 Levy Reduction				Reconciliation of Building Construction	9,308,932	9,308,932	
417 Taconite Building Maintenance							
423 Certain Teacher Programs				07 DEBT SERVICE			
424 Operating Capital	124,101	124,101		Total Revenue	550,646	550,646	
426 \$25 Taconite				Total Expenditures	522,543	522,543	
427 Disabled Accessibility				<i>Non Spendable</i>			
428 Learning & Development				460 Non Spendable Fund Balance			
434 Area Learning Center				<i>Restricted/Reserved:</i>			
435 Contracted Alt Programs				425 Bond Refundings			
436 State Approved Alt Program				451 QZAB Payments			
438 Gifted & Talented				<i>Restricted</i>			
440 Teacher Development and Eval				464 Restricted Fund Balance		(1)	1
441 Basic Skills Programs				<i>Unassigned:</i>			
445 Career and Technical Programs				463 Unassigned Fund Balance	(41,718)	(41,717)	(1)
448 Achievement and Integration				Reconciliation of Debt Service	1,031,471	1,031,471	
449 Safe Schools Levy	12,947	12,946	1				
450 Prekindergarten				08 TRUST			
451 QZAB Payments				Total Revenue			
452 OPEB Liab Not In Trust				Total Expenditures			
453 Unfunded Sev & Retirem Levy				<i>Unassigned:</i>			
467 LTFM	305,130	305,129	1	422 Unassigned Fund Balance			
472 Medical Assistance	68,722	68,722		Reconciliation of Trust			
<i>Restricted</i>							
464 Restricted Fund Balance				20 INTERNAL SERVICE			
467 LTFM				Total Revenue			
<i>Committed</i>				Total Expenditures			
418 Committed for Separation	140,000	140,000		<i>Unassigned:</i>			
461 Committed				422 Unassigned Fund Balance			
<i>Assigned</i>				Reconciliation of Internal Service			
462 Assigned Fund Balance	421,446	421,446					
<i>Unassigned:</i>				25 OPEB REVOCABLE TRUST FUND			
422 Unassigned Fund Balance	1,672,183	1,672,189	(6)	Total Revenue			
Reconciliation of General	19,547,288	19,547,292	(4)	Total Expenditures			
				<i>Unassigned:</i>			
02 FOOD SERVICE				422 Unassigned Fund Balance			
Total Revenue	448,510	448,510		Reconciliation of OPEB Revocable Trust			
Total Expenditures	457,441	457,441					
<i>Non Spendable</i>				45 OPEB IRREVOCABLE TRUST FUND			
460 Non Spendable Fund Balance	10,207	10,207		Total Revenue			
<i>Restricted/Reserved:</i>				Total Expenditures			
452 OPEB Liab Not In Trust				<i>Unassigned:</i>			
<i>Restricted</i>				422 Unassigned Fund Balance			
464 Restricted Fund Balance	15,491	15,491		Reconciliation of OPEB Irrevocable Trust			
<i>Unassigned</i>							
463 Unassigned Fund Balance				47 OPEB DEBT SERVICE FUND			
Reconciliation of Food Service	931,649	931,649		Total Revenue			
				Total Expenditures			
04 COMMUNITY SERVICE				<i>Non Spendable</i>			
Total Revenue	127,370	127,369	1	460 Non Spendable Fund Balance			
Total Expenditures	113,046	113,045	1	<i>Restricted</i>			
<i>Non Spendable</i>				425 Bond Refunding			
460 Non Spendable Fund Balance				464 Restricted Fund Balance			
<i>Restricted/Reserved:</i>				<i>Unassigned</i>			
426 \$25 Taconite				463 Unassigned Fund Balance			
431 Community Education	(1,329)	(1,328)	(1)	Reconciliation of OPEB Debt Service			
432 E.C.F.E.	62,737	62,736	1				
440 Teacher Development and Eval							
444 School Readiness	1,885	1,883	2				
447 Adult Basic Education							
452 OPEB Liab Not In Trust							
<i>Restricted</i>							
464 Restricted Fund Balance	6,588	6,591	(3)				
<i>Unassigned</i>							
463 Unassigned Fund Balance							
Reconciliation of Community Service	310,297	310,296	1				

BradyMartz

To the Board of Education
Independent School District No. 2854
Ada, Minnesota

In planning and performing our audit of the financial statements of Independent School District No. 2854 as of and for the year ended June 30, 2020, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, we considered the District's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the 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 matters that are opportunities for strengthening internal controls and operating efficiencies. These matters are discussed in the attached "Management Letter Memorandum." A separate report dated October 2, 2020, contains our report on significant deficiencies in the District's internal control. This letter does not affect our report dated October 2, 2020, on the financial statements of Independent School District No. 2854.

We noted certain trends involving the unassigned fund balance in the General Fund, and income/losses before transfers in the Community Service and Food Service funds, which we would like to bring to your attention. The following information is intended to improve the understanding of changes in the fund balances and result in other operating efficiencies. These graphs are included after the management letter comments.

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

This communication is intended solely for the information and use of management, the Board of Education, the State of Minnesota, and others within the District, and is not intended to be, and should not be, used by anyone other than those specified parties.



BRADY, MARTZ & ASSOCIATES, P.C.
GRAND FORKS, NORTH DAKOTA

October 2, 2020

Independent School District No. 2854
Ada, Minnesota
Management Letter Memorandum
For the Year Ended June 30, 2020

1. Observation

Because significant amounts of activity fund cash receipts are collected as currency, not checks, internal control procedures designed to safeguard monies collected should be especially emphasized. Essential to this process are internal accounting controls over the activity fund cash collections. Adequate procedures should be established for completing an audit trail that creates sufficient documentary (physical) evidence for each step in the flow of transactions within the activity fund. These procedures include using pre-numbered forms and receipts and maintaining a perpetual inventory of the pre-numbered cash receipts; depositing receipts intact; and making timely deposits.

Recommendation

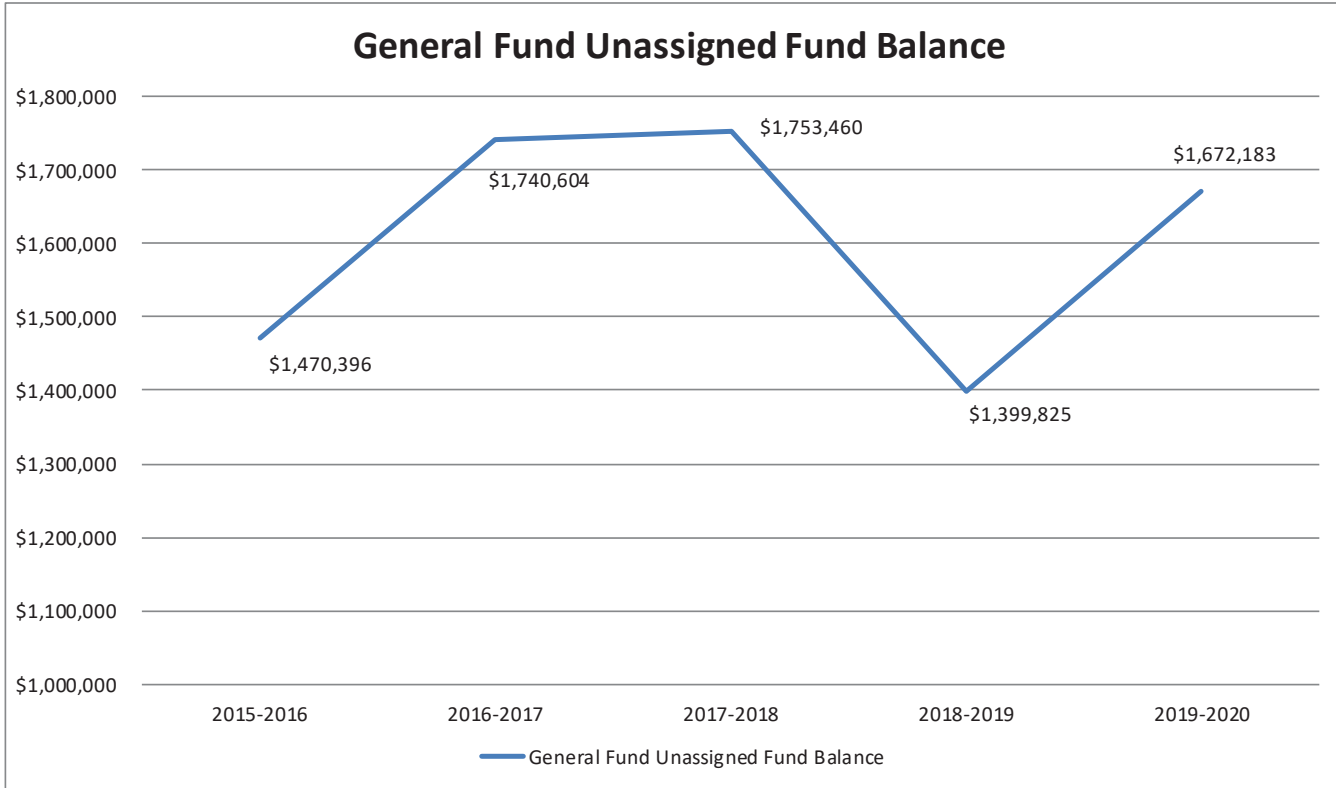
We recommend that the student activity advisors write out receipts to students to record cash/checks collected, and those receipts be reconciled to the receipts received by student activity advisors upon turning over the cash/checks to the business office.

Management's Response

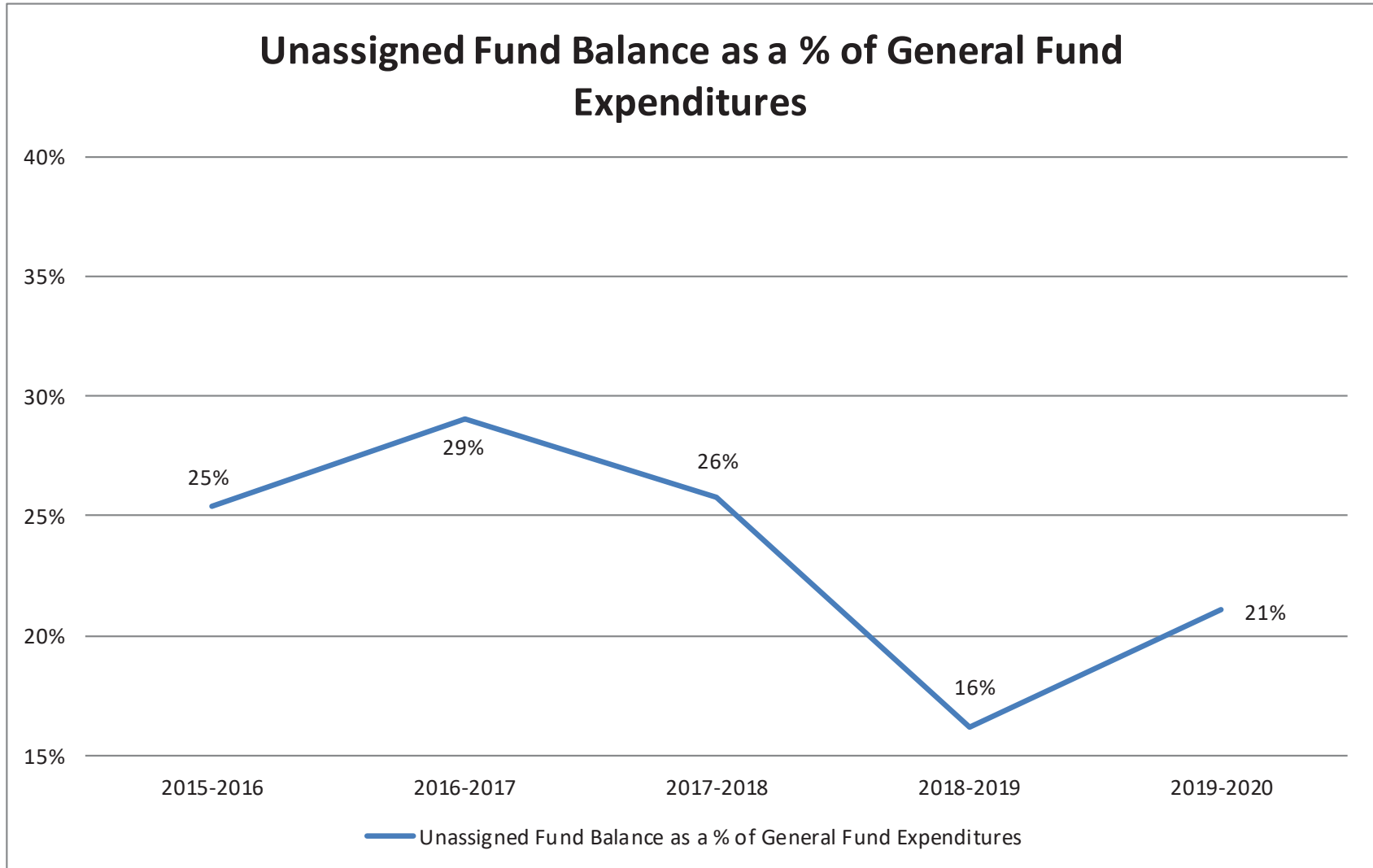
The District will review procedures with employees and advisors involved with the student activity fund and monitor the procedures for the fund's cash collections.

