Equity Alliance MN Board Meeting

February 16, 2022
5:30 p.m. General Meeting
6063 Hudson Road, Suite 218, Woodbury, MN 55125

Call to Order

Roll Call

Organization of the Board

A. Election of Officers - Chairperson, Clerk, Treasurer
B. Reaffirmation of Board Governance policies

Approval of the Agenda

Open Forum

Consent Agenda

A. Set Board Meeting Dates, Times, and Locations for 2022
B. Approve Minutes of the November 10, 2021
C. Accounts payable, monthly check register
D. Resignations: Tonya Sconiers and Paula O'Loughlin
E. New Hire: Meghan Bridges, Manager of Student Programming

Focus Area #1: Provide programs and services that educate and support staff, students, and families and diminish barriers to educational equity:

A. Program & Services Update

Focus Area #2: Lead regional dialogue, advocacy, and action for equitable education systems and outcomes:

Focus Area #3: Strengthen Equity Alliance MN's business model to promote our own fiscal autonomy, sustainability, and growth:

A. ACTION: Receive FY21 Audit Report - Jim Eichten, MMKR
B. ACTION: FY22 Revised Budget - Kathy Miller

Adjournment

EMID Board Meeting

Agenda Item: Organization of the Board

Meeting Date: February 16, 2022

Date Prepared: February 3, 2022

Suggested Disposition: Election of Officers

Background:

EMID Board Operating Procedures indicate that the Board Chair (or the Clerk in the Chair's absence) from the previous year shall call the meeting to order and preside until the new Chair is elected. The elected Chairperson will conduct the election for the remaining Board Offices for the coming year. The motions should generally take the following form:

A. Motion by ___________, seconded by ___________, that Member ___________ be elected Chair of the EMID Board for 2022. Upon a voice vote, the motion will be declared to have passed or failed.

B. Motion by ___________, seconded by ___________, that Member ___________ be elected Clerk of the EMID Board for 2022. Upon a voice vote, the motion will be declared to have passed or failed.

C. Motion by ___________, seconded by ___________, that Member ___________ be elected Treasurer of the EMID Board for 2022. Upon a voice vote, the motion will be declared to have passed or failed.

Recommendation:
Approval of respective motions as indicated.

EMID Board Meeting

Agenda Item: Organization of the Board

Meeting Date: February 16, 2022

Date Prepared: February 10, 2022

Suggested Disposition: Reaffirmation of Board Governance Policies

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Background:

The EMID Board has developed and adopted the following governance policies:

201	Legal Status of the School Board
202	School Board Officers
203	Operation of the Board - Governing Rules
203.1	Consent Agendas
204	Board Meeting Minutes
205	Open Meetings and Closed Meetings
206	Privacy Considerations
207	Public Hearings
208	Development, Adoption, and Implementation of Policies
209	Code of Ethics
210	Conflict of Interest - Board Members
211	Criminal or Civil Action Against District, Board Member, Employee or Student
212	Board Member Development
213	Board Committees
214	Out-of-State Travel by Board Members

Each year at the time of the EMID Board organizational meeting, the Board governance policies will be reaffirmed.

RECOMMENDATION:

It is recommended that the Board reaffirm the EMID Board governance policies.

Equity Alliance MN Board Meeting

Agenda Item: Consent Agenda

Meeting Date: February 10, 2022

Date Prepared: February 16, 2022

Suggested Disposition: Consent Agenda

Contact Person: Sebastian Witherspoon, Executive Director

Background:

A. Annual Organizational Items

It is recommended that the Board handle a number of routine annual organizational items for the district in the single action. Background documents have been included in your packets for some of the items, and the Board is encouraged to review them in advance of the meeting. Many of them will look familiar to you since similar actions were part of your district's organization meeting agenda.

Generally, a motion, a second, and a roll call vote to approve the entire Consent Agenda will be requested.

1. Meeting Minutes – Recommended: "…that Executive Assistant shall keep an accurate record of all minutes on file in the District Office. Minutes must be published in the official newspaper of the district."
2. Official Newspaper – Recommended: "…to designate the *Woodbury Bulletin* as the official newspaper of the district."
3. Bank Depositories – Recommended: "…to designate US Bank Systems St. Paul , as bank depositories for the district."
4. Election Transfers – Recommended: "…to authorize the Fiscal Agent to make electronic transfers pursuant to MN Statute 471.28, §3."
5. Authorization to Invest Funds – Recommended: "…to authorize the Fiscal Agent to invest funds in accordance with MN Statute 475.66."
6. Authorization to Use Current Check Signer Plate – Recommended: "…to authorize continued use of the current check signer plate for salary and accounts payable checks until plates with the new signatures are received."
7. Authorize Payment of Monthly Bills for Utilities and Contracted Services - Recommended: "...to authorize the Executive Director to approve payments within the 45-day time period requirement or the invoice due dates."

B. Set Board Meeting Dates, Times, and Locations for 2022-2023

Enclosed, please find a traditional meeting schedule for 2022-2023 for your review. You will note that no meeting has been scheduled for July, as per past practice, and no meeting has been scheduled for December or March, as per the December 2015 Board decision.

C. *Approval of Minutes*

A copy of the minutes from the regular meeting of November 10, 2021 is enclosed for your review. Board approval is requested.

D. *Monthly Check Register*

A copy of the monthly check registers for December 2021 and January 2022 is enclosed. Administration recommends that the Board approve the payments as itemized.

E. New Hire: Meghan Bridges, Manager of Student Programming

A biography of Meghan Bridges is included. Board approval is requested.

F. Resignations: Tonya Sconiers and Paula O'Loughlin

Tonya Sconiers submitted a letter of resignation on January 24, 2022, effective February 11, 2022. After a conversation with Sebastian, Tonya agreed to stay until March 4, 2022. Board approval is requested.

Paula O'Loughlin submitted a letter of resignation on February 9, 2022 stating that her last day will be March 18, 2022. Board approval is requested.

RECOMMENDATION:

A motion and a second to approve the Consent Agenda will be requested.

FUTURE MEETINGS

February 2022

WHEREAS, the Joint Powers Agreement requires that there shall be an annual organizational meeting of the EMID Board, which shall be held in January of each year to establish a schedule of meetings.

NOW, therefore, be it resolved by the EMID Board of District 6067 that it herewith reaffirms and establishes that following meeting dates for its regular and annual meetings as follows:

The following Regular EMID Board meeting dates for the year 2022 are recommended:

Wednesday	April 20	2022	5:30 p.m.	EA-MN Office
Wednesday	May 18	2022	5:30 p.m.	EA-MN Office
Wednesday	June 15	2022	5:30 p.m.	EA-MN Office
Wednesday	August 17	2022	5:30 p.m.	EA-MN Office
Wednesday	September 21	2022	5:30 p.m.	EA-MN Office
Wednesday	October 19	2022	5:30 p.m.	EA-MN Office
Wednesday	November 16	2022	5:30 p.m.	EA-MN Office

The following Annual 2023 Joint Powers meeting date is recommended:

Wednesday	January 19	2023	5:30 p.m.	EA-MN Office

EMID Board Regular Meeting Minutes
November 10, 2021
Board Meeting
5:30 p.m.

Call To Order .

Meeting called to order by Michael Boguszewski, Board Chair, at 5:39 p.m.

Roll Call

Attendance:	**Board Representative**
SSD 006: South St. Paul	Linda Diaz
ISD 199: Inver Grove Heights	Mary Frances Clardy
ISD 623: Roseville	Michael Boguszewski - Chair
ISD 624: White Bear Lake	Jessica Ellison
ISD 831: Forest Lake	Rob Raphael (absent)

Staff:

Sebastian Witherspoon, Executive Director; Camila Somers, Project Manager (Consultant); Paula O'Loughlin, Director of Partnerships and Professional Learning.

GUESTS:

Kathy Miller, Business Manager for Equity Alliance MN

Approval of the Agenda

Jessica Ellison (ISD 624) made a motion to approve the agenda as amended. Mary Frances Clardy (ISD 199) seconded the motion. After a roll call vote, the motion to approve the agenda carried with all members present voting in the affirmative.

Open Forum

There was no one who signed up to speak.

Consent Agenda

Jessica Ellison (ISD 624) made the motion to approve consent agenda Linda Diaz (SSD 006) second the motion. The motion to approve the Consent Agenda carried with all members present voting in the affirmative.

Focus Area #1 – Professional Development

I. **Professional Development**
Sebastian provided an update on the professional development being led by Paula. This is one of our busiest times for professional development and one of our biggest requests from our current contracts. We are currently in the data review process for this review.

Focus Area #2 – Lead regional dialogue, advocacy, and action for equitable education systems and outcomes:

Focus Area #3 – Strengthen Equity Alliance MN's business model to promote our own fiscal autonomy, sustainability, and growth:

I. Budget Calendar Update

Kathy Miller provided an update on the budget calendar for the incoming year and dates in which the revised budget would be presented as well as the adopted budget.

COMMITTEE REPORTS
There were no committee reports.

BOARD FORUM

ADJOURNMENT
Mike Boguszewski adjourned the meeting at 6:53 p.m.

______________________________ ______________

EMID Board Clerk Date

EQUITY ALLIANCE MN		EXPENDITURES BY PROGRAM CODE		January 31, 2022		THIS REPORT SHOWS EXPENDITURE HISTORY AND CURRENT YEAR ACTIVITY BY COURSE CODE
						REVISED
						January 31, 2022
COURSE CODE	DESCRIPTION	Adopted Budget FY21	Revised Budget FY21	Expense YTD	Budget Remaining	% of Budget Expended
	GENERAL & FUND BALANCE EXPENSES					
000	DISTRICT-WIDE	595,915	616,809	382,272	234,537	61.98%
200	AVID	192,782	161,045	80,628	80,417	50.07%
300	OUTSIDE GRANTS	-	-	-	-	0.00%
400	K CAMP	100	4,529	4,400	129	97.15%
500	AFTER SCHOOL/YEB	37,925	44,899	7,877	37,022	17.54%
600	CLASSROOM PARTNERSHIPS	22,301	28,415	136,520	(108,105)	480.45%
650	PROFESSIONAL DEVELOPMENT	406,943	294,306	31,839	262,467	10.82%
	SUBTOTAL - REPORT BY COURSE	**1,255,966**	**1,150,003**	**643,535**	**506,468**	**51.2%**
999	FLOW THRU BILLINGS TO DISTRICTS	25,000	50,000	27,495	22,505	54.99%
	GRAND TOTAL	**1,280,966**	**1,200,003**	**671,029**	**528,974**	**52.4%**

CHECK TOTALS!	**GOOD**	**GOOD**	**GOOD**

EQUITY ALLIANCE MN		REVENUE SUMMARY			January 31, 2022	
	DESCRIPTION	**June 30, 2020**	**Adopted Budget FY21**	**Revised Budget FY21**	**Revenue FY22 YTD**	**Budget Remaining**
000/021	MEMBER DISTRICT COMMITMENTS	420,880	332,560	294,950	323,430	9,130
000/099	GRANT PROCEEDS	183,216	80,000	4,167	4,167	75,833
000/092	INTEREST INCOME	27,750	1,000	200	112	888
586/021	ADD'L MEMBER FEE - STUDENT	3,500				-
586/022	NON-MEMBER FEE - STUDENT	104,302	55,050	94,500	7,500	47,550
640/021	ADD'L MEMBER FEE - PROF DVLPMT	1,800	-	-	-	-
640/022	NON-MEMBER FEE - PROF DVLPMT	113,483	262,829	471,166	171,129	91,700
211	STATE AID			3,564	1,732	(1,732)
	SUBTOTAL *(Excluding Flow-Thru)*	854,931	**731,439**	**868,547**	508,070	223,369
						-
999/021	FLOW THRU BILLING TO DISTRICTS	24,736	25,000	50,000	32,962	(7,962)
	GRAND TOTAL	**879,667**	**756,439**	**918,547**	**541,032**	**215,407**
	EXPENSES *(Excluding Flow-Thru)*	**1,439,036**	**1,255,966**	**1,150,003**		
	FUND BALANCE USAGE *(Excluding Flow-Thru)*	**559,369**	**524,527**	**281,456**		

	EQUITY ALLIANCE MN	REVENUE & EXPENDITURE SUMMARY BY SOURCE, OBJECT SERIES & PROGRAM SERIES	January 31, 2022

REVENUE

January 31, 2022

REVENUE CATEGORIES	Adopted Budget	Revised Budget	Received YTD	Budget Remaining	% of Budget Received
STATE	-	3,564	1,443	2,121	40.5%
FROM MN SCHOOLS (MEMBER & NON)	462,075	860,416	494,559	365,857	57.5%
GRANTS & FLOW THRU	248,948	54,567	37,228	17,339	68.2%
TOTALS	711,023	918,547	533,230	385,317	58.1%

EXPENDITURES BY OBJECT

January 31, 2022

EXPENDITURES BY OBJECT	Adopted Budget	Revised Budget	Expended YTD	Budget Remaining	% of Budget Expended
SALARIES & WAGES	665,342	553,200	338,755	214,445	61.2%
EMPLOYEE BENEFITS	200,655	141,459	87,940	53,519	62.2%
PURCHASED SERVICES	319,826	411,112	211,912	199,200	51.5%
SUPPLIES	60,985	62,919	18,738	44,181	29.8%
EQUIPMENT	10,195	7,350	6,750	600	91.8%
OTHER EXPENDITURES	23,963	23,963	6,935	17,028	28.9%
TOTALS	1,280,966	1,200,003	671,029	528,974	55.9%

EXPENDITURES BY PROGRAM

January 31, 2022

PROGRAM SERIES	Adopted Budget	Revised Budget	Expended YTD	Budget Remaining	% of Budget Expended
DISTRICT ADMINISTRATION	537,380	558,274	350,651	207,623	62.8%
SUPPORT SERVICES	44,909	44,909	27,920	16,989	62.2%
AFTER SCHOOL PROGRAMS	76,658	89,863	34,518	55,345	38.4%
INSTRUCTIONAL SUPPORT	597,019	456,957	230,445	226,512	50.4%
PUPIL SUPPORT SERVICES	25,000	50,000	27,495	22,505	55.0%
TOTALS	**1,280,966**	**1,200,003**	**671,029**	**528,974**	**55.9%**

Equity Alliance MN

Cash Flow Projection FY22

As of January 31, 2022

	Estimated Receipts By Category				School Disbursements				
	FY 21-22 Member CY	FY 20-21 Prior Yr	Other Receipts	Total Revenues	Payroll Disbursements	Building Lease Disbursements	Acct Payable Disbursements	Total Disbursements	Estimated Accumulative Cash Balance
									$ 902,029
Jul 1-31	28,480	19,774	21	**48,275**	33,367	13,425	81,523	**128,315**	**821,989**
Aug 1-31	6,406		19	**6,425**	31,028	6,713	61,007	**98,747**	**729,667**
Sep 1-30	90,508		177	**90,684**	23,297	6,713	49,254	**79,264**	**741,087**
Oct 1-31	46,510		10,633	**57,143**	16,634	6,713	44,070	**67,417**	**730,813**
Nov 1-30			932	**932**	16,773	6,713	47,582	**71,067**	**660,679**
Dec 1-31			123,734	**123,734**	22,421	6,713	84,236	**113,369**	**671,044**
Jan 1-31	60,310		289	**60,599**	23,677	6,713	70,294	**100,683**	**630,960**
Feb 1-29				-				-	
Mar 1-31				-				-	
Apr 1-30				-				-	
May 1-31				-				-	
Jun 1-30				-				-	
Total Estimate	232,214	19,774	135,805	**387,793**	**167,196**	**53,700**	**437,966**	**658,861**	

Equity Alliance MN Board Treasurer **Date**

EQUITY ALLIANCE MN
Budget Overview
Revised Budget Summary 2021-22

General Fund - 01	July 1, 2021	Revenues	Expenditures	June 30, 2022 Proj. Balance	Net Increase or Decrease
Unassigned - 422	406,193	918,547	1,200,003	124,737	(281,456)
Nonspendable					
Prepaids	6,903	-	-	6,903	-
Assigned Funds					
Assigned - Next Year Deficit Spend	524,527	-	-	524,527	-
Total General Fund	**937,623**	**918,547**	**1,200,003**	**656,167**	**(281,456)**
Total All Funds:	**937,623**	**918,547**	**1,200,003**	**656,167**	**(281,456)**

