bergankdv

Received 10/20/2021
Approved 10/26/2021

Independent School District No. 91
Barnum, Minnesota

Basic Financial Statements

June 30, 2021

Independent School District No. 91
Table of Contents

Independent School District No. 91
Table of Contents

Independent School District No. 91
Board of Education and Administration
June 30, 2021

Board of Education	Position	Term Expires
Beth Schatz	Chair	December 31, 2022
James Fuglestad	Vice-Chair	December 31, 2024
Jessica Unkelhaeuser	Treasurer	December 31, 2022
Paul Coughlin	Clerk	December 31, 2022
Steph Ferrin	Director	December 31, 2024
Louie Bonneville	Director	December 31, 2024
Beth Dinger	Director	December 31, 2024

Administration	
Mike McNulty	Superintendent

Independent Auditor's Report

To the School Board
Independent School District No. 91
Barnum, Minnesota

Report on the Basic Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 91, Barnum, Minnesota, as of and for the year ended June 30, 2021, and the related notes to basic financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Basic Financial Statements

The management of Independent School District No. 91 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 basic 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 basic financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the basic financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the basic financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the basic 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 basic financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 91, Barnum, Minnesota, as of June 30, 2021, and the respective changes in financial position thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2021, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

BerganKDV, Ltd.

St. Cloud, Minnesota
October 11, 2021

Independent School District No. 91
Management's Discussion and Analysis

This section of Independent School District No. 91 (the "District") annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2021. Please read it in conjunction with the District's financial statements which immediately follow this section.

The Management's Discussion and Analysis (MD&A) is an element of a reporting model that is required by the GASB Statement No. 34 – Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued in June 1999. This statement establishes reporting requirements that include financial statements, expanded disclosure, and supplemental information, including the MD&A (this section).

Comparative information between the current fiscal year and the prior fiscal year is presented in the MD&A with these financial statements, comparing comparable data and discussing changes in data between years ending June 30, 2020 and June 30, 2021.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2020-2021 fiscal year include the following:

- Net position increased by $75,400.
- Overall revenues were $9,843,178 while overall expenses totaled $9,767,778.
- General Fund balance increased $592,460.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts, Independent Auditor's Report; required supplementary information, which includes the MD&A (this section); the basic financial statements and the supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

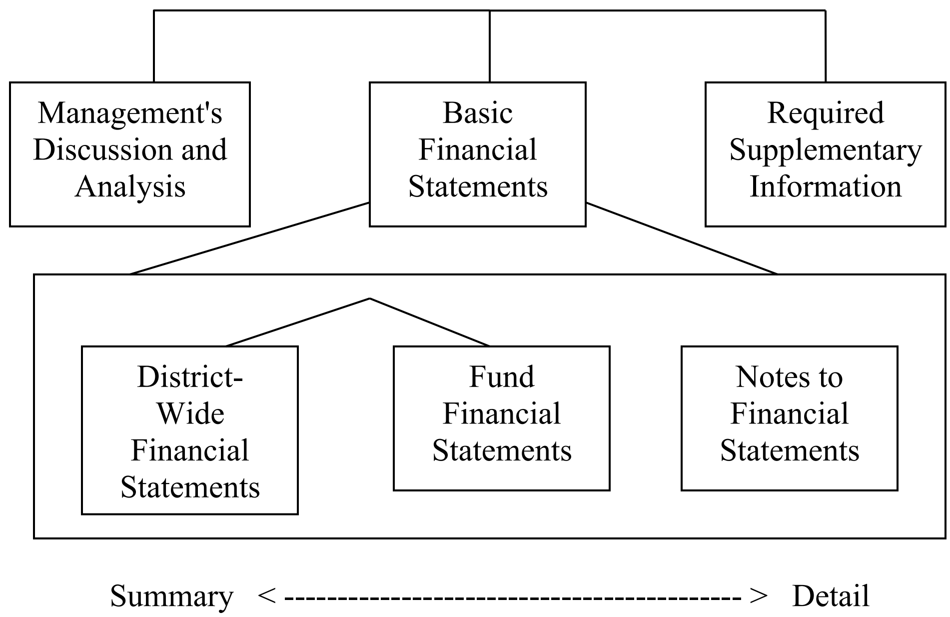
- The first two statements are district-wide financial statements that provide both short-term and long-term information about the District's overall financial status.

- 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.

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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 supplementary information that further explains and supports the financial statements. The diagram below shows how the various parts of this annual report are arranged and related to one another.



OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

The major features of the District's financial statements, including the portion of the District's activities they cover, and the types of information they contain, are summarized below. The remainder of the overview section of the MD&A highlights the structure and content of each of the statements.

Fund Financial Statements

	District-Wide Statements	Governmental Funds	Fiduciary Funds
Scope	Entire District	The activities of the District such as instruction, special education and building maintenance.	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies.
Required Financial Statements	• Statement of Net Position • Statement of Activities	• Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances	• Statement of Fiduciary Net Position • Statement of Changes in Fiduciary Net Position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial focus.	Accrual accounting and economic resources focus.
Type of Assets/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term.	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included.	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can.
Type of Inflow/Outflow Information	All revenues and expenses during year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.	All additions and deductions during the year, regardless of when cash is received or paid.

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

District-Wide Statements

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

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

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

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

- Governmental Activities: The District's basic services are included here, such as regular and special education, transportation, administration, food service and community education. Property taxes and state aids finance most of these activities.

Fund Financial Statements

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

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

The District has two kinds of funds:

- Governmental Funds: Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information following the governmental funds statements that explains the relationship (or differences) between them.

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Fund Financial Statements (Continued)

- Fiduciary Funds: The District is the fiduciary for some assets that belong to others. The District is responsible for ensuring the assets reported in these funds, are used only for their intended purposes and by those whom the assets belong. The District excludes these activities from the district-wide statements because it cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position

The District's combined net position was ($1,110,891) on June 30, 2021.

Table A-1
Condensed Statement of Net Position

	2020	2021	Percent Change
Current and other assets	$ 3,378,483	$ 4,497,802	33.1%
Capital assets	8,092,923	7,802,458	-3.6%
Total assets	11,471,406	12,300,260	7.2%
Deferred outflows of resources	4,800,113	2,706,495	-43.6%
Total assets and deferred outflows	$ 16,271,519	$ 15,006,755	-7.8%
Current liabilities	$ 1,454,900	$ 1,829,570	25.8%
Long term liabilities	1,358,961	1,243,043	-8.5%
Total OPEB liability	635,220	808,424	27.3%
Net pension liability	5,621,168	5,404,451	-3.9%
Total liabilities	9,070,249	9,285,488	2.4%
Deferred inflows of resources	8,387,561	6,832,158	-18.5%
Net position			
Net investment in capital assets	6,567,396	6,548,147	-0.3%
Restricted	536,881	667,031	24.2%
Unrestricted	(8,290,568)	(8,326,069)	0.4%
Total net position	(1,186,291)	(1,110,891)	-6.4%
Total liabilities, deferred inflows, and net position	$ 16,271,519	$ 15,006,755	-7.8%

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

Change in Net Position

The District's combined net position increased $75,400 from a balance of ($1,186,291) at June 30, 2020 to ($1,110,891) at June 30, 2021. A summary of the revenue and expenses is presented in Table A-2.

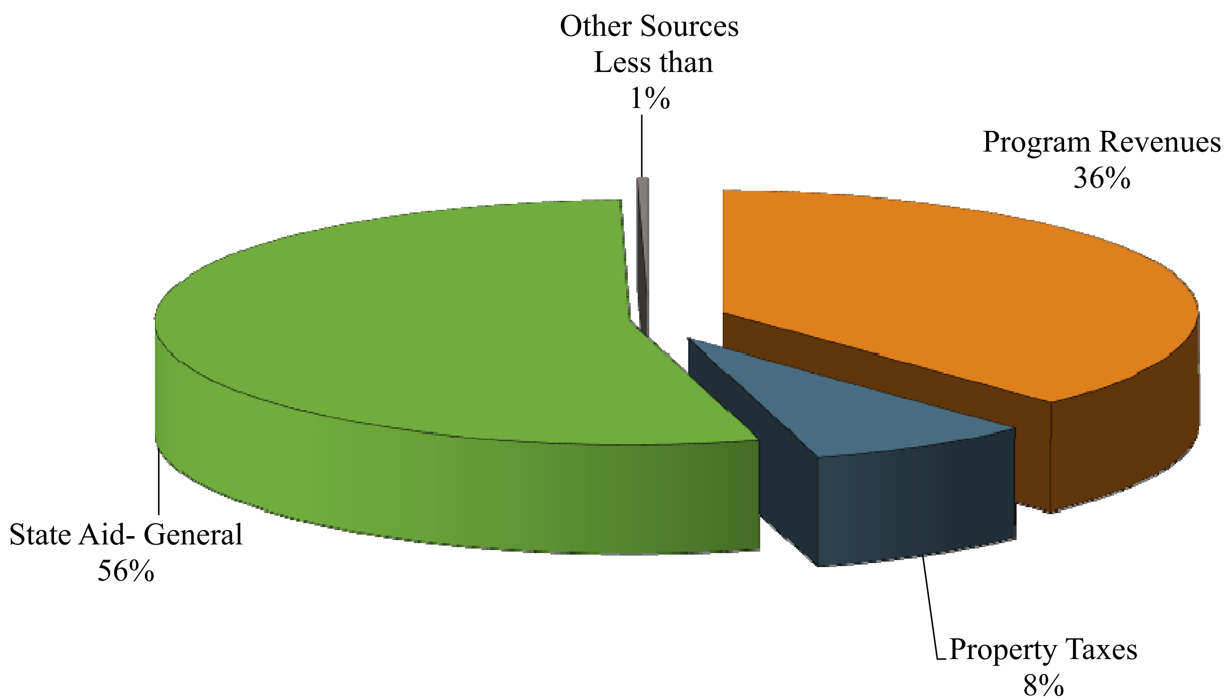
Table A-2
Changes in Net Position

	2020	2021	Percent Change
Revenues			
Program revenues			
Charges for services	$ 724,212	$ 518,046	-28.5%
Operating grants and contributions	2,675,129	2,719,994	1.7%
Capital grants and contributions	265,598	259,395	-2.3%
General revenues			
Property taxes	738,213	789,444	6.9%
Aids and payments from state and federal	5,217,177	5,472,133	4.9%
Other sources	32,452	84,166	159.4%
Total revenues	9,652,781	9,843,178	2.0%
Expenses			
Administration	748,709	721,575	-3.6%
District support services	278,110	258,434	-7.1%
Elementary and secondary regular instruction	4,003,181	3,750,891	-6.3%
Vocational instruction	66,241	58,448	-11.8%
Special education instruction	1,987,499	1,796,227	-9.6%
Instructional support services	420,551	628,327	49.4%
Pupil support services	733,665	725,689	-1.1%
Sites, buildings and equipment	816,124	726,945	-10.9%
Fiscal and other fixed cost programs	40,142	49,614	23.6%
Food service	389,481	338,137	-13.2%
Community education and services	243,407	274,977	13.0%
Unallocated depreciation	409,930	412,581	0.6%
Interest and fiscal charges long-term debt	31,302	25,933	-17.2%
Total expenses	10,168,342	9,767,778	-3.9%
Change in net position	(515,561)	75,400	-114.6%
Net Position			
Beginning	(697,869)	(1,186,291)	70.0%
Change in accounting principle	27,139	-	
Beginning, as restated	(670,730)	(1,186,291)	76.9%
Ending	$ (1,186,291)	$ (1,110,891)	-6.4%