GRAPHS

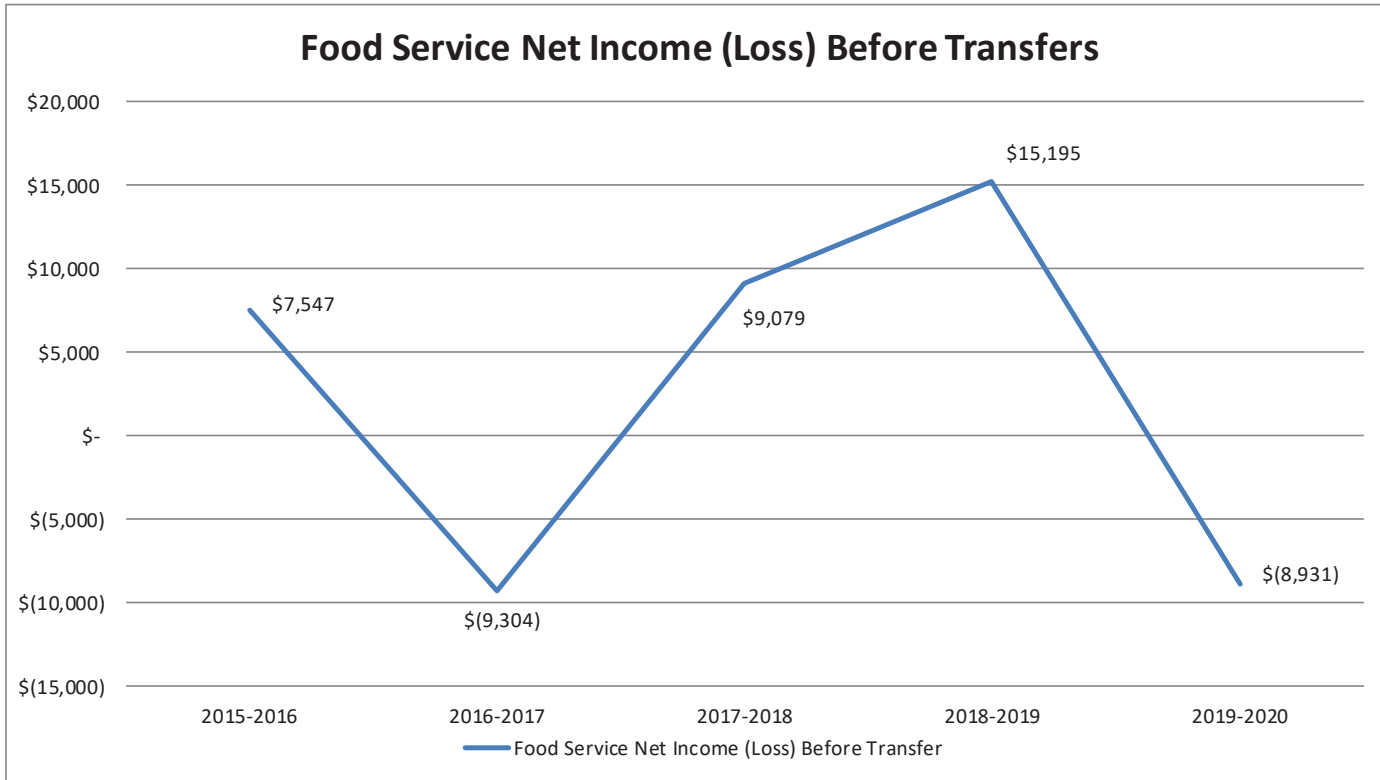
Independent School District No. 2854
Ada, Minnesota
Management Letter Memorandum
For the Year Ended June 30, 2020



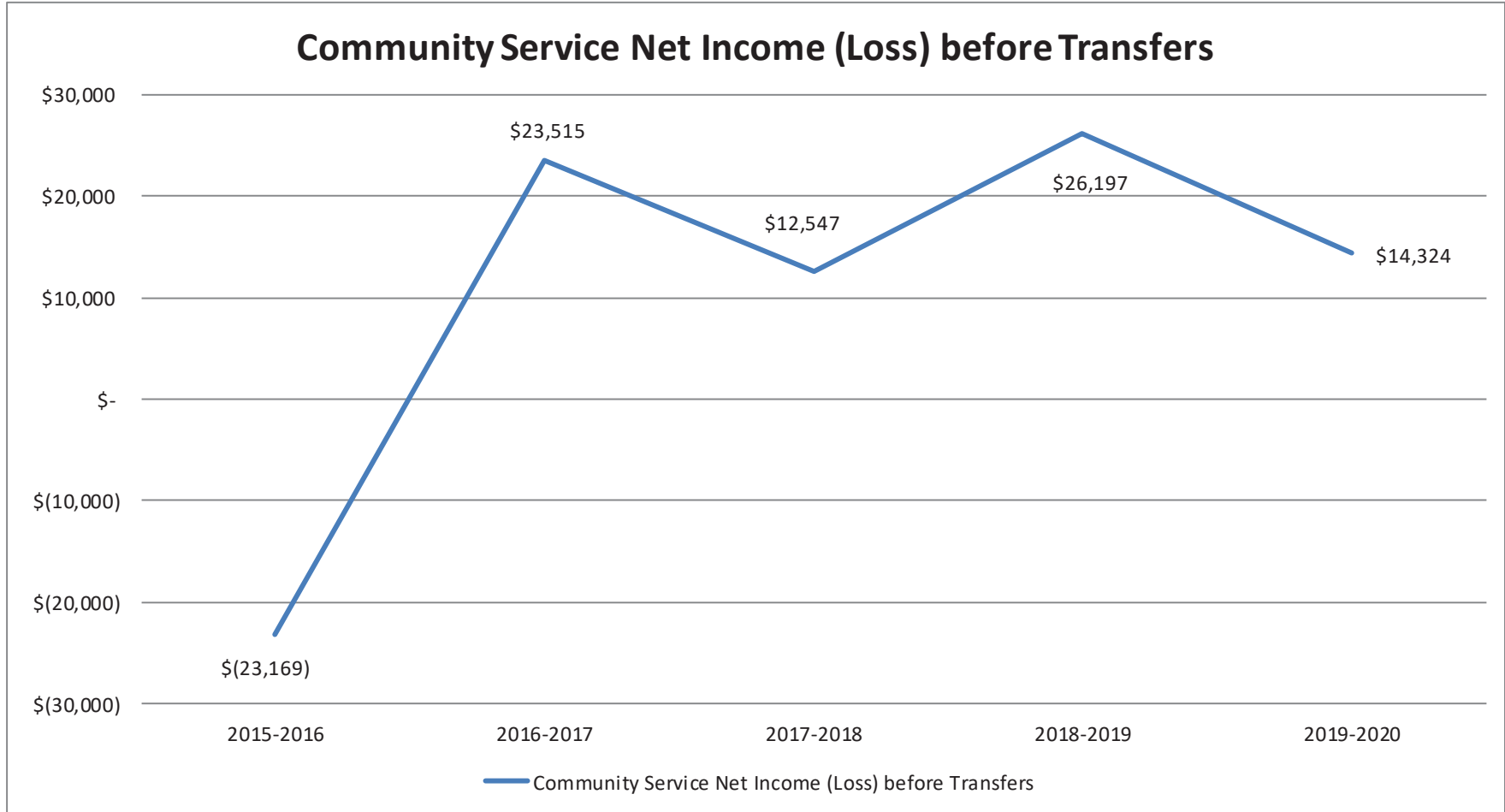
Independent School District No. 2854
Ada, Minnesota
Management Letter Memorandum - Continued
For the Year Ended June 30, 2020



Independent School District No. 2854
Ada, Minnesota
Management Letter Memorandum - Continued
For the Year Ended June 30, 2020



Independent School District No. 2854
Ada, Minnesota
Management Letter Memorandum - Continued
For the Year Ended June 30, 2020



Ada-Borup ISD 2854

EXPENDITURES (Through Sept)

FUND	FY21 Exp	FY20 Budget	FY21 %	FY20 Exp	FY20 Final	FY20 %	FY19 exp	FY19 Final	FY19%
General	\$ 1,337,082	\$ 7,745,318	17%	\$ 1,276,524	\$ 7,821,828	16%	\$ 1,683,697	\$ 8,666,476	19%
Food Service	\$ 25,333	\$ 457,061	6%	\$ 47,974	\$ 457,441	10%	\$ 48,092	\$ 440,620	11%
Community Service	\$ 26,771	\$ 140,595	19%	\$ 30,978	\$ 113,045	27%	\$ 25,772	\$ 122,518	21%
Debt Service	\$ 220,106	\$ 1,127,842	20%	\$ 95,521	\$ 522,543	18%	\$ 98,721	\$ 524,827	19%
TOTAL	\$ 1,609,292	\$ 9,470,816	17%	\$ 1,450,997	\$ 8,914,857	16%	\$ 1,856,282	\$ 9,754,441	19%

REVENUES (Through Sept)

FUND	FY21 Rev	FY21 Budget	FY21 %	FY20 Rev	FY20 Final	FY20 %	FY19 Rev	FY19 Final	FY19%
General	\$ 1,408,705	\$ 8,254,808	17%	\$ 1,201,222	\$ 8,638,742	14%	\$ 1,224,667	\$ 8,223,309	15%
Food Service	\$ 17,233	\$ 442,950	4%	\$ 36,093	\$ 448,510	8%	\$ 39,441	\$ 455,815	9%
Community Service	\$ 2,488	\$ 144,389	2%	\$ 2,709	\$ 127,369	2%	\$ 4,841	\$ 148,715	3%
Debt Service	\$ 246,646	\$ 1,180,141	21%	\$ 102,203	\$ 550,646	19%	\$ 103,805	\$ 545,670	19%
TOTAL	\$ 1,675,072	\$ 10,022,288	17%	\$ 1,342,227	\$ 9,765,267	14%	\$ 1,372,754	\$ 9,373,509	15%

