

NORTHFIELD PUBLIC SCHOOLS
Office of the Superintendent
Memorandum

TO: Board of Education

FROM: Matt Hillmann Ed.D., Superintendent

RE: Table File Items for March 14, 2022, Regular School Board Meeting

5. Items for discussion and report

b. Proposed 2022-23 Debt Service Fund. Director of Finance Val Mertesdorf has provided the slide deck and narrative for the proposed 2022-23 debt service fund presentation.

c. Proposed 2022-2023 Internal Service Fund Budget. Director of Finance Val Mertesdorf has provided the slide deck and narrative for the proposed 2022-23 internal service fund presentation.

6. Consent agenda

b. Personnel items

i. Appointments

1. Stephanie Ennis, Summer Targeted Services PLUS Teacher for up to 6 hours/day Mon.-Thurs. at Greenvale Park, beginning 7/5/2022-8/11/2022; MA, Step 2
2. Ana Gallego, Summer Targeted Services PLUS Site Assistant for up to 6 hours/day Mon.-Thurs. at Greenvale Park, beginning 7/5/2022-8/11/2022; **Step 3-\$14.85/hr.
3. Mary Hotz Zenk, Summer Targeted Services BLAST Teacher for up to 6 hours/day Mon.-Thurs. at the High School, beginning 7/5/2022-8/11/2022; BA, Step 5
4. Ian Klotz, Assistant Boys Lacrosse Coach for 2 hours/day at the High School, beginning 4/4/2022. \$3,983, Plus Step 5
5. Lauren Moravchik, Recreation Programming Summer Intern for up to 20 hours/week from 5/23/2022-6/12/2022 and 7/30/2022-8/15/2022, up to 40 hours/week from 6/13/2022-7/29/2022 with Community Education Recreation, beginning 5/23/2022-8/15/2022; \$14.38/hr.
6. Andrea Redder, Early Childhood EA Sib Care for 8 hours/day at the NCEC, beginning 3/28/2022; Gen Ed Step 4-\$16.92/hr.

ii. Increase/Decrease/Change in Assignment

1. Janet Amundson, EA at the Middle School, add Summer Targeted Services BLAST Site Assistant for up to 6.5 hours/day Mon.-Thurs. at the High School, effective 7/5/2022-8/11/2022; **Step 4-\$15.48/hr.
2. Kristin Basinger, EA at the Middle School, add Summer Targeted Services PLUS Site Assistant for up to 6 hours/day Mon.-Thurs. at Greenvale Park, effective 7/5/2022-8/11/2022; **Step 4-\$15.48/hr.
3. Rachael Basinger, EA at the Middle School, add Summer Targeted Services PLUS Site Assistant for up to 6 hours/day Mon.-Thurs. at Greenvale Park, effective 7/5/2022-8/11/2022; **Step 4-\$15.48/hr.