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

The District's total revenue of $9,843,178 consisted of program revenues of $3,497,435, property taxes of $789,444, state aids and grants of $5,472,133, and $84,166 from miscellaneous other sources. Expenses totaling $9,767,778 consisted mainly of regular, vocational, and special education instruction costs of $5,605,566. Other areas of cost included: support services (District, administrative, instructional, and pupil) $2,334,025, sites, buildings, and equipment $726,945, fiscal and other fixed cost program $49,614, food service $338,137, community education and services $274,977, unallocated depreciation $412,581, and interest and fiscal charges on long-term debt $25,933.

2020-2021 Revenues - Table A-3

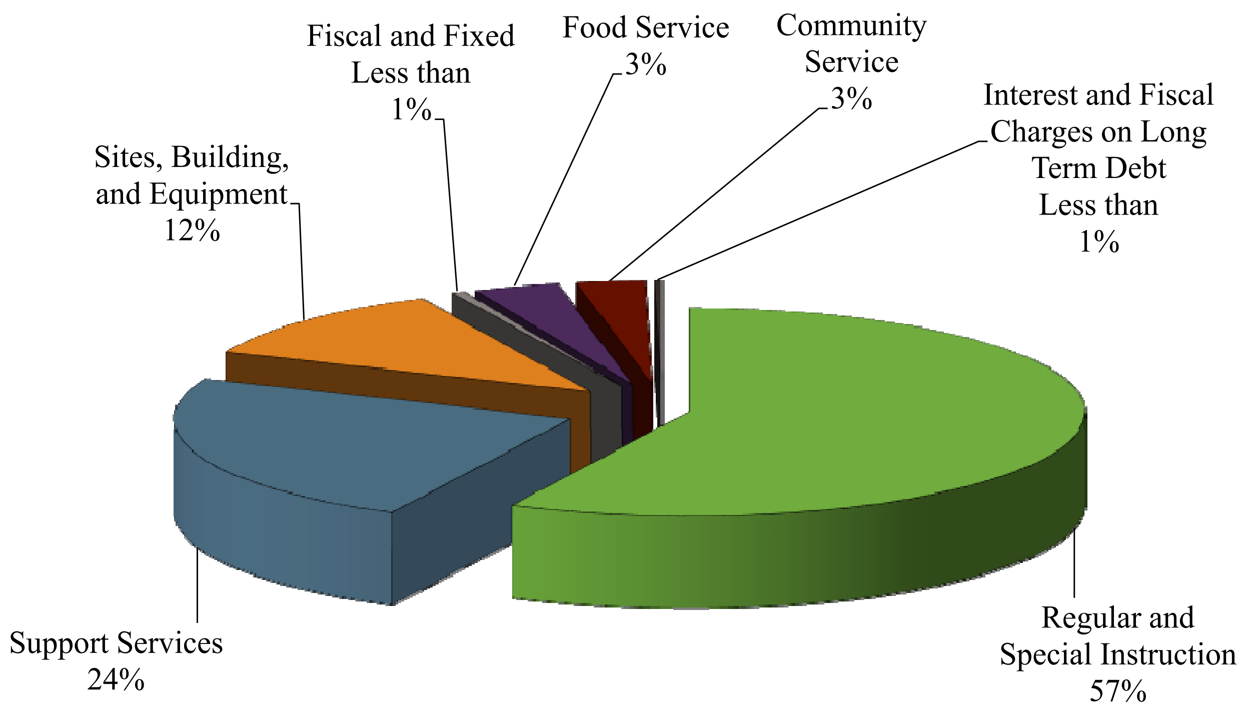


There was an increase in the District's revenue from 2020 to 2021. Overall, revenues increased $190,397. Program revenues decreased by $167,504, property tax revenues increased by $51,231, other general revenues increased by $51,714, and state aid formula grants increased $254,956.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

Expenses decreased from 2020 to 2021 by $400,564. Expenses decreased primarily in the area of Elementary and Secondary Regular Instruction and Special Education Instruction which was down $443,562. Sites, Buildings, and Equipment, was down $89,179. The District revenues exceeded the expenses by $75,400.

2020-2021 Expenses - Table A-4



The net cost of governmental activities is their total costs less program revenues applicable to each category. Depreciation not allocated to a specific program is presented separately. Table A-5 presents these costs on the following page.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

Table A-5
Net Cost of Governmental Activities
(in thousands of dollars)

	Total Cost Of Services			Net Cost (Revenue) of Services		
	2020	2021	Percent Change	2020	2021	Percent Change
Administration	$ 749	$ 722	-3.6%	$ 749	$ 721	-3.7%
District support services	278	258	-7.2%	278	258	-7.2%
Elementary and secondary regular instruction	4,003	3,751	-6.3%	3,281	3,092	-5.8%
Vocational instruction	66	58	-12.1%	59	52	-11.9%
Special education instruction	1,987	1,796	-9.6%	533	413	-22.5%
Instructional support services	421	628	49.2%	305	519	70.2%
Pupil support services	734	726	-1.1%	249	286	14.9%
Sites, buildings and equipment	816	727	-10.9%	550	468	-14.9%
Fiscal and other fixed cost programs	40	50	25.0%	40	50	25.0%
Food service	390	338	-13.3%	(10)	(49)	390.0%
Community education and services	243	275	13.2%	28	21	-25.0%
Interest and fiscal change long-term debt	31	413	1232.3%	31	413	1232.3%
Unallocated depreciation	410	26	-93.7%	410	26	-93.7%
Total expenses	$ 10,168	$ 9,768	-3.9%	$ 6,503	$ 6,270	-3.6%

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Fund Balance

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of $2,093,197. This is up $677,031 from our June 30, 2020, combined fund balance total which was $1,416,166. The Debt Service Fund decreased by $6, the General Fund increased by $592,460, and the other non-major funds increased by $84,577. The increase in the General Fund balance relates to spending less than what was received during the year.

Revenue and Other Financing Sources and Expenditures and Other Financing Uses

Revenues and other financing sources of the District's governmental funds for 2021 totaled $10,053,628 while total expenditures and other financing uses were $9,376,597. A summary of the revenues, expenditures and other financing sources(uses) reported on the governmental fund financial statements appears in Table A-6 on the following page.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

Table A-6
Summary Revenues, Expenditures, and Other Financing Sources(Uses) – Governmental Funds

	Revenue	Expenditures	Other Financing Sources (Uses)	Fund Balance Increase (Decrease)
General	$ 8,779,174	$ 8,470,377	$ 283,663	$ 592,460
Food service	387,061	333,783	-	53,278
Community service	304,338	273,039	-	31,299
Debt service	299,392	299,398	-	(6)
Total	$ 9,769,965	$ 9,376,597	$ 283,663	$ 677,031

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year ended June 30, 2021, the District revised its operating budget. The revision is always necessary because when the initial budget is prepared and adopted (a budget must be in place prior to the beginning of the fiscal year on July 1), details of student enrollments, staffing levels and other significant information items are estimates. When these items become known, the budget is then revised. This revision was made in March.

The District's final General Fund budget anticipated that revenues and other financing sources would be $68,886 greater than expenditures and other financing uses. The actual result was $592,460 of revenues and other financing sources over expenditures and other financing uses. Revenues were over budgeted amounts relating to revenue from all sources by $266,627. Actual expenditures were over the final budget amount by $26,716.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2021, the District had invested $7,802,458 (net of accumulated depreciation) in a broad range of capital assets including school buildings, athletic facilities, technology equipment, and other types of equipment. Capital assets are recorded in the District-wide financial statements but are not reported in the Fund financial statements. See Table A-7 on the following page for a summary of capital assets net of accumulated depreciation. See Note 3 to the financial statements for more information on capital assets.

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Capital Assets (Continued)

Table A-7

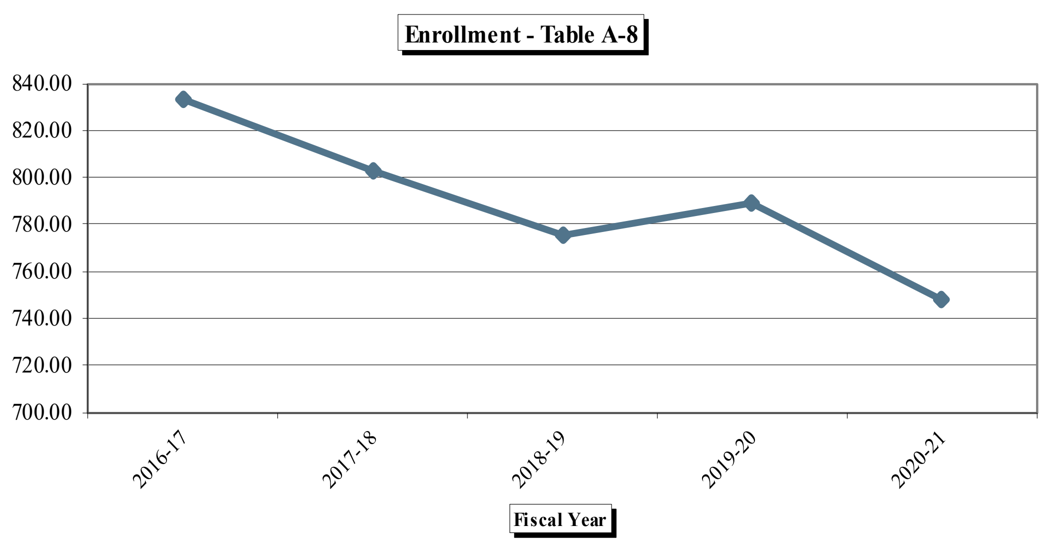
	Total (Net of Depreciation)	
	2021	2020
Land	$ 42,195	$ 42,195
Construction in Progress	191,700	-
Land Improvements	331,577	365,276
Buildings	6,456,135	6,804,570
Machinery and Equipment	780,851	880,882
Total	$ 7,802,458	$ 8,092,923

Long-Term Debt

At year-end, the District had $1,573,677 of long-term liabilities. This consisted of bonded indebtedness, net of unamortized premiums and discounts of $1,254,311, compensated absences payable of $106,191, and capital leases of $213,175. See Note 4 to the financial statements for more information on long term debt.