INDEPENDENT SCHOOL DISTRICT #2854
 ADA, MINNESOTA 56510
 TREASURER'S REPORT TO SCHOOL BOARD

Date of Report 10/5/2020

For the Month of Sept 2020

FUNDS	Beginning Balance	Debits	Credits	Ending Balance	Adjustments	Ending Balance	Prior year Balance
General Fund							
Cash	\$38,858.64	\$656,706.40	\$730,697.84	-\$35,132.80	\$0.00	-\$35,132.80	\$23,092.95
Investments	\$2,815,277.54	\$104,955.42		\$2,920,232.96	\$0.00	\$2,920,232.96	\$2,047,867.92
Food Service Fund	\$1,989.08	\$17,276.60	\$11,875.26	\$7,390.42	\$0.00	\$7,390.42	\$16,312.06
Payroll	-\$60,253.94	\$262,771.48	\$273,802.76	-\$71,285.22	\$0.00	-\$71,285.22	\$ (34,064.16)
Community Service	\$76,696.74	\$1,491.29	\$7,192.25	\$70,995.78	\$0.00	\$70,995.78	\$ 51,398.44
Building Construction							
Cash	\$10,091.56	\$800,000.00	\$820,331.51	-\$10,239.95	\$0.00	-\$10,239.95	\$ -
Investments	\$7,789,500.52	\$15,219.58	\$806,168.51	\$6,998,551.59	\$0.00	\$6,998,551.59	\$ -
Cash Debt Redemption	\$268,503.58	\$84,329.26		\$352,832.84	\$0.00	\$352,832.84	\$ 121,781.80
TOTALS	\$10,940,663.72	\$1,942,750.03	\$2,650,068.13	\$10,233,345.62	\$0.00	\$10,233,345.62	\$2,226,389.01

DESCRIPTION	Bank Stmtnt Balance	O/S Checks	O/S Deposits	Other Reconciling Items	Book Balance
Bank of the West	\$119,934.27	\$93,814.51		\$0.00	\$26,119.76
Frandsen Bank & Trust	\$167,165.91	\$50,252.38	\$0.00	\$0.00	\$116,913.53
Frandsen Bank & Trust- MM	\$141,079.35				\$141,079.35
Bank of the West - MM	\$19,348.60				\$19,348.60
Bank of the West/Flex	\$5,999.83				\$5,999.83
American Federal Bank	\$0.00				\$0.00
MSDLAF	\$2,897,152.97				\$2,897,152.97
MN Trust/PMA	\$7,021,631.58				\$7,021,631.58
Petty Cash	\$3,500.00				\$3,500.00
Cash on Hand	\$100.00				\$100.00
Imprest Cash	\$1,500.00				\$1,500.00
Balance Per Books					\$10,233,345.62
OPERATING FUNDS					
General Cash 01	-\$35,132.80				
Total 01	\$2,885,100.16				
Checking 02	\$7,390.42				
Payroll 28	-\$71,285.22				
Checking 04	\$70,995.78				
Total Operating	\$2,892,201.14				
Building Construction	\$6,988,311.64				
Debt Redemption	\$352,832.84				
Total All Funds	\$10,233,345.62				

Ada-Borup Public Schools Detail Payment Register By Wire

Co	Bank	Check No	Code	Rcd	Vendor	Pmt/Void Date	Pmt Type		
2854	CFB	201995			SELECTACCOUNT		Wire		
			B 28 215 022		New York Life TSA Co			\$14,683.14	
PO#:	Voucher #:	45378	Invoice	Invoice No:	M2021030	9/25/2020	Paid Amt:	\$14,683.14	
			B 28 215 021		VEBA			\$7,961.67	
PO#:	Voucher #:	45390	Invoice	Invoice No:	M2021030	9/25/2020	Paid Amt:	\$7,961.67	
							Check Amount:	\$22,644.81	
2854	CFB	203564			THE OMNI GROUP		Wire		
			B 28 215 005		TSA Valic			\$291.67	
PO#:	Voucher #:	45386	Invoice	Invoice No:	M2021030	9/25/2020	Paid Amt:	\$291.67	
			B 28 215 005		TSA Valic			\$3,183.36	
PO#:	Voucher #:	45387	Invoice	Invoice No:	M2021030	9/25/2020	Paid Amt:	\$3,183.36	
			B 28 215 005		TSA Valic			\$4,127.26	
PO#:	Voucher #:	45388	Invoice	Invoice No:	M2021030	9/25/2020	Paid Amt:	\$4,127.26	
			B 28 215 005		TSA Valic			\$2,283.38	
PO#:	Voucher #:	45389	Invoice	Invoice No:	M2021030	9/25/2020	Paid Amt:	\$2,283.38	
							Check Amount:	\$9,885.67	
2854	CFB	210361			MN CHILD SUPPORT PAYMENT CTR.		Wire		
			B 28 215 050		Child Support			\$493.00	
PO#:	Voucher #:	45381	Invoice	Invoice No:	M2021030	9/25/2020	Paid Amt:	\$493.00	
							Check Amount:	\$493.00	
2854	CFB	210605			MN DEPT OF REVENUE		Wire		
			B 28 215 013		MN Tax			\$13,530.00	
PO#:	Voucher #:	45382	Invoice	Invoice No:	M2021030	9/25/2020	Paid Amt:	\$13,530.00	
							Check Amount:	\$13,530.00	
2854	CFB	210675			BLUE CROSS BLUE SHEILD/NW Serv Co-op School		Wire		
			B 28 215 025		Blue Cross			\$64,564.20	
			B 28 215 025		Retiree/Cobra adjustment			\$15,487.30	
PO#:	Voucher #:	45373	Invoice	Invoice No:	M2021030	9/25/2020	Paid Amt:	\$80,051.50	
							Check Amount:	\$80,051.50	
2854	CFB	210684			PUBLIC EMPLOYEES RETIREMENT AS		Wire		
			B 28 215 017		PERA			\$10,998.62	
PO#:	Voucher #:	45383	Invoice	Invoice No:	M2021030	9/25/2020	Paid Amt:	\$10,998.62	
							Check Amount:	\$10,998.62	
2854	CFB	210685			TEACHERS RETIREMENT ASSOCIATIO		Wire		
			B 28 215 018		TRA			\$45,089.39	
PO#:	Voucher #:	45385	Invoice	Invoice No:	M2021030	95 9/25/2020	Paid Amt:	\$45,089.39	
							Check Amount:	\$45,089.39	

Ada-Borup Public Schools Detail Payment Register By Wire

Co	Bank	Check No	Code	Rcd	Vendor	Pmt/Void Date	Pmt Type		
2854	CFB	21589			IRS		Wire		
				B 28 215 010	FICA			\$54,113.62	
				B 28 215 011	Fed Tax			\$27,480.40	
PO#:	Voucher #:	45375	Invoice	Invoice No:	M2021030	9/25/2020	Paid Amt:	\$81,594.02	
							Check Amount:	\$81,594.02	
2854	CFB	8561			Vision Service Plan BC/BS		Wire		
				B 28 215 025	Blue Cross			\$307.52	
				B 28 215 025	Vision Ins Adjustment			(\$171.18)	
PO#:	Voucher #:	45391	Invoice	Invoice No:	M2021030	9/25/2020	Paid Amt:	\$136.34	
							Check Amount:	\$136.34	
2854	CFB	210605			MN DEPT OF REVENUE		Wire		
				B 28 215 013	MN Tax			\$161.39	
PO#:	Voucher #:	45449	Invoice	Invoice No:	M202103S0	9/28/2020	Paid Amt:	\$161.39	
							Check Amount:	\$161.39	
2854	CFB	210685			TEACHERS RETIREMENT ASSOCIATIO		Wire		
				B 28 215 018	TRA			\$535.50	
PO#:	Voucher #:	45450	Invoice	Invoice No:	M202103S0	9/28/2020	Paid Amt:	\$535.50	
							Check Amount:	\$535.50	
2854	CFB	21589			IRS		Wire		
				B 28 215 010	FICA			\$524.20	
				B 28 215 011	Fed Tax			\$239.84	
PO#:	Voucher #:	45446	Invoice	Invoice No:	M202103S0	9/28/2020	Paid Amt:	\$764.04	
							Check Amount:	\$764.04	
2854	RAM	8816			Cardmember Service		Wire		
				E 01 005 810 154 401 000	Gen Supplies			\$503.34	
				E 01 005 810 154 401 000	Gen Supplies			\$250.00	
				E 01 005 110 000 422 000	FLEX FUND			\$85.83	
				E 01 005 850 302 555 000	Technology Equipment			\$232.08	
PO#:	Voucher #:	45371	Invoice	Invoice No:	09102001	9/10/2020	Paid Amt:	\$1,071.25	
							Check Amount:	\$1,071.25	
								Report Total:	\$266,955.53



"The mission of the Ada-Borup School District is to educate and prepare all students for a successful tomorrow through academics, activities, arts and attitude."

October 7, 2020

Superintendents Report

Oct 2020 School Board Meeting

1. Enrollment
 - a. K-12 enrollment as of 10/1 was 578 (Down 7 from Sept)
 - i. AB Students: 474
 - ii. Tuition Students: 104
2. Free & Reduced
 - a. As of 10/1 we are at 40% free and reduced
 - b. Projected FY22 compensatory Rev is \$363,000, up \$18,000 from FY21
3. Sale of Bonds
 - a. There is a resolution that needs to be passed approving the sale of our bonds
 - i. On the 2014A bonds we will save \$157,012
 - ii. On the 2015A Bonds we will save \$144,104
4. Local County COVID-19 Data
 - a. 14 day case report - <https://www.health.state.mn.us/diseases/coronavirus/stats/wschooll.pdf>
 - i. Currently at 7.62
 - ii. Expect to be in the mid-teens this week and higher next week
 - iii. Will need to monitor cases and how they may affect school programming
5. Building Project Update
 - a. Due to a plan shutdown at wells, pre-cast walls will begin installation on 10-26
 - i. 7 working days needed for completion
 - b. HVAC is fully operational in VPK area
 - c. Other temporary items in remodel have begun to be removed and permanent items installed
 - d. Electrical runs for secure entrance to be completed over MEA
6. Audit Update
 - a. Auditors from Brady Martz will be at the meeting to present the FY20 Audit
 - b. Overall general fund is up \$843,906
 - i. Unassigned increased \$272,144
7. MSHSL Updates
 - a. Our local MSHSL committee met to discuss protocols for events this year
 - i. As of 10-8 MDE and MSHSL will be allowing spectators indoors at school facilities

This institution is an equal opportunity provider and employer.

ADA-BORUP PUBLIC SCHOOLS

Independent School District No. 2854
604 West Thorpe Avenue
Ada, Minnesota 56510



High School: 218-784-5300 / Elementary: 218-784-5303

Aaron Cook, Superintendent
Josh Carlson, High School Principal
Bree Triplett, Elementary Principal

High School/Elementary Fax: 218-784-3475

"The mission of the Ada-Borup School District is to educate and prepare all students for a successful tomorrow through academics, activities, arts and attitude."

10/13/20

High School Update:

1. Homecoming
 - a. Decorating Contest/Cross Country Send Off
 - b. Community Service Day
 - c. Outdoor Activities
2. Teacher Evaluation
3. Lunch/Open Campus
4. ACT Test: Seniors
5. Picture Day
6. MEA Week: Wednesday is ½ Day for students, PD in the afternoon
7. Staff Meeting
 - a. Testing Options for Online Learners
 - b. Online Attendance

Committees

8. MEEP: Homecoming Planning
9. Staff Development:
 - a. Technology Training
 - b. Teacher Mentoring

This institution is an equal opportunity provider and employer.



Ada-Borup Elementary Principal/D.A.C.