CHE TYP	CHECK NUMBER	CHECK DATE	VENDOR	AMOUNT	FD	INVOICE DESCRIPTION
R	76141	11/18/2021	COMPUTER INTEGRATION	255.00	01	Managed Back Up - November 2021
R	76141	11/18/2021	COMPUTER INTEGRATION	1,075.00	01	Managed Services Premium - November 2021
R	76142	11/18/2021	METRO SALES INC	367.20	01	COPIER RENTAL 9/11/2021 - 10/10/2021
R	76143	11/18/2021	OLSON, CLAIRE	1,320.00	01	CONSULTING FROM 10/20/2021-11/18/2021
R	76144	11/18/2021	6043 HUDSON ROAD LLC	6,712.50	01	RENT #218 - DECEMBER 2021
R	76144	11/18/2021	6043 HUDSON ROAD LLC	329.18	01	REKEY LOCKS AND FEE
R	76145	11/18/2021	COMCAST	247.25	01	INTERNET BILLING THROUGH 11/24/2021 - ACCOUNT NUMBER 8772 10 577 0781959
R	76146	11/18/2021	COMCAST BUSINESS	245.60	01	INTERNET AND TELEPHONE THOUGH 10/31/2021
R	76147	11/18/2021	COMPUTER INTEGRATION	255.00	01	Managed Back Up - December 2021
R	76148	11/18/2021	CST MN - BIN # 17006	2,608.88	01	TRANSPORATION SERVICES FOR OCTOBER 2021 (YEB)
R	76149	11/18/2021	HERMIDA, ALEXANDER	394.40	01	MOORHEAD TRAVEL
R	76150	11/18/2021	MALLOY, MONTAGUE, KA	2,500.00	01	2020-21 AUDIT SERVICES
R	76151	11/18/2021	METRO SALES INC	367.20	01	COPIER RENTAL 10/11/2021 - 11/10/2021
R	76152	11/18/2021	O'LOUGHLIN, PAULA	364.80	01	YEB FOOD, MASBO AND WBLAS RETREAT REIMBURSEMENT
R	76153	11/18/2021	PACIFIC LIFE INSURAN	335.00	01	403(B) CONTRIBUTION FOR SEBASTIAN WITHERSPOON VW200006221
R	76154	11/18/2021	PREMIUM WATERS	41.99	01	WATER ACCOUNT 531316
R	76155	11/18/2021	SCONIERS, TONYA	284.48	01	MOORHEAD TRAVEL
R	76156	12/07/2021	INTERPRETING 4 ALL,	1,000.00	01	TRANSLATING SURVEYS
R	76157	12/21/2021	6043 HUDSON ROAD LLC	6,712.50	01	LEASE PAYMENT SUITE 218 - JANUARY 2022
R	76158	12/21/2021	CENTERLINE CHARTER C	17,465.00	01	TRANSPORTATION
R	76159	12/21/2021	CST MN - BIN # 17006	3,889.19	01	TRANSPORTATION
R	76160	12/21/2021	HERMIDA, ALEXANDER	506.48	01	RENTAL CAR REIMBURSMENT (MAINE)
R	76160	12/21/2021	HERMIDA, ALEXANDER	224.94	01	MACBOOK KEYBOARD AND MOUSE
R	76161	12/21/2021	HOLSTINE, KELLY	500.00	01	SEED KEYNOTE SPEAKER W/ Q & A
R	76162	12/21/2021	METRO SALES INC	367.20	01	COPIER LEASE
R	76163	12/21/2021	O'LOUGHLIN, PAULA	49.22	01	PARKING, MILEAGE AND FOOD
R	76163	12/21/2021	O'LOUGHLIN, PAULA	506.97	01	PARKING, MILEAGE AND FOOD
R	76164	12/21/2021	OLSON, CLAIRE	1,188.00	01	CONSULTING SERVICES 11/18/2021-12/14/2021
R	76165	12/21/2021	PACIFIC LIFE INSURAN	335.00	01	SEBASTIAN WITHERSPOON 403(B) VM20006221
R	76166	12/21/2021	PREMIUM WATERS	66.49	01	OFFICE DRINKING WATER
R	76167	12/21/2021	SCONIERS, TONYA	11.42	01	OFFICE SUPPLIES
R	76168	12/21/2021	SOMERS, CAMILA	6,000.00	01	CONSULTING SERVICES 10/18/2021-11/26/2021
R	76169	12/21/2021	WILLIAMS, DR. JULIA	6,233.00	01	CONSULTING - EQUITY REVIEW
R	76170	12/21/2021	WITHERSPOON, SEBASTI	881.88	01	MILEAGE AUGUST-DECEMBER 2021
R	76173	01/04/2022	ANDERSON, ISABELLA	1,237.50	01	CONSULTING SERVICE
R	76174	01/04/2022	BALOW, DR. CHRISTOPH	7,050.00	01	CONSULTING SERVICE
R	76175	01/04/2022	RUPP, ANDERSON, SQUI	27,981.61	01	LEGAL FEES
R	76176	01/04/2022	STAPLES BUSINESS CRE	35.61	01	PAPER
R	76177	01/19/2022	6043 HUDSON ROAD LLC	6,712.50	01	FEBRUARY 2022 RENT
R	76178	01/19/2022	ABDI, AHMED	450.00	01	SURVEY TRANSLATION
R	76179	01/19/2022	COMCAST	743.74	01	INTERNET AND ANALOG
R	76180	01/19/2022	COMCAST BUSINESS	491.20	01	VOICE EDGE
R	76181	01/19/2022	CST MN - BIN # 17006	3,531.74	01	DECEMBER 2021 YEB TRANSPORTATION
R	76182	01/19/2022	METRO SALES INC	367.20	01	VOICE EDGE
R	76183	01/19/2022	MN SECRETARY OF STAT	35.00	01	NAME CHANGE
R	76184	01/19/2022	PACIFIC LIFE INSURAN	335.00	01	SEBASTIAN WITHERSPOON - VM20006221
R	76185	01/27/2022	THE CREATIVE GROUP L	1,500.00	01	VIDEO PRODUCTION - FINAL PAYMENT
R	76186	02/04/2022	MALLOY, MONTAGUE, KA	6,204.00	01	AUDIT SERVICES FY 20-21
R	76187	02/04/2022	MN ASSOC SCHOOL ADM	860.00	01	ANNUAL MEMBERSHIP DUES - SEBASTIAN WITHERSPOON
W	202100121	11/15/2021	COMMISSIONER OF REVE	576.02	01	Payroll accrual
W	202100121	11/15/2021	COMMISSIONER OF REVE	350.00	01	Payroll accrual
W	202100122	11/15/2021	FIRST BANK OF WHITE	700.00	01	Payroll accrual
W	202100122	11/15/2021	FIRST BANK OF WHITE	1,325.64	01	Payroll accrual
W	202100122	11/15/2021	FIRST BANK OF WHITE	1,048.95	01	Payroll accrual

CHE TYP	CHECK NUMBER	CHECK DATE	VENDOR	AMOUNT	FD	INVOICE DESCRIPTION
W	202100122	11/15/2021	FIRST BANK OF WHITE	245.32	01	Payroll accrual
W	202100122	11/15/2021	FIRST BANK OF WHITE	1,048.95	01	Payroll accrual
W	202100122	11/15/2021	FIRST BANK OF WHITE	245.32	01	Payroll accrual
W	202100123	11/15/2021	PUBLIC EMPLOYEES RET	348.63	01	Payroll accrual
W	202100123	11/15/2021	PUBLIC EMPLOYEES RET	402.26	01	Payroll accrual
W	202100124	11/15/2021	TEACHERS RETIREMENT	925.04	01	Payroll accrual
W	202100124	11/15/2021	TEACHERS RETIREMENT	1,028.64	01	Payroll accrual
W	202100125	11/15/2021	ECONOMIC SERVICES, I	1,083.33	01	Payroll accrual
W	202100126	11/15/2021	AMERIPRISE FINANCIAL	2,383.33	01	Payroll accrual
W	202100127	11/15/2021	MN STATE RETIREMENT	329.00	01	Payroll accrual
W	202100127	11/15/2021	MN STATE RETIREMENT	53.75	01	Payroll accrual
W	202100127	11/15/2021	MN STATE RETIREMENT	53.75	01	Payroll accrual
W	202100128	11/15/2021	ADMINISTRATION RESOU	259.59	01	Payroll accrual
W	202100129	11/15/2021	BLUE CROSS BLUE SHEI	213.72	01	Payroll accrual
W	202100129	11/15/2021	BLUE CROSS BLUE SHEI	1,424.42	01	Payroll accrual
W	202100131	11/15/2021	PRINCIPAL FINANCIAL	3.45	01	Payroll accrual
W	202100131	11/15/2021	PRINCIPAL FINANCIAL	3.33	01	Payroll accrual
W	202100131	11/15/2021	PRINCIPAL FINANCIAL	17.37	01	Payroll accrual
W	202100131	11/15/2021	PRINCIPAL FINANCIAL	53.42	01	Payroll accrual
W	202100132	11/15/2021	AVESIS	3.72	01	Payroll accrual
W	202100133	11/18/2021	US BANK ELECTRONIC T	113.55	01	ANALYSIS FEE - NOV 2021
W	202100135	11/30/2021	COMMISSIONER OF REVE	576.02	01	Payroll accrual
W	202100135	11/30/2021	COMMISSIONER OF REVE	350.00	01	Payroll accrual
W	202100136	11/30/2021	FIRST BANK OF WHITE	700.00	01	Payroll accrual
W	202100136	11/30/2021	FIRST BANK OF WHITE	1,325.64	01	Payroll accrual
W	202100136	11/30/2021	FIRST BANK OF WHITE	1,123.10	01	Payroll accrual
W	202100136	11/30/2021	FIRST BANK OF WHITE	262.66	01	Payroll accrual
W	202100136	11/30/2021	FIRST BANK OF WHITE	1,123.10	01	Payroll accrual
W	202100136	11/30/2021	FIRST BANK OF WHITE	262.66	01	Payroll accrual
W	202100137	11/30/2021	PUBLIC EMPLOYEES RET	348.63	01	Payroll accrual
W	202100137	11/30/2021	PUBLIC EMPLOYEES RET	402.26	01	Payroll accrual
W	202100138	11/30/2021	TEACHERS RETIREMENT	925.04	01	Payroll accrual
W	202100138	11/30/2021	TEACHERS RETIREMENT	1,028.64	01	Payroll accrual
W	202100139	11/30/2021	ECONOMIC SERVICES, I	1,083.33	01	Payroll accrual
W	202100140	11/30/2021	AMERIPRISE FINANCIAL	2,383.33	01	Payroll accrual
W	202100141	11/30/2021	MN STATE RETIREMENT	329.00	01	Payroll accrual
W	202100141	11/30/2021	MN STATE RETIREMENT	53.75	01	Payroll accrual
W	202100141	11/30/2021	MN STATE RETIREMENT	53.75	01	Payroll accrual
W	202100142	11/30/2021	ADMINISTRATION RESOU	194.81	01	Payroll accrual
W	202100143	11/30/2021	BLUE CROSS BLUE SHEI	213.70	01	Payroll accrual
W	202100143	11/30/2021	BLUE CROSS BLUE SHEI	1,424.42	01	Payroll accrual
W	202100145	11/30/2021	PRINCIPAL FINANCIAL	3.45	01	Payroll accrual
W	202100145	11/30/2021	PRINCIPAL FINANCIAL	3.33	01	Payroll accrual
W	202100145	11/30/2021	PRINCIPAL FINANCIAL	17.37	01	Payroll accrual
W	202100145	11/30/2021	PRINCIPAL FINANCIAL	21.90	01	Payroll accrual
W	202100146	11/30/2021	AVESIS	3.72	01	Payroll accrual
W	202100147	12/15/2021	COMMISSIONER OF REVE	576.02	01	Payroll accrual
W	202100147	12/15/2021	COMMISSIONER OF REVE	350.00	01	Payroll accrual
W	202100148	12/15/2021	FIRST BANK OF WHITE	700.00	01	Payroll accrual
W	202100148	12/15/2021	FIRST BANK OF WHITE	1,325.64	01	Payroll accrual
W	202100148	12/15/2021	FIRST BANK OF WHITE	1,296.95	01	Payroll accrual
W	202100148	12/15/2021	FIRST BANK OF WHITE	303.32	01	Payroll accrual
W	202100148	12/15/2021	FIRST BANK OF WHITE	1,296.95	01	Payroll accrual
W	202100148	12/15/2021	FIRST BANK OF WHITE	303.32	01	Payroll accrual
W	202100149	12/15/2021	PUBLIC EMPLOYEES RET	348.63	01	Payroll accrual
W	202100149	12/15/2021	PUBLIC EMPLOYEES RET	402.26	01	Payroll accrual

CHE TYP	CHECK NUMBER	CHECK DATE	VENDOR	AMOUNT	FD	INVOICE DESCRIPTION
W	202100150	12/15/2021	TEACHERS RETIREMENT	925.04	01	Payroll accrual
W	202100150	12/15/2021	TEACHERS RETIREMENT	1,028.64	01	Payroll accrual
W	202100151	12/15/2021	ECONOMIC SERVICES, I	1,083.33	01	Payroll accrual
W	202100152	12/15/2021	AMERIPRISE FINANCIAL	2,383.33	01	Payroll accrual
W	202100153	12/15/2021	MN STATE RETIREMENT	329.00	01	Payroll accrual
W	202100153	12/15/2021	MN STATE RETIREMENT	53.75	01	Payroll accrual
W	202100153	12/15/2021	MN STATE RETIREMENT	53.75	01	Payroll accrual
W	202100155	12/15/2021	BLUE CROSS BLUE SHEI	213.72	01	Payroll accrual
W	202100155	12/15/2021	BLUE CROSS BLUE SHEI	1,424.42	01	Payroll accrual
W	202100157	12/15/2021	PRINCIPAL FINANCIAL	3.45	01	Payroll accrual
W	202100157	12/15/2021	PRINCIPAL FINANCIAL	3.33	01	Payroll accrual
W	202100157	12/15/2021	PRINCIPAL FINANCIAL	48.89	01	Payroll accrual
W	202100157	12/15/2021	PRINCIPAL FINANCIAL	21.90	01	Payroll accrual
W	202100158	12/15/2021	AVESIS	7.44	01	Payroll accrual
W	202100159	12/21/2021	US BANK ELECTRONIC T	136.99	01	ANALYSIS FEE
W	202100160	12/31/2021	COMMISSIONER OF REVE	724.63	01	Payroll accrual
W	202100160	12/31/2021	COMMISSIONER OF REVE	350.00	01	Payroll accrual
W	202100161	12/31/2021	FIRST BANK OF WHITE	700.00	01	Payroll accrual
W	202100161	12/31/2021	FIRST BANK OF WHITE	1,661.04	01	Payroll accrual
W	202100161	12/31/2021	FIRST BANK OF WHITE	1,297.87	01	Payroll accrual
W	202100161	12/31/2021	FIRST BANK OF WHITE	303.53	01	Payroll accrual
W	202100161	12/31/2021	FIRST BANK OF WHITE	1,297.87	01	Payroll accrual
W	202100161	12/31/2021	FIRST BANK OF WHITE	303.53	01	Payroll accrual
W	202100162	12/31/2021	PUBLIC EMPLOYEES RET	513.64	01	Payroll accrual
W	202100162	12/31/2021	PUBLIC EMPLOYEES RET	592.66	01	Payroll accrual
W	202100163	12/31/2021	TEACHERS RETIREMENT	925.04	01	Payroll accrual
W	202100163	12/31/2021	TEACHERS RETIREMENT	1,028.64	01	Payroll accrual
W	202100164	12/31/2021	ECONOMIC SERVICES, I	1,083.39	01	Payroll accrual
W	202100165	12/31/2021	AMERIPRISE FINANCIAL	2,383.37	01	Payroll accrual
W	202100166	12/31/2021	MN STATE RETIREMENT	329.00	01	Payroll accrual
W	202100166	12/31/2021	MN STATE RETIREMENT	53.75	01	Payroll accrual
W	202100166	12/31/2021	MN STATE RETIREMENT	53.75	01	Payroll accrual
W	202100167	12/31/2021	ADMINISTRATION RESOU	12.53	01	Payroll accrual
W	202100168	12/31/2021	BLUE CROSS BLUE SHEI	213.70	01	Payroll accrual
W	202100168	12/31/2021	BLUE CROSS BLUE SHEI	1,424.42	01	Payroll accrual
W	202100169	12/31/2021	DELTA DENTAL OF MINN	29.60	01	Payroll accrual
W	202100170	12/31/2021	PRINCIPAL FINANCIAL	3.45	01	Payroll accrual
W	202100170	12/31/2021	PRINCIPAL FINANCIAL	3.33	01	Payroll accrual
W	202100170	12/31/2021	PRINCIPAL FINANCIAL	17.37	01	Payroll accrual
W	202100170	12/31/2021	PRINCIPAL FINANCIAL	21.90	01	Payroll accrual
W	202100171	12/31/2021	AVESIS	7.44	01	Payroll accrual
W	202100172	11/30/2021	VISA	61.35	01	OFFICE SUPPLIES
W	202100173	11/30/2021	VISA	445.08	01	YEB FOOD
W	202100174	11/30/2021	VISA	198.00	01	IDI RENEWAL
W	202100175	11/30/2021	VISA	981.42	01	ONLINE MEMBERSHIPS
W	202100176	11/30/2021	VISA	6,450.58	01	TRAVEL
W	202100177	12/31/2021	VISA	80.00	01	BOARD FOOD
W	202100178	12/31/2021	VISA	6,749.95	01	COMPUTER
W	202100179	12/31/2021	VISA	28.94	01	YEB FOOD
W	202100180	12/31/2021	VISA	245.68	01	ONLINE MEMBERSHIPS
W	202100181	12/31/2021	VISA	1,985.87	01	TRAVEL
W	202100182	12/31/2021	QUALTRICS, LLC	6,000.00	01	ONLINE MEMBERSHIP- SOFTWARE
W	202100183	01/14/2022	COMMISSIONER OF REVE	824.99	01	Payroll accrual
W	202100183	01/14/2022	COMMISSIONER OF REVE	340.00	01	Payroll accrual
W	202100184	01/14/2022	FIRST BANK OF WHITE	770.00	01	Payroll accrual
W	202100184	01/14/2022	FIRST BANK OF WHITE	1,876.01	01	Payroll accrual