FACTORS BEARING ON THE DISTRICT'S FUTURE

The District's pupil units served decreased by approximately 30 from 2020 to 2021. The District is projecting an enrollment decrease in the next few years which is due to a decline in resident students. The challenge now is for the District to stay within the revenues received.



FACTORS BEARING ON THE DISTRICT'S FUTURE (CONTINUED)

The continued increase in the cross subsidy is a state of concern to the District as is the decrease in resident pupils. As of June 30, 2021, the District would be able to operate for one and a half months from its reserves. The District needs to continuously reevaluate its expenses with regard to its revenues and try to maintain a balanced budget.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Independent School District No. 91, 3675 County Road 13, Barnum, MN 55707.

BASIC FINANCIAL STATEMENTS

Independent School District No. 91
Statement of Net Position
June 30, 2021

	Governmental Activities
Assets	
Cash and investments	$ 2,968,787
Current property taxes receivable	454,718
Delinquent property taxes receivable	15,248
Accounts receivable	90,049
Due from Department of Education	682,408
Due from other Minnesota school districts	181,787
Due from federal government through Department of Education	98,799
Inventory	6,006
Capital assets not being depreciated	
Land	42,195
Construction in progress	191,700
Capital assets net of accumulated depreciation	
Land improvements	331,577
Buildings	6,456,135
Furniture and equipment	780,851
Total assets	12,300,260
Deferred Outflows of Resources	
Deferred outflows of resources related to pensions	2,583,947
Deferred outflows of resources related to OPEB	122,548
Total deferred outflows of resources	2,706,495
Total	$ 15,006,755
Liabilities	
Accounts payable	$ 42,074
Salaries and benefits payable	952,477
Interest payable	11,225
Due to other Minnesota school districts	71,039
Due to other governmental units	6,039
Unearned revenue	416,082
Total OPEB liability	808,424
Net pension liability	5,404,451
Bond principal payable, net	
Payable within one year	270,000
Payable after one year	984,311
Capital lease payable	
Payable within one year	53,640
Payable after one year	159,535
Compensated absences payable	
Payable within one year	6,994
Payable after one year	99,197
Total liabilities	9,285,488
Deferred Inflows of Resources	
Property taxes levied for subsequent year's expenditures	901,646
Deferred inflows of resources related to OPEB	31,306
Deferred inflows of resources related to pensions	5,899,206
Total deferred inflows of resources	6,832,158
Net Position	
Net investment in capital assets	6,548,147
Restricted for	
Debt service	57,615
Food Service	74,419
Community service	196,012
Other purposes	338,985
Unrestricted	(8,326,069)
Total net position	(1,110,891)
Total liabilities, deferred inflows of resources, and net position	$ 15,006,755

See notes to basic financial statements.

Independent School District No. 91
Statement of Activities
Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenues and Changes in Net Position: Governmental Activities
Governmental activities					
Administration	$ 721,575	$ 298	$ -	$ -	$ (721,277)
District support services	258,434	-	-	-	(258,434)
Elementary and secondary regular instruction	3,750,891	102,563	556,257	-	(3,092,071)
Vocational education instruction	58,448	-	6,439	-	(52,009)
Special education instruction	1,796,227	237,572	1,145,635	-	(413,020)
Instructional support services	628,327	7,034	102,050	-	(519,243)
Pupil support services	725,689	11,423	427,829	-	(286,437)
Sites and buildings	726,945	-	-	259,395	(467,550)
Fiscal and other fixed cost programs	49,614	-	-	-	(49,614)
Food service	338,137	19,593	367,446	-	48,902
Community education and services	274,977	139,563	114,338	-	(21,076)
Unallocated depreciation	412,581	-	-	-	(412,581)
Interest and fiscal charges on long-term debt	25,933	-	-	-	(25,933)
Total governmental activities	$ 9,767,778	$ 518,046	$ 2,719,994	$ 259,395	(6,270,343)
General revenues					
Taxes					
Property taxes, levied for general purposes					540,860
Property taxes, levied for community service					47,789
Property taxes, levied for debt service					200,795
State and federal aid-formula grants					5,472,133
Other general revenues					12,620
Investment income					1,058
Gain of sale of assets					70,488
Total general revenues					6,345,743
Change in net position					75,400
Net position - beginning					(1,186,291)
Net position - ending					$ (1,110,891)

See notes to basic financial statements.

Independent School District No. 91
Balance Sheet - Governmental Funds
June 30, 2021

	General	Debt Service	Nonmajor Funds	Total Governmental Funds
Assets				
Cash and investments	$ 2,471,560	$ 168,333	$ 328,894	$ 2,968,787
Current property taxes receivable	310,810	121,646	22,262	454,718
Delinquent property taxes receivable	9,395	4,909	944	15,248
Accounts receivable	90,049	-	-	90,049
Due from Department of Education	650,632	9,524	22,252	682,408
Due from other Minnesota school districts	181,787	-	-	181,787
Due from Federal Government through Department of Education	98,799	-	-	98,799
Inventory	-	-	6,006	6,006
Total assets	$ 3,813,032	$ 304,412	$ 380,358	$ 4,497,802
Liabilities				
Accounts payable	$ 36,868	$ -	$ 5,206	$ 42,074
Salaries and benefits payable	920,357	-	32,120	952,477
Due to other Minnesota school districts	71,039	-	-	71,039
Due to other governmental units	6,039	-	-	6,039
Unearned revenue	392,721	-	23,361	416,082
Total liabilities	1,427,024	-	60,687	1,487,711
Deferred Inflows of Resources				
Property taxes levied for subsequent year's expenditures	616,834	235,572	49,240	901,646
Unavailable revenue - delinquent taxes	9,395	4,909	944	15,248
Total deferred inflows of resources	626,229	240,481	50,184	916,894
Fund Balances				
Nonspendable	-	-	6,006	6,006
Restricted	338,985	63,931	263,481	666,397
Committed	106,191	-	-	106,191
Assigned	316,525	-	-	316,525
Unassigned	998,078	-	-	998,078
Total fund balances	1,759,779	63,931	269,487	2,093,197
Total liabilities, deferred inflows of resources, and fund balances	$ 3,813,032	$ 304,412	$ 380,358	$ 4,497,802

See notes to basic financial statements.

Independent School District No. 91
Reconciliation of the Balance Sheet to
the Statement of Net Position - Governmental Funds
June 30, 2021

Total fund balances - governmental funds	$ 2,093,197
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds.	
Cost of capital assets	18,606,546
Less accumulated depreciation	(10,804,088)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:	
Bond principal payable	(1,225,000)
Capital lease payable	(213,175)
Compensated absences payable	(106,191)
Premium on bonds payable	(29,311)
Net pension liability	(5,404,451)
Total OPEB liability	(808,424)
Deferred outflows of resources and deferred inflows of resources are created as a result of differences in timing and estimates related to pension and OPEB that are not recognized in the governmental funds.	
Deferred outflows of resources related to pensions	2,583,947
Deferred inflows of resources related to pensions	(5,899,206)
Deferred outflows of resources related to OPEB	122,548
Deferred inflows of resources related to OPEB	(31,306)
Delinquent property taxes receivable will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.	15,248
Governmental funds do not report a liability for accrued interest on bonds until due and payable.	(11,225)
Total net position - governmental activities	$ (1,110,891)

See notes to financial statements.

Independent School District No. 91
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds
Year Ended June 30, 2021

	General	Debt Service	Nonmajor Funds	Total Governmental Funds
Revenues				
Local property taxes	$ 544,957	$ 204,034	$ 48,234	$ 797,225
Other local and county revenues	444,031	-	170,612	614,643
Revenue from state sources	7,303,100	95,242	67,939	7,466,281
Revenue from federal sources	456,902	-	384,857	841,759
Sales and other conversion of assets	29,406	-	19,593	48,999
Interest income	778	116	164	1,058
Total revenues	8,779,174	299,392	691,399	9,769,965
Expenditures				
Current				
Administration	691,016	-	-	691,016
District support services	252,870	-	-	252,870
Elementary and secondary regular instruction	3,475,864	-	-	3,475,864
Vocational education instruction	54,937	-	-	54,937
Special education instruction	1,727,403	-	-	1,727,403
Instructional support services	397,663	-	-	397,663
Pupil support services	589,913	-	-	589,913
Sites and buildings	887,014	-	-	887,014
Fiscal and other fixed cost programs	49,614	-	-	49,614
Food service	-	-	333,783	333,783
Community education and services	-	-	273,039	273,039
Capital outlay				
Elementary and secondary regular instruction	11,120	-	-	11,120
Special education instruction	354	-	-	354
Instructional support services	213,845	-	-	213,845
Pupil support services	28,161	-	-	28,161
Sites and buildings	90,603	-	-	90,603
Debt service				
Principal	-	265,000	-	265,000
Interest and fiscal charges	-	34,398	-	34,398
Total expenditures	8,470,377	299,398	606,822	9,376,597
Excess of revenues over (under) expditures	308,797	(6)	84,577	393,368
Other Financing Sources (Uses)				
Sales of capital assets	70,488	-	-	70,488
Proceeds from capital leases	213,175	-	-	213,175
Total other financing sources (uses)	283,663	-	-	283,663
Net change in fund balances	592,460	(6)	84,577	677,031
Fund Balances				
Beginning of year	1,167,319	63,937	184,910	1,416,166
End of year	$ 1,759,779	$ 63,931	$ 269,487	$ 2,093,197

See notes to basic financial statements.