School Board Notes: October 2020

- Assessment Update
 - ACT
 - Fall make-up test for seniors
 - 16 students participated
 - Spring
 - March 30th - April 2nd 2021
 - Statewide Assessments for 2020-2021
 - District Assessments/Interventions
 - Legislature
 - Research bases assessments (screeners)/interventions
 - STAR
 - PRESS
 - Fountas Pinnell
 - Spring Math

- Elementary Happenings
 - Newsletter
 - <https://www.smores.com/p4xey>
 - Homecoming Activities
 - One on One Meetings
 - Weekly communication
 - Teacher-driven conversations
 - Time to work through challenges/concerns
 - Building relationships
 - Teacher Workshop
 - Technology trainings
 - Bus Safety
 - Bus evacuation training
 - Fall Festival
 - Dress-up days
 - Halloween Parties
 - Parent/Teacher Conferences
 - 5th and 10th of November
 - Virtual or over the phone

School Board Notes

- **First Home Football Game vs. M/W (Senior Night for all Fall Sports)**
- **JH Girls Basketball starts November 2. Closing in on completing the schedule.**
- **Football Covid-19 Update**
- **Volleyball Covid-19 Update**
- **Cross Country-Hosted the Conference Cross Country Meet. Went well and coaches and athletes represented our communities well**
 - Boys Section Meet in Bagley Tuesday
 - Girls Section Meet in Bagley on Wednesday
- **Winter activity schedules are still a work in progress. Looking at 13 conference games/5 non-conference games. No Double-Headers and still in discussion on Conference Championship games.**

REGULAR SCHOOL BOARD MEETING

The regular monthly meeting of the Independent School District #2854 was called to order at 7:01 a.m. on Tuesday, September 15, 2020, by Chairman Mick Thompson in the Ada-Borup High School Board Room, Ada, Minnesota. Chairman Mick Thompson declared a quorum.

Board members present: Dena Bishop, Janna Engel, Paul Johnson, Nancy Merkens, Gretchen Rockstad, Mick Thompson

Administration present: Aaron Cook, Josh Carlson, Bree Triplett, Sandy Gunderson

Citizens present: Brian Bau, Jim Birkemeyer, Tyler Hennen, Shaina Hince, Bob Kinkade, Emily Lee, Miki Lee, Pat Pfund, Kenley Wahlin

Pledge of Allegiance recited

Nancy Merkens made the motion to approve district invoices. Motion seconded by Dena Bishop. UC

Chairperson Mick Thompson called for public input: Bob Kinkade, Food Service Director, discussed changes – salad in bowls, entrée salads, more scratch cooking, and training for staff.

School Board Member Comments:

- Welcomed new teachers: Brian Bau, Shaina Hince, Miki Lee, and Tyler Hennen
- Thank you to Grace Lutheran Church for donating facemasks.
- Thank you to Shari Voigt for her many years of service as a paraprofessional.
- Great effort to Jeremy Prodzinski in obtaining \$70,000 eRate funding.
- Thank you to everybody in getting the school up and running.

Budget Report/Bookkeeper's Report given by Aaron Cook:

- General Fund: \$310,052.38
- Food Service: \$2,241.49
- Community Service: \$75.00
- Building Construction: \$384,710.62
- Debt Redemption: \$2,250.00
- Student Activities: \$793.33
- Payroll: \$239,634.77

Superintendent Aaron Cook reported on:

- 1) K-12 Enrollment as of September 11: 585
- 2) Very good start to the school year. Students are doing a great job adhering to new rules and staff have adjusted very well to different modes of teaching. Reviewed the MDH Decision Tree and Daily Home Screening tool. Discussion on class/group trips.
- 3) USDA is allowing the use of the Summer Food Service Program in schools through December 31 or when funds run out, whichever comes first. We have switched over to this program as it allows all students to eat breakfast and lunch for free. Families still need to complete Free & Reduced lunch applications by October 1 as that calculation will determine compensatory aid for FY22.
- 4) We have received Coronavirus Relief Funds in the amount of \$157,979.49 from the state.
- 5) Building Project Update:
 - a. Final inspection for VPK area on Wednesday.
 - b. Temporary items that were used in Elementary area will start to be replaced after school hours.
 - c. Footings are complete for multi-purpose and secure front entrance.
 - d. Pre-Cast walls will begin to be installed October 19.
 - e. Waiting for roof joists in the classroom addition. The four classrooms will hopefully be completed by the end of Christmas break.
- 6) The 2020 Payable 2021 Proposed Levy – Recommend levying the maximum amount.
- 7) MSHSL Updates: The MSHSL is anticipating a large deficit this year as they are not planning on any traditional state tournaments. They have invoiced each school an amount to help cover the deficit. Our rate went from \$1,870 in FY20 to \$7,909 in FY21.

High School Principal Josh Carlson reported on:

- 1) Mask wearing and social distancing in hallways and during lunch is going very well.
- 2) Students only had one week to change class schedule.
- 3) Grade level meetings were held to go over expectations.
- 4) Distance Learners have two weeks to decide if they want to return to in-person learning. There are 25-30 students that are distance learning. Teachers are doing a great job.
- 5) Grade 6-12 Enrollment: 365

Elementary Principal/District Assessment Coordinator Bree Triplett reported on:

- 1) Testing Update
- 2) May need another paraprofessional.
- 3) Happenings
 - 1st Day of Pre-K – Monday, September 21
 - Library starting in a week
 - Cub Scout Presentation – sending home information
 - Will not be offering Cougar Pack this fall
 - Hearing/Vision Screening – cancelled until further notice
 - 4th Grade Water Festival – cancelled
 - Picture Day – October 7
 - Elementary sign is here. Donated by PTC.
 - Elementary Digital Signage – Funding through Booster Club, Elementary Alumni Donation, and PTC

Activities Director Kenley Wahlin reported on:

- 1) Recommend hiring Tyler Hennen and Dan Sederquist as JH Cross Country coaches.
- 2) Accepting Hall of Fame nominations until May 1, 2021, for the Inaugural Class.
- 3) First home Cross Country meet is Thursday, September 17.
- 4) Football and volleyball practice season began September 14 and Clay Target on September 15.
- 5) Participation Numbers for Cross Country: 45

Committees:

- 1) Aaron Cook reported on Technology committee meeting.
- 2) Aaron Cook and Mick Thompson reported on Building and Grounds meeting.
- 3) Josh Carlson reported on HS MEEP committee meeting.

Paul Johnson made the motion to approve adoption of the agenda. Motion seconded by Janna Engel. UC

New Business:

- A. Dena Bishop made the motion to approve the Consent Agenda. Motion seconded by Nancy Merkens. UC
 - I. Accept Donations
 - II. Approve minutes from August 10, 2020, regular meeting and September 1, 2020, special meeting.
- B. Personnel:
 - I. New Hires
 - a. Gretchen Rockstad made the motion to approve hiring Tyler Hennen as a JH Cross Country Coach. Motion seconded by Janna Engel. UC
 - b. Nancy Merkens made the motion to approve hiring Dan Sederquist as a JH Cross Country Coach. Motion seconded by Dena Bishop. UC
 - II. Contracts
 - a. Paul Johnson made the motion to approve contract change for Cheri Boe to BA Step 1. Motion seconded by Janna Engel. UC
- C. Gretchen Rockstad made the motion to certify maximum 2020 Payable 2021 Proposed Levy. Motion seconded by Dena Bishop. UC

Next Regular School Board Meeting on Tuesday, October 13, 2020, at 7:00 a.m.

Janna Engel made the motion to adjourn regular meeting at 8:25 a.m. Motion seconded by Mick Thompson. UC

Nancy Merkens, Clerk

Minutes prepared by: Sandy Gunderson

Donations		
From	For	Amount
St Johns Quilter & Laides Aid Weekend Food	BKPK weekend food	\$200
Anonymous	BKPK weekend food	

Date
9/16/2020
9/16/2020

CERTIFICATION OF MINUTES

RELATING TO
TAXABLE GENERAL OBLIGATION REFUNDING BONDS, SERIES 2020B

ISSUER: INDEPENDENT SCHOOL DISTRICT NO. 2854
(ADA-BORUP)
ADA, MINNESOTA

BODY: SCHOOL BOARD

KIND, DATE, TIME AND PLACE OF MEETING: A regular meeting held on October 13, 2020, at 7:00 o'clock a.m., at Ada-Borup High School, 604 West Thorpe Avenue, Ada, Minnesota 56510.

MEMBERS PRESENT: _____

MEMBERS ABSENT: _____

Documents Attached: Extract of Minutes of said meeting.

RESOLUTION OF THE SCHOOL BOARD OF INDEPENDENT SCHOOL DISTRICT NO. 2854 (ADA-BORUP) STATE OF MINNESOTA (THE "DISTRICT") APPROVING THE SALE OF THE DISTRICT'S TAXABLE GENERAL OBLIGATION REFUNDING BONDS, SERIES 2020B (THE "BONDS") TO THE PURCHASER THEREOF; DETERMINING THE FORM AND DETAILS OF SUCH BONDS; AUTHORIZING THE EXECUTION, DELIVERY AND REGISTRATION OF SUCH BONDS; PROVIDING FOR THE PAYMENT OF AND THE SECURITY FOR SUCH BONDS; AND AUTHORIZING AND RATIFYING CERTAIN OTHER DOCUMENTS AND ACTIONS IN CONNECTION THEREWITH

I, the undersigned, being the duly qualified and acting recording officer of the public corporation issuing the obligations referred to in the title of this certificate, certify that the documents attached hereto, as described above, have been carefully compared with the original records of said corporation in my legal custody, from which they have been transcribed; that said documents are a correct and complete transcript of the minutes of a meeting of the governing body of said corporation, and correct and complete copies of all resolutions and other actions taken and of all documents approved by the governing body at said meeting, so far as they relate to said obligations; and that said meeting was duly held by the governing body at the time and place and was attended throughout by the members indicated above, pursuant to call and notice of such meeting duly given as required by law.

EXECUTED AND DATED this ____th day of October, 2020.

School District Clerk

EXTRACT OF MINUTES OF A MEETING
OF THE SCHOOL BOARD
OF INDEPENDENT SCHOOL DISTRICT NO. 2854
(ADA-BORUP)
STATE OF MINNESOTA

HELD: OCTOBER 13, 2020

Pursuant to due call and notice thereof, a regular meeting of the School Board of Independent School District No. 2854 (Ada-Borup), State of Minnesota (the "District"), was duly held on October 13, 2020, at 7:00 o'clock a.m., for the purpose, in part, of approving the sale of the Taxable General Obligation Refunding Bonds, Series 2020B of the District. All proceedings hereafter shown were taken while the meeting was open to the attendance of the public.

Member _____ introduced the following resolution and moved its adoption:

RESOLUTION OF THE SCHOOL BOARD OF INDEPENDENT SCHOOL DISTRICT NO. 2854 (ADA-BORUP) STATE OF MINNESOTA (THE “DISTRICT”) APPROVING THE SALE OF THE DISTRICT’S TAXABLE GENERAL OBLIGATION REFUNDING BONDS, SERIES 2020B (THE “BONDS”) TO THE PURCHASER THEREOF; DETERMINING THE FORM AND DETAILS OF SUCH BONDS; AUTHORIZING THE EXECUTION, DELIVERY AND REGISTRATION OF SUCH BONDS; PROVIDING FOR THE PAYMENT OF AND THE SECURITY FOR SUCH BONDS; AND AUTHORIZING AND RATIFYING CERTAIN OTHER DOCUMENTS AND ACTIONS IN CONNECTION THEREWITH

BE IT RESOLVED by the School Board (the “Board”) of Independent School District No. 2854 (Ada-Borup), State of Minnesota (the “District”), as follows:

**ARTICLE I
AUTHORIZATION AND SALE**

Section 1.01 Authorization and Purpose. The District previously issued its (i) General Obligation Alternative Facilities Bonds, Series 2014A, in the original aggregate principal amount of \$2,200,000 and bearing a date of original issue of October 29, 2014 (the “**Series 2014A Bonds**”) and (ii) General Obligation School Building Bonds, Series 2015A, in the original aggregate principal amount of \$4,700,000 and bearing a date of original issue of March 3, 2015 (the “**Series 2015A Bonds**”). Minnesota Statutes, Section 475.67, authorizes the issuance of refunding bonds for the purpose of achieving debt service savings on outstanding bonds. At a meeting held August 10, 2020, this Board determined to sell and issue \$4,900,000 in aggregate principal amount of its taxable general obligation refunding bonds (as more fully described herein, the “**Bonds**” or the “**Refunding Bonds**”) for the purpose of refunding and redeeming in advance of maturity the outstanding (i) Series 2014A Bonds maturing on February 1 in the years 2023 through and including 2035 and (ii) Series 2015A Bonds maturing on February 1 in the years 2025 through and including 2035 (collectively, the “**Refunded Bonds**”).