CHE TYP	CHECK NUMBER	CHECK DATE	VENDOR	AMOUNT	FD	INVOICE DESCRIPTION
W	202100184	01/14/2022	FIRST BANK OF WHITE	1,195.86	01	Payroll accrual
W	202100184	01/14/2022	FIRST BANK OF WHITE	279.68	01	Payroll accrual
W	202100184	01/14/2022	FIRST BANK OF WHITE	1,195.86	01	Payroll accrual
W	202100184	01/14/2022	FIRST BANK OF WHITE	279.68	01	Payroll accrual
W	202100185	01/14/2022	PUBLIC EMPLOYEES RET	497.59	01	Payroll accrual
W	202100185	01/14/2022	PUBLIC EMPLOYEES RET	574.14	01	Payroll accrual
W	202100186	01/14/2022	TEACHERS RETIREMENT	925.04	01	Payroll accrual
W	202100186	01/14/2022	TEACHERS RETIREMENT	1,028.64	01	Payroll accrual
W	202100187	01/14/2022	ECONOMIC SERVICES, I	1,125.00	01	Payroll accrual
W	202100188	01/14/2022	MN STATE RETIREMENT	329.00	01	Payroll accrual
W	202100188	01/14/2022	MN STATE RETIREMENT	53.75	01	Payroll accrual
W	202100188	01/14/2022	MN STATE RETIREMENT	53.75	01	Payroll accrual
W	202100190	01/14/2022	BLUE CROSS BLUE SHEI	213.70	01	Payroll accrual
W	202100190	01/14/2022	BLUE CROSS BLUE SHEI	1,643.94	01	Payroll accrual
W	202100191	01/14/2022	DELTA DENTAL OF MINN	4.66	01	Payroll accrual
W	202100191	01/14/2022	DELTA DENTAL OF MINN	44.46	01	Payroll accrual
W	202100192	01/14/2022	PRINCIPAL FINANCIAL	3.45	01	Payroll accrual
W	202100192	01/14/2022	PRINCIPAL FINANCIAL	4.07	01	Payroll accrual
W	202100192	01/14/2022	PRINCIPAL FINANCIAL	20.08	01	Payroll accrual
W	202100192	01/14/2022	PRINCIPAL FINANCIAL	25.80	01	Payroll accrual
W	202100193	01/14/2022	AVESIS	7.44	01	Payroll accrual
W	202100194	01/31/2022	COMMISSIONER OF REVE	824.99	01	Payroll accrual
W	202100194	01/31/2022	COMMISSIONER OF REVE	340.00	01	Payroll accrual
W	202100195	01/31/2022	FIRST BANK OF WHITE	770.00	01	Payroll accrual
W	202100195	01/31/2022	FIRST BANK OF WHITE	1,876.01	01	Payroll accrual
W	202100195	01/31/2022	FIRST BANK OF WHITE	1,260.71	01	Payroll accrual
W	202100195	01/31/2022	FIRST BANK OF WHITE	294.84	01	Payroll accrual
W	202100195	01/31/2022	FIRST BANK OF WHITE	1,260.71	01	Payroll accrual
W	202100195	01/31/2022	FIRST BANK OF WHITE	294.84	01	Payroll accrual
W	202100196	01/31/2022	PUBLIC EMPLOYEES RET	497.59	01	Payroll accrual
W	202100196	01/31/2022	PUBLIC EMPLOYEES RET	574.14	01	Payroll accrual
W	202100197	01/31/2022	TEACHERS RETIREMENT	925.04	01	Payroll accrual
W	202100197	01/31/2022	TEACHERS RETIREMENT	1,028.64	01	Payroll accrual
W	202100198	01/31/2022	ECONOMIC SERVICES, I	1,125.00	01	Payroll accrual
W	202100199	01/31/2022	MN STATE RETIREMENT	329.00	01	Payroll accrual
W	202100199	01/31/2022	MN STATE RETIREMENT	53.75	01	Payroll accrual
W	202100199	01/31/2022	MN STATE RETIREMENT	53.75	01	Payroll accrual
W	202100200	01/31/2022	ADMINISTRATION RESOU	29.50	01	Payroll accrual
W	202100201	01/31/2022	BLUE CROSS BLUE SHEI	213.70	01	Payroll accrual
W	202100201	01/31/2022	BLUE CROSS BLUE SHEI	1,204.92	01	Payroll accrual
W	202100202	01/31/2022	DELTA DENTAL OF MINN	4.66	01	Payroll accrual
W	202100202	01/31/2022	DELTA DENTAL OF MINN	56.87	01	Payroll accrual
W	202100203	01/31/2022	PRINCIPAL FINANCIAL	3.45	01	Payroll accrual
W	202100203	01/31/2022	PRINCIPAL FINANCIAL	4.07	01	Payroll accrual
W	202100203	01/31/2022	PRINCIPAL FINANCIAL	20.08	01	Payroll accrual
W	202100203	01/31/2022	PRINCIPAL FINANCIAL	37.02	01	Payroll accrual
W	202100204	01/31/2022	AVESIS	7.44	01	Payroll accrual
W	202100205	01/27/2022	US BANK ELECTRONIC T	127.65	01	ACCOUNT ANALYSIS FE
			Totals for checks	229,347.33		

F U N D   S U M M A R Y

FUND	DESCRIPTION	BALANCE SHEET	REVENUE	EXPENSE	TOTAL
01	GENERAL FUND USED FOR PA	85,571.40	0.00	143,775.93	229,347.33
*** Fund Summary Totals ***		85,571.40	0.00	143,775.93	229,347.33

**************************** End of report ****************************

Meghan is the Manager of Student Programming at Equity Alliance MN. She will be leading student programming at Equity Alliance, as well as supporting the growth and development of our partner, Story Ark. Meghan brings a decade of experience in the field of education. She started her career in education as a classroom teacher, and quickly developed a passion for developing and redefining school systems to better serve students, serving on the School Board, leading the Literacy Team, and co-creating and developing the school Trauma-Informed Care Team.

Growing up in Greater Minnesota, Meghan developed a passion for learning at a young age and saw how education can transform lives. She attended Bethel University and completed her Bachelor's in Psychology to better understand human behavior, and earned her Master's Degree in Teaching at Hamline University, focusing on professional development on Trauma-Informed Care for educators. Her passion for learning has supported her work as an educator, focusing on creating and sustaining classroom environments and curriculum that are safe, supportive, and encourage the individual growth and development of each and every student. In her free time, Meghan enjoys cooking, staying active, exploring the outdoors, reading, spending time with her adorable dog Lola, and relaxing at home.

EQUITY ALLIANCE MN BOARD MEETING

AGENDA ITEM: Programs and Services Update

MEETING DATE: FEBRUARY 10, 2022

DATE PREPARED: FEBRUARY 16, 2022

SUGGESTED DISPOSITION: FOCUS AREA # 1 I. PROGRAMS AND SERVICES UPDATE

CONTACT PERSON: SEBASTIAN WITHERSPOON

BACKGROUND:

Member Superintendents Meeting

- Sebastian Witherspoon, Kathy Miller, and Claire Olson convened with our Member District Superintendents on January 25, 2022.

Equity Review Contracts

- Moorhead
- RSU 26
- Fivetowns CSD/MSAD 28
- Cornerstone Montessori
- Upper Mississippi Academy
- St Anthony-New Brighton
- Great River Academy

Equity Action Planning

- RSU 28

Professional Development

- MN Connections Academy - L2L Series
- Benton-Stearns Education District - L2L Series
- St. Anthony-New Brighton Public Schools - L2L Series with Board
- Shakopee Public Schools - L2L Series with Administrators
- Shakopee Public Schools - Customized PD with TLE
- Forest Lake Area Schools - Customized PD with Administrators
- Forest Lake Area Schools - Customized PD with Equity Team
- Forest Lake Area Schools - L2L Series with Forest Lake Elementary Staff
- Northfield School District - Customized Monthly PLCs
- Northland Learning Center - Professional Development, Coaching, IDIs, DiSC, ICS

RECOMMENDATION:

As an item of information, this matter is not in need of Board action.

Equity Alliance MN Board Meeting

Agenda Item: ACTION: Receive FY20 Audit Report

Meeting Date: February 16, 2021

Date Prepared: February 3, 2021

Suggested Disposition: Focus Area # 3 I. ACTION: Receive FY21 Audit Report

Contact Person: Jim Eichten (MMKR) & Kathy Miller (SMS)

Background:

The annual audit for the fiscal year ended June 30, 2021 has been completed by the auditing firm of Malloy, Montague, Karnowski, Radosevich & Co. (MMKR). Jim Eichten, Managing Partner with MMKR, will be present at the meeting to review the results with the EMID Board. Mr. Eichten will highlight the following reports and answer questions:

- Executive Audit Summary, June 30, 2021
- Comprehensive Financial Statements and Supplemental Information for Fiscal Year Ending June 30, 2021

The district ended the year with a total combined general fund balance of $1,137,883. This is a decrease of $426,152 from June 30, 2019. Expenses were $15,597 over budget and revenues were $132,757 over budget.

This year-end balance is $199,553 higher than the projected. The fund balance estimate will continue to increase with the continued new revenue and programming. The next projection will be included in the April revised financial report.

RECOMMENDATION:

A motion and a second to accept the EMID audit report for fiscal year-end 6/30/2021 as prepared by Malloy, Montague, Karnowski, Radosevich & Co., P.A. are needed.

Management Report

for

East Metro Integration District No. 6067
Woodbury, Minnesota

June 30, 2021

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MMKR
CERTIFIED PUBLIC
ACCOUNTANTS

PRINCIPALS
Thomas A. Karnowski, CPA
Paul A. Radosevich, CPA
William J. Lauer, CPA
James H. Eichten, CPA
Aaron J. Nielsen, CPA
Victoria L. Holinka, CPA/CMA
Jaclyn M. Huegel, CPA
Kalen T. Karnowski, CPA

To the School Board and Management of
East Metro Integration District No. 6067
Woodbury, Minnesota

We have prepared this management report in conjunction with our audit of East Metro Integration District No. 6067's (dba Equity Alliance MN) (the District) financial statements for the year ended June 30, 2021. We have organized this report into the following sections:

- Audit Summary
- Financial Trends of Your District
- Legislative Summary
- Accounting and Auditing Updates

We would be pleased to further discuss any of the information contained in this report or any other concerns that you would like us to address. We would also like to express our thanks for the courtesy and assistance extended to us during the course of our audit.

The purpose of this report is solely to provide those charged with governance of the District, management, and those with responsibility for oversight of the District's financial reporting process comments resulting from our audit and information relevant to school district financing in Minnesota. Accordingly, this report is not suitable for any other purpose.

Malloy, Montague, Karnowski, Radosevich & Co., P.A.

Minneapolis, Minnesota
December 9, 2021

Malloy, Montague, Karnowski, Radosevich & Co., P.A.
5353 Wayzata Boulevard • Suite 410 • Minneapolis, MN 55416 • Phone: 952-545-0424 • Fax: 952-545-0569 • www.mmkr.com

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AUDIT SUMMARY

The following is a summary of our audit work, key conclusions, and other information that we consider important or that is required to be communicated to the School Board, administration, or those charged with governance of the District.

OUR RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA AND *GOVERNMENT AUDITING STANDARDS*

We have audited the financial statements of the governmental activities and each major fund of the District as of and for the year ended June 30, 2021. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards,* as well as certain information related to the planned scope and timing of our audit. We have communicated such information to you verbally and in our audit engagement letter. Professional standards also require that we communicate to you the following information related to our audit.

PLANNED SCOPE AND TIMING OF THE AUDIT

We performed our audit according to the planned scope and timing previously discussed and coordinated in order to obtain sufficient audit evidence and complete an effective audit.

AUDIT OPINION AND FINDINGS

Based on our audit of the District's financial statements for the year ended June 30, 2021:

- We have issued an unmodified opinion on the District's basic financial statements.

- We noted two matters involving the District's internal control over financial reporting that we consider to be material weaknesses:

  1. **Segregation of Duties** – Due to the limited size of the District's office staff, there is limited segregation of duties in certain areas. We recommend that the District review and make improvements to its internal control structure on an ongoing basis and attempt to maximize the segregation of duties in all areas within the limits of staff available.

  2. **Preparation of Financial Statements** – The District has our firm prepare its annual financial statements. Organizations of your size often have their annual financial statements prepared by their auditors. Although this may be the most practical and cost-effective method to complete this task, the fact that you do not have the internal resources available to prepare the annual financial statements is considered a deficiency.

- The results of our testing disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards.*

- We reported no findings based on our testing of the District's compliance with Minnesota laws and regulations.

OTHER OBSERVATIONS AND RECOMMENDATIONS

Uniform Guidance Written Controls and Micro-Purchase Threshold

Federal Uniform Guidance requires that nonfederal entities must have and use documented procurement procedures consistent with 2CFR § 200.317-320 for the acquisition of property or services required under a federal award or subaward. Effective August 31, 2020, the federal micro-purchase threshold, which is the threshold that allows for procurements without soliciting competitive price or rate quotations given certain conditions, was increased from $3,500 to $10,000 in the Federal Acquisition Regulations (FAR).

Effective November 12, 2020, the Uniform Guidance was also revised to allow nonfederal entities to establish a micro-purchase threshold higher than the $10,000 threshold established in the FAR under certain circumstances. The nonfederal entity may self-certify a micro-purchase threshold up to $50,000 if the requirements in 2CFR § 200.320(a)(1)(iv) are followed. Requirements include an ***annual*** self-certification and clear documentation of the justification to support the increase in the threshold. Acceptable reasons for justification must meet ***one*** of the following criteria:

- A qualification as a low-risk auditee, in accordance with the criteria in § 200.520 for the most recent audit,
- An annual internal institutional risk assessment to identify, mitigate, and manage financial risks, or,
- A higher threshold consistent with state law.

This flexibility would allow Minnesota local governments to increase and align their federal procurement procedures, specifically the micro-purchase threshold, with state law, which allows for procurements below $25,000 to be made without competitive price or rate quotations.

We recommend that the District review its current federal procurement policy. If the micro-purchase threshold in your currently adopted policy is below the allowable FAR limit of $10,000, you would need to make a one-time amendment to the policy to adopt the $10,000 FAR limit before using it. If you prefer to increase your federal micro-purchase threshold to $25,000 to align it with state law, in addition to amending your federal procurement policy, you would need to annually certify the higher threshold and the justification for using the higher threshold.

SIGNIFICANT ACCOUNTING POLICIES

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 of the notes to basic financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year ended June 30, 2021.

We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

CORRECTED AND UNCORRECTED MISSTATEMENTS

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no misstatements detected as a result of audit procedures that were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

ACCOUNTING ESTIMATES AND MANAGEMENT JUDGMENTS

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

> The District has recorded activity for pension benefits. This obligation is calculated using actuarial methodologies described in Governmental Accounting Standards Board (GASB) Statement No. 68. This actuarial calculation includes significant assumptions, including projected changes, investment returns, retirement ages, proportionate share, and employee turnover.

We evaluated the key factors and assumptions used by management to develop the estimates discussed above in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The disclosures included in the notes to the basic financial statements related to pension benefits are particularly sensitive, due to the materiality of the liabilities, and the large and complex estimates involved in determining the disclosures.

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

DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

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

DISAGREEMENTS WITH MANAGEMENT

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

MANAGEMENT REPRESENTATIONS

We have requested certain representations from management that are included in the management representation letter dated December 9, 2021.

MANAGEMENT CONSULTATIONS WITH OTHER INDEPENDENT ACCOUNTANTS

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

OTHER AUDIT FINDINGS OR ISSUES

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

OTHER MATTERS

We applied certain limited procedures to the management's discussion and analysis (MD&A) and the pension-related required supplementary information (RSI) that supplement the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Uniform Financial Accounting and Reporting Standards (UFARS) Compliance Table, which accompanies the financial statements, but is not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

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

FINANCIAL TRENDS OF YOUR DISTRICT

GENERAL FUND OPERATIONS AND FINANCIAL POSITION

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

	2017	2018	2019	2020	2021
Revenue	$ 1,180,775	$ 1,045,065	$ 1,016,070	$ 879,668	$ 760,693
Expenditures	(1,612,932)	(1,467,011)	(1,448,905)	(1,439,036)	(960,953)
Other financing sources	–	–	–	133,216	–
Net change in fund balances	(432,157)	(421,946)	(432,835)	(426,152)	(200,260)
Fund balances					
Beginning of year	2,850,973	2,418,816	1,996,870	1,564,035	1,137,883
End of year	$ 2,418,816	$ 1,996,870	$ 1,564,035	$ 1,137,883	$ 937,623
Fund balance as a percentage of expenditures	150.0%	136.1%	107.9%	79.1%	97.6%
Cash and temporary investments	$ 2,288,075	$ 1,863,808	$ 1,468,776	$ 977,735	$ 902,029

In fiscal 2021, the District's General Fund expenditures exceeded revenues by $200,260. This compares to a final budget that projected a decline in fund balance of $401,327. As later described in this report, this was largely the result of revenues being over budget by $49,631 and expenditures being under budget by $151,436.

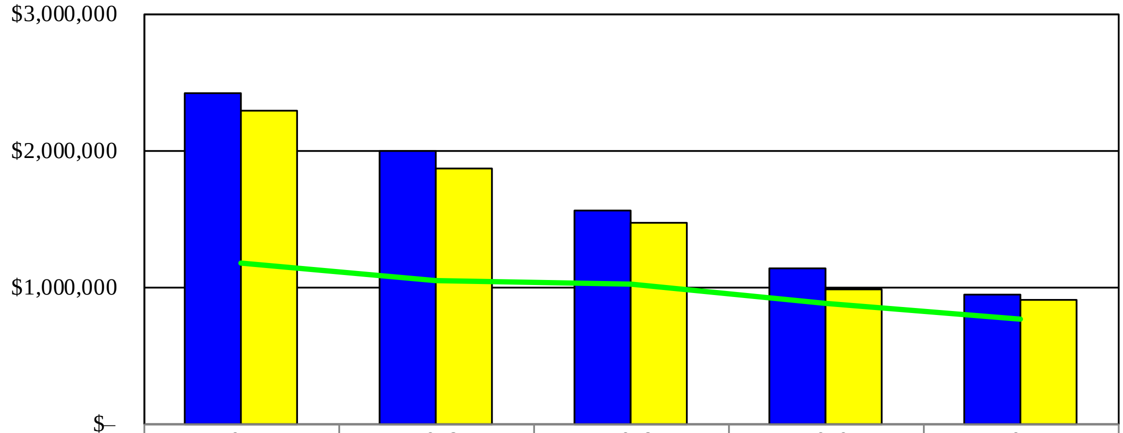
The General Fund balance is currently $937,623, which is equal to 97.6 percent of the fiscal 2021 expenditures.

The District's fund balance policy is to strive to maintain a minimum unassigned General Fund balance of three to six months of operating expenditures. At June 30, 2021, the unassigned fund balance of the General Fund was 42.3 percent of fiscal 2021 expenditures, or 5.1 months of operating expenditures.

GENERAL FUND FINANCIAL POSITION

The following graph displays the District's General Fund trends of financial position and changes in the volume of financial activity. Fund balance and cash balance are typically used as indicators of financial health or equity, while annual revenue is often used to measure the size of the operation.