Independent School District No. 91
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances to the
Statement of Activities - Governmental Funds
Year Ended June 30, 2021

Net change in fund balances - total governmental funds	$ 677,031
Amounts reported for governmental activities in the Statement of Activities are different because:	
Capital outlay is reported in governmental funds as an expenditure. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.	
Capital outlay	253,916
Depreciation expense	(544,381)
Compensated absences payable is recognized as paid in the governmental funds but recognized as the expense is incurred in the Statement of Activities.	(5,706)
Principal payments on long-term debt are recognized as expenditures in the governmental funds but as an increase in the net position in the Statement of Activities.	265,000
Governmental funds recognize pension contributions as expenditures at the time of payment in the funds whereas the Statement of Activities factors in items related to pensions on a full accrual perspective.	(169,616)
Governmental funds recognize OPEB contributions as expenditures at the time of payment whereas the Statement of Activities factors in items related to OPEB on a full accrual perspective.	(188,348)
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and thus requires use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	2,249
Governmental funds report the effect of bond discounts and premiums when the debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.	6,216
Proceeds from the sale of long-term debt are recognized as other financing sources in the governmental funds increasing fund balance but having no effect on net position in the Statement of Activities.	
Capital lease issued	(213,175)
Delinquent property taxes receivable will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.	(7,786)
Change in net position - governmental activities	$ 75,400

Independent School District No. 91
Statement of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual - General Fund
Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget -
	Original	Final	Amounts	Over (Under)
Revenues				
Local property taxes	$ 523,305	$ 523,305	$ 544,957	$ 21,652
Other local and county revenues	292,750	302,897	444,031	141,134
Revenue from state sources	7,228,019	7,182,134	7,303,100	120,966
Revenue from federal sources	238,800	488,083	456,902	(31,181)
Sales and other conversion of assets	19,750	15,128	29,406	14,278
Interest	6,000	1,000	778	(222)
Total revenues	8,308,624	8,512,547	8,779,174	266,627
Expenditures				
Current				
Administration	705,838	690,939	691,016	77
District support services	238,652	266,415	252,870	(13,545)
Elementary and secondary regular instruction	3,491,421	3,447,519	3,475,864	28,345
Vocational education instruction	65,290	65,542	54,937	(10,605)
Special education instruction	1,797,247	1,719,861	1,727,403	7,542
Instructional support services	260,048	344,773	397,663	52,890
Pupil support services	686,196	643,665	589,913	(53,752)
Sites and buildings	845,452	1,099,334	887,014	(212,320)
Fiscal and other fixed cost programs	42,500	48,615	49,614	999
Capital outlay				
Elementary and secondary regular instruction	4,200	9,030	11,120	2,090
Special education instruction	-	360	354	(6)
Instructional support services	-	-	213,845	213,845
Pupil support services	-	20,000	28,161	8,161
Sites and buildings	31,415	87,608	90,603	2,995
Total expenditures	8,168,259	8,443,661	8,470,377	26,716
Excess of revenues over expenditures	140,365	68,886	308,797	239,911
Other financing uses:				
Proceeds from sale of capital assets	-	-	70,488	70,488
Proceeds from capital leases	-	-	213,175	213,175
Total other financing sources (uses)	-	-	283,663	283,663
Net change in fund balances	$ 140,365	$ 68,886	592,460	$ 523,574
Fund Balances				
Beginning of year			1,167,319	
End of year			$ 1,759,779	

See notes to basic financial statements.

Independent School District No. 91
Statement of Fiduciary Net Position
June 30, 2021

		Custodial Fund
Assets		
Cash and investments	$	184
Net Position		
Restricted for Extracurricular Activities	$	184

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

		Custodial Fund
Additions		
Contributions	$	908
Deductions		
Extracurricular activities		1,016
Change in net position		(108)
Net Position		
Beginning of year		292
End of year	$	184

See notes to basic financial statements.

(THIS PAGE LEFT BLANK INTENTIONALLY)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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

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

The student activity accounts of the District are under board control and are not reported separately.

B. Basic Financial Statement Information

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statement Information (Continued)

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

Separate fund financial statements are provided for governmental funds and fiduciary fund, even though the latter is excluded from the government-wide statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

C. Measurement Focus and Basis of Accounting

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

1. Revenue Recognition

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

2. Recording of Expenditures

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

Description of Funds:

Major Funds:

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

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

Nonmajor Funds:

Food Service Special Revenue Fund – This fund is used to account for the financial activities of the District's Food Service Program.

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

Fiduciary Fund:

Custodial Fund – This fund is used to account for the financial resources relating to student activities that are not administrated by the District.

D. Deposits and Investments

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

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

Cash and investments at June 30, 2021, were comprised of deposits and shares in MNTrust. MNTrust shares are valued at amortized cost, which approximates fair value.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Deposits and Investments (Continued)

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

In accordance with GASB Statement No. 79, the various MNTrust securities are valued at amortized cost, which approximates fair value. There are no restrictions or limitations on withdrawals from the MNTrust Investment Shares Portfolio. Seven days' notice of redemption is required for withdrawals of investments in the MNTrust Term Series withdrawn prior to the maturity date of that series. A penalty could be assessed as necessary to recoup the Series for any charges, losses, and other costs attributable to the early redemption. Monthly withdrawals are available the third Wednesday of each month upon at least two weeks notice for the MN Trust Limited Term Duration Series.

E. Property Tax Receivable

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

F. Property Taxes Levied for Subsequent Year's Expenditures

Property taxes levied for subsequent year's expenditures consist principally of property taxes levied in the current year which will be collected and recognized as revenue in the District's following year to properly match those revenues with the budgeted expenditures for which they were levied. This amount is equal to the amount levied by the School Board in December 2020, less various components and their related adjustments as mandated by the state. These portions of that levy were recognized as revenue in fiscal year 2021. The remaining portion of the levy will be recognized when measurable and available.

G. Inventories

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

H. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Prepaid items are recorded as an expenditure at the time of consumption. The District did not have any prepaid items at June 30, 2021.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Property Taxes

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

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

J. Capital Assets

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

Capital assets are defined by the District as assets with an initial individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at its acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the assets lives are not capitalized.

Capital assets are depreciated using the straight-line method with a half year depreciation convention over the estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purpose by the District, no salvage value is taken into consideration for depreciation purpose. Useful lives vary from 10 to 50 years for land improvements and buildings and 5 to 20 years for furniture and equipment.

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

K. Deferred Outflows/Inflows of Resources

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Deferred Outflows/Inflows of Resources (Continued)

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

L. Unearned Revenue

Unearned revenue represents monies received prior to June 30, 2021, but earned subsequent to year-end.

M. Long-Term Obligations

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Compensated Absences

Certain District employees earn vacation days based on the number of completed years of service. The District compensates employees for unused vacation upon termination of employment. Employees are entitled to paid sick leave at various rates for each month of full-time service. Noncertified employees are eligible for unused sick leave payout upon retirement. If they have completed 20 years of continuous service with the District and are 55 years of age or older at the date of retirement, they shall receive an amount not to exceed a total of 100 days of pay from the employee's accumulated sick leave, subject to proration. If they are 55 years of age but have less than 20 years of continuous service in the District at the time of retirement, 50% of all unused accumulated sick leave shall be paid to the employee at their current hourly rate of pay, times their normal hours per day.

O. Pensions

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

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

P. Risk Management

The District is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; natural disasters and injuries to employees for which the District carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three years. There were no significant reductions in the District's insurance coverage during the year ending June 30, 2021.

Q. Fund Equity

In the fund financial statements, governmental funds report various levels of spending constraints.

- Nonspendable Fund Balances – These are amounts that cannot be spent because they are not in spendable form as they are legally or contractually required to be maintained intact and include prepaids and inventory.

- Restricted Fund Balances – These amounts are subject to externally enforceable legal restrictions.

- Committed Fund Balances – These amounts can be used only for specific purposes determined by a formal action, a majority vote, of the School Board.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Fund Equity (Continued)

- Assigned Fund Balances – These amounts are intended to be used for specific purposes, but do not meet the criteria to be classified as restricted or committed. The School Board, by majority vote, may assign fund balances. The District's Superintendent is also authorized to assign fund balance to a specific purpose.

- Minimum Fund Balance Policy – The District will strive to maintain a minimum unassigned General Fund balance of between 2 and 4 months of operating expenditures.

R. Net Position

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

S. 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. Estimates also affect the reported amounts of revenue and expenditures/expense during the reporting period. Actual results could differ from those estimates.

T. Budgetary Information

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

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

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Deposits

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

Custodial Credit Risk – Deposits: For deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy requires the District's deposits be collateralized as required by *Minnesota Statutes* 118.03 for an amount exceeding FDIC, SAIF, BIF, or FCUA coverage. As of June 30, 2021, the District's bank balance was not exposed to custodial credit risk because it was insured and fully collateralized with securities held by the pledging financial institution's trust department or agent and in the District's name.

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

Checking	$ 29,082
Flex spending checking	9,708
Certificate of Deposit	249,500
Total deposits	$ 288,290

B. Investments

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

Investment	Maturities	Fair Value	S&P Rating
Pooled Investments			
MN Trust Investment Shares	Various	$ 2,080,682	AAAm
MN Trust Term Series	07/26/21	200,000	AAAm
MN Trust Limited Term Duration Series	06/30/21	400,000	N/R
Total		$ 2,680,682	

Credit Risk: This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits investments in commercial paper and corporate bonds to be in the top two ratings issued by nationally recognized statistical rating organizations. The District's investment policy limits investments to U.S. Treasury obligations, U.S. Government Agency and instrumentality obligations, Canadian Government obligations, certificates of deposit, banker's acceptances, commercial paper rated in the highest tier, investment-grade obligations, repurchase agreements, money market mutual funds, and local government investment pools. The District's investments were rated in the table above by Standard & Poor's (S&P) Investor Services.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

Concentration of Credit Risk: This is the risk of loss attributed to the magnitude of an investment in a single issuer. The District places no limit on the amount the District may invest in any one issuer, although the investment policy states to eliminate risk of loss resulting from the over concentration of assets in a specific maturity, investment maturities shall be scheduled to coincide with projected school district cash flow needs, taking into account large routine or scheduled expenditures, as well as anticipated receipt dates of anticipated revenues. Maturities for short-term and long-term investments shall be timed according to anticipated need. Within these parameters, portfolio maturities shall be staggered to avoid undue concentration of assets and a specific maturity sector. The maturities selected shall provide for stability of income and reasonable liquidity.

Interest Rate Risk: This is the risk that the market value of securities will fall due to the changes in market interest rates. The District does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The investments in MN Trust have a maturity of less than one year.