Section 1.02 Sale. The proposal of Robert W. Baird & Co. (the “**Underwriter**”) to purchase the Bonds at a price of \$4,707,990 (representing the par amount of the Bonds of \$4,770,000 less underwriter’s discount of \$62,010), was accepted by the Superintendent and a School Board Officer on September 16, 2020 pursuant to the Bond Purchase Agreement between the Underwriter and the Superintendent and a School Board Officer. The proposal of the Underwriter and the award of the sale of the Bonds is hereby ratified by the Board.

Section 1.03 Execution of Documents. The execution of the Bond Purchase Agreement dated September 16, 2020 between the Underwriter and the District is hereby ratified.

Section 1.04 Debt Service Savings. In accordance with Minnesota Statutes, Section 475.67, the Board hereby finds and determines that the issuance of the Refunding Bonds upon the terms set forth in the proposal of the Purchaser and in this Resolution will result in substantial debt service savings to the District. The present value of the dollar amount of debt service for the Refunding Bonds is lower by at least three percent (3.000%) than the present value of the dollar amount of debt service for the Refunded Bonds, each computed in accordance with Minnesota Statutes, Section 475.67, Subdivisions 12.

Section 1.05 Compliance with Law. All acts, conditions and things required by the Constitution and laws of the State of Minnesota to be done, to happen and to be performed precedent to the issuance of the Bonds having been done, having happened and having been performed in regular and due form, time and manner as required by law, the Board hereby finds and determines that it is necessary for this Board to provide for the issuance, sale and delivery of the Bonds, to establish the form and terms of the Bonds and to provide for the payment and the security thereof.

**ARTICLE II
AUTHORIZATION; BOND TERMS; REGISTRATION; EXECUTION AND DELIVERY**

Section 2.01 Authorization and Designation. In accordance with the laws of the State of Minnesota, the Board hereby authorizes the issuance of the Bonds in the aggregate principal amount of \$4,770,000 to provide for the refunding and redemption of the Refunded Bonds and to pay costs of issuing the Bonds. Such Bonds, which have been sold on this date to the Underwriter, shall be designated as “Taxable General Obligation Refunding Bonds, Series 2020B”.

Section 2.02 Maturities, Interest Rates and Denominations. The Bonds shall be originally dated their date of original issue and delivery (October 26, 2020), shall be issued and sold in denominations of \$5,000 or any integral multiple thereof within a single maturity, shall mature on February 1 in the years and amounts set forth below and shall bear interest at the rates per annum set forth below opposite such years and amounts from their date of original issue or from the most recent Interest Payment Date to which interest has been paid or duly provided for until paid or duly called for redemption (if any), as follows:

Maturity Date (February 1)	Principal Amount	Interest Rate
2023	\$ 100,000	0.56%
2024	100,000	0.67
2025	390,000	0.75
2026	400,000	0.92
2027	400,000	1.08

2028	405,000	1.30
2029	405,000	1.42
2030	415,000	1.51
2031	420,000	1.66
2032	430,000	1.76
2033	425,000	1.85
2034	435,000	1.95
2035	445,000	2.05

The Bonds shall be issuable only in fully registered form. Interest shall be computed on the basis of a 360-day year composed of twelve 30-day months. The interest thereon and, upon surrender of each Bond, the principal amount thereof, shall be paid by check or draft issued by the Registrar described herein; provided, however, that so long as the Bonds are registered in the name of a securities depository, or a nominee thereof, in accordance with Section 2.07 hereof, the principal of and the interest on the Bonds shall be paid in accordance with the operational arrangements of the securities depository.

The maturities set forth above, together with the maturities of all other outstanding general obligation bonds of the District, meet the requirements of Minnesota Statutes, Section 475.54.

Section 2.03 Dates and Interest Payments. Upon initial delivery of the Bonds pursuant to Section 2.06 hereof and upon any subsequent transfer or exchange pursuant to Section 2.05 hereof, the date of authentication shall be noted on each Bond so delivered, exchanged or transferred. The interest on the Bonds shall be payable on February 1 and August 1 (each, an “**Interest Payment Date**”), commencing August 1, 2021, to the owners of record thereof as of the close of business on the fifteenth day of the immediately preceding month, whether or not such day is a business day the (“**Record Date**”).

If any payments of interest due on the Bonds on an Interest Payment Date are not timely made, such interest shall cease to be payable to the registered owners as of the Record Date for such Interest Payment Date and shall be payable to the registered owners of the Bonds as of a special date of record for payment of such defaulted interest as shall be designated by the Registrar whenever monies for the purpose of paying such defaulted interest becomes available.

If the date for payment of the principal of or the interest on the Bonds shall be a Saturday, Sunday, legal holiday or day on which banking institutions in the city in which the principal corporate trust office of the Registrar is located are authorized by law or executive order to close, the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or day on which such banking institutions are authorized to close, and payment on such day shall have the same force and effect as if made on the nominal payment date.

Section 2.04. Redemption.

(a) **Optional Redemption.** The District may elect to prepay on February 1, 2028, and on any day thereafter, Bonds due on or after February 1, 2029. Redemption may be in whole or in part and if in part in such principal amounts, from such maturity or maturities and in such manner as the District shall determine. All Bonds shall be redeemed at a price of par plus accrued interest to the date of redemption. Bonds subject to redemption shall be redeemed in whole multiples of \$5,000. If any Bond is in a denomination in excess of \$5,000, portions of the principal amount thereof in installments of \$5,000 or any whole multiple thereof may be redeemed, and if less than all of the principal amount thereof is to be redeemed, in such case upon the surrender of such Bonds there shall be issued to the registered owner thereof without charge therefor, for the then unredeemed balance of the principal amount thereof, Bonds of like series, maturity and interest rates in any of the authorized denominations provided by this Resolution. If less than all Bonds of any maturity are to be called for redemption pursuant to this Resolution, the Registrar shall select the particular Bonds of such maturity to be redeemed by lot.

(b) **Notice of Redemption.** Notice of redemption of Bonds stating their designation, date, maturity, principal amounts and the redemption date shall be given by the Registrar by mailing such notice by first class mail, postage prepaid, not less than 30 days prior to the date fixed for redemption (or such shorter period as may be acceptable to the then registered owner of the Bonds) to the registered owners at their most recent addresses appearing upon the books of the Registrar. Failure to give notice to any particular registered owner or any defect in the notice given to such owner shall not affect the validity of the proceedings calling the Bonds or the redemption of any Bonds for which proper notice has been given. Notice of redemption need not be given to the holder of any Bonds, whether registered or not, who has waived notice of redemption. Notice of redemption having been given as provided above or notice of redemption having been waived by the owners of Bonds called for redemption to whom such notice has not been given as provided above, the Bonds so called for redemption shall become due and payable on the designated redemption date. The District shall give written notice to the Registrar of its election to redeem Bonds at least 45 days prior to the said redemption date, or such shorter period as shall be acceptable to the Registrar. If on or before the said redemption date funds sufficient to pay the Bonds so called for redemption at the applicable redemption price and accrued interest to said date have been deposited or caused to have been deposited by the District with the Registrar for the purposes of such payment and notice of redemption thereof has been given or waived as hereinbefore provided, then from and after the date fixed for redemption interest on such Bonds so called shall cease to accrue and become payable. If such funds shall not have been so deposited with the Registrar as aforesaid no later than the date fixed for redemption, such call for redemption shall be revoked and the Bonds so called for redemption shall continue to be outstanding the same as though they had not been so called; such Bonds shall continue to bear interest until paid at such rate as they would have borne had they not been called for redemption and shall continue to be protected by this Bond Resolution and entitled to the benefits and security hereof.

Section 2.05. Appointment of Initial Registrar. The District hereby appoints U.S. Bank National Association in St. Paul, Minnesota, as the initial bond registrar, transfer agent and paying agent (the “**Registrar**”). The Chair of the Board and the Clerk of the District are authorized to execute and deliver, on behalf of the District, a contract with the Registrar (the

“**Registrar Agreement**”). The Registrar shall have only such duties and obligations as are expressly specified by this Resolution and the Registrar Agreement, and no other duties or obligations shall be implied to the Registrar, except as may be set forth in a written agreement between the District and a successor Registrar.

The District agrees to pay the reasonable and customary charges of the Registrar for the services performed. The Registrar shall notify the District in writing of any changes in its principal corporate trust office as set forth in this Section.

Upon merger or consolidation of the Registrar with another corporation, if the resulting corporation is a bank or trust company authorized by law to conduct such business, such corporation shall be authorized to act as successor Registrar.

The District reserves the right to remove the Registrar upon thirty (30) days’ notice and upon the appointment of a successor Registrar, in which event the predecessor Registrar shall deliver all cash and Bonds in its possession to the successor Registrar and shall deliver the bond register to the successor Registrar.

Section 2.06. Registration. The effect of registration and the rights and duties of the District and the Registrar with respect thereto shall be as follows:

(a) Register. The Registrar shall keep at its principal corporate trust office a bond register in which the Registrar shall provide for the registration of ownership of Bonds and the registration of transfers and exchanges of Bonds entitled to be registered, transferred or exchanged.

(b) Transfer of Bonds. Upon surrender for transfer of any Bond duly endorsed by the registered owner thereof or accompanied by a written instrument of transfer, in form satisfactory to the Registrar, duly executed by the registered owner thereof or by an attorney duly authorized by the registered owner in writing, the Registrar shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Bonds of a like aggregate principal amount and maturity, as requested by the transferor. The Registrar may, however, close the books for registration of any transfer after any Record Date and until the immediately succeeding Interest Payment Date.

(c) Exchange of Bonds. Whenever any Bonds are surrendered by the registered owner for exchange the Registrar shall authenticate and deliver one or more new Bonds of a like aggregate principal amount and maturity, as requested by the registered owner or the owner’s attorney in writing.

(d) Cancellation. All Bonds surrendered upon any transfer or exchange shall be promptly canceled by the Registrar and thereafter disposed of as directed by the District.

(e) Improper or Unauthorized Transfer. When any Bond is presented to the Registrar for transfer, the Registrar may refuse to transfer the same until it is satisfied that the endorsement on such Bond or separate instrument of transfer is valid and genuine and that the requested transfer is legally authorized. The Registrar shall incur no liability for the refusal, in good faith, to make transfers which it, in its judgment, deems improper or unauthorized.

(f) Persons Deemed Owners. The District and the Registrar may treat the person in whose name any Bond is at any time registered in the bond register as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest on such Bond and for all other purposes, and all such payments so made to any such registered owner or upon the owner's order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

(g) Taxes, Fees and Charges. For every transfer or exchange of Bonds, the Registrar may impose a charge upon the owner thereof sufficient to reimburse the Registrar for any tax, fee or other governmental charge required to be paid with respect to such transfer or exchange.

(h) Mutilated, Lost, Stolen or Destroyed Bonds. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Registrar shall deliver a new Bond of like amount, number, maturity date and tenor in exchange and substitution for and upon cancellation of any such mutilated Bond or in lieu of and in substitution for any such Bond destroyed, stolen or lost, upon the payment of the reasonable expenses and charges of the Registrar in connection therewith; and, in the case of a Bond destroyed, stolen or lost, upon filing with the Registrar of evidence satisfactory to it that such Bond was destroyed, stolen or lost, and of the ownership thereof, and upon furnishing to the Registrar of an appropriate bond or indemnity in form, substance and amount satisfactory to it, in which both the District and the Registrar shall be named as obligees. All Bonds so surrendered to the Registrar shall be canceled by it and evidence of such cancellation shall be given to the District. If the mutilated, destroyed, stolen or lost Bond has already matured or been called for redemption in accordance with its terms it shall not be necessary to issue a new Bond prior to payment.