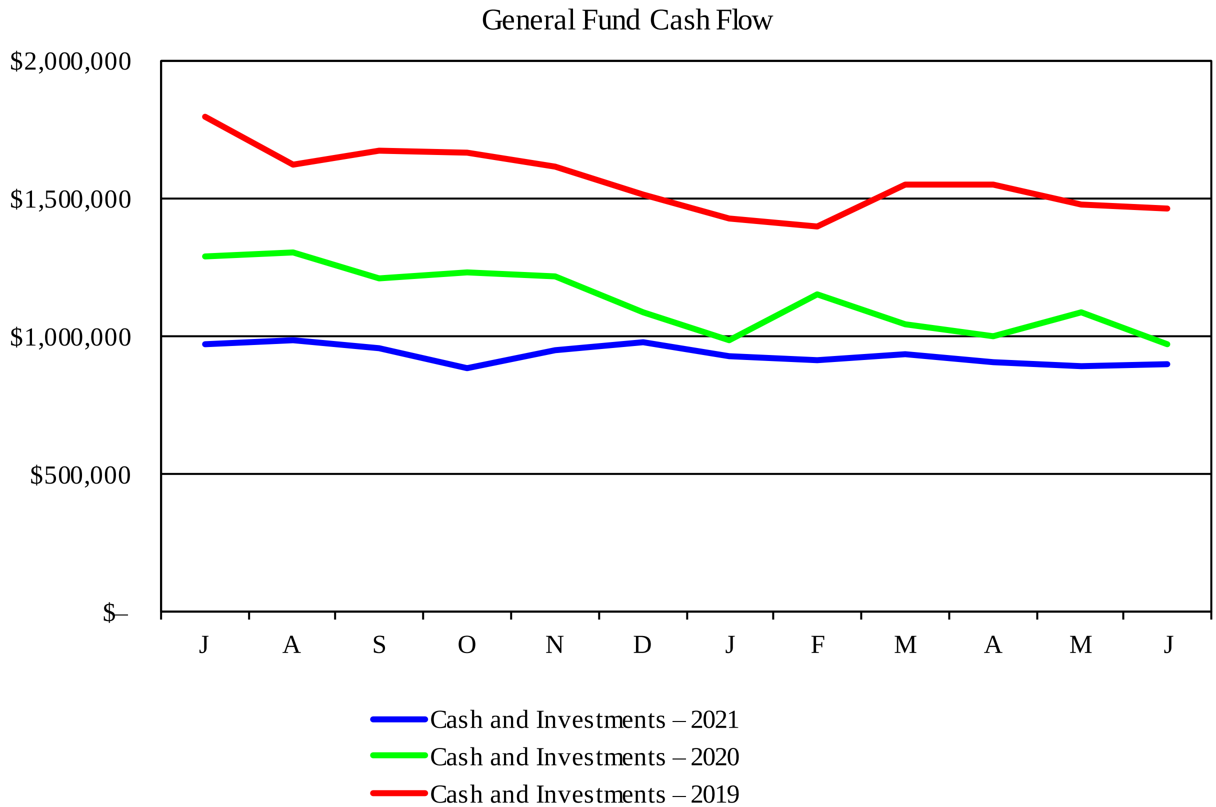
General Fund Financial Position
Year Ended June 30,



	2017	2018	2019	2020	2021
Total Fund Bal.	$2,418,816	$1,996,870	$1,564,035	$1,137,883	$937,623
Cash and Inv.	$2,288,075	$1,863,808	$1,468,776	$977,735	$902,029
Revenue	$1,180,775	$1,045,065	$1,016,070	$879,668	$760,693

GENERAL FUND CASH FLOW

In addition to changes in the level of cash and investments from year-to-year, the level of cash and investments available from month to month varies considerably, due to the timing of various revenues and expenditures during the year. The following graph summarizes the level of cash and investments during the past three fiscal years:



The graph above shows the peaks and valleys of the General Fund cash and investments balance (net of borrowing) on a monthly basis. The swing between its high and low month-end cash balances was $100,747 for fiscal 2021.

GENERAL FUND REVENUE AND EXPENDITURES

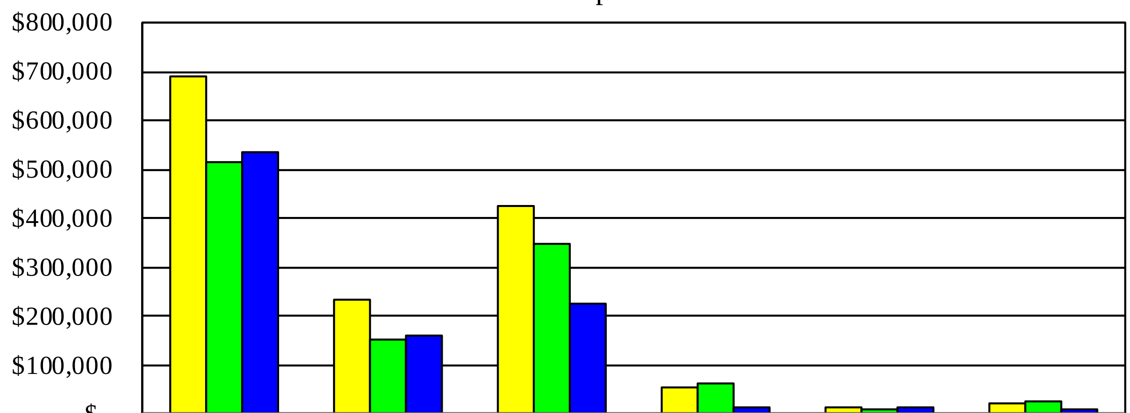
The following graphs summarize the District's General Fund revenue and expenditures for 2021:

General Fund Revenue

	State Sources	Tuition and Other
Prior Year	$3,038	$876,630
Budget	$–	$711,062
Actual	$3,316	$757,377

Total General Fund revenues for 2021 were $760,693, a decrease of $118,975 from the prior year and $49,631 over budget. Revenues decreased in the current year, as a result of less tuition revenues. Revenues were over budget, due to an unplanned grant that was received during the year offset by fewer equity audits completed compared to amounts budgeted.

General Fund Expenditures



	Salaries	Benefits	Purchased Services	Supplies	Capital	Other
Prior Year	$689,894	$232,574	$425,057	$54,642	$14,184	$22,685
Budget	$514,671	$154,082	$348,493	$61,585	$9,595	$23,963
Actual	$534,750	$159,722	$226,337	$14,390	$15,285	$10,469

Total General Fund expenditures for 2021 were $960,953, a decrease of $478,083 from the prior year and $151,436, under budget. Actual expenditures decreased, mainly in pupil support services salaries and benefits, due to having less staff in the current year and purchased services related to having a lower level of need in the current year. Expenditures were $151,436 under budget, due to less grant activity than planned and fewer contracted services needed compared to budgeted expectations.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The District's financial statements include fund-based information that focuses on budgetary compliance, and the sufficiency of the District's current assets to finance its current liabilities. The governmental reporting model also requires the inclusion of two government-wide financial statements designed to present a clear picture of the District as a single, unified entity. These government-wide financial statements provide information on the total cost of delivering educational services, including capital assets (when applicable) and long-term liabilities.

Theoretically, net position represents district resources available for providing services after its debts are settled. However, those resources are not always in expendable form, or there may be restrictions on how some of those resources can be used. Therefore, this statement divides net position into three components: net investment in capital assets, restricted, and unrestricted. The following table presents a summarized reconciliation of the District's governmental fund balances to net position, and the separate components of net position for the last two years:

	June 30, 2021	June 30, 2020	Change
Net position – governmental activities			
Total fund balances – governmental funds	$ 937,623	$ 1,137,883	$ (200,260)
Loan payable	–	(133,216)	133,216
Pension adjustments	(843,879)	(798,338)	(45,541)
Total net position – governmental activities	$ 93,744	$ 206,329	$ (112,585)
Net position			
Unrestricted	$ 93,744	$ 206,329	$ (112,585)

As illustrated in the table above, the District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30, 2021 by $93,744 (net position).

The District's total net position decreased by ($112,585), due to the spend down of fund balance in the General Fund, offset by changes in the net pension liabilities and related deferments reported on the District's government-wide financial statements, related to the state-wide Public Employees Retirement Association and the Teachers Retirement Association pension plans.

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LEGISLATIVE SUMMARY

In a typical year, the primary focus of the 2021 Minnesota legislative session would have been the development of the state's fiscal year (FY) 2022–2023 biennial budget. However, given the significant events of the preceding year, including the COVID-19 pandemic and death of George Floyd while in police custody, the focus of the regular session shifted to legislation responding to the pressing issues that resulted from these events. The business of setting a biennial budget and passing an education finance bill were ultimately not addressed until a June special session.

There was positive news on the state's budget outlook entering the session. A May 2020 special pandemic budget projection had predicted the state would finish the FY 2020–2021 biennium with a $2.4 billion shortfall. By the regular budget and economic forecast in February 2021, the state's fiscal outlook had improved, projecting a positive budgetary variance of $940 million at the end of the biennium, reducing the threat of potential funding cuts to local government programs. The resulting education finance bill passed and signed by the Governor on June 30, 2021, included appropriation increases of approximately $554 billion for the FY 2022–2023 biennium, and $669 billion for the FY 2024–2025 biennium.

The following is a brief summary of specific legislative changes from the 2021 Legislature impacting Minnesota school districts in future years.

General Education Revenue – The Legislature approved annual increases of 2.45 percent and 2.00 percent to the basic general education formula allowance for the FY 2022–2023 biennium. The per pupil allowance will increase $161 to $6,728 for FY 2022, and another $135 to $6,863 for FY 2023.

English Learner Cross Subsidy Aid – Approved annual appropriations of $2 million to provide English learner cross-subsidy aid for FY 2022 through FY 2025. This new funding will be allocated annually to school districts and charter schools based on their proportionate share of English learner and concentration revenue from the preceding fiscal year, and must be used and accounted for within the basic skills program.

Special Education Revenue – The Legislature had previously approved enhancements to special education funding designed to hold the state average cross-subsidy per pupil constant at the FY 2019 level of $82 per ADM for FY 2021, which included establishing a new component of the state special education funding formula, known as cross-subsidy reduction aid. Cross subsidy reduction aid will equal a percentage of each district's "initial cross-subsidy" for the prior fiscal year, with the percentages set at 6.43 percent for 2021. Initial cross-subsidy is defined as the district's nonfederal special education costs, including transportation, less state special education aid after tuition adjustments and general education aid attributable to students receiving special education services outside of the regular classroom for at least 60.00 percent of the school day. The 2021 Legislature approved an additional appropriation of $10.425 million to fund a one-time increase to cross-subsidy for FY 2022, which is estimated to increase the percentage funded by 1.24 percent to a total of 7.67 percent. Charter schools are not eligible for cross-subsidy reduction aid.

Voluntary Pre-Kindergarten (VPK) and School Readiness Plus (SRP) – The Legislature approved continued funding for FY 2022 and FY 2023 to maintain 4,000 state-wide VPK and SRP seats set to expire after FY 2021. The Local Optional Revenue (LOR) second tier equalization factor was increased for FY 2023 only to offset the state-wide impact of levy changes for the VPK/SRP continuation, which should result in a levy increase for VPK/SRP districts and a levy decrease for most other districts.

Hiring Bonuses – Districts or schools are authorized to offer a hiring or retention bonus of $2,500–$5,000 to attract teachers who are American Indians or persons of color, or $4,000–$8,000 to meet staffing needs in shortage areas and to attract teachers who are American Indians or persons of color.

Sales Tax Exemption – A previous sales tax exemption for sales made by school-associated student groups for funding extracurricular student activities, that was eliminated by the 2019 omnibus education bill, was restored.

Staff Development – Teacher mentorship was added as an eligible use of general education aid restricted for staff development as part of a mandate for districts to develop teacher mentoring programs.

Lunch Shaming Prohibited – Students approved for free or reduced-price meal status must be served reimbursable meals irrespective of any outstanding individual student lunch account debt. Districts are required to post this policy.

ACCOUNTING AND AUDITING UPDATES

The following is a summary of GASB standards expected to be implemented in the next few years. Due to the COVID-19 pandemic, the GASB has delayed the original implementation dates of these and other standards as described below.

GASB STATEMENT NO. 87, *LEASES*

A lease is a contract that transfers control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Any contract that meets this definition should be accounted for under the leases guidance, unless specifically excluded in this statement.

Governments enter into leases for many types of assets. Under the previous guidance, leases were classified as either capital or operating depending on whether the lease met any of the four tests. In many cases, the previous guidance resulted in reporting lease transactions differently than similar nonlease financing transactions.

The goal of this statement is to better meet the information needs of users by improving accounting and financial reporting for leases by governments. It establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. This statement increases the usefulness of financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

Under this statement, a lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

To reduce the cost of implementation, this statement includes an exception for short-term leases, defined as a lease that, at the commencement of the lease term, has a maximum possible term under the lease contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised. Lessees and lessors should recognize short-term lease payments as outflows of resources or inflows of resources, respectively, based on the payment provisions of the lease contract. The requirements of this statement are effective for fiscal years beginning after June 15, 2021.

GASB STATEMENT NO. 92, *OMNIBUS 2020*

The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reports
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other post-employment benefit (OPEB) plan
- The applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for post-employment benefits

- The applicability of certain requirements of Statement No. 84, *Fiduciary Activities,* to post-employment benefit arrangements
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature
- Terminology used to refer to derivative instruments

The requirements of this statement are effective for fiscal years beginning after June 15, 2021. Earlier application is encouraged.

GASB STATEMENT NO. 96, *SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS*

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

A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. Under this statement, a government generally should recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability.

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

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

The requirements of this statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

GASB STATEMENT NO. 97, *CERTAIN COMPONENT UNIT CRITERIA, AND ACCOUNTING AND FINANCIAL REPORTING FOR INTERNAL REVENUE CODE SECTION 457 DEFERRED COMPENSATION PLANS—AN AMENDMENT OF GASB STATEMENT NO. 14 AND NO. 84, AND A SUPERSESSION OF GASB STATEMENT NO. 32*

The primary objectives of this statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution OPEB plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

The requirements of this statement that (1) exempt primary governments that perform the duties that a government board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans, and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately.

The requirements of this statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this statement.

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EAST METRO INTEGRATION DISTRICT NO. 6067

Financial Statements and
Supplemental Information

Year Ended
June 30, 2021

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EAST METRO INTEGRATION DISTRICT NO. 6067

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INTRODUCTORY SECTION

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EAST METRO INTEGRATION DISTRICT NO. 6067

School Board and Administration
as of June 30, 2021

SCHOOL BOARD

Board Member	Member District No.	Position on Board
Michael Boguszewski	ISD No. 623	Chair
Robert Rapheal	ISD No. 831	Treasurer
Jessica Ellison	ISD No. 624	Clerk
Mary Frances Clardy	ISD No. 199	Director
Linda Diaz	SSD No. 6	Director

ADMINISTRATION

Sebastian Witherspoon	Executive Director
Kathleen Miller	Contracted Business Manager

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FINANCIAL SECTION

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MMKR
CERTIFIED PUBLIC ACCOUNTANTS

PRINCIPALS
Thomas A. Karnowski, CPA
Paul A. Radosevich, CPA
William J. Lauer, CPA
James H. Eichten, CPA
Aaron J. Nielsen, CPA
Victoria L. Holinka, CPA/CMA
Jaclyn M. Huegel, CPA
Kalen T. Karnowski, CPA

INDEPENDENT AUDITOR'S REPORT

To the School Board and Management of
East Metro Integration District No. 6067
Woodbury, Minnesota

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities and the major fund of East Metro Integration District No. 6067 (dba Equity Alliance MN) (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 financial statements.

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

(continued)

Malloy, Montague, Karnowski, Radosevich & Co., P.A.
5353 Wayzata Boulevard • Suite 410 • Minneapolis, MN 55416 • Phone: 952-545-0424 • Fax: 952-545-0569 • www.mmkr.com

OPINIONS

In our opinion, the financial statements referred to on the previous page present fairly, in all material respects, the respective financial position of the governmental activities, and the major fund of the District as of June 30, 2021, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

OTHER MATTERS

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying Uniform Financial Accounting and Reporting Standards (UFARS) Compliance Table is presented for purposes of additional analysis as required by the Minnesota Department of Education, and is also not a required part of the basic financial statements of the District.

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

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

Prior Year Comparative Information

We have previously audited the District's 2020 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, and the major fund in our report dated November 30, 2020. In our opinion, the partial comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

(continued)

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2021 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Malloy, Montague, Karnowski, Radosevich & Co., P.A.

Minneapolis, Minnesota
December 9, 2021

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This section of East Metro Integration District No. 6067's (dba Equity Alliance MN) (the District) annual financial statements presents management's discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2021. Please read it in conjunction with the other components of the District's annual financial statements.

FINANCIAL HIGHLIGHTS

- The District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30, 2021 by $93,744 (net position). The District's total net position decreased by $112,585 from operations during the fiscal year ended June 30, 2021.

- At June 30, 2021, the District's General Fund reported an ending fund balance of $937,623, a decrease of $200,260 from the prior year.

- The District's unassigned fund balance increased $34,074 from the prior year. The increase is due to the negative operating results offset by the forgiveness of the District's Paycheck Protection Program (PPP) loan in fiscal year 2021, which was reported as a restricted fund balance in the prior year.

OPERATIONAL CHANGES

Throughout fiscal year 2021, the District continued to expand equity programming and services. Many new organizations, other school districts, and nonprofit organizations, sought its services to help reduce barriers and increase opportunities. The District served many new organizations, expanding service to many locations in greater Minnesota.

The School Board and staff continue to focus their work on the following Strategic Framework Focus Areas: 1) Provide programs and services that educate and support staff, students, and families, and diminish barriers to educational equity; 2) Lead regional dialogues, advocacy, and action for equitable education systems and outcomes; 3) Strengthen Equity Alliance MN's business model to promote our own fiscal autonomy, sustainability, and growth.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual financial statements consists of the following parts:

- Independent Auditor's Report;
- Management's discussion and analysis;
- Basic financial statements, including the government-wide financial statements, fund financial statements, and the notes to basic financial statements; and
- Required supplementary information related to defined benefit pension plan liabilities and contributions.

The following explains the two types of statements included in the basic financial statements:

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements (Statement of Net Position and Statement of Activities) 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 government-wide financial statements report the District's *net position* and how it has changed. Net position—the difference between the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources—is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position are indicators of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District requires consideration of additional nonfinancial factors, such as changes in the financial position of member districts.