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

C. Deposits and Investments

The following is a summary of total deposits and investments:

Deposits (Note 2, A.)	$ 288,289
Investments (Note 2, B.)	2,680,682
Total cash and investments	$ 2,968,971

Deposits and investments at June 30, 2021, are presented as follows:

Statement of Net Position	
Cash and investments	$ 2,968,787
Statement of Fiduciary Net Position	
Cash and investments	184
Total	$ 2,968,971

Independent School District No. 91
Notes to Basic Financial Statements

NOTE 3 – CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	$ 42,195	$ -	$ -	$ 42,195
Construction in progress	-	191,700	-	191,700
Total capital assets not being depreciated	42,195	191,700	-	233,895
Capital assets being depreciated				
Land improvements	1,580,473	-	-	1,580,473
Buildings	14,444,484	-	-	14,444,484
Furniture and equipment	2,330,650	62,216	45,172	2,347,694
Total capital assets being depreciated	18,355,607	62,216	45,172	18,372,651
Less accumulated depreciation for				
Land improvements	1,215,197	33,699	-	1,248,896
Buildings	7,639,914	348,435	-	7,988,349
Furniture and equipment	1,449,768	162,247	45,172	1,566,843
Total accumulated depreciation	10,304,879	544,381	45,172	10,804,088
Total capital assets being depreciated, net	8,050,728	(482,165)	-	7,568,563
Governmental activities, capital assets, net	$ 8,092,923	$ (290,465)	$ -	$ 7,802,458

Depreciation expense of $544,381 for the year ended June 30, 2021, was charged to the following functions:

Administration	$ 1,302
District support services	2,219
Elementary and secondary regular instruction	6,124
Special education instruction	1,768
Instructional support services	3,615
Pupil support services	101,097
Pupil support services - food service	6,955
Sites and buildings	8,720
Unallocated depreciation	412,581
Total depreciation expense	$ 544,381

NOTE 4 – LONG-TERM DEBT

A. Components of Long-Term Liabilities

	Issue Date	Interest Rates	Original Issue	Final Maturity	Principal Outstanding	Due Within One year
Long-term liabilities						
G.O. Bonds						
2015A Alternative and Capital Facilities Bonds	03/18/15	2.00%-2.50%	$ 2,195,000	02/01/26	$ 1,180,000	$ 225,000
2017A Tax Abatement Bonds	12/21/17	2.30%-2.60%	130,000	02/01/22	45,000	45,000
Total bonds					1,225,000	270,000
Premium on bonds					29,311	-
Capital lease payable					213,175	53,640
Compensated absences payable					106,191	6,994
Total all long-term liabilities					$ 1,573,677	$ 330,634

Both General Obligation debt issues are paid from the Debt Service Fund. Compensated absences and the capital lease are paid from the General Fund.

B. Changes in Long-Term Liabilities

	Beginning Balance	Additions	Reductions	Ending Balance
Long-term liabilities				
G.O. Bonds	$ 1,490,000	$ -	$ 265,000	$ 1,225,000
Capital leases	-	213,175	-	213,175
Compensated absences	100,485	11,810	6,104	106,191
Premium on bonds	35,527	-	6,216	29,311
Total long-term liabilities	$ 1,626,012	$ 224,985	$ 277,320	$ 1,573,677

C. Minimum Debt Payments for Bonds

Year Ending June 30,	G.O. Bonds Principal	G.O. Bonds Interest	Total
2022	$ 270,000	$ 27,195	$ 297,195
2023	235,000	21,525	256,525
2024	235,000	16,825	251,825
2025	240,000	12,125	252,125
2026	245,000	6,125	251,125
Total	$ 1,225,000	$ 83,795	$ 1,308,795

NOTE 4 – LONG-TERM DEBT (CONTINUED)

D. Operating Lease Obligations
The District leases a bus under an operating lease through August 30, 2022. The rental costs for the year ended June 30, 2021, were $13,474. The future minimum lease payments for the lease are as follows:

Year Ending June 30,	
2022	$ 10,892
2023	51,866
Total	$ 62,758

E. Capital Lease Obligations
The District entered into a lease agreement for financing the acquisition of certain equipment. The lease qualifies as a capital lease for accounting purposes, therefore has been recorded at the net present value of the future minimum lease payments as of the inception date. Individual items purchased with the lease proceeds did not meet the District's capitalization policy and therefore, have not been included in the District's capital assets.

Year Ending June 30,	
2022	$ 53,700
2023	53,701
2024	53,700
2025	53,700
Less amount representing interest	(1,626)
Present value of minimum lease payments	$ 213,175

NOTE 5 – FUND BALANCES/NET POSITION

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

A. Fund Balances
Fund balances are classified on the following page to reflect the limitations and restrictions of the respective funds.

NOTE 5 – FUND BALANCES/NET POSITION (CONTINUED)

A. Fund Balances (Continued)

	General Fund	Debt Service	Other Nonmajor Funds	Total
Nonspendable for				
Inventory	$ -	$ -	$ 6,006	$ 6,006
Restricted/reserved for				
Student Activities	103,797	-	-	103,797
Basic Skills Extended Time	21,992	-	-	21,992
Medical Assistance	51,137	-	-	51,137
Long-term Facilities Maintenance	162,059	-	-	162,059
Community Education	-	-	77,070	77,070
Early Childhood and Family Education	-	-	110,005	110,005
School Readiness	-	-	4,910	4,910
Community Service	-	-	3,083	3,083
Food Service	-	-	68,413	68,413
Debt Service	-	63,931	-	63,931
Total restricted/reserved	338,985	63,931	263,481	666,397
Committed for				
Severance benefits	106,191	-	-	106,191
Assigned for				
Capital Projects	297,080	-	-	297,080
Extracurricular Activities	19,445	-	-	19,445
Total assigned	316,525	-	-	316,525
Unassigned	998,078	-	-	998,078
Total fund balance	$ 1,759,779	$ 63,931	$ 269,487	$ 2,093,197

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

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

Restricted/Reserved for Basic Skills Extended Time – This balance represents resources available for the basic skills extended time uses listed in *Minnesota Statutes* 126C.15, subd. 1.

NOTE 5 – FUND BALANCES/NET POSITION (CONTINUED)

A. Fund Balances (Continued)
Restricted/Reserved for Medical Assistance – This balance represents available resources to be used for medical assistance expenditures (*Minnesota Statutes* 125A.21, subd. 3).

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

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

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

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

Restricted for Community Service – This balance represents the positive fund balance of the Community Service Fund

Restricted for Food Service – This balance represents the positive fund balance of the Food Service Fund.

Restricted for Debt Service – This balance represents the positive fund balance of the Building Construction Fund

Committed for Severance – This balance had been committed for future severance payments related to compensate absences.

Assigned for Capital Projects – This balance represents available resources assigned for capital projects.

Assigned for Extracurricular Activities – This balance represents available resources to be used in relation to extracurricular activities.

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

The District participates in various pension plans, total pension expense for the year ended June 30, 2021, was $619,362. The components of pension expense are noted in the following plan summaries.

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

Teachers' Retirement Association

A. Plan Description

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

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

B. Benefits Provided

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

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

Tier 1 Benefits

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

With these provisions:

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

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

Teachers' Retirement Association (Continued)

B. Benefits Provided (Continued)

Tier II Benefits

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

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

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

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

C. Contribution Rate

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

	June 30, 2019		June 30, 2020		June 30, 2021	
	Employee	Employer	Employee	Employer	Employee	Employer
Basic	11.0%	11.71%	11.0%	11.92%	11.0%	12.13%
Coordinated	7.5%	7.71%	7.5%	7.92%	7.5%	8.13%

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

Teachers' Retirement Association (Continued)

C. Contribution Rate (Continued)

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

Employer contributions reported in TRA's ACFR Statement of Changes in Fiduciary Net Position	$	425,223
Deduct Employer contributions not related to future contribution efforts		(56)
Deduct TRA's contributions not included in allocation		(508)
Total employer contributions		424,659
Total non-employer contributions		35,587
Employer contributions reported in *Schedule of Employer and Non-Employer Pension Allocations*	$	460,246

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.

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

D. Actuarial Assumptions
The total pension liability in the June 30, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Key Methods and Assumptions Used in Valuation of Total Pension Liability	
Actuarial Information	
Valuation date	July 1, 2020
Experience study	June 5, 2015 November 6, 2017, (economic assumptions)
Actuarial cost method	Entry Age Normal
Actuarial assumptions	
Investment rate of return	7.50%
Price inflation	2.50%
Wage growth rate	2.85% before July 1, 2028, and 3.25% thereafter
Projected salary increase	2.85% to 8.85% before July 1, 2028, and 3.25% to 9.25% thereafter
Cost of living adjustment	1.0% for January 2020 through January 2023, then increasing by 0.1% each year up to 1.5% annually.
Mortality Assumptions	
Pre-retirement	RP 2014 white collar employee table, male rates set back six years and female rates set back five years. Generational projection uses the MP 2015 scale.
Post-retirement	RP 2014 white collar annuitant table, male rates set back three years and female rates set back three years, with further adjustments of the rates. Generational projections uses the MP 2015 scale.
Post-disability	RP 2014 disabled retiree mortality table, without adjustment.

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

Teachers' Retirement Association (Continued)

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

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

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

Changes in actuarial assumptions and methods for the July 1, 2020, valuation:

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

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

Teachers' Retirement Association (Continued)

E. Discount Rate

The discount rate used to measure the total pension liability was 7.5%. There was no change since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal 2020 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was not projected to be depleted and, as a result, the Municipal Bond Index Rate was not used in the determination of the Single Equivalent Interest Rate (SEIR).

F. Net Pension Liability

On June 30, 2021, the District reported a liability of $4,307,282 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to TRA in relation to total system contributions including direct aid from the State of Minnesota, City of Minneapolis, and Minneapolis School District. District proportionate share was 0.0583% at the end of the measurement period and 0.0698% 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	$ 4,307,282
State's proportionate share of the net pension liability associated with the District	361,044

For the year ended June 30, 2021, the District recognized pension expense of $600,011. Included in this amount, the District recognized $33,074 as pension expense for the support provided by direct aid.

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

Teachers' Retirement Association (Continued)

F. Net Pension Liability (Continued)
On June 30, 2021, the District had deferred resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 86,378	$ 81,758
Net difference between projected and actual earnings on plan investments	-	16,935
Changes in actuarial assumptions	1,976,639	4,690,559
Changes in proportion	95,578	875,421
District's contributions to TRA subsequent to the measurement date	310,814	-
Total	$ 2,469,409	$ 5,664,673

The $310,814 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 relation of the net pension liability in the year ended June 30, 2022.