(i) Authenticating Agent. The Registrar is hereby designated authenticating agent for the Bonds, within the meaning of Minnesota Statutes, Section 475.55, Subdivision 1.

(j) Valid Obligations. All Bonds issued upon any transfer or exchange of Bonds shall be the valid obligations of the District, evidencing the same debt, and entitled to the same benefits under this Resolution as the Bonds surrendered upon such transfer or exchange.

Section 2.07. Execution; Authentication and Delivery. The Bonds shall be prepared under the direction of the Clerk of the District and shall be executed on behalf of the District by the manual or facsimile signatures of the Chair of the Board and the Clerk of the District, provided that all signatures may be printed, engraved, or lithographed facsimiles of the originals. In case any officer whose signature, or a facsimile of whose signature, shall appear on the Bonds shall cease to be such officer before the delivery of any Bond, such signature or facsimile shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery. Notwithstanding such execution, no Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Resolution unless and until a certificate of authentication on such Bond has been duly executed by the manual signature of the Registrar. The executed certificate of authentication on each Bond shall be conclusive evidence that it has been authenticated and delivered under this Resolution. When the Bonds have been so executed and authenticated, they shall be delivered by the Clerk of the District to the Underwriter upon payment of the purchase price in accordance with the contract of sale heretofore made and executed.

Section 2.08. Securities Depository.

(a) For purposes of this section the following terms shall have the following meanings:

“Beneficial Owner” shall mean, whenever used with respect to a Bond, the person in whose name such Bond is recorded as the beneficial owner of such Bond by a Participant on the records of such Participant, or such person’s subrogee.

“Cede & Co.” shall mean Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to the Bonds.

“DTC” shall mean The Depository Trust Company of New York, New York.

“Participant” shall mean any broker-dealer, bank or other financial institution for which DTC holds Bonds as securities depository.

“Representation Letter” shall mean the Representation Letter pursuant to which the District agrees to comply with DTC’s Operational Arrangements.

(b) The Bonds shall be initially issued as separately authenticated fully registered bonds, and one Bond shall be issued in the principal amount of each stated maturity of the Bonds. Upon initial issuance, the ownership of such Bonds shall be registered in the bond register in the name of Cede & Co., as nominee of DTC. The Registrar and the District may treat DTC (or its nominee) as the sole and exclusive owner of the Bonds registered in its name for the purposes of payment of the principal of or interest on the Bonds, selecting the Bonds or portions thereof to be redeemed, if any, giving any notice permitted or required to be given to registered owners of Bonds under this Resolution, registering the transfer of Bonds, and for all other purposes whatsoever; and neither the Registrar nor the District shall be affected by any notice to

the contrary. Neither the Registrar nor the District shall have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in the Bonds under or through DTC or any Participant, or any other person which is not shown on the bond register as being a registered owner of any Bonds, with respect to the accuracy of any records maintained by DTC or any Participant, with respect to the payment by DTC or any Participant of any amount with respect to the principal of or interest on the Bonds, with respect to any notice which is permitted or required to be given to owners of Bonds under this Resolution, with respect to the selection by DTC or any Participant of any person to receive payment in the event of a partial redemption of the Bonds, or with respect to any consent given or other action taken by DTC as registered owner of the Bonds. So long as any Bond is registered in the name of Cede & Co., as nominee of DTC, the Registrar shall pay all principal of and interest on such Bond, and shall give all notices with respect to such Bond, only to Cede & Co. in accordance with DTC's Operational Arrangements, and all such payments shall be valid and effective to fully satisfy and discharge the District's obligations with respect to the principal of and interest on the Bonds to the extent of the sum or sums so paid. No person other than DTC shall receive an authenticated Bond for each separate stated maturity evidencing the obligation of the District to make payments of principal and interest. Upon delivery by DTC to the Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., the Bonds will be transferable to such new nominee in accordance with paragraph (e) hereof.

(c) In the event the District determines that it is in the best interest of the Beneficial Owners that they be able to obtain Bonds in the form of bond certificates, the District may notify DTC and the Registrar, whereupon DTC shall notify the Participants of the availability through DTC of Bonds in the form of certificates. In such event, the Bonds will be transferable in accordance with paragraph (e) hereof DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving notice to the District and the Registrar and discharging its responsibilities with respect thereto under applicable law. In such event the Bonds will be transferable in accordance with paragraph (e) hereof.

(d) The execution and delivery of the Representation Letter to DTC by the Chair of the Board or the Clerk of the District, if not previously filed with DTC, is hereby authorized and directed.

(e) In the event that any transfer or exchange of Bonds is permitted under paragraph (b) or (c) hereof, such transfer or exchange shall be accomplished upon receipt by the Registrar of the Bonds to be transferred or exchanged and appropriate instruments of transfer to the permitted transferee in accordance with the provisions of this Resolution. In the event Bonds in the form of certificates are issued to owners other than Cede & Co., its successor as nominee for DTC as owner of all the Bonds, or another securities depository as owner of all the Bonds, the provisions of this Resolution shall also apply to all matters relating thereto, including, without limitation, the printing of such Bonds in the form of bond certificates and the method of payment of principal of and interest on such Bonds in the form of bond certificates.

ARTICLE III FORM OF BONDS

The Bonds shall be issued in substantially the form of bond attached as Exhibit A hereto.

Article IV Redemption of Refunded Bonds; Use of Proceeds

(a) Redemption of Refunded Bonds.

(i) The Board hereby authorizes (A) the payment of the interest on the Series 2014A Bonds due on each interest payment date prior to the Series 2014A Redemption Date, (B) the payment on the Series 2014A Redemption Date of the principal amount of the Series 2014A Bonds due on such date, together with all accrued interest on such principal to such date and (C) the refunding and redemption of the Series 2014A Bonds on February 1, 2022 (the “**Series 2014A Redemption Date**”) at a redemption price equal to 100% of the principal amount thereof plus accrued interest on such principal amount to the Redemption Date, all in accordance with redemption provisions set forth in the resolution which authorized the issuance of the Series 2014A Bonds (the “**Series 2014A Bond Resolution**”) and the terms of the Notice of Redemption in the form substantially attached hereto as Exhibit B-1 hereto, after which date interest on such Series 2014A Bonds shall cease. The form of Notice of Redemption may contain such additional information or different provisions concerning the redemption as may be requested by the paying agent for the Series 2014A Bonds or the Escrow Agent.

(ii) The Board hereby authorizes (A) the payment of the interest on the Series 2015A Bonds due on each interest payment date prior to the Series 2015A Redemption Date, (B) the payment on the Series 2015A Redemption Date of the principal amount of the Series 2015A Bonds due on such date, together with all accrued interest on such principal to such date and (C) the refunding and redemption of the Series 2015A Bonds on February 1, 2024 (the “**Series 2015A Redemption Date**” and, together with the Series 2014A Redemption Date, the “**Redemption Dates**”) at a redemption price equal to 100% of the principal amount thereof plus accrued interest on such principal amount to the Redemption Date, all in accordance with redemption provisions set forth in the resolution which authorized the issuance of the Series 2015A Bonds (the “**Series 2015A Bond Resolution**”) and the terms of the Notice of Redemption in the form substantially attached hereto as Exhibit B-2 hereto, after which date interest on such Series 2015A Bonds shall cease. The form of Notice of Redemption may contain such additional information or different provisions concerning the redemption as may be requested by the paying agent for the Series 2015A Bonds or the Escrow Agent.

(iii) Immediately upon adoption of this Resolution, the Clerk of the District is hereby directed to file a copy of this Resolution with U.S. Bank National Association, in Saint Paul, Minnesota, as registrar and paying agent with respect to the Refunded Bonds (the “**Refunded Bonds Registrar**”).

(iv) The Board hereby ratifies and instructs the Refunded Bonds Registrar to (A) mail notice of the redemption of the Refunded Bonds, respectively, to each registered owner thereof not less than 30 days prior to the respective Redemption Dates (or such shorter period as may be acceptable to the then registered owner of the Refunded Bonds, respectively), all in accordance with the Series 2014A Bond Resolution and the Series 2015A Bond Resolution and (B) file such notice of redemption with the Municipal Securities Rule Making Board and its EMMA portal.

(v) The Board covenants and agrees to take all steps necessary and appropriate to provide for the calling and redemption of the Refunded Bonds on the Redemption Date. In addition, the District shall cause notice of redemption to be given no later than thirty (30) days after the issuance of the Bonds in compliance with Minnesota Statutes, Section 475.67, Subdivision 7 and shall cause the Escrow Agent to give notice as required by Minnesota Statutes, Section 475.67, Subdivision 10.

(b) Use of Proceeds.

(i) Upon payment for the Bonds by the Underwriter, proceeds of the Bonds, together with funds of the District held for the payment of the Refunded Bonds, if any, and other District moneys, if necessary, shall be transferred to the Escrow Account to be held by the Escrow Agent, as further described in Article VI.

(ii) Proceeds of the Bonds may be disbursed by the District to pay the costs of issuing the Bonds. The District may also pay such costs from other legally available moneys.

**ARTICLE V
CREATION OF DEBT SERVICE FUND; TAX LEVIES; INVESTMENTS**

Section 5.01. General Obligation Refunding Bonds, Series 2020B Debt Service Fund. The principal of and the interest on the Bonds shall be paid from a separate Taxable General Obligation Refunding Bonds, Series 2020B Debt Service Fund (the “**Debt Service Fund**”) which shall be created and maintained on the books of the District as a separate debt redemption fund until the Bonds, and all interest thereon, are fully paid. All ad valorem taxes levied and collected as hereinafter specified shall be credited to the Debt Service Fund, as well as any other funds appropriated by the Board for the payment of the Bonds and any moneys received pursuant to the Credit Enhancement Act (as defined in Article X herein). If any payment of principal of or interest on the Bonds shall become due when there is not sufficient money in the Debt Service Fund to make such payment, the Clerk of the District shall pay the same from any other available fund of the District, and such other fund shall be reimbursed for such advances out of the proceeds of the taxes levied for the payment of the Bonds when available. If the District does not have other moneys available to pay scheduled debt service on the Bonds, the District shall take all necessary actions pursuant to Article X hereof.

Section 5.02. General Obligations; Establishment of Pledge of Tax Levies. The Bonds shall be direct, general obligations of the District, and the District hereby irrevocably pledges the full faith, credit and taxing power of the District to the prompt and full payment of the principal of and interest on the Bonds as the same respectively become due. To provide moneys for the payment of principal of and interest on the Bonds as required by Minnesota Statutes, Section 475.61, Subdivision 1, the Board hereby represents, warrants and covenants that it shall cause to be levied and collected annually on all taxable property in the District a direct, annual ad valorem tax which shall be spread upon the tax rolls for collection in the years and amounts as follows, as a part of other general taxes of the District, as follows:

<u>Levy Years</u>	<u>Collection Years</u>	<u>Amount</u>
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(See Exhibit C hereto for levy computation)

Such tax shall be in excess of and in addition to all other taxes now or hereafter authorized to be levied by the District. The special tax described herein and all receipts therefrom are pledged to the payment of debt service on the Bonds. Such tax shall be irrevocable as long as any of the Bonds are outstanding and unpaid; provided that the District reserves the right and power to reduce the levies in the manner and to the extent permitted by Minnesota Statutes, Section 475.61. It is estimated that the ad valorem taxes will be collected in amounts not less than five percent (5%) in excess of the annual principal and interest requirements of the Bonds. If, as of the date tax levies are certified in any year, the sum of the balance in the Debt Service Fund plus any ad valorem taxes theretofore levied for the payment of Bonds payable therefrom and collectible through the end of the following calendar year is not sufficient to pay when due all principal and interest to become due on all Bonds payable therefrom in said following calendar year, or the Debt Service Fund has incurred a deficiency in the manner provided in Section 5.01 hereof or amounts are owing to the State in the manner provided in Article X hereof, an additional direct, irrevocable, ad valorem tax shall be levied on all taxable property within the corporate limits of the District for the purpose of restoring such accumulated or anticipated deficiency in accordance with the provisions of this Resolution.