In the government-wide financial statements, the District's activities are all shown in one category titled "governmental activities." These activities, including achievement, integration, and other programs are primarily financed with tuition payments from member districts.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's *funds*, focusing on its most significant or "major" funds, rather than the District as a whole.

Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

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

- The District establishes other funds to control and manage money for particular purposes or to show that it is properly using certain revenues.

Governmental Funds – The District's basic services are included in a single governmental fund, the General Fund, which generally focuses 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 fund financial statements provide a detailed *short-term* view that helps to determine whether there are more or less 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 government-wide financial statements, we provide additional information (reconciliation schedules) that explain the relationship (or differences) between these two types of financial statement presentations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Table 1 is a summarized view of the District's Statement of Net Position:

Table 1
Summary Statement of Net Position
as of June 30, 2021 and 2020

	2021	2020
Assets		
Current and other assets	$ 964,700	$ 1,154,152
Deferred outflows of resources		
Pension plan deferments	$ 352,443	$ 467,586
Liabilities		
Current and other liabilities	$ 27,077	$ 16,269
Long-term liabilities, including due within one year	734,398	694,656
Total liabilities	$ 761,475	$ 710,925
Deferred inflows of resources		
Pension plan deferments	$ 461,924	$ 704,484
Net position		
Unrestricted	$ 93,744	$ 206,329

The District's total net position decreased by $112,585. The changes deferred outflows of resources, deferred inflows of resources, and unrestricted net position were due to the change in the District's proportionate share of the Public Employees Retirement Association (PERA) and the Teachers Retirement Association (TRA) pension plans reported on the government-wide financial statements. The District's planned spend down of resources contributed to the decline in unrestricted net position.

The increase in long-term pension liabilities was partially offset by the forgiveness of a PPP loan totaling $133,216 in the current year.

Table 2 presents a condensed version of the change in net position of the District:

Table 2
Summary Statement of Activities
for the Years Ended June 30, 2021 and 2020

	2021	2020
Revenues		
Program revenues		
Charges for services	$ 667,569	$ 844,380
Operating grants and contributions	80,000	–
General revenues		
Other general revenues	14,400	35,288
PPP loan forgiveness	133,216	–
Total revenues	895,185	879,668
Expenses		
Achievement and integration programs	1,007,770	1,210,629
Other programs	–	144,627
Total expenses	1,007,770	1,355,256
Change in net position	(112,585)	(475,588)
Net position – beginning	206,329	681,917
Net position – ending	$ 93,744	$ 206,329

This statement is presented on an accrual basis of accounting, and it includes all of the governmental activities of the District.

The District's total revenues increased by $15,517 to total $895,185 for the year ended June 30, 2021, related to a decrease in charges for services and the PPP loan forgiveness in the current year.

Total expenses decreased compared to fiscal year 2020 levels, mostly due to changes in salaries related to having fewer staff in the current year, purchased services related to the decrease in overall program revenues, other expenditures related to having less other program revenue, and operating in a virtual environment, due to the COVID-19 pandemic.

FINANCIAL ANALYSIS OF THE GENERAL FUND

Table 3 summarizes the amendments to the General Fund budget:

Table 3
General Fund
Budget
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Change	Percent Change
Revenue	$ 540,310	$ 711,062	$ 170,752	31.6%
Expenditures	$ 1,169,208	$ 1,112,389	$ (56,819)	(4.9%)

The District is required to adopt an operating budget prior to the beginning of its fiscal year, referred to above as the original budget. During the year, the District amends the budget for known changes in circumstances, such as participation levels and legislative funding.

Table 4 summarizes the operating results of the General Fund:

Table 4
General Fund
Operating Results
For the Year Ended June 30, 2021

		Over (Under) Final Budget		Over (Under) Prior Year	
	2021 Actual	Amount	Percent	Amount	Percent
Revenue	$ 760,693	$ 49,631	7.0 %	$ (118,975)	(13.5) %
Expenditures	960,953	$ (151,436)	(13.6) %	$ (478,083)	(33.2) %
Other financing sources	–	$ –	– %	$ (133,216)	(100.0) %
Net change in fund balances	$ (200,260)				

Actual revenue was lower than the prior year, mainly in tuition revenue. Tuition sources were lower than budget, due to fewer programing services provided in the current year compared to expectations. Actual expenditures decreased by $478,083 from the prior year, mainly in pupil support services salaries and benefits related to having less staff in the current year, purchased services was also less related to having a lower level of need in the current year. Expenditures were $151,436 under budget, due to less grant activity than planned and fewer contracted services needed, compared to budgeted expectations. Other financing sources decreased, as the District received a PPP loan in the prior year.

LONG-TERM LIABILITIES

Table 5 shows the components of the District's long-term liabilities, together with the change from the prior year:

Table 5
Outstanding Long-Term Liabilities
as of June 30, 2021 and 2020

	2021	2020	Change
Net pension liability	$ 734,398	$ 561,440	$ 172,958
Paycheck Protection Program (PPP) loan payable	–	133,216	(133,216)
Total	$ 734,398	$ 694,656	$ 39,742

The District participated in the PPP loan program. The loan was forgiven as part of the provisions of the program in the current fiscal year.

Additional details of the District's long-term debt activity can be found in the notes to basic financial statements.

FACTORS BEARING ON THE DISTRICT'S FUTURE

The General Fund balance is currently $937,623, which is equal to 97.6 percent of the current year expenditures. The School Board will be using the fund balance over the next several years to support operations, as the District continues to migrate to a new business model. The School Board committed to spending $524,527 from the fund balance for operational expenses for fiscal year 2022. The administration and the School Board remain committed to continuing to monitor finances and the District's future, as it plans and implements work going forward.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

These financial statements are designed to provide citizens, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about these financial statements or need additional financial information, contact the Executive Director, East Metro Integration District No. 6067, 6063 Hudson Road, Suite 218, Woodbury, Minnesota 55125.

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BASIC FINANCIAL STATEMENTS

EAST METRO INTEGRATION DISTRICT NO. 6067

Statement of Net Position
as of June 30, 2021
(With Partial Comparative Information as of June 30, 2020)

	Governmental Activities	
	2021	2020
Assets		
Cash and temporary investments	$ 902,029	$ 977,735
Receivables		
Due from other governmental units	55,768	172,767
Prepaids items	6,903	3,650
Total assets	964,700	1,154,152
Deferred outflows of resources		
Pension plan deferments	352,443	467,586
Total assets and deferred outflows of resources	$ 1,317,143	$ 1,621,738
Liabilities		
Salaries payable	$ 1,446	$ 1,626
Accounts and contracts payable	25,631	14,643
Long-term liabilities		
Due within one year	–	51,164
Due in more than one year	734,398	643,492
Total long-term liabilities	734,398	694,656
Total liabilities	761,475	710,925
Deferred inflows of resources		
Pension plan deferments	461,924	704,484
Net position		
Unrestricted	93,744	206,329
Total liabilities, deferred inflows of resources, and net position	$ 1,317,143	$ 1,621,738

EAST METRO INTEGRATION DISTRICT NO. 6067

Statement of Activities
Year Ended June 30, 2021
(With Partial Comparative Information for the Year Ended June 30, 2020)

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	2021 Net (Expense) Revenue and Changes in Net Position Governmental Activities	2020 Net (Expense) Revenue and Changes in Net Position Governmental Activities
Governmental activities					
Achievement and integration programs	$ 1,007,770	$ 667,569	$ 80,000	$ (260,201)	$ (508,071)
Other programs	–	–	–	–	(2,805)
Total governmental activities	$ 1,007,770	$ 667,569	$ 80,000	(260,201)	(510,876)
	General revenue				
	Other general revenues			13,591	7,538
	PPP loan forgiveness			133,216	–
	Investment earnings			809	27,750
	Total general revenue			147,616	35,288
	Change in net position			(112,585)	(475,588)
	Net position – beginning			206,329	681,917
	Net position – ending			$ 93,744	$ 206,329

See notes to basic financial statements

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EAST METRO INTEGRATION DISTRICT NO. 6067

General Fund
Balance Sheet
as of June 30, 2021
(With Partial Comparative Information as of June 30, 2020)

	2021	2020
Assets		
Cash and temporary investments	$ 902,029	$ 977,735
Receivables		
Due from other governmental units	55,768	172,767
Prepaid items	6,903	3,650
Total assets	$ 964,700	$ 1,154,152
Liabilities		
Salaries payable	$ 1,446	$ 1,626
Accounts and contracts payable	25,631	14,643
Total liabilities	27,077	16,269
Fund balances		
Nonspendable for prepaid items	6,903	3,650
Restricted for PPP loan	–	133,216
Assigned for subsequent year's budget	524,527	628,898
Unassigned	406,193	372,119
Total fund balances	937,623	1,137,883
Total liabilities and fund balances	$ 964,700	$ 1,154,152

Amounts recorded for governmental activities in the Statement of Net Position differ because:

	2021	2020
Fund balances as reported above	$ 937,623	$ 1,137,883
Long-term liabilities are included in net position, but are excluded from fund balances until due and payable.		
Loan payable	–	(133,216)
Net pension liability	(734,398)	(561,440)
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows of resources – pension plan deferments	352,443	467,586
Deferred inflows of resources – pension plan deferments	(461,924)	(704,484)
Total net position – governmental activities	$ 93,744	$ 206,329

General Fund
Statement of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2021
(With Partial Comparative Information for the Year Ended June 30, 2020)

	2021				2020
	Original Budget	Final Budget	Actual	Over (Under) Budget	Actual
Revenue					
Local sources					
Tuition	$ 535,310	$ 710,062	$ 667,569	$ (42,493)	$ 798,880
Investment earnings	5,000	1,000	809	(191)	27,750
Other	–	–	88,999	88,999	50,000
State sources	–	–	3,316	3,316	3,038
Total revenue	540,310	711,062	760,693	49,631	879,668
Expenditures					
Current					
District and school administration					
Salaries	210,230	210,230	210,638	408	230,147
Employee benefits	65,801	72,128	68,649	(3,479)	104,577
Purchased services	198,576	206,694	208,749	2,055	201,524
Supplies and materials	14,611	17,081	10,732	(6,349)	15,545
Capital expenditures	10,195	9,595	15,285	5,690	14,184
Other expenditures	914	2,462	3,639	1,177	3,640
Total district and school administration	500,327	518,190	517,692	(498)	569,617
District support services					
Salaries	39,000	39,313	39,313	–	39,000
Employee benefits	5,909	5,909	5,798	(111)	5,688
Purchased services	–	–	5,315	5,315	8,250
Other expenditures	–	–	90	90	–
Total district support services	44,909	45,222	50,516	5,294	52,938
Instructional support services					
Salaries	188,310	225,810	246,571	20,761	265,336
Employee benefits	57,113	65,060	74,631	9,571	81,323
Purchased services	63,949	63,949	3,247	(60,702)	51,273
Supplies and materials	21,624	21,711	1,770	(19,941)	13,193
Other expenditures	21,501	21,501	6,261	(15,240)	18,643
Total instructional support services	352,497	398,031	332,480	(65,551)	429,768
Pupil support services					
Salaries	90,011	39,318	38,228	(1,090)	155,411
Employee benefits	27,464	10,985	10,644	(341)	40,986
Purchased services	127,830	77,850	9,026	(68,824)	164,010
Supplies and materials	26,170	22,793	1,888	(20,905)	25,904
Other expenditures	–	–	479	479	402
Total pupil support services	271,475	150,946	60,265	(90,681)	386,713

General Fund
Statement of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual (continued)
Year Ended June 30, 2021
(With Comparative Actual Amounts for the Year Ended June 30, 2020)

	2021				2020
	Original Budget	Final Budget	Actual	Over (Under) Budget	Actual
Total expenditures	1,169,208	1,112,389	960,953	(151,436)	1,439,036
Excess (deficiency) of revenue over expenditures	(628,898)	(401,327)	(200,260)	201,067	(559,368)
Other financing sources					
PPP loan	–	–	–	–	133,216
Net change in fund balances	$ (628,898)	$ (401,327)	(200,260)	$ 201,067	(426,152)
Fund balances					
Beginning of year			1,137,883		1,564,035
End of year			$ 937,623		$ 1,137,883

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

	2021	2020
Total net change in fund balances – governmental funds	$ (200,260)	$ (426,152)
The amount of debt issued is reported in the governmental funds as a source of financing. Debt obligations are not revenue in the Statement of Activities, but rather constitute long-term liabilities.		
Loan payable	–	(133,216)
Certain expenses are included in the change in net position, but do not require the use of current funds, and are not included in the change in fund balances.		
Net pension liability	(172,958)	9,168
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
PPP loan forgiven	133,216	–
Deferred outflows of resources – pension plan deferments	(115,143)	(208,336)
Deferred inflows of resources – pension plan deferments	242,560	282,948
Change in net position of governmental activities	$ (112,585)	$ (475,588)

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The financial statements of East Metro Integration District No. 6067 (dba Equity Alliance MN) (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. Nature of Operations and Reporting Entity

The District is an instrumentality of the state of Minnesota established to function as an educational institution. The District is governed by a School Board composed of appointed members from each participating member school district or organization. Member districts and organizations at June 30, 2021 are as follows: Forest Lake, Inver Grove Heights, Roseville, South St. Paul, and White Bear Lake.

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

Component units are legally separate entities for which the District (primary government) is financially accountable, or for which the exclusion of the component unit would render the financial statements of the primary government misleading. The criteria used to determine if the primary government is financially accountable for a component unit includes whether or not the primary government appoints the voting majority of the potential component unit’s governing body, is able to impose its will on the potential component unit, is in a relationship of financial benefit or burden with the potential component unit, or is fiscally depended upon by the potential component unit. Based on these criteria, there are no organizations considered to be component units of the District.

C. Government-Wide Financial Statement Presentation

The government-wide financial statements (Statement of Net Position and Statement of Activities) display information about the reporting government as a whole. These statements include all the financial activities of the District. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. General grants and other internally directed revenues are reported instead as general revenues.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met.

The District applies restricted resources first when an expense is incurred for which both restricted and unrestricted resources are available.

D. Fund Financial Statement Presentation

Major individual governmental funds are reported as separate columns in the fund financial statements. The existence of the various district funds has been established by the Minnesota Department of Education. Each fund is accounted for as an independent entity. The District maintains a single General Fund to account for all of its activity.

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. State revenue is recognized in the year to which it applies according to Minnesota Statutes and accounting principles generally accepted in the United States of America. Minnesota Statutes include state aid funding formulas for specific fiscal years. Grants and similar items are recognized when all eligibility requirements imposed by the provider are met. Other revenue is considered available if collected within one year. Proceeds of debt and acquisitions under capital leases are reported as other financing sources, when applicable.

2. **Recording of Expenditures** – Expenditures are generally recorded when a liability is incurred, except for long-term debt and pension liabilities, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. In the General Fund, capital outlay expenditures are included within the applicable functional areas, when applicable.

E. Budgeting

The School Board adopts an annual budget for the General Fund, which is prepared on the same basis of accounting as the financial statements. Legal budgetary control is at the fund level. Budgeted appropriations lapse at year-end.

F. Cash and Investments

Cash and investments are invested to the extent available in various securities as authorized by state law. Investments are generally stated at fair value, except for investments in certain external investment pools, which are stated at amortized cost. Short-term, highly liquid debt instruments (including commercial paper, bankers' acceptance, and U.S. treasury and agency obligations), purchased with a remaining maturity of one year or less, may also be reported at amortized cost. Investment income is accrued at the Balance Sheet date.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The District categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. 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; and Level 3 inputs are significant unobservable inputs.

Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

See Note 2 for the District's recurring fair value measurements as of year-end.

G. Receivables

All receivables are shown net of any allowance for uncollectibles. No allowances for uncollectibles have been recorded. All receivables are expected to be collected within one year.

H. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are reported using the consumption method and recorded as expenses/expenditures at the time of consumption.

I. Vacation Pay and Sick Leave

Substantially all district employees are entitled to vacation pay and sick leave at various rates. Current year accumulated vacation pay and sick pay enter into the calculation of employees' pay upon termination. Vacation and sick pay outstanding at year-end are considered insignificant and not reported. Vacation and sick pay are accrued by the District in the General Fund only when it becomes due and payable.

J. State-Wide Pension Plans

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 the Teachers Retirement Association (TRA) and additions to/deductions from the PERA's and the TRA's fiduciary net positions have been determined on the same basis as they are reported by the PERA and the 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.

The TRA has a special funding situation created by direct aid contributions made by the state of Minnesota, City of Minneapolis, and Special School District No. 1, Minneapolis Public Schools. The direct aid is a result of the merger of the Minneapolis Teachers Retirement Fund Association into the TRA in 2006. A second direct aid source is from the state of Minnesota for the merger of the Duluth Teachers Retirement Fund Association in 2015.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. 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; and natural disasters for which the District carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There were no significant reductions in the District's insurance coverage in the current year.

L. Net Position

In the government-wide financial statements, net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position is displayed in the following component:

- **Unrestricted** – Net position that does not meet the definition of restricted or investment in capital assets.

M. Fund Balance Classifications

In the fund financial statements, governmental funds report fund balance in classifications that disclose constraints for which amounts in those funds can be spent. These classifications are as follows:

- **Nonspendable** – Consists of amounts that are not in spendable form, such as prepaid items, inventory, and other long-term assets.

- **Restricted** – Consists of amounts related to externally imposed constraints established by creditors, grantors, or contributors; or constraints imposed by state statutory provisions.

- **Committed** – Consists of internally imposed constraints that are established by resolution of the School Board. Those committed amounts cannot be used for any other purpose unless the District Board removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

- **Assigned** – Consists of internally imposed constraints. These constraints consist of amounts intended to be used by the District for specific purposes, but do not meet the criteria to be classified as restricted or committed. In the governmental funds, assigned amounts represent intended uses established by the governing body itself or by an official to which the governing body delegates the authority.

- **Unassigned** – The residual classification for the General Fund.

When both restricted and unrestricted resources are available for use, the District first uses restricted resources, then unrestricted resources as they are needed.

When committed, assigned, or unassigned resources are available for use, the District uses resources in the following order: 1) committed, 2) assigned, and 3) unassigned.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Fund Balance Policy

The District's fund balance policy is to strive to maintain a minimum unassigned General Fund balance of three to six months of operating expenses. At June 30, 2021, the unassigned fund balance of the General Fund was 42.3 percent of fiscal 2021 expenditures, or 5.1 months of operating expenses.