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

Year Ended June 30,	Pension Expense Amount
2022	$ (103,937)
2023	(1,857,701)
2024	(1,351,822)
2025	(88,376)
2026	(104,242)
Total	$ (3,506,078)

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

Teachers' Retirement Association (Continued)

G. Pension Liability Sensitivity

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.5% as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percent lower (6.5%) and 1 percent higher (8.5%) than the current rate.

District proportionate share of NPL		
1% decrease in Discount Rate (6.50%)	Current Discount Rate (7.50%)	1% increase in Discount Rate (8.50%)
$ 6,594,403	$ 4,307,282	$ 2,422,810

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

H. Pension Plan Fiduciary Net Position

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

Public Employees' Retirement Association

A. Plan Description

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

General Employees Retirement Plan

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

B. Benefits Provided

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

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

Public Employees' Retirement Association (Continued)

B. Benefits Provided (Continued)

General Employees Plan Benefits

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

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

C. Contributions

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

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.5% of their annual covered salary in fiscal year 2021 and the District was required to contribute 7.5% for Coordinated Plan members. The District's contributions to the General Employees Fund for the year ended June 30, 2021, were $102,908. The District's contributions were equal to the required contributions as set by state statute.

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

Public Employees' Retirement Association (Continued)

D. Pension Costs

General Employees Fund Pension Costs

At June 30, 2021, the District reported a liability of $1,097,169 for its proportionate share of the General Employees Fund's net pension liability. The District's net pension liability reflected a reduction due to the State of Minnesota's contribution of $16 million. The State of Minnesota is considered a non-employer contributing entity and the State's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the District totaled $33,897. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on the District's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2019, through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. The District's proportionate share was 0.0183% at the end of the measurement period and 0.0212% for the beginning of the period.

School's proportionate share of net pension liability	$ 1,097,169
State of Minnesota's proportionate share of the net pension liability associated with the School	33,897
Total	$ 1,131,066

For the year ended June 30, 2021, the District recognized pension expense of $19,351 for its proportionate share of the General Employees Plan's pension expense. Included in this amount, the District recognized $2,950 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.

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

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)
At June 30, 2021, the District reported its proportionate share of deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 11,630	$ 4,151
Changes in actuarial assumptions	-	45,565
Difference between projected and actual investments earnings	-	5,479
Changes in proportion	-	179,338
District's contributions to PERA subsequent to the measurement date	102,908	-
Total	$ 114,538	$ 234,533

The $102,908 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Expense Amount
2022	$ (157,575)
2023	(72,870)
2024	(18,966)
2025	26,508
Total	$ (222,903)

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

Public Employees' Retirement Association (Continued)

E. Actuarial Assumptions

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

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 were based on the Pub-2010 General Employee Mortality table. Cost of living benefit increases after retirement for retirees are assumed to be 1.25% per year.

Actuarial assumptions used in the June 30, 2020, valuation was based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and became effective with the July 1, 2020, actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2020:

Changes in Actuarial Assumptions

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

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

Public Employees' Retirement Association (Continued)

E. Actuarial Assumptions (Continued)

Changes in Actuarial Assumptions (Continued)

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

Changes in Plan Provisions

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

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness 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 %	

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

Public Employees' Retirement Association (Continued)

F. Discount Rates

The discount rate used to measure the total pension liability in 2020 was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in *Minnesota Statutes*. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. Pension Liability Sensitivity

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

	1% Decrease in Discount Rate (6.5%)	Current Discount Rate (7.5%)	1% Increase in Discount Rate (8.5%)
District's proportionate share of the PERA net pension liability	$ 1,758,381	$ 1,097,169	$ 551,722

H. Pension Plan Fiduciary Net Position

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

NOTE 7 – POST EMPLOYMENT HEALTH CARE PLAN

A. Plan Description

The District's defined benefit OPEB plan provides a single-employer defined benefit health care plan to eligible retirees. The plan offers medical coverage. Medical coverage is administered by Public Employees Insurance Plan It is the District's policy to periodically review its medical coverage and to obtain requests for proposals in order to provide the most favorable benefits and premiums for District employees and retirees. No assets are acclimated in a trust.

B. Benefits Paid

Teachers who apply for early retirement shall remain eligible to receive certain health insurance benefits until the end of the school year in which the teacher becomes Medicare eligible. Full vesting of such amounts occurs upon attaining 56 years of age. The General Fund, Food Service Fund and Community Service Fund typically liquidate the Liability related to OPEB.

NOTE 7 – POST EMPLOYMENT HEALTH CARE PLAN

C. Members
As of June 30, 2019, the following were covered by the benefit terms:

Retirees electing coverage	7
Active employees	108
Total	115

D. Contributions
Retirees contribute to the health care plan at the same rate as District employees. This results in the retirees receiving an implicit rate subsidy. Contribution requirements are established by the District, based on the contract terms with PEIP. The required contributions are based on projected pay-as-you-go financing requirements. For the year 2021, the District contributed $53,922 to the plan.

E. Actuarial Assumptions
The total OPEB liability was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Key Methods and Assumptions Used in Valuation of Total OPEB Liability

Discount rate	2.45%
Inflation	2.50%
Healthcare cost trend rate	6.4% for FY2020, gradually decreasing over several decades to an ultimate rate of 4.0% in FY2076 and later years.
Mortality Assumption	RP 2014 white collar mortality tables with projected mortality improvements based on scale MP-2015 and scale MP-2017, and other adjustments.

The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the period July 1, 2019 – June 30, 2020.

The discount rate used to measure the total OPEB liability was 2.45% based on the index rate for 20-year, tax exempt municipal bonds.

F. Total OPEB liability
The District's total OPEB liability of $808,424 was measured as of June 30, 2020, and was determined by an actuarial valuation as of June 30, 2019.

NOTE 7 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

F. Total OPEB liability (Continued)

Changes in the Total OPEB liability are as follows:

	Increase (Decrease) Total OPEB Liability
Balances at July 1, 2020	$ 635,220
Changes for the year	
Service cost	29,874
Interest	19,731
Changes in assumptions	4,817
Changes of benefit terms	188,216
Benefit payments	(69,434)
Net changes	173,204
Balances at June 30, 2021	$ 808,424

Changes of assumptions and other inputs reflect a change in the discount rate from 3.13% in 2020 to 2.45% in 2021.

Changes in benefit terms reflect two new early retirement agreements that were approved by the District.

G. OPEB Liability Sensitivity

The following presents the District's total OPEB liability calculated using the discount rate of 2.45% as well as the liability measured using 1 percent lower and 1 percent higher than the current discount rate.

	1% decrease in Discount Rate (1.45%)	Current Discount Rate (2.45%)	1% increase in Discount Rate (3.45%)
Total OPEB liability	$ 852,622	$ 808,424	$ 765,144

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

	1% decrease in Discount Rate (5.40%)	Current Discount Rate (6.40%)	1% increase in Discount Rate (7.40%)
Total OPEB liability	$ 747,389	$ 808,424	$ 880,848

NOTE 7 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

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

For the year ended June 30, 2021, the District recognized OPEB expense of $242,270. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ 18,198	$ 31,306
Difference between expected and actual liability	50,428	-
Contributions made subsequent to the measurement date	53,922	-
Total	$ 122,548	$ 31,306

$53,922 reported as deferred outflows of resources related to OPEB resulting from District contributions made subsequent to the measurement date will be recognized as a reduction of the net postemployment liability in the year ended June 30, 2022.

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

Year Ending June 30,	Total
2022	$ 4,449
2023	4,449
2024	4,449
2025	4,449
2026	4,449
Thereafter	15,075
Total	$ 37,320

NOTE 8 – COMMITMENTS

At June 30, 2021, the District had contract commitments related to construction projects of $146,250.

NOTE 9 – GASB STANDARDS ISSUED BUT NOT YET IMPLEMENTED

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. 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 statement will be effective for the year ending June 30, 2022.

(THIS PAGE LEFT BLANK INTENTIONALLY)

REQUIRED SUPPLEMENTARY INFORMATION

Independent School District No. 91
Barnum Schools
Schedule of Changes in Total OPEB Liability
and Related Ratios

	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
Total OPEB Liability				
Service cost	$ 32,573	$ 31,143	$ 31,124	$ 29,874
Interest	17,552	20,650	20,190	19,731
Differenced between expected and actual experience	-	-	64,734	-
Changes of assumptions	(20,906)	(28,259)	17,865	4,817
Changes of benefit terms	-	-	-	188,216
Benefit payments	(56,563)	(41,101)	(50,588)	(69,434)
Net change in total OPEB liability	(27,344)	(17,567)	83,325	173,204
Beginning of year	596,806	569,462	551,895	635,220
Total OPEB liability	$ 569,462	$ 551,895	$ 635,220	$ 808,424
Covered-employee payroll	$ 5,038,867	$ 5,196,471	$ 4,991,340	$ 5,032,903
Total OPEB liability as a percentage of covered-employee payroll	11.30%	10.62%	12.73%	16.10%

There are no assets accumulated in a trust that
meets the criteria of GASB No. 75, paragraph 4, to pay related benefits
to pay related benefits

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

Independent School District No. 91
Schedule of District's and Non-Employer Proportionate Share
(if Applicable) of Net Pension Liability
Last Ten Years General Employees Retirement Fund

For Fiscal Year Ended June 30,	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Proportionate Share of State of Minnesota's Proportionated Share of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability and District's Share of the State of Minnesota's Share of the Net Pension of Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.0216%	$ 1,014,660	$ -	$ 1,014,660	$ 1,132,541	89.6%	78.75%
2015	0.0200%	1,036,504	-	1,036,504	1,158,040	89.5%	78.19%
2016	0.0207%	1,680,737	21,877	1,702,614	1,281,787	131.1%	68.91%
2017	0.0235%	1,500,224	18,846	1,519,070	1,512,467	99.2%	75.90%
2018	0.0231%	1,281,493	41,934	1,323,427	1,552,027	82.6%	79.53%
2019	0.0212%	1,172,101	36,332	1,208,433	1,497,000	78.3%	80.23%
2020	0.0183%	1,097,169	33,897	1,131,066	1,305,733	84.0%	79.06%