Section 5.03. Investments. Moneys in each of the funds and accounts created and established by this Resolution shall be deposited, invested and secured in accordance with State law. Moneys held in such funds and accounts may be invested by the District or at its direction in such amounts and maturing at such times as shall reasonably provide for moneys to be available when required in the accounts or funds; provided, however, that no such investment shall be made for a period extending longer than to the date when the moneys invested may be needed for the purpose for which such fund or account was created; and provided further that such investments shall be subject to the covenants and provisions of the Article VII hereof. All interest on any authorized investment held in any fund or account shall accrue to and become a part of such fund or account. All money held in the funds created by this Resolution shall be kept separate and apart from all other funds of the District so that there shall be no commingling of such funds with any other funds of the District.

ARTICLE VI
ESCROW AGREEMENT; ESCROW ACCOUNT

Section 6.01. Escrow Account. Certain proceeds from the sale of the Bonds, less any accrued interest received thereon and any premium or unused discount (unless used to help fund the Escrow Account), and less such Bond proceeds (if any) as may be used to pay cost of issuance of the Bonds, plus other available funds of the District as may be required to adequately fund the Escrow Account, shall be credited to the Escrow Account (the “**Escrow Account**”). The Escrow Account shall be maintained by U.S. Bank National Association, Saint Paul, Minnesota (the “**Escrow Agent**”). The amounts on deposit with the Escrow Agent will be invested in accordance with the Escrow Agreement (as defined below), which shall mature in such amounts and at such times as to be available to pay: (i) on each interest payment date prior to the Redemption Date the interest on the Refunded Bonds due on each of such dates, (ii) on the Redemption Date the principal amount of the Refunded Bonds due on such date, together with all accrued interest on such principal amount to such date, and (iii) on the Redemption Date the principal amount of the Refunded Bonds then outstanding, together with all accrued interest on such outstanding maturities to such date. The monies in said Escrow Account shall be used solely for the purposes herein set forth and for no other purpose, except that any surplus in said Escrow Account may be remitted to the District, all in accordance with the Escrow Agreement between the District and the Escrow Agent (the “**Escrow Agreement**”), a form of which agreement is on file in the office of the Clerk. Any monies remitted to the District upon termination of the Escrow Agreement shall be deposited in the Debt Service Fund.

The firm Ritz & Associates, PA, independent public accountants, is hereby authorized and directed to verify that the deposits in the Escrow Agreement will be sufficient to meet the payments set forth in this Section 6.01.

Section 6.02. Escrow Agreement. The Board hereby finds and determines that the Escrow Agent is a suitable institution to act as escrow agent, and is qualified within the meaning of the provisions of Minnesota Statutes, Section 475.67, Subdivision 5. On or prior to the delivery of the Bonds, the Authorized Officers, or each individually, is hereby authorized and directed to execute on behalf of the District the Escrow Agreement in substantially the form presented to the Board. All essential terms and conditions of such Escrow Agreement are hereby approved and adopted and made a part of this resolution, and the Issuer covenants that it will promptly enforce all provisions thereof in the event of default thereunder by the Escrow Agent. The Escrow Agreement is irrevocable and the District hereby covenants to perform the terms and conditions thereof. The District agrees to pay the reasonable fees of the Escrow Agent and the other issuance expenses specified in the Escrow Agreement, if any.

Section 6.03. Purchase of Securities. Securities purchased from the monies in the Escrow Account shall be limited to securities set forth in Minnesota Statutes, Section 475.67, and any amendments or supplements thereto. Securities purchased from the Escrow Account shall be purchased simultaneously with the delivery of the Bonds.

Section 6.04. Cancellation of Levies. The Board finds, determines and certifies that the proceeds from the sale of the Bonds, together with other funds available and appropriated to the Escrow Account for said purpose, if any, will be sufficient to pay the payments set forth in Section 6.01 hereof. Accordingly, upon the issuance of the Bonds, the County Auditors of each county in which the District is located in whole or in part are hereby authorized and directed, to the extent and in the manner permitted by law, to cancel forthwith or if necessary from year to year the taxes levied in said Refunded Bonds Resolutions as they relate to payment of principal and interest on the Refunded Bonds, respectively.

ARTICLE VII CERTIFICATION OF PROCEEDINGS

Section 7.01. Filing with County Auditor. The Clerk of the District is hereby authorized and directed to file with the County Auditor of each county in which the District is located, in whole or in part, a certified copy of this Resolution together with such other information as the County Auditor shall require and to obtain from the County Auditor a certificate that the Bonds have been entered upon the bond registers and that the tax for the payment of the Bonds has been levied as required by law.

Section 7.02. Certification of Proceedings. The officers of the District and the County Auditor are hereby authorized and directed to prepare and furnish to the Underwriter and to Kutak Rock LLP, Bond Counsel, certified copies of all proceedings and records of the District relating to the Bonds and to the financial condition and affairs of the District, and such other affidavits, certificates and information as may be required to show the facts relating to the legality and marketability of the Bonds as they appear from the books and records under the officer's custody and control or as otherwise known to the them. All such certified copies, certificates and affidavits, including any heretofore furnished, shall be deemed representations of the District to the correctness of all statements contained herein.

Section 7.03. Official Statement. The Preliminary Official Statement relating to the Bonds, as of its date September 9, 2019, prepared and distributed by the Underwriter, including any amendments or supplements thereto, is hereby ratified, approved and deemed "final" for purposes of Rule 15c2-12 promulgated under the Securities and Exchange Act of 1934, as amended ("**Rule 15c2-12**"). The Underwriter is hereby authorized on behalf of the District to prepare and distribute to the purchasers within seven business days from the date hereof, a Final Official Statement listing the offering price, the interest rates, selling compensation, delivery date, the underwriters and such other information relating to the Bonds required to be included in the Official Statement by Rule 15c2-12. The use and public distribution of the final Official Statement by the Underwriter in connection with the offering of the Bonds is hereby authorized. The officers of the District are hereby authorized and directed to execute such certificates as may be appropriate concerning the accuracy, completeness and sufficiency of the Official Statement.

**ARTICLE VIII
COVENANTS AND ARBITRAGE MATTERS.**

Section 8.01. Restrictive Action. The Board covenants and agrees with the registered owners of the Bonds, that it will not take or permit to be taken by any of its officers, employees or agents any actions that would cause interest on the Bonds to become includable in gross income of the recipient under the Code and applicable Regulations, and covenants to take any and all actions within its powers to ensure that the interest will not become includable in gross income of the recipient under the Code and the Regulations. It is hereby certified that the proceeds of the Refunded Bonds were used to finance the acquisition and betterment of school facilities owned and operated by the District and the District covenants and agrees that, so long as the Bonds are outstanding, the District shall not enter into any lease, management agreement, use agreement or other contract with any nongovernmental entity relating to the school facilities so financed which would cause the Bonds to be considered “private activity bonds” or “private loan bonds” pursuant to Section 141 of the Code.

**ARTICLE IX
CONTINUING DISCLOSURE**

Section 9.01. Continuing Disclosure Undertaking. The Board (a) authorizes and directs any District officer to execute and deliver, on the date of the issuance of the Bonds, a continuing disclosure undertaking (the “**Undertaking**”) in such form that satisfies the requirements of Rule 15c2-12 and is acceptable to the Underwriter and bond counsel and (b) covenants that it will comply with and carry out all of the provisions of the Undertaking. A description of this undertaking is set forth in the Official Statement. Notwithstanding any other provisions of this Resolution or the Undertaking, failure of the District to comply with the Undertaking will not be considered a default under this Resolution or the Bonds; however, any Bondholder or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this subparagraph and the Undertaking. For purposes of this subparagraph, “**Beneficial Owner**” means any person who (i) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (ii) is treated as the owner of any Bonds for federal income tax purposes.

**ARTICLE X
CREDIT ENHANCEMENT ACT**

The Board hereby covenants and obligates the District to be bound by and to use the provisions of Minnesota Statutes, Section 126C.55 (the “**Credit Enhancement Act**”) to guarantee payment of the principal of, the premium, if any, and the interest on the Bonds when due. The District shall comply with all procedures now or hereafter established by the Minnesota Department of Management and Budget and the Minnesota Department of Education pursuant to subdivision 2(c) of the Credit Enhancement Act and to take such actions as necessary to comply

with the Credit Enhancement Act. The Chair of the Board, the Clerk of the District, and the superintendent and the business manager of the District are each authorized to execute any applicable forms of the Minnesota Department of Management and Budget or the Minnesota Department of Education. The Board understands and acknowledges that the provisions of the Credit Enhancement Act shall be binding on the District as long as any Bonds are outstanding.

The Board further covenants to deposit with the Registrar, at least three (3) business days prior to the date on which any payment of principal of, premium, if any, or interest on the Bonds is due, an amount sufficient to pay such payment. If the District believes it may be unable to pay the principal of, the premium, if any or the interest on the Bonds on the date any such payment is due, the District shall notify the Commissioner of the Department of Education as soon as possible, but not less than 15 business days before the date such payment is due. The District shall authorize and direct the Registrar to notify the Commissioner of the Department of Education if (i) the Registrar becomes aware of a potential payment default with respect to the Bonds or (ii) two (2) business days prior to the date a payment is due on the Bonds the Registrar does not have sufficient funds to make the payment due on such date.

ARTICLE XI AUTHORIZATION OF OFFICERS

Without in any way limiting the power, authority, or discretion elsewhere herein granted or delegated, the Board hereby (a) authorizes and directs each officer, employee and agent of the District to carry out, or cause to be carried out, and to perform such obligations of the District and such other actions as they, or any one of them shall consider necessary, advisable, desirable, or appropriate in connection with this Resolution and the issuance, sale, and delivery of the Bonds, including, without limitation and whenever applicable, the execution and delivery thereof and of all other related documents, instruments, certificates, and opinions; and (b) delegates to each such officer, employee and agent the right, power, and authority to exercise her or his own independent judgment and absolute discretion in determining and finalizing the terms, provisions, form and contents of each of the foregoing. The execution and delivery by any such officer, employee or agent of the District of any such documents, instruments, certifications, and opinions, or the doing by them of any act in connection with any of the matters which are the subject of this Resolution, shall constitute conclusive evidence of both the District's and their approval of all changes, modifications, amendments, revisions, and alterations made therein, and shall conclusively establish their absolute, unconditional, and irrevocable authority with respect thereto from the District and the authorization, approval, and ratification by the District of the documents, instruments, certifications, and opinions so executed and the action so taken.

* * * * *

Upon vote taken on the foregoing resolution, the following voted in favor thereof:

_____;

the following voted against the same: _____;

and the following were absent or did not vote: _____.

Said Resolution having been voted upon favorably by a majority of the members of the Board, the same was by the President declared passed and adopted.