O. 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 amounts reported in the financial statements during the reporting period. Actual results could differ from those estimates.

P. Prior Period Comparative Financial Information/Reclassification

The basic financial statements include certain prior year partial comparative information in total, but not at the level of detail required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2020, from which the summarized information was derived. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

Q. Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, a statement of financial position will sometimes report separate sections for deferred outflows/inflows of resources. These separate financial statement elements represent a consumption/acquisition of net position that applies to a future period, which will not be recognized as an outflow of resources (expense/expenditure) or inflow of resources (revenue) until then. The District only has one item that qualifies for reporting in these categories. It is the deferred outflows/inflows of resources related to pensions reported in the government-wide Statement of Net Position. These deferred outflows/inflows result from differences between expected and actual experience, changes of assumptions, the difference between projected and actual earnings on pension plan investments, changes in proportion, and from contributions to the plan subsequent to the measurement date and before the end of the reporting period. These amounts are deferred and amortized as required under pension standards.

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Components of Cash and Investments

Cash and investments at year-end consist of the following:

Deposits	$	47,605
Investments		854,424
Total	$	902,029

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Deposits

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

The following is considered the most significant risk associated with deposits:

Custodial Credit Risk – In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may be lost.

Minnesota Statutes require that all deposits be protected by federal deposit insurance, corporate surety bond, or collateral. The market value of collateral pledged must equal 110 percent of the deposits not covered by federal deposit insurance or corporate surety bonds. Authorized collateral includes treasury bills, notes, and bonds; issues of U.S. government agencies; general obligations rated "A" or better; revenue obligations rated "AA" or better; irrevocable standard letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota Statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral.

The District's deposit policies do not further limit depository choices.

At year-end, the District's deposits had a carrying value of $47,605, while the balance on the bank records was $62,232. At June 30, 2021, all deposits were fully covered by federal deposit insurance, surety bonds, or by collateral held by the District's agent in the District's name.

C. Investments

The District has the following investments at year-end:

	Credit Risk		Interest Rate Risk	
Investment Type	Credit Rating	Rating Agency	Maturity Date	Total
Investment pools/mutual funds				
Minnesota School District				
Liquid Asset Fund				
Liquid Class	AAA	S&P	N/A	$ 43
MAX Class	AAA	S&P	N/A	854,381
				$ 854,424

N/A – Not Applicable

The Minnesota School District Liquid Asset Fund (MSDLAF) is regulated by Minnesota Statutes and is an external investment pool, which is not registered with the Securities and Exchange Commission. The District's investment in the MSDLAF is measured at the net asset value per share provided by the pool, which is based on an amortized cost method that approximates fair value. For MSDLAF investments, there are no unfunded commitments, redemption frequency is daily, and there is no redemption notice for the Liquid Class. Investments in the MSDLAF MAX Class must be deposited for a minimum of 14 calendar days with the exception of direct investments of funds distributed by the state of Minnesota. Withdrawals prior to the 14-day restriction period may be subject to a penalty and there is a 24-hour hold on all requests for redemptions.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

Investments are subject to various risks, the following of which are considered the most significant:

Custodial Credit Risk – For investments, this is the risk that in the event of a failure of the counterparty to an investment transaction (typically a broker-dealer) the District would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Although the District's investment policies do not directly address custodial credit risk, it typically limits its exposure by purchasing insured or registered investments, or by the control of who holds the securities.

Credit Risk – This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Minnesota Statutes limit the District's investments to direct obligations or obligations guaranteed by the United States or its agencies; shares of investment companies registered under the Federal Investment Company Act of 1940 that receive the highest credit rating, are rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of 13 months or less; general obligations rated "A" or better; revenue obligations rated "AA" or better; general obligations of the Minnesota Housing Finance Agency rated "A" or better; bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System; commercial paper issued by United States corporations or their Canadian subsidiaries, rated of the highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less; Guaranteed Investment Contracts guaranteed by a United States commercial bank, domestic branch of a foreign bank, or a United States insurance company, and with a credit quality in one of the top two highest categories; repurchase or reverse purchase agreements and securities lending agreements with financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding $10,000,000; that are a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York; or certain Minnesota securities broker-dealers. The District's investment policies do not further restrict investing in specific financial instruments.

Concentration Risk – This is the risk associated with investing a significant portion of the District's investments (considered 5 percent or more) in the securities of a single issuer, excluding U.S. guaranteed investments (such as treasuries), investment pools, and mutual funds. The District's investment policies do not address concentration risk.

Interest Rate Risk – This is the risk of potential variability in the fair value of fixed rate investments resulting from changes in interest rates (the longer the period for which an interest rate is fixed, the greater the risk). The District's investment policies do not limit the maturities of investments; however, when purchasing investments, the District considers such things as interest rates and cash flow needs.

NOTE 3 – LONG-TERM LIABILITIES

A. Pension Activity

The District's employees participate in two state-wide, cost-sharing, multiple-employer defined benefit pension plans administered by the PERA and the TRA. The details of these plans are discussed elsewhere in these notes. The following is a summary of the net pension liabilities, deferred outflows and inflows of resources, and pension expense reported for these plans as of and for the year ended June 30, 2021:

Pension Plans	Net Pension Liabilities	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
PERA	$ 209,840	$ 69,183	$ 43,480	$ 5,152
TRA	524,558	283,260	418,444	85,828
Total	$ 734,398	$ 352,443	$ 461,924	$ 90,980

B. Loan Payable

In November 2020, the District received Paycheck Protection Program (PPP) loan forgiveness totaling $133,216, from US Bank. The interest rate on this loan payable was 1.0 percent and called for monthly principal and interest payments totaling $7,496 commencing after six months from the disbursement of the loan until the loan was fully paid. Pursuant to the District's application for loan forgiveness under the Coronavirus Aid, Relief, and Economic Security Act, the District was notified on November 12, 2020, that the Small Business Administration had paid $133,216 to the lender bank to be applied to the outstanding balance of the loan. The District recognized revenue of $133,216 in fiscal 2021 in its entity-wide financial statements for the forgiveness of this loan.

C. Change in Long-Term Liabilities

	Balance – June 30, 2020	Additions	Deletions	Balance – June 30, 2021	Due Within One Year
Net pension liability	$ 561,440	$ 229,698	$ 56,740	$ 734,398	$ –
Loan payable	133,216	–	133,216	–	–
	$ 694,656	$ 229,698	$ 189,956	$ 734,398	$ –

NOTE 4 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

A. Plan Descriptions

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

1. General Employees Retirement Fund (GERF)

The PERA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356.

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

2. Teachers Retirement Association (TRA)

The 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. The TRA is a separate statutory entity, administered by a Board of Trustees. The Board of Trustees consists of four active members, one retired member, and three statutory officials.

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

B. Benefits Provided

The PERA and the TRA provide retirement, disability, and death benefits. Benefit provisions are established by state statutes and can only be modified by the State Legislature.

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

1. GERF Benefits

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 the PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated Plan members is 1.2 percent for each of the first 10 years of service and 1.7 percent for each additional year. Under Method 2, the accrual rate for Coordinated Plan members is 1.7 percent 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 age 66.

Benefit increases are provided to benefit recipients each January. The post-retirement increase will be equal to 50.0 percent of the cost of living adjustment (COLA) announced by the Social Security Administration, with a minimum increase of at least 1.0 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase, will receive the full increase. For recipients receiving the annuity or benefit for at least one month, but less than a full year as of the June 30 before the effective date of the increase, will receive a reduced prorated increase. For members retiring on January 1, 2024 or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

2. TRA Benefits

The 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 Statutes 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 the TRA's Coordinated and Basic Plan members. Members first employed before July 1, 1989, receive the greater of the Tier I or Tier II benefits as described.

Tier I Benefits

Step-Rate Formula	Percentage per Year
Basic Plan	
First 10 years of service	2.2 %
All years after	2.7 %
Coordinated Plan	
First 10 years if service years are up to July 1, 2006	1.2 %
First 10 years if service years are July 1, 2006 or after	1.4 %
All other years of service if service years are up to July 1, 2006	1.7 %
All other years of service if service years are up to July 1, 2006 or aft	1.9 %

With these provisions:

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

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

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

Tier II Benefits

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

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

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

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

C. Contributions

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

1. GERF Contributions

Minnesota Statutes, Chapter 353 sets the rates for employer and employee contributions. Coordinated Plan members were required to contribute 6.5 percent of their annual covered salary in fiscal year 2021 and the District was required to contribute 7.5 percent for Coordinated Plan members. The District's contributions to the GERF for the year ended June 30, 2021, were $10,561. The District's contributions were equal to the required contributions as set by state statutes.

2. TRA Contributions

Minnesota Statutes, Chapter 354 sets the rates for employer and employee contributions. Rates for each fiscal year were:

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

The District's contributions to the TRA for the plan's fiscal year ended June 30, 2021, were $30,298. The District's contributions were equal to the required contributions for each year as set by state statutes.

NOTE 4 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

The following is a reconciliation of employer contributions in the TRA's Comprehensive Annual Financial Report Statement of Changes in Fiduciary Net Position to the employer contributions used in the Schedule of Employer and Nonemployer Pension Allocations:

		in thousands
Employer contributions reported in the TRA's Comprehensive Annual Financial Report Statement of Changes in Fiduciary Net Position	$	425,223
Add employer contributions not related to future contribution efforts		(56)
Deduct the TRA's contributions not included in allocation		(508)
Total employer contributions		424,659
Total nonemployer contributions		35,587
Total contributions reported in the Schedule of Employer and Nonemployer 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. The TRA has rounded percentage amounts to the nearest ten thousandths.

D. Pension Costs

1. GERF Pension Costs

At June 30, 2021, the District reported a liability of $209,840 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 nonemployer contributing entity and the state's contribution meets the definition of a special funding situation. The state of Minnesota's proportionate share of the net pension liability associated with the District was $6,467. 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 the 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 the PERA's participating employers. The District's proportionate share was 0.0035 percent at the end of the measurement period and 0.0022 percent for the beginning of the period.

District's proportionate share of the net pension liability	$	209,840
State's proportionate share of the net pension liability associated with the District	$	6,457

For the year ended June 30, 2021, the District recognized pension expense of $4,590 for its proportionate share of the GERF's pension expense. In addition, the District recognized $562 as grant revenue for its proportionate share of the state of Minnesota's pension expense for the annual $16 million contribution.

NOTE 4 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 1,214	$ 793
Changes in actuarial assumptions	–	6,474
Net collective difference between projected and actual investment earnings	3,502	–
Changes in proportion	53,906	36,213
District's contributions to the GERF subsequent to the measurement date	10,561	–
Total	$ 69,183	$ 43,480

The $10,561 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2022	$ (23,467)
2023	$ 11,698
2024	$ 21,842
2025	$ 5,069

2. TRA Pension Costs

At June 30, 2021, the District reported a liability of $524,558 for its proportionate share of the TRA's 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 the TRA in relation to total system contributions, including direct aid from the state of Minnesota, City of Minneapolis, and Special School District No. 1, Minneapolis Public Schools. The District's proportionate share was 0.0071 percent at the end of the measurement period and 0.0069 percent for the beginning of the period.

The pension liability amount reflected a reduction, due to direct aid provided to the 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 the net pension liability	$ 524,558
State's proportionate share of the net pension liability associated with the District	$ 43,988

For the year ended June 30, 2021, the District recognized pension expense of $81,798. It also recognized $4,030 as an increase to pension expense for the support provided by direct aid.

At 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 economic experience	$ 10,520	$ 7,374
Changes in actuarial assumptions	164,404	411,070
Net difference between projected and actual investment earnings on pension plan investments	11,166	–
Changes in proportion	66,872	–
District's contributions to the TRA subsequent to the measurement date	30,298	–
Total	$ 283,260	$ 418,444

A total of $30,298 reported as deferred outflows of resources related to pensions resulting from district contributions to the TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2022	$ 22,415
2023	$ (124,685)
2024	$ (83,565)
2025	$ 16,045
2026	$ 4,308

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:

Assumptions	GERF	TRA
Inflation	2.25%	2.50%
Wage growth rate		2.85% before July 1, 2028, and 3.25% thereafter
Projected salary increase	3.00%	
Active member payroll growth		2.85% to 8.85% before July 1, 2028, and 3.25% to 9.25% thereafter
Investment rate of return	7.50%	7.50%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants for all plans were based on Pub-2010 General Employee Mortality Table for the GERF Plan and the RP-2014 tables for the TRA for males and females, as appropriate, with slight adjustments to fit the PERA's experience. Cost of living benefit increases after retirement for retirees are assumed to be 1.25 percent per year for the GERF and 1.00 percent for January 2020 through January 2023, then increasing by 0.10 percent each year, up to 1.50 percent annually for the TRA.

NOTE 4 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

Actuarial assumptions used in the June 30, 2020 valuations were based on the results of actuarial experience studies. The most recent four-year experience study in the GERF plan was completed in 2019. The assumption changes were adopted by the Board and became effective with the July 1, 2020 actuarial valuation. The most recent experience study in the TRA plan was completed in 2015, with economic assumptions updated in 2017.

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

1. GERF

CHANGES IN ACTUARIAL ASSUMPTIONS

- The price inflation assumption was decreased from 2.50 percent to 2.25 percent.
- The payroll growth assumption was decreased from 3.25 percent to 3.00 percent.
- 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 percent less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years two through five, 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 MP-2018 to 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 100.00 percent joint and survivor option changed from 35.00 percent to 45.00 percent. The assumed number of married female new retirees electing the 100.00 percent joint and survivor option changed from 15.00 percent to 30.00 percent. 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 2.00 percent for the period July 1, 2020 through December 31, 2023, and zero percent thereafter. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2. TRA

CHANGES IN ACTUARIAL ASSUMPTIONS

- Employer contribution rate increased from 7.92 percent to 8.13 percent in July 2020.

NOTE 4 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	35.50 %	5.10 %
Private markets	25.00	5.90 %
Fixed income	20.00	0.75 %
International equity	17.50	5.30 %
Cash equivalents	2.00	– %
Total	100.00 %	

F. Discount Rate

1. GERF

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

2. TRA

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

NOTE 4 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

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	Discount Rate	1% Increase in Discount Rate
GERF discount rate	6.50%	7.50%	8.50%
District's proportionate share of the GERF net pension liability	$ 336,302	$ 209,840	$ 105,521
TRA discount rate	6.50%	7.50%	8.50%
District's proportionate share of the TRA net pension liability	$ 803,092	$ 524,558	$ 295,059

H. Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in a separately issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the PERA website at www.mnpera.org.

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

NOTE 5 – COMMITMENTS AND CONTINGENCIES

A. Building Lease

The District has an agreement to lease space at 6063 Hudson Road, Suite 218, Woodbury, Minnesota 55125 for a 72-month period commencing July 1, 2020. During the year ended June 30, 2021, the District made monthly rental payments totaling $80,550 under this agreement. Future minimum lease payments under the agreement are as follows:

Year Ending June 30,	Amount
2022	$ 80,550
2023	81,669
2024	82,788
2025	83,906
2026	83,906
	$ 412,819

B. Legal Contingencies

The District has the usual and customary legal claims pending at year-end, mostly of a minor nature and/or covered by insurance. Although the outcomes of these claims are not presently determinable, the District believes that the resolution of these matters will not have a material adverse effect on its financial position.

C. COVID-19 Pandemic

The COVID-19 pandemic has caused economic and financial market volatility in the United States and around the world, along with significant business and operational disruptions for many organizations. Due to the unknown breadth and duration of this pandemic, any potential impact it may have on the District's future operations and financial condition cannot be determined at this time and has not been reflected in these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

EAST METRO INTEGRATION DISTRICT NO. 6067

Public Employees Retirement Association Pension Benefits Plan
Schedule of District's and Nonemployer Proportionate Share of Net Pension Liability
Year Ended June 30, 2021

District Fiscal Year-End Date	PERA Fiscal Year-End Date (Measurement Date)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2015	06/30/2014	0.0073%	$ 342,917	$ –	$ 342,917	$ 383,301	89.46%	78.70%
06/30/2016	06/30/2015	0.0065%	$ 336,863	$ –	$ 336,863	$ 387,322	86.97%	78.20%
06/30/2017	06/30/2016	0.0037%	$ 300,421	$ 3,873	$ 304,294	$ 250,173	120.09%	68.90%
06/30/2018	06/30/2017	0.0041%	$ 261,740	$ 3,297	$ 265,037	$ 261,779	99.99%	75.90%
06/30/2019	06/30/2018	0.0027%	$ 149,785	$ 4,933	$ 154,718	$ 182,220	82.20%	79.50%
06/30/2020	06/30/2019	0.0022%	$ 121,633	$ 3,833	$ 125,466	$ 154,455	78.75%	80.20%
06/30/2021	06/30/2020	0.0035%	$ 209,840	$ 6,457	$ 216,297	$ 248,681	84.38%	79.10%

Public Employees Retirement Association Pension Benefits Plan
Schedule of District Contributions
Year Ended June 30, 2021

District Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
06/30/2015	$ 27,844	$ 27,844	$ –	$ 387,322	7.19%
06/30/2016	$ 18,720	$ 18,720	$ –	$ 250,173	7.48%
06/30/2017	$ 19,428	$ 19,428	$ –	$ 261,779	7.42%
06/30/2018	$ 13,665	$ 13,665	$ –	$ 182,220	7.50%
06/30/2019	$ 11,583	$ 11,583	$ –	$ 154,455	7.50%
06/30/2020	$ 18,651	$ 18,651	$ –	$ 248,681	7.50%
06/30/2021	$ 10,561	$ 10,561	$ –	$ 140,810	7.50%

Note: The District implemented GASB Statement No. 68 in fiscal 2015 (using a June 30, 2014 measurement date). This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

EAST METRO INTEGRATION DISTRICT NO. 6067

Teachers Retirement Association Pension Benefits Plan
Schedule of District's and Nonemployer Proportionate Share of Net Pension Liability
Year Ended June 30, 2021

District Fiscal Year-End Date	TRA Fiscal Year-End Date (Measurement Date)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2015	06/30/2014	0.0161%	$ 741,876	$ 52,091	$ 793,967	$ 678,328	109.37%	81.50%
06/30/2016	06/30/2015	0.0062%	$ 383,531	$ 47,311	$ 430,842	$ 316,450	121.20%	76.80%
06/30/2017	06/30/2016	0.0062%	$ 1,478,848	$ 147,952	$ 1,626,800	$ 322,038	459.22%	44.88%
06/30/2018	06/30/2017	0.0063%	$ 1,257,594	$ 121,409	$ 1,379,003	$ 340,638	369.19%	51.57%
06/30/2019	06/30/2018	0.0067%	$ 420,823	$ 39,379	$ 460,202	$ 371,048	113.41%	78.07%
06/30/2020	06/30/2019	0.0069%	$ 439,807	$ 38,867	$ 478,674	$ 391,618	112.31%	78.21%
06/30/2021	06/30/2020	0.0071%	$ 524,558	$ 43,988	$ 568,546	$ 409,692	128.04%	75.48%

Teachers Retirement Association Pension Benefits Plan
Schedule of District Contributions
Year Ended June 30, 2021

District Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
06/30/2015	$ 23,829	$ 23,829	$ –	$ 316,450	7.53%
06/30/2016	$ 24,153	$ 24,153	$ –	$ 322,038	7.50%
06/30/2017	$ 25,548	$ 25,548	$ –	$ 340,638	7.50%
06/30/2018	$ 27,938	$ 27,938	$ –	$ 371,048	7.53%
06/30/2019	$ 30,194	$ 30,194	$ –	$ 391,618	7.71%
06/30/2020	$ 32,447	$ 32,447	$ –	$ 409,692	7.92%
06/30/2021	$ 30,298	$ 30,298	$ –	$ 372,669	8.13%

Note: The District implemented GASB Statement No. 68 in fiscal 2015 (using a June 30, 2014 measurement date). This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

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PERA – GENERAL EMPLOYEES RETIREMENT FUND

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

- The price inflation assumption was decreased from 2.50 percent to 2.25 percent.
- The payroll growth assumption was decreased from 3.25 percent to 3.00 percent.
- 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 percent less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years two through five, 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 MP-2018 to 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 100.00 percent joint and survivor option changed from 35.00 percent to 45.00 percent. The assumed number of married female new retirees electing the 100.00 percent joint and survivor option changed from 15.00 percent to 30.00 percent. The corresponding number of married new retirees electing the life annuity option was adjusted accordingly.