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

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

For Fiscal Year Ended June 30,	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Proportionate Share of State of Minnesota's Proportionated Share of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability and District's Share of the State of Minnesota's Share of the Net Pension of Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.0803%	$ 3,700,166	$ 260,153	$ 3,960,319	$ 3,665,062	101.0%	81.50%
2015	0.0763%	4,719,910	579,220	5,299,130	3,871,227	121.9%	76.77%
2016	0.0746%	17,793,880	1,786,305	19,580,185	3,882,173	458.3%	44.88%
2017	0.0753%	15,031,246	1,453,392	16,484,638	4,052,867	370.9%	51.57%
2018	0.0757%	4,754,669	446,650	5,201,319	4,181,000	113.7%	78.07%
2019	0.0698%	4,449,067	393,848	4,842,915	3,960,973	112.3%	78.21%
2020	0.0583%	4,307,282	361,044	4,668,326	3,388,333	127.1%	75.48%

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

Independent School District No. 91
Schedule of District Contributions
General Employees Retirement Fund
Last Ten Years

Fiscal Year Ending June 30,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	$ 86,853	$ 86,853	$ -	$ 1,158,040	7.50%
2016	96,134	96,134	-	1,281,787	7.50%
2017	113,435	113,435	-	1,512,467	7.50%
2018	116,402	116,402	-	1,552,027	7.50%
2019	112,275	112,275	-	1,497,000	7.50%
2020	97,930	97,930	-	1,305,733	7.50%
2021	102,908	102,908	-	1,372,107	7.50%

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

Schedule of District Contributions
TRA Retirement Fund
Last Ten Years

Fiscal Year Ending June 30,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	$ 290,342	$ 290,342	$ -	$ 3,871,227	7.50%
2016	291,163	291,163	-	3,882,173	7.50%
2017	303,965	303,965	-	4,052,867	7.50%
2018	313,575	313,575	-	4,181,000	7.50%
2019	305,391	305,391	-	3,960,973	7.71%
2020	268,356	268,356	-	3,388,333	7.92%
2021	310,814	310,814	-	4,031,310	8.13%

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

Independent School District No. 91
Notes to the Required Supplementary Information

TRA Retirement Fund

2020 Changes
Changes in Actuarial Assumptions

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

2019 Changes
Changes in Actuarial Assumptions

- None

2018 Changes
Changes in Actuarial Assumptions

- The discount rate was increased to 7.5% from 5.12%.
- The cost of living adjustment (COLA) was reduced from 2.0% each January 1 to 1.0%, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.1% each year until reaching the ultimate rate of 1.5% on January 1, 2028.
- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit are exempt.
- The COLA trigger provision, which would have increased the COLA to 2.5% if the funded ratio was at least 90% for two consecutive years, was eliminated.
- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019, and ending July 1, 2024 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt.
- Augmentation on deferred benefits will be reduced to 0% beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.0% to 3.0%, effective July 1, 2018. Interest due on payments and purchases from members, employers was reduced from 8.5% to 7.5%, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next six years (7.71% in 2018, 7.92% in 2019, 8.13% in 2020, 8.34% in 2021, 8.55% in 2022, and 8.75% in 2023). In addition, the employee contribution rate will increase from 7.50% to 7.75% on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.

2017 Changes
Changes in Actuarial Assumptions

- The discount rate was increased to 5.12% from 4.66%.
- The cost of living adjustment (COLA) was assumed to increase from 2.0% annually to 2.5% annually on July 1, 2045.

TRA Retirement Fund (Continued)

2017 Changes (Continued)
Changes in Actuarial Assumptions (Continued)

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

2016 Changes
Changes in Actuarial Assumptions

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

2015 Changes
Changes of Benefit Terms

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

TRA Retirement Fund (Continued)

2015 Changes (Continued)
Changes in Actuarial Assumptions

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

Independent School District No. 91
Notes to the Required Supplementary Information

General Employees Fund

2020 Changes
Changes in Actuarial Assumptions
- The price inflation assumption was decreased from 2.5% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.0%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019, experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019, experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changes as recommended in the June 30, 2019, experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019, experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the Pub-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint and Survivor option changed from 35% to 45%. The assumed number of married female new retires electing the 100% Joint and Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

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

2019 Changes
Changes in Actuarial Assumptions
- The mortality projection scale was changed from MP-2017 to MP-2018.

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

2018 Changes
Changes in Actuarial Assumptions
- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.0% per year through 2044 and 2.5% per year thereafter to 1.25% per year.

Independent School District No. 91
Notes to the Required Supplementary Information

General Employees Fund (Continued)

2018 Changes (Continued)
Changes in Plan Provisions

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

2017 Changes
Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2016 Changes
Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

Independent School District No. 91
Notes to the Required Supplementary Information

General Employees Fund (Continued)

2015 Changes
Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

Post Employment Benefits

2021 Changes
Changes in Actuarial Assumptions and Plan Provisions

- The discount rate was changed from 3.13% to 2.45% based on 20-year municipal bond rates.

2020 Changes
Changes in Actuarial Assumptions and Plan Provisions

- The discount rate was changed from 3.62% to 3.13% based on 20-year municipal bond rates.
- Healthcare trend rates were reset to reflect updated cost increase expectations, including an adjustment to reflect the impact of the Affordable Care Act's Excise Tax on high-cost health insurance plans.
- Medical per capita claim costs were updated to reflect recent experience.
- Withdrawal, retirement, mortality and salary increase rates were updated to the rates used in the 7/1/2018 PERA General Employees Retirement Plan and 7/1/2018 Teachers Retirement Association actuarial valuations.
- The percent of retirees electing spouse coverage changed from 25% to 30% to reflect recent plan experience.
- The percent of future non Medicare eligible retirees electing each medical plan changed to reflect recent plan experience.
- The inflation assumption was changed from 2.75% to 2.50% based on an updated historical analysis of inflation rates and forward-looking market expectation.

SUPPLEMENTARY INFORMATION

Independent School District No. 91
Combining Balance Sheet -
Nonmajor Governmental Funds
June 30, 2021

	Special Revenue		Total
	Food Service	Community Service	Total Nonmajor Funds
Assets			
Cash and investments	$ 96,152	$ 232,742	$ 328,894
Current property taxes receivable	-	22,262	22,262
Delinquent property taxes receivable	-	944	944
Due from Department of Education	15,772	6,480	22,252
Inventory	6,006	-	6,006
Total assets	$ 117,930	$ 262,428	$ 380,358
Liabilities			
Accounts payable	$ 232	$ 4,974	$ 5,206
Salaries and benefits payable	20,945	11,175	32,120
Unearned revenue	22,334	1,027	23,361
Total liabilities	43,511	17,176	60,687
Deferred Inflows of Resources			
Property taxes levied for subsequent Year's expenditures	-	49,240	49,240
Unavailable revenue - delinquent taxes	-	944	944
Total deferred inflows of resources	-	50,184	50,184
Fund Balances			
Nonspendable	6,006	-	6,006
Restricted	68,413	195,068	263,481
Total fund balances	74,419	195,068	269,487
Total liabilities, deferred inflows of resources, and fund balances	$ 117,930	$ 262,428	$ 380,358

Independent School District No. 91
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances - Nonmajor Governmental Funds
June 30, 2021

	Special Revenue		Total
	Food Service	Community Service	Nonmajor Funds
Revenues			
Local property taxes	$ -	$ 48,234	$ 48,234
Other local and county revenues	-	170,612	170,612
Revenue from state sources	2,447	65,492	67,939
Revenue from federal sources	364,999	19,858	384,857
Sales and other conversion of assets	19,593	-	19,593
Interest Income	22	142	164
Total revenues	387,061	304,338	691,399
Expenditures			
Current			
Food service	333,783	-	333,783
Community education and services	-	273,039	273,039
Total expenditures	333,783	273,039	606,822
Net change in fund balances	53,278	31,299	84,577
Fund Balances			
Beginning of year	21,141	163,769	184,910
End of year	$ 74,419	$ 195,068	$ 269,487

Independent School District No. 91
Uniform Financial Accounting and Reporting Standards
Compliance Table
Year Ended June 30, 2021

	Audit	UFARS	Audit-UFARS
01 GENERAL FUND			
Total revenue	$ 8,779,174	$ 8,779,174	$ -
Total expenditures	8,470,377	8,470,380	(3)
Nonspendable:			
4.60 Nonspendable fund balance	-	-	-
Restricted/reserved:			
4.01 Student Activites	103,797	103,797	-
4.02 Scholarships	-	-	-
4.03 Staff Development	-	-	-
4.07 Capital Projects Levy	-	-	-
4.08 Cooperative Programs	-	-	-
4.13 Building Projects Funded by COP/LP	-	-	-
4.14 Operating Debt	-	-	-
4.16 Levy Reduction	-	-	-
4.17 Taconite Building Maintenance	-	-	-
4.24 Operating Capital	-	-	-
4.26 $25 Taconite	-	-	-
4.27 Disabled Accessibility	-	-	-
4.28 Learning and Development	-	-	-
4.34 Area Learning Center	-	-	-
4.35 Contracted Alternative Programs	-	-	-
4.36 State Approved Alternative Program	-	-	-
4.38 Gifted and Talented	-	-	-
4.40 Teacher Development and Evaluation	-	-	-
4.41 Basic Skills Programs	-	-	-
4.45 Career Technical Programs	-	-	-
4.48 Achievement and Integration	-	-	-
4.49 Safe School Crime	-	-	-
4.51 QZAB Payments	-	-	-
4.52 OPEB Liabilities not Held in Trust	-	-	-
4.53 Unfunded Severance and Retirement Levy	-	-	-
4.59 Basic Skills Extended Time	21,992	21,992	-
4.67 Long-term Facilities Maintenance	162,059	162,059	-
Restricted:			
4.72 Medical Assistance	51,137	51,137	-
4.64 Restricted fund balance	-	-	-
4.75 Title VII - Impact Aid	-	-	-
4.76 Payments in Lieu of Taxes	-	-	-
Committed:			
4.18 Committed for separation	106,191	106,191	-
4.61 Committed	-	-	-
Assigned:			
4.62 Assigned fund balance	316,525	316,527	(2)
Unassigned:			
4.22 Unassigned fund balance	998,078	998,078	-
02 FOOD SERVICE FUND			
Total revenue	$ 387,061	$ 387,061	$ -
Total expenditures	333,783	333,782	1
Nonspendable:			
4.60 Nonspendable fund balance	6,006	6,006	-
Restricted/reserved:			
4.52 OPEB Liabilities not Held in Trust	-	-	-
Restricted:			
4.64 Restricted fund balance	68,413	68,413	-
Unassigned:			
4.63 Unassigned fund balance	-	-	-
04 COMMUNITY SERVICE FUND			
Total revenue	$ 304,338	$ 304,337	$ 1
Total expenditures	273,039	273,038	1
Nonspendable:			
4.60 Nonspendable fund balance	-	-	-
Restricted/reserved:			
4.26 $25 Taconite	-	-	-
4.31 Community Education	77,070	77,070	-
4.32 ECFE	110,005	110,005	-
4.40 Teacher Development and Evaluation	-	-	-
4.44 School Readiness	4,910	4,910	-
4.47 Adult Basic Education	-	-	-
4.52 OPEB Liabilities not Held in Trust	-	-	-
Restricted:			
4.64 Restricted fund balance	3,083	3,085	(2)
Unassigned:			
4.63 Unassigned fund balance	-	-	-