EXHIBIT A

(FORM OF BOND)

**UNITED STATES OF AMERICA
STATE OF MINNESOTA**

**INDEPENDENT SCHOOL DISTRICT NO. 2854
(ADA-BORUP)**

TAXABLE GENERAL OBLIGATION REFUNDING BOND, SERIES 2020B

R-_____ \$ _____

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATE OF ORIGINAL ISSUE</u>	<u>CUSIP</u>
_____%	____1, 20__	October __, 2020	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ DOLLARS

INDEPENDENT SCHOOL DISTRICT NO. 2854 (ADA-BORUP), STATE OF MINNESOTA, a duly organized and existing independent school district, whose administrative offices are located in Ada, Minnesota (the “District”), promises to pay to the registered owner specified above, or registered assigns, the principal sum specified above on the maturity date specified above, and to pay interest thereon from the date of original issue specified above, or from the most recent interest payment date to which interest has been paid or duly provided for, at the annual rate specified above, payable on February 1 and August 1 in each year, commencing August 1, 2021, to the person in whose name this Bond is registered at the close of business on the fifteenth day (whether or not a business day) of the immediately preceding month. The interest hereon and, upon presentation and surrender hereof at the principal office of the Registrar described below, the principal hereof, are payable in lawful money of the United States of America by check or draft drawn on U.S. Bank National Association in St. Paul, Minnesota, as bond registrar, transfer agent and paying agent, or its successor designated under the resolution described herein (the “Registrar”).

This Bond is one of an issue in the aggregate principal amount of \$4,770,000 (the “Bonds”), issued by the District to provide funds to refund certain outstanding general obligation bonds of the District, and is issued pursuant to and in full conformity with resolution adopted by the School Board on October 13, 2020 (the “Resolution”), and is issued pursuant to and in full conformity with the Constitution and laws of the State of Minnesota thereunto enabling, including Minnesota Statutes, Chapter 475, Section 123B.02 and Section 123B.595. The Bonds

are issuable only in fully registered form, in denominations of \$5,000 or any integral multiple thereof, of single maturities.

The Bonds are direct, general obligations of the District, to which the full faith, credit and resources and the taxing power of the District are irrevocably pledged. Pursuant to the Resolution, the District has covenanted to cause to be made annually a special levy of taxes on all the taxable property in the District, in addition to all other taxes, sufficient in rate and amount to produce sums not less than five percent in excess of the principal of and interest on the Bonds when due. The District has pledged such tax levy and all receipts therefrom to all payments due on the Bonds. The District has further covenanted to be bound by and to use the provisions of Minnesota Statutes, Section 126C.55 (the "Credit Enhancement Act") to guarantee payment of the principal of and the interest on the Bonds when due.

The District may elect to prepay on February 1, 2028, and on any day thereafter, Bonds due on or after February 1, 2029. Redemption may be in whole or in part and if in part at the option of the District and in such manner as the District shall determine. If less than all Bonds of a maturity are called for redemption, the Registrar will select by lot the beneficial ownership interests in such maturity to be redeemed. All bonds shall be redeemed at a price of par plus accrued interest to the date selected for redemption.

Notice of redemption of this Bond shall be given to the Registered Owner hereof by first class mail, postage prepaid, not less than thirty (30) days prior to the date fixed for redemption (or such shorter period as may be acceptable to the then registered owner of the Bonds), all as more particularly set forth in the Bond Resolution; provided, however, that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any proceeding for the redemption of any Bond with respect to which no such failure has occurred. Notice of redemption having been given as provided in the Bond Resolution, or notice of redemption having been waived, and funds for the payment thereof having been deposited with the Registrar, this Bond shall cease to bear interest from and after the date fixed for redemption.

As provided in the Resolution and subject to certain limitations set forth therein, this Bond is transferable upon the books of the District at the principal office of the Registrar, by the registered owner hereof in person or by the owner's attorney duly authorized in writing upon surrender hereof together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or the owner's attorney, and may also be surrendered in exchange for Bonds of other authorized denominations. Upon such transfer or exchange, the District will cause a new Bond or Bonds to be issued in the name of the transferee or registered owner, of the same aggregate principal amount, bearing interest at the same rate and maturing on the same date, subject to reimbursement for any tax, fee or governmental charge required to be paid with respect to such transfer or exchange.

The District and the Registrar may deem and treat the person in whose name this Bond is registered as the absolute owner hereof, whether this Bond is overdue or not, for the purpose of receiving payment and for all other purposes, and neither the District nor the Registrar shall be affected by any notice to the contrary.

Notwithstanding any other provisions of this Bond, so long as this Bond is registered in the name of Cede & Co., as nominee of The Depository Trust Company, or in the name of any other nominee of The Depository Trust Company or other securities depository, the Registrar shall pay all principal of and interest on this Bond, and shall give all notices with respect to this Bond, only to Cede & Co. or other nominee in accordance with the operational arrangements of The Depository Trust Company or other securities depository as agreed to by the District.

IT IS HEREBY CERTIFIED, RECITED, COVENANTED AND AGREED that all acts, conditions and things required by the Constitution and laws of the State of Minnesota to be done, to exist, to happen and to be performed preliminary to and in the issuance of this Bond in order to make it a valid and binding general obligation of the District in accordance with its terms, have been done, do exist, have happened and have been performed as so required, and that the issuance of this Bond, together with all other indebtedness of the District outstanding on the date hereof and on the date of its actual issuance and delivery, does not cause the indebtedness of the District to exceed any constitutional or statutory limitation of indebtedness.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Resolution until the Certificate of Authentication hereon shall have been executed by the Registrar by manual signature of one of its authorized representatives.

IN WITNESS WHEREOF, Independent School District No. 2854 (Ada-Borup), State of Minnesota, by its School Board, has caused this Bond to be executed in its behalf by the facsimile signatures of the Chair of the Board and Clerk of the District, the District having no seal or said seal having been intentionally omitted as permitted by law.

**INDEPENDENT SCHOOL DISTRICT NO. 2854
(ADA-BORUP PUBLIC SCHOOLS)
ADA, MINNESOTA**

/s/ _____

Chair of the Board

/s/ _____

School District Clerk

BOND REGISTRAR'S CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within mentioned Resolution.

Date of Authentication: October ____, 2020

U.S. BANK NATIONAL ASSOCIATION
as Registrar and Paying Agent

By _____

Authorized Signature

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

_____ the within Bond and does hereby irrevocably constitute and appoint _____ attorney to transfer the Bond on the books kept for the registration thereof, with full power of substitution in the premises.

Dated _____

NOTICE: The assignor's signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

Signature Guaranteed:

Signature(s) must be guaranteed by a national bank or trust company or by a brokerage firm having a membership in one of the major stock exchanges or any other "Eligible Guarantor Institution" as defined in 17 CFR 240 Ad-15(a)(2).

The Bond Registrar will not effect transfer of this Bond unless the information concerning the assignee requested below is provided.

Name and Address:

(Include information for all joint owners if the Bond is held by joint account.)

Please insert Social Security or other Tax Identification Number of Transferee.

[Empty rectangular box for Social Security or Tax Identification Number]

EXHIBIT B-1

NOTICE OF REDEMPTION

\$2,200,000 General Obligation Alternative Facilities Bonds, Series 2014A
Dated October 29, 2014
Independent School District No. 2854 (Ada-Borup), Ada, State of Minnesota

NOTICE IS HEREBY GIVEN THAT Independent School District No. 2854 (Ada-Borup) State of Minnesota (the "District") has called for redemption and prepayment on February 1, 2022 (the "Redemption Date"), the outstanding maturities of the above-referenced bonds (the "Bonds") maturing on February 1 in the following years and having the respective interest rates and CUSIP numbers listed below:

<u>Maturity</u>	<u>Amount</u>	<u>CUSIP #</u>	<u>Rate</u>
2024	\$150,000	656137 AQ9	2.15%
2026	245,000	656137 AR7	3.00%
2029	395,000	656137 AS5	3.25%
2032	435,000	656137 AT3	3.50%
2035	470,000	656137 AU0	3.75%

The Bonds will be redeemed at a price of 100% of their principal amount plus accrued interest to the Redemption Date. Holders of the Bonds should present them for payment to U.S. Bank National Association, in St. Paul, Minnesota, as registrar and paying agent (the "Paying Agent") with respect to the Bonds, on or before said date, when they will cease to bear interest, in the following manner:

By Mail, Overnight Mail, or Courier Service:

U.S Bank National Association
West Side Flats - Operations Center
EP-MN-WS3C
60 Livingston Avenue
St. Paul, MN 55107 651.495-3920

In Person, By Hand:

U.S Bank National Association
Bond Drop Window, First Floor
60 Livingston Avenue
St. Paul, MN 55107

Important Notice to Bondholders: In compliance with the Economic Growth and Tax Relief Reconciliation Act of 2001, federal backup withholding tax will be withheld at the applicable backup withholding rate in effect at the time the payment by the redeeming institutions if they are not provided with your social security number or federal employer identification number, properly certified. This requirement is fulfilled by submitting a W-9 Form, which may be obtained at a bank or other financial institution.

The Paying Agent shall not be responsible for the selection of or use of the CUSIP number, nor is any representation made as to its correctness indicated in this Notice of Redemption. It is included solely for the convenience of the Holders.

Additional information may be obtained from the undersigned.

Dated: _____.

BY ORDER OF THE SCHOOL BOARD OF
INDEPENDENT SCHOOL DISTRICT NO.
2854 (ADA-BORUP), ADA, STATE OF
MINNESOTA

/s/ _____
School District Clerk

EXHIBIT B-2

NOTICE OF REDEMPTION

\$4,700,000 General Obligation School Building Bonds, Series 2015A
Dated March 3, 2015
Independent School District No. 2854 (Ada-Borup), Ada, State of Minnesota

NOTICE IS HEREBY GIVEN THAT Independent School District No. 2854 (Ada-Borup) State of Minnesota (the "District") has called for redemption and prepayment on February 1, 2024 (the "Redemption Date"), the outstanding maturities of the above-referenced bonds (the "Bonds") maturing on February 1 in the following years and having the respective interest rates and CUSIP numbers listed below:

<u>Maturity</u>	<u>Amount</u>	<u>CUSIP #</u>	<u>Rate</u>
2025	\$215,000	656137 BR6	3.00%
2027	455,000	656137 BS4	3.00%
2030	740,000	656137 BU9	3.50%
2032	540,000	656137 BV7	3.50%
2035	870,000	656137 BT2	3.50%

The Bonds will be redeemed at a price of 100% of their principal amount plus accrued interest to the Redemption Date. Holders of the Bonds should present them for payment to U.S. Bank National Association, in St. Paul, Minnesota, as registrar and paying agent (the "Paying Agent") with respect to the Bonds, on or before said date, when they will cease to bear interest, in the following manner:

By Mail, Overnight Mail, or Courier Service:

U.S Bank National Association
West Side Flats - Operations Center
EP-MN-WS3C
60 Livingston Avenue
St. Paul, MN 55107 651.495-3920

In Person, By Hand:

U.S Bank National Association
Bond Drop Window, First Floor
60 Livingston Avenue
St. Paul, MN 55107

Important Notice to Bondholders: In compliance with the Economic Growth and Tax Relief Reconciliation Act of 2001, federal backup withholding tax will be withheld at the applicable backup withholding rate in effect at the time the payment by the redeeming institutions if they are not provided with your social security number or federal employer identification number, properly certified. This requirement is fulfilled by submitting a W-9 Form, which may be obtained at a bank or other financial institution.

The Paying Agent shall not be responsible for the selection of or use of the CUSIP number, nor is any representation made as to its correctness indicated in this Notice of Redemption. It is included solely for the convenience of the Holders.

Additional information may be obtained from the undersigned.

Dated: _____.

BY ORDER OF THE SCHOOL BOARD OF
INDEPENDENT SCHOOL DISTRICT NO.
2854 (ADA-BORUP), ADA, STATE OF
MINNESOTA

/s/ _____
School District Clerk

EXHIBIT C

LEVY COMPUTATION SHEET

Levy Year	Collection Year	Amount
2021	2022	\$131,115.60
2022	2023	130,527.60
2023	2024	481,125.75
2024	2025	488,554.50
2025	2026	484,690.50
2026	2027	485,404.50
2027	2028	479,876.25
2028	2029	484,337.70
2029	2030	483,007.88
2030	2031	486,187.28
2031	2032	472,990.88
2032	2033	475,235.25
2033	2034	476,828.63