2020 CHANGES IN PLAN PROVISIONS

- Augmentation for current privatized members was reduced to 2.00 percent for the period July 1, 2020 through December 31, 2023, and zero percent thereafter. Augmentation was eliminated for privatizations occurring after June 30, 2020.

PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

2019 CHANGES IN PLAN PROVISIONS

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

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2018 CHANGES IN PLAN PROVISIONS

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to zero percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Post-retirement benefit increases were changed from 1.00 percent per year, with a provision to increase to 2.50 percent upon attainment of 90.00 percent funding ratio, to 50.00 percent of the Social Security Cost of Living Adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age. Does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.00 percent per year through 2044, and 2.50 percent per year thereafter, to 1.25 percent per year.

PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

2017 CHANGES IN PLAN PROVISIONS

- The state's contribution for the Minneapolis Employees Retirement Fund equals \$16.0 million in 2017 and 2018, and \$6.0 million thereafter.
- The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21.0 million to \$31.0 million in calendar years 2019 to 2031. The state's contribution changed from \$16.0 million to \$6.0 million in calendar years 2019 to 2031.

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

- The Combined Service Annuity (CSA) loads were changed from 0.80 percent for active members and 60.00 percent for vested and nonvested deferred members. The revised CSA loads are now zero percent for active member liability, 15.00 percent for vested deferred member liability, and 3.00 percent for nonvested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year for all years, to 1.00 percent per year through 2044, and 2.50 percent per year thereafter.

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2015 CHANGES IN PLAN PROVISIONS

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Retirement Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892.0 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.

2015 CHANGES IN ACTUARIAL ASSUMPTIONS

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2030, and 2.50 percent per year thereafter, to 1.00 percent per year through 2035, and 2.50 percent per year thereafter.

TEACHERS RETIREMENT ASSOCIATION (TRA)

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The cost of living adjustment (COLA) was reduced from 2.00 percent each January 1 to 1.00 percent, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.10 percent each year until reaching the ultimate rate of 1.50 percent on January 1, 2028.
- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit, are exempt.
- The COLA trigger provision, which would have increased the COLA to 2.50 percent if the funded ratio was at least 90.00 percent for two consecutive years, was eliminated.
- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019 and ending June 30, 2024 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt.
- Augmentation on deferred benefits will be reduced to zero percent beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.00 percent to 3.00 percent, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.50 percent to 7.50 percent, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next six years, (7.71 percent in 2018, 7.92 percent in 2019, 8.13 percent in 2020, 8.34 percent in 2021, 8.55 percent in 2022, and 8.75 percent in 2023). In addition, the employee contribution rate will increase from 7.50 percent to 7.75 percent on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.
- The single discount rate changed from 5.12 percent to 7.50 percent.

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

- The COLA was assumed to increase from 2.00 percent annually to 2.50 percent annually on July 1, 2045.
- The COLA was not assumed to increase to 2.50 percent, but remain at 2.00 percent for all future years.
- Adjustments were made to the CSA loads. The active load was reduced from 1.40 percent to zero percent, the vested inactive load increased from 4.00 percent to 7.00 percent, and the nonvested inactive load increased from 4.00 percent to 9.00 percent.
- The investment return assumption was changed from 8.00 percent to 7.50 percent.
- The price inflation assumption was lowered from 2.75 percent to 2.50 percent.
- The payroll growth assumption was lowered from 3.50 percent to 3.00 percent.
- The general wage growth assumption was lowered from 3.50 percent to 2.85 percent for 10 years, followed by 3.25 percent thereafter.
- The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.
- The single discount rate changed from 4.66 percent to 5.12 percent.

TEACHERS RETIREMENT ASSOCIATION (TRA) (CONTINUED)

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

- The single discount rate was changed from 8.00 percent to 4.66 percent.

2015 CHANGES IN PLAN PROVISIONS

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

2015 CHANGES IN ACTUARIAL ASSUMPTIONS

- The annual COLA for the June 30, 2015 valuation assumed 2.00 percent. The prior year valuation used 2.00 percent, with an increase to 2.50 percent commencing in 2034.
- The discount rate used to measure the total pension liability was 8.00 percent. This is a decrease from the discount rate at the prior measurement date of 8.25 percent.

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OTHER REQUIRED REPORTS

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PRINCIPALS
Thomas A. Karnowski, CPA
Paul A. Radosevich, CPA
William J. Lauer, CPA
James H. Eichten, CPA
Aaron J. Nielsen, CPA
Victoria L. Holinka, CPA/CMA
Jaclyn M. Huegel, CPA
Kalen T. Karnowski, CPA

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

To the School Board and Management of
East Metro Integration District No. 6067
Woodbury, 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 and the major fund of East Metro Integration District No. 6067 (dba Equity Alliance MN) (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 9, 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 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 have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings as findings 2021-001 and 2021-002, that we consider to be material weaknesses.

(continued)

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COMPLIANCE AND OTHER MATTERS

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

DISTRICT'S RESPONSES TO FINDINGS

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

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results 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 report is not suitable for any other purpose.

Malloy, Montague, Karnowski, Radosevich & Co., P.A.

Minneapolis, Minnesota
December 9, 2021

MMKR
CERTIFIED PUBLIC ACCOUNTANTS

PRINCIPALS
Thomas A. Karnowski, CPA
Paul A. Radosevich, CPA
William J. Lauer, CPA
James H. Eichten, CPA
Aaron J. Nielsen, CPA
Victoria L. Holinka, CPA/CMA
Jaclyn M. Huegel, CPA
Kalen T. Karnowski, CPA

INDEPENDENT AUDITOR'S REPORT

ON MINNESOTA LEGAL COMPLIANCE

To the School Board and Management of
East Metro Integration District No. 6067
Woodbury, 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 and the major fund of East Metro Integration District No. 6067 (dba Equity Alliance MN) (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 9, 2021.

MINNESOTA LEGAL COMPLIANCE

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

PURPOSE OF THIS REPORT

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

Malloy, Montague, Karnowski, Radosevich & Co., P.A.

Minneapolis, Minnesota
December 9, 2021

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FINANCIAL STATEMENT FINDINGS

INTERNAL CONTROLS OVER FINANCIAL REPORTING – MATERIAL WEAKNESSES

2021-001 Segregation of Duties

Criteria – Generally, a system of internal control contemplates a segregation of duties such that no one individual has responsibility to execute a transaction, has physical access to the related assets, and has responsibility or authority to record the transaction.

Condition – East Metro Integration District No. 6067 (dba Equity Alliance MN) (the District) has limited segregation of duties in several areas, including the processing of cash receipts, general disbursements, payroll transactions, and maintenance of subsidiary accounts receivable ledgers.

Questioned Costs – Not applicable.

Context – This is a current year and prior year finding.

Cause – The limited segregation of duties is primarily caused by the limited size of the District's business office staff.

Effect – One important element of internal accounting controls is an adequate segregation of duties such that no one individual has responsibility to execute a transaction, has physical access to the related assets, and has responsibility or authority to record the transaction. A lack of segregation of duties subjects the District to a higher risk that errors or fraud could occur and not be detected in a timely manner in the normal course of business.

Recommendation – We recommend that the District continue its efforts to segregate duties as best it can within the limits of what the District considers to be cost-beneficial.

Corrective Action Plan

Actions Planned – The District intends to review the transaction cycles identified above and work with the District's financial auditors to review specific weaknesses identified during the annual audit, and actions needed to eliminate or mitigate this internal control weakness. Upon completion of this review, the District will weigh the related costs and benefits associated with implementation changes needed to eliminate this condition.

Official Responsible – Sebastian Witherspoon, Executive Director.

Planned Completion Date – June 30, 2022.

Disagreement With or Explanation of Finding – The District has no disagreement with the finding.

Plan to Monitor – Sebastian Witherspoon, Executive Director, will make the District aware of its objective to address this condition and supervise the progress of planned actions during the year.

FINANCIAL STATEMENT FINDINGS (CONTINUED)

INTERNAL CONTROLS OVER FINANCIAL REPORTING – MATERIAL WEAKNESSES (CONTINUED)

2021-002 Preparation of Financial Statements

Criteria – Management is responsible for establishing and maintaining effective internal controls. These controls include the responsibility for preparation, or oversight of the preparation, of the financial statements in accordance with accounting principles generally accepted in the United States of America.

Condition – Other than the management's discussion and analysis, the District had our firm prepare the accompanying annual financial statements. Like many similarly sized organizations, the District requested assistance from us with the drafting of the annual financial statements and related notes. Although this is common practice and may be the most practical and cost-effective method to complete this task, the fact that the District does not have the internal resources available to prepare the annual financial statements is considered a deficiency.

Questioned Costs – Not applicable.

Context – This is a current year and prior year finding.

Cause – The District does not have the internal resources available to prepare its own annual financial statements, and has made the decision that from a cost-benefit perspective, it is more efficient to have the auditor prepare them than to contract with another outside party.

Effect – The auditor prepared the draft of the District's annual financial statements and disclosures.

Recommendation – We recommend that the District consider whether it is cost-beneficial to either provide training to its internal staff that would enable the District to prepare its own financial statements, or contract with another outside party to prepare them.

Corrective Action Plan

Actions Planned – The District will determine as to whether it is practical and cost-effective for the District to prepare its financial statements in the future.

Official Responsible – Sebastian Witherspoon, Executive Director.

Planned Completion Date – June 30, 2022.

Disagreement With or Explanation of Finding – The District has no disagreement with the finding.

Plan to Monitor – Sebastian Witherspoon, Executive Director, will continue to monitor this deficiency and establish policies and procedures within the limits of the staff available.

EAST METRO INTEGRATION DISTRICT NO. 6067

Uniform Financial Accounting and Reporting Standards
Compliance Table
June 30, 2021

		Audit		UFARS		Audit – UFARS	
General Fund							
Total revenue		$	760,693	$	760,693	$	–
Total expenditures		$	960,953	$	960,953	$	–
Nonspendable							
460	Nonspendable fund balance	$	6,903	$	6,903	$	–
Restricted							
401	Student activities	$	–	$	–	$	–
402	Scholarships	$	–	$	–	$	–
403	Staff development	$	–	$	–	$	–
407	Capital projects levy	$	–	$	–	$	–
408	Cooperative revenue	$	–	$	–	$	–
413	Projects funded by COP	$	–	$	–	$	–
414	Operating debt	$	–	$	–	$	–
416	Levy reduction	$	–	$	–	$	–
417	Taconite building maintenance	$	–	$	–	$	–
424	Operating capital	$	–	$	–	$	–
426	$25 taconite	$	–	$	–	$	–
427	Disabled accessibility	$	–	$	–	$	–
428	Learning and development	$	–	$	–	$	–
434	Area learning center	$	–	$	–	$	–
435	Contracted alternative programs	$	–	$	–	$	–
436	State approved alternative program	$	–	$	–	$	–
438	Gifted and talented	$	–	$	–	$	–
440	Teacher development and evaluation	$	–	$	–	$	–
441	Basic skills programs	$	–	$	–	$	–
448	Achievement and integration	$	–	$	–	$	–
449	Safe schools levy	$	–	$	–	$	–
451	QZAB payments	$	–	$	–	$	–
452	OPEB liability not in trust	$	–	$	–	$	–
453	Unfunded severance and retirement levy	$	–	$	–	$	–
459	Basic skills extended time	$	–	$	–	$	–
467	Long-term facilities maintenance	$	–	$	–	$	–
472	Medical Assistance	$	–	$	–	$	–
473	PPP loans	$	–	$	–	$	–
474	EIDL loans	$	–	$	–	$	–
464	Restricted fund balance	$	–	$	–	$	–
475	Title VII – Impact Aid	$	–	$	–	$	–
476	PILT	$	–	$	–	$	–
Committed							
418	Committed for separation	$	–	$	–	$	–
461	Committed fund balance	$	–	$	–	$	–
Assigned							
462	Assigned fund balance	$	524,527	$	524,527	$	–
Unassigned							
422	Unassigned fund balance	$	406,193	$	406,193	$	–
Food Service							
Total revenue		$	–	$	–	$	–
Total expenditures		$	–	$	–	$	–
Nonspendable							
460	Nonspendable fund balance	$	–	$	–	$	–
Restricted							
452	OPEB liability not in trust	$	–	$	–	$	–
474	EIDL loans	$	–	$	–	$	–
464	Restricted fund balance	$	–	$	–	$	–
Unassigned							
463	Unassigned fund balance	$	–	$	–	$	–
Community Service							
Total revenue		$	–	$	–	$	–
Total expenditures		$	–	$	–	$	–
Nonspendable							
460	Nonspendable fund balance	$	–	$	–	$	–
Restricted							
426	$25 taconite	$	–	$	–	$	–
431	Community education	$	–	$	–	$	–
432	ECFE	$	–	$	–	$	–
440	Teacher development and evaluation	$	–	$	–	$	–
444	School readiness	$	–	$	–	$	–
447	Adult basic education	$	–	$	–	$	–
452	OPEB liability not in trust	$	–	$	–	$	–
473	PPP loans	$	–	$	–	$	–
474	EIDL loans	$	–	$	–	$	–
464	Restricted fund balance	$	–	$	–	$	–
Unassigned							
463	Unassigned fund balance	$	–	$	–	$	–

Uniform Financial Accounting and Reporting Standards
Compliance Table (continued)
June 30, 2021

		Audit	UFARS	Audit – UFARS
Building Construction				
Total revenue		$ –	$ –	$ –
Total expenditures		$ –	$ –	$ –
Nonspendable				
460	Nonspendable fund balance	$ –	$ –	$ –
Restricted				
407	Capital projects levy	$ –	$ –	$ –
413	Projects funded by COP	$ –	$ –	$ –
467	Long-term facilities maintenance	$ –	$ –	$ –
464	Restricted fund balance	$ –	$ –	$ –
Unassigned				
463	Unassigned fund balance	$ –	$ –	$ –
Debt Service				
Total revenue		$ –	$ –	$ –
Total expenditures		$ –	$ –	$ –
Nonspendable				
460	Nonspendable fund balance	$ –	$ –	$ –
Restricted				
425	Bond refundings	$ –	$ –	$ –
433	Maximum effort loan	$ –	$ –	$ –
451	QZAB payments	$ –	$ –	$ –
467	Long-term facilities maintenance	$ –	$ –	$ –
464	Restricted fund balance	$ –	$ –	$ –
Unassigned				
463	Unassigned fund balance	$ –	$ –	$ –
Trust				
Total revenue		$ –	$ –	$ –
Total expenditures		$ –	$ –	$ –
401	Student activities	$ –	$ –	$ –
402	Scholarships	$ –	$ –	$ –
422	Net position	$ –	$ –	$ –
Custodial Fund				
Total revenue		$ –	$ –	$ –
Total expenditures		$ –	$ –	$ –
401	Student activities	$ –	$ –	$ –
402	Scholarships	$ –	$ –	$ –
448	Achievement and integration	$ –	$ –	$ –
464	Restricted fund balance	$ –	$ –	$ –
Internal Service				
Total revenue		$ –	$ –	$ –
Total expenditures		$ –	$ –	$ –
422	Net position	$ –	$ –	$ –
OPEB Revocable Trust Fund				
Total revenue		$ –	$ –	$ –
Total expenditures		$ –	$ –	$ –
422	Net position	$ –	$ –	$ –
OPEB Irrevocable Trust Fund				
Total revenue		$ –	$ –	$ –
Total expenditures		$ –	$ –	$ –
422	Net position	$ –	$ –	$ –
OPEB Debt Service Fund				
Total revenue		$ –	$ –	$ –
Total expenditures		$ –	$ –	$ –
Nonspendable				
460	Nonspendable fund balance	$ –	$ –	$ –
Restricted				
425	Bond refundings	$ –	$ –	$ –
464	Restricted fund balance	$ –	$ –	$ –
Unassigned				
463	Unassigned fund balance	$ –	$ –	$ –

Note: Statutory restricted deficits, if any, are reported in unassigned fund balances in the financial statements in accordance with accounting principles generally accepted in the United States of America.