	Audit	UFARS	Audit-UFARS
06 BUILDING AND CONSTRUCTION FUND			
Total revenue	$ -	$ -	$ -
Total expenditures	-	-	-
Nonspendable:			
4.60 Nonspendable fund balance	-	-	-
Restricted/reserved:			
4.07 Capital Projects Levy	-	-	-
4.09 Alternative Facility Program	-	-	-
4.13 Building Projects Funded by COP/LP	-	-	-
Restricted:			
4.64 Restricted fund balance	-	-	-
Unassigned:			
4.63 Unassigned fund balance	-	-	-
07 DEBT SERVICE FUND			
Total revenue	$ 299,392	$ 299,392	$ -
Total expenditures	299,398	299,398	-
Nonspendable:			
4.60 Nonspendable Fund Balance	-	-	-
Restricted/reserved:			
4.25 Bond refunding	-	-	-
4.33 Maximum effort loan aid	-	-	-
4.51 QZAB payments	-	-	-
4.67 LTFM	-	-	-
Restricted:			
4.64 Restricted fund balance	63,931	63,931	-
Unassigned:			
4.63 Unassigned fund balance	-	-	-
08 TRUST FUND			
Total revenue	$ -	$ -	$ -
Total expenditures	-	-	-
Unassigned:			
4.01 Student Activities	-	-	-
4.02 Scholarships	-	-	-
4.22 Net position	-	-	-
18 CUSTODIAL FUND			
Total revenue	908	908	-
Total expenditures	1,016	1,016	-
4.01 Student Activites	184	184	-
4.02 Scholarships	-	-	-
4.48 Achievement and Integration	-	-	-
4.64 Restricted	-	-	-
20 INTERNAL SERVICE FUND			
Total revenue	$ -	$ -	$ -
Total expenditures	-	-	-
Unassigned:			
4.22 Net position	-	-	-
25 OPEB REVOCABLE TRUST			
Total revenue	$ -	$ -	$ -
Total expenditures	-	-	-
Unassigned:			
4.22 Net position	-	-	-
45 OPEB IRREVOCABLE TRUST			
Total revenue	$ -	$ -	$ -
Total expenditures	-	-	-
Unassigned:			
4.22 Net position	-	-	-
47 OPEB DEBT SERVICE			
Total revenue	$ -	$ -	$ -
Total expenditures	-	-	-
Nonspendable:			
4.60 Nonspendable fund balance	-	-	-
Restricted:			
4.64 Restricted fund balance	-	-	-
Unassigned:			
4.63 Unassigned fund balance	-	-	-

Independent School District No. 91
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Federal Agency/Pass Through Agency/Program Title	CFDA Number	Expenditures
U.S. Department of Agriculture		
Through Minnesota Department of Education		
Child Nutrition Cluster		
School Breakfast Program	10.553	$ 2,837
Noncash Assistance - Commodities	10.555	26,628
National School Lunch Program	10.555	12,072
COVID-19 Summer Food Service Program for Children	10.559	320,456
Total Child Nutrition Cluster and U.S. Department of Agriculture		361,993
U.S. Department of Education		
Through Minnesota Department of Education		
Title I, Part A	84.010	81,942
Title II, Part A	84.367	15,323
Title IV, Part A - Safe and Drug Free Schools	84.186	21,940
Special Education Cluster		
Special Education	84.027	79,694
Special Education - Preschool Grants	84.173	2,615
Total Special Education Cluster		82,309
Grants for Infants and Families	84.181	770
COVID-19 Coronavirus Relief Fund	21.019	179,984
COVID-19 Elementary and Secondary School Emergency Relief	84.425D	62,599
COVID-19 Governor's Emergency Education Relief	84.425C	10,525
Through Carlton County		
COVID-19 Coronavirus Relief Fund	21.019	21,415
Through Independent School District No. 97		
Career and Technical Education Grants	84.048	88
Total U.S. Department of Education		476,895
Total Federal Expenditures		$ 838,888

The notes to schedule of expenditures of federal awards are an integral part of this statement.

Independent School District No. 91
Notes to the Schedule of Expenditures of Federal Awards

NOTE 1 – BASIS OF PRESENTATION

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

NOTE 2 – PASS-THROUGH GRANT NUMBERS

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

NOTE 3 – INVENTORY

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

NOTE 4 – INDIRECT COST RATE

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

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

Independent Auditor's Report

To the School Board
Independent School District No. 91
Barnum, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 91, Barnum, Minnesota, as of and for the year ending June 30, 2021, and the related notes to basic financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 11, 2021.

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as Audit Finding 2021-001 that we consider to be a material weakness.

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 statement. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

District's Response to Findings
The District's response to the findings identified in our audit are described in the accompanying Schedule of Findings and Corrective Action Plans on Internal Control The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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.

BerganKDV, Ltd.

St. Cloud, Minnesota
October 11, 2021

Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance

Independent Auditor's Report

To the School Board
Independent School District No. 91
Barnum, Minnesota

Report on Compliance for Each Major Federal Program
We have audited Independent School District No. 91's, Barnum, MN compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended June 30, 2021. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs in Accordance with the Uniform Guidance.

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

Auditor's Responsibility
Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program
In our opinion, Independent School District No. 91 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2021.

Report on Internal Control over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that were not identified.

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

BerganKDV, Ltd.

St. Cloud, Minnesota
October 11, 2021

Independent School District No. 91
Schedule of Findings and Questioned Costs
in Accordance with the Uniform Guidance

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	We issued an unmodified opinion on the fair presentation of the financial statements of the governmental activities, each major fund and the aggregate remaining fund information in accordance with accounting principles generally accepted in the United States of America (GAAP).
Internal control over financial reporting:	
• Material weakness(es) identified?	Yes, Audit Finding 2021-001
• Significant deficiency(ies) identified?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Type of auditor's report issued on compliance for major programs:	Unmodified
Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	No
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516?	No

Identification of Major Programs

CFDA No:	10.550/10.553/10.555
Name of Federal Program or Cluster:	Child Nutrition Cluster
Dollar threshold used to distinguish between type A and type B programs:	$750,000
Auditee qualified as low risk auditee?	No

Independent School District No. 91
Schedule of Findings and Corrective Action Plans
On Internal Control

SECTION II – FINANCIAL STATEMENT FINDINGS

Audit Finding 2021-001

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

Condition:
The District does not have adequate segregation of accounting duties.

Context:
During the year ended June 30, 2021, the District had a lack of segregation of accounting duties due to a limited number of office employees. This lack of segregation of accounting duties can be demonstrated in the following areas, which is not intended to be an all-inclusive list:

- The Business Manager reconciles property taxes, state and federal revenues and receivables without review.
- The Business Manager has access to all areas of the accounting system.
- The Business Manager makes system generated journal entries without review.

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

Context:
This finding impacts internal control for all significant accounting functions.

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

Cause:
There are a limited number of office employees.

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

Independent School District No. 91
Schedule of Findings and Corrective Action Plans
On Internal Control

SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

Audit Finding 2021-001 (Continued)

Management's Response:

CORRECTIVE ACTION PLAN (CAP):

1. Explanation of Disagreement with Audit Finding
   There is no disagreement with the audit finding.

2. Actions Planned in Response to Finding
   Administration will review current segregation of accounting duties to determine if further segregation is possible.

3. Official Responsible for Ensuring CAP
   Dawn Hultgren, Business Manager, is the official responsible for ensuring corrective action of the deficiency.

4. Planned Completion Date for CAP
   The planned completion date for the CAP is June 30, 2022.

5. Plan to Monitor Completion of CAP
   The School Board will be monitoring this CAP.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
There were no questioned costs.

SECTION IV – PRIOR YEAR FINDINGS AND QUESTIONED COSTS
None

(THIS PAGE LEFT BLANK INTENTIONALLY)

Minnesota Legal Compliance

Independent Auditor's Report

To the School Board
Independent School District No. 91
Barnum, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 91, Barnum, Minnesota, as of and for the year ended June 30, 2021, and the related notes to basic financial statements, and have issued our report thereon dated October 11, 2021.

In connection with our audit, we noted that the District failed to comply with the provisions of the contracting and bidding of the *Minnesota Legal Compliance Audit Guide for School Districts* promulgated by the State Auditor pursuant to *Minnesota Statutes* § 6.65, insofar as they relate to accounting matters as described in the Schedule of Findings and Corrective Action Plans on Legal Compliance as item 2021-002. Also, in connection with our audit, nothing came to our attention that caused us to believe that the District failed to comply with the provisions of the deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and uniform financial accounting and reporting standards for school districts sections of the *Minnesota Legal compliance Audit Guide for School Districts*, insofar as they relate to accounting matters. However, our audit as not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the District's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

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

BerganKDV, Ltd.

St. Cloud, Minnesota
October 11, 2021

Independent School District No. 91
Schedule of Findings and Corrective Action Plans
On Legal Compliance

FOLLOWING BIDDING PROCEDURES

According to MN State Statute § 471.345, subd. 3, if the amount of the contract is estimated to exceed $175,000, the contract must be made either upon sealed bids or by best value procurement alternative. All sealed bids obtained shall be kept on file for a period of at least one year after receipt thereof. These bids must be solicited by public notice in the District's official newspaper. Construction contractors whose contracts exceed $50,000 must submit a verification of compliance with minimum criteria set forth in MN State Statute § 16C.285, subd. 3. According to MN State Statute § 574.26, construction contractors doing public work are required to give both a performance bond and a payment bond in an amount not less than the contract price if the contract is more than $175,000.

The District did not obtain sealed bids for a project whose cost exceeded $175,000. The District also did not solicit bids by public notice in the District's official newspaper. The District also did not receive Responsible Contractor verbiage or performance or payment bonds from the contractor. We recommend the District comply with bidding requirements.