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Equity Alliance MN Board Meeting

Agenda Item: ACTION: FY22 Revised Budget

Meeting Date: February 19, 2022

Date Prepared: February 2, 2022

Suggested Disposition: Focus Area # 3 II. ACTION: FY22 Revised Budget

Report **Contact Person:** Kathleen Miller

Background:

The revised budget includes an increase in revenue of $162,108 which includes:

- $37,610 in decreased commitment from member districts
- $124,498 in additional non-member professional development (classes and consulting)

The revised budget includes a net decrease in expenses of $80,963 which includes:

- expenses related to staffing ($171,338)
- expenses related to purchased services, supplies and equipment $90,375

The changes result in $243,071 less being used from the fund balance than estimated in the adopted budget.

The FY 22-23 adopted budget will be presented at the May 18th Board meeting.

RECOMMENDATION:

A motion and a second to approve the FY22 Revised Budget is needed.

Revised 2021-22 Budget

February 16, 2022

2021-22 REVISED REVENUE ASSUMPTIONS - $918,547

Member District Revenue- $5 per Student + Supplemental Services

District	Student	Membership	Supplemental	Total
Forest Lake	5,775	$28,875	$59,060	$87,935
Inver Grove Heights	3,333	$16,665	$25,820	$42,485
Roseville	7,359	$36,795	$13,800	$50,595
South St. Paul	3,183	$15,915	$5,000	$20,915
White Bear Lake	8,705	$43,525	$49,495	$93,020
TOTAL	**28,355**	**$141,775**	**$153,175**	**$294,950**

Other Revenue Sources

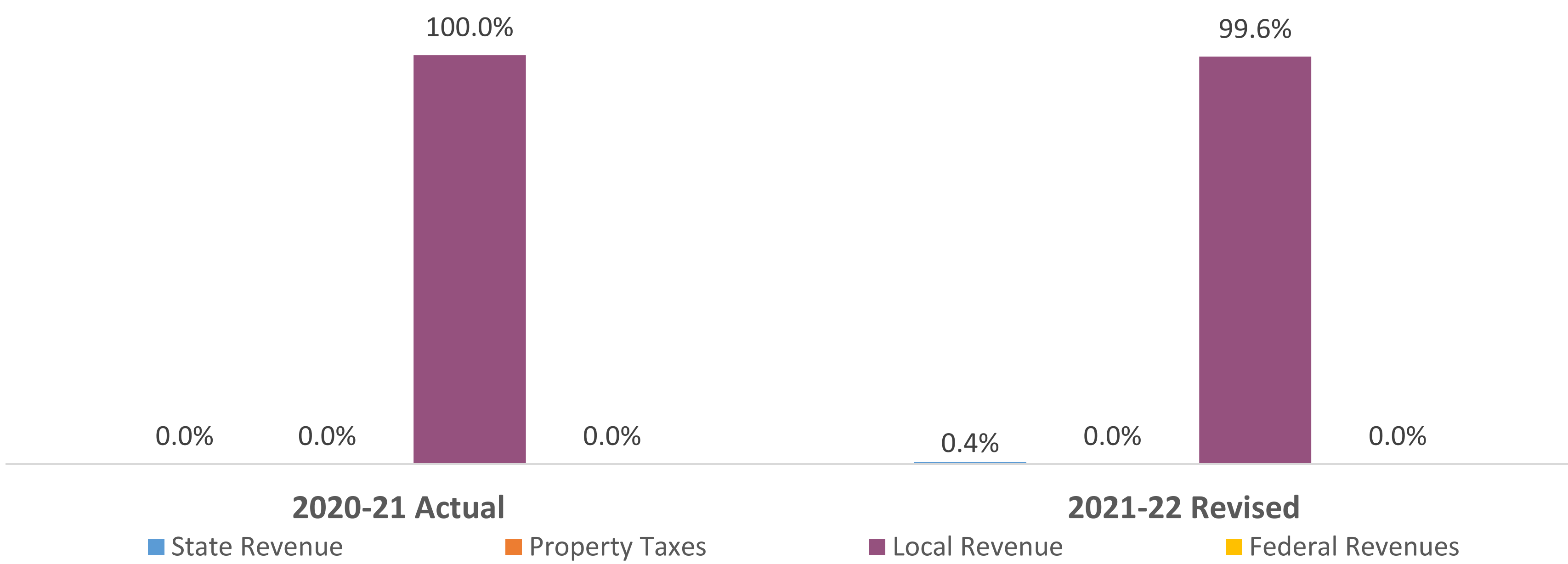
- **Grants - $4,167**
- **Interest Income - $200**
- **State Aid - $3,564**
- **Transportation (Flow-thru) - $50,000**

Non-Member District Revenue - Supplemental Services

Non-Members	Service	Total
Stillwater	6 YEB, MS BIA, AVID PE/Health, SEED	$55,050
Stillwater	Equity Coaching	$7,500
South Washington	YEB, Clsrom Partnerships, Cultural Liaison, Teacher Affinity	$39,450
AARC	Professional Learning & Keynote	$5,764
Moorhead	Equity Review	$93,878
Spero Academy	L2L	$12,250
St. Anthony #282	Equity Review & Equity Action Plan	$23,026
Great River	Equity Review & Membership	$58,000
MASA	Professional Development	$26,500
DaVinci Academy	Equity Review	$13,150
MNCA	L2L/Keynote Speaker	$13,150
Maine RSU 26	Equity Review & Equity Action Plan	$39,950
MASBO	PD/IDI/Executive Coaching	$20,201
Zumbro	IDI	$3,275
Maine RSU 28	Equity Review	$24,643
Upper Mississippi	Equity Review & Consulting	$16,995
Northfield Public Schools	Monthly PLC	$14,750
Shakopee Public Schools	Keynote, PD for SB, T, D,	$45,500
Cornerstone	Equity Review	$2,524
Benton-Stearns	PD Series	$4,650
Northland Learning Center	L2L, DiSc, IDI, ISC, Executive Coaching	$45,460
TOTAL		**$565,666**

GENERAL FUND REVENUE BY SOURCE

Source	FY 21 Actual	FY21%		FY 22 Revised	FY22%
State Revenue	-	0.0%		3,564	0.4%
Property Taxes	-	0.0%		-	0.0%
Local Revenue	760,693	100.0%		914,983	99.6%
Federal Revenues	-	0.0%		-	0.0%
Total	760,693	100.0%		918,547	100.0%



2021-22 REVISED EXPENDITURE ASSUMPTIONS

Staffing – Adjusted to Actual staffing

- **Sebastian Witherspoon**
- **Claire Olson** *(replacement for J. Stammler)*
- **Dr. Alex Hermida** *(replacement for C. Devine)*
- **Tonya Sconiers** *(Moved to .70 FTE)*
- **Paula O'Loughlin**
- **Kathy Miller**
- **Meghan Bridges - New student programmer**
- **No Replacement for R. Seabrook**

Seasonal/Part-time Staff

- **Equity Alliance Seasonal Staff**
- **SEED Facilitators**
- **Board Member Compensation**
- **After School Programming Staff**
- **Summer Instructors (Middle School Business, AVID PE & Health)**

TOTAL PERSONNEL COSTS = $694,659

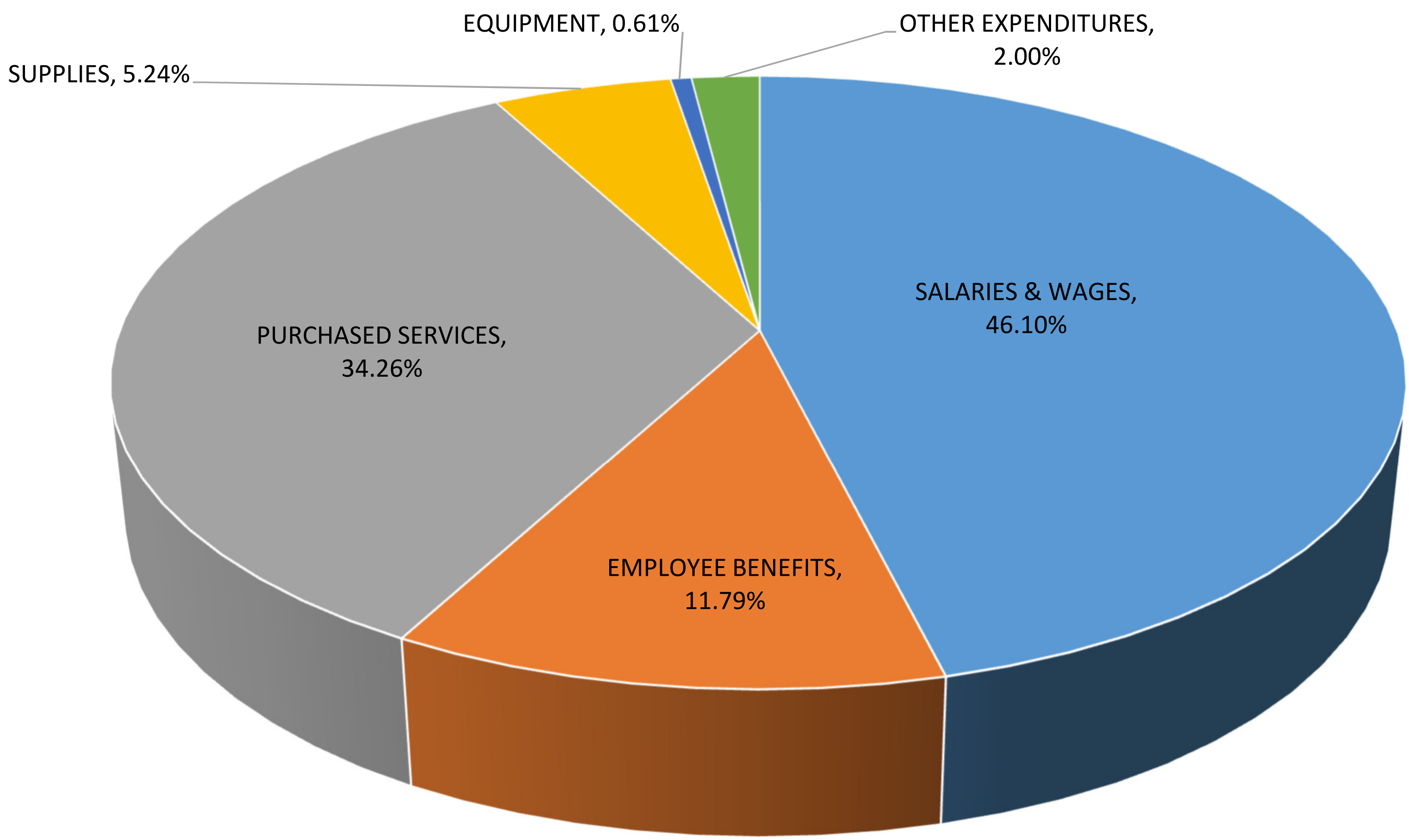
2021-22 REVISED EXPENDITURE RECAP

EXPENDITURES BY OBJECT	Adopted Budget	Revised Budget
SALARIES & WAGES	665,342	553,200
EMPLOYEE BENEFITS	200,655	141,459
PURCHASED SERVICES	319,826	411,112
SUPPLIES	60,985	62,919
EQUIPMENT	10,195	7,350
OTHER EXPENDITURES	23,963	23,963
TOTALS	1,280,966	1,200,003

2021-22 REVISED EXPENDITURES HIGHLIGHTS

- **Salary: Based on actual staffing. 1.5% increase over 2020-21**
- **Personnel Benefits increase: Health Insurance Increase 6.21%; TRA increased from 8.13% to 8.34%; Dental, Life and Long Term Disability remain the same.**
- **Building lease adjusted**
- **Updated Legal Expenses**
- **Updated Travel Expense**
- **Student Transportation reset to pre-pandemic levels**

GENERAL FUND EXPENDITURE BUDGET – FY22 - $1,200,003



EQUITY ALLIANCE MN
Budget Overview
Revised Budget Summary 2021-22

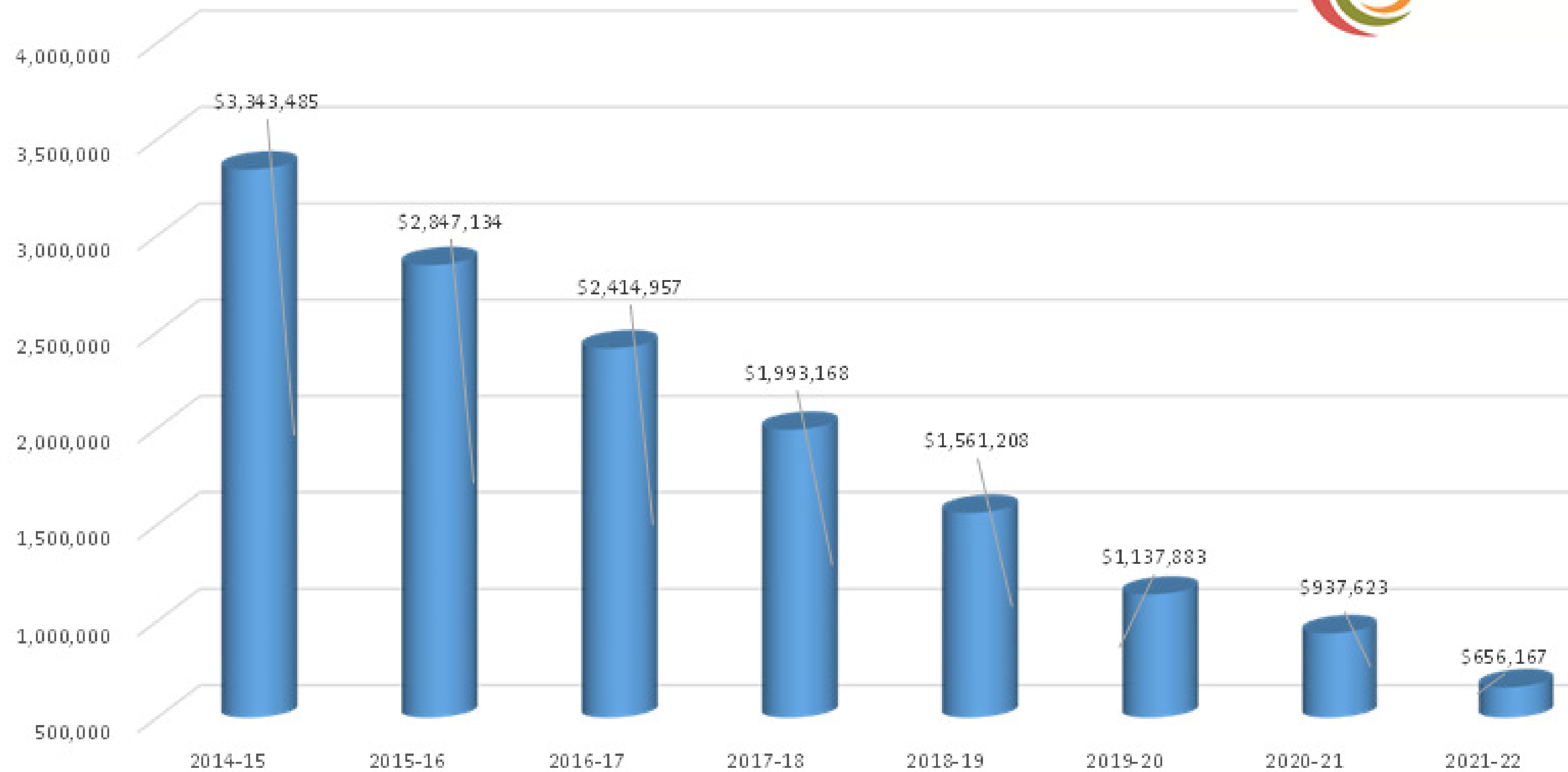
General Fund - 01	July 1, 2021	Revenues	Expenditures	June 30, 2022 Proj. Balance	Net Increase or Decrease
Unassigned - 422	406,193	918,547	1,200,003	124,737	(281,456)
Nonspendable					
Prepaids	6,903	-	-	6,903	-
Assigned Funds					
Assigned - Next Year Deficit Spend	524,527	-	-	524,527	-
Total General Fund	**937,623**	**918,547**	**1,200,003**	**656,167**	**(281,456)**
Total All Funds:	**937,623**	**918,547**	**1,200,003**	**656,167**	**(281,456)**

FUND BALANCE POLICY

V. Minimum Fund Balance

The district will strive to maintain a minimum unassigned general fund balance of 3-6 months of operating expenses.

Equity Alliance MN - Fund Balance History



School Year	Revenue	Expenditures	Fund Balance	Use of Fund Balance
2013-14	8,971,622	8,981,765	3,519,041	
2014-15	2,342,381	2,519,046	3,343,485	(175,556)
2015-16	878,811	1,375,588	2,847,134	(496,351)
2016-17	1,180,776	1,612,933	2,414,957	(432,177)
2017-18	1,045,065	1,467,011	1,993,168	(421,789)
2018-19	1,016,070	1,448,904	1,564,035	(429,133)
2019-20	879,667	1,439,036	1,137,883	(426,152)
2020-21 AUDITED	760,693	960,953	937,623	(200,260)
2021-22 REVISED	918,547	1,200,003	656,167	(281,456)

NEXT STEPS AND ADDITIONAL ADOPTED BUDGET NOTES

- **Several variables**

  Member District – FY22-23 Commitment Forms & Fee
  Potential Non-Member Opportunities
  COVID19 Impact on Education Delivery and Activities
  Office Lease - Termination Requested
  Grant Applications and 501(c)3 Opportunities
  Legislative Actions

- **Intentional spend down of fund balance – Complete**

- **Fund Balance Policy Revision – 3-6 Months**

- **Line of Credit / Cash Flow**

- **Plan for Sustainability - Close gap: Increase revenue and/or reduce expenses**

- **Adopted Budget FY23 will be presented in June 2022**

Questions and Discussion

Kathy Miller
Business Manager

(507) 421-6976