4. Ashley Benhart, Teacher at Spring Creek, add Summer Targeted Services PLUS Teacher for up to 7 hours/day Mon.-Thurs. at Greenvale Park, effective 6/20/2022-8/16/2022; Lane/step
5. Danielle Collins, 4th Grade Teacher with an end date of 6/9/2022 at Greenvale Park, change to 4th Grade Teacher ongoing at Greenvale Park, effective 3/14/2022.
6. Tiffany Donkers, Early Ventures Teacher for 40 hours/week at the NCEC, change to Early Ventures Teacher for 36 hours/week at the NCEC, effective 3/14/2022.
7. Kelle Edwards, EA at the High School, add Summer Targeted Services PLUS Site Assistant for up to 6 hours/day Mon.-Thurs. at Greenvale Park, effective 7/5/2022-8/11/2022; **Step 4-\$15.48/hr.
8. Ethan Freier, Band Director at the Middle School, add RRR Horn Arrangement Director at the High School, effective 3/1/2022; Stipend \$2,000
9. Janet Gannon, EA at the Middle School, add Summer Targeted Services BLAST Site Assistant for up to 6.5 hours/day Mon.-Thurs. at the High School, effective 7/5/2022-8/11/2022; **Step 4-\$15.48/hr.
10. Michael Garlitz, Accelerate Northfield Coordinator with the District, add Summer Targeted Services PLUS Site Assistant for up to 6 hours/day Mon.-Thurs. at Greenvale Park, effective 7/5/2022-8/11/2022; **Step 4-\$15.48/hr.
11. Michael Garlitz, Accelerate Northfield Coordinator with the District, add Summer Targeted Services PLUS Club Leader for up to 6.5 hours/day Mon.-Thurs. at Greenvale Park, effective 7/5/2022-8/11/2022; **\$23.01/hr.
12. Cece Green, CNA Manager II at the High School, add Summer Child Nutrition Lead for up to 6 hours/day Mon.-Thurs. at Greenvale Park, effective 6/10/2022-8/25/2022; **\$23.16/hr.
13. Jackie Groth, EA at Bridgewater, add Summer Targeted Services PLUS Site Assistant for up to 6.5 hours/day Mon.-Thurs. at Greenvale Park, effective 7/5/2022-8/11/2022; **Step 4-\$15.48/hr.
14. Denise Halvorson, Teacher at the High School, add Summer Targeted Services PLUS Teacher for up to 6.5 hours/day Mon.-Thurs. at Greenvale Park, effective 7/5/2022-8/11/2022; lane/step
15. Kelly Hebzynski, Teacher at the Middle School, add Summer Targeted Services BLAST Teacher for up to 6.5 hours/day Mon.-Thurs. at the High School, effective 7/5/2022-8/11/2022; Lane/step
16. Kristin Hummel, Teacher at Bridgewater, add Summer Targeted Services PLUS Teacher for up to 6.5 hours/day Mon.-Thurs. at Greenvale Park, effective 7/5/2022-8/11/2022; Lane/step
17. Julene Johnson, EA at Bridgewater, add Summer Targeted Services BLAST Site Assistant for up to 6.5 hours/day Mon.-Thurs. at the High School, effective 7/5/2022-8/11/2022; **Step 4-\$15.48/hr.
18. Anna Kelly, Teacher at Greenvale Park, add Summer Targeted Services PLUS Teacher for up to 6.5 hours/day Mon.-Thurs. at Greenvale Park, effective 7/5/2022-8/11/2022; Lane/step
19. Darren Loftquist, Teacher at Bridgewater, add Summer Targeted Services PLUS Teacher for up to 6.5 hours/day Mon.-Thurs. at Greenvale Park, effective 7/5/2022-8/11/2022; Lane/step
20. Catherine Lovrien, Teacher at the Middle School, add Summer Targeted Services BLAST Teacher for up to 6.5 hours/day Mon.-Thurs. at the High School, effective 7/5/2022-8/11/2022; Lane/step
21. Rebecca Meyer, EA at the High School, add Summer Targeted Services BLAST Site Assistant for up to 6.5 hours/day Mon.-Thurs. at the High School, effective 7/5/2022-8/11/2022; **Step 4-\$15.48/hr.
22. Sean O'Brien, Teacher at the High School, add .5 Assistant Track Coach at the High School, effective 3/14/2022; Level 1, Step 2 - .50 FTE
23. Ann Schmidt, CNA II and CNA III at the High School, add Summer CNA for up to 4 hours/day Mon.-Thurs. at Greenvale Park, effective 7/11/2022-8/11/2022; **\$19.28/hr.
24. Angie Schock, Teacher at the Middle School, add Summer Targeted Services BLAST Teacher for up to 6.5 hours/day Mon.-Thurs. at the High School, effective 7/5/2022-8/11/2022; Lane/step
25. Karleen Sherman, Teacher at Spring Creek, add Summer Targeted Services BLAST Teacher for up to 6.5 hours/day Mon.-Thurs. at Greenvale Park, effective 7/5/2022-8/11/2022; Lane/step

26. Michael Sherman, Teacher at the Middle School, add Summer Targeted Services BLAST Teacher for up to 6.5 hours/day Mon.-Thurs. at the High School, effective 7/5/2022-8/11/2022; Lane/step
27. Amanda Sieger, Teacher at Spring Creek, add Summer Targeted Services PLUS Teacher for up to 6.5 hours/day Mon.-Thurs. at Greenvale Park, effective 7/5/2022-8/11/2022; Lane/step
28. Scott Stanina, Teacher at the High School, add Summer Targeted Services BLAST Teacher for up to 6.5 hours/day Mon.-Thurs. at the High School, effective 7/5/2022-8/11/2022; Lane/step
29. Heather Stanton Ims, School Social Worker at the Middle School, add an overload in lieu of prep for 2 days/week (Tues. and Thurs.) effective 9/9/2021-6/9/2022 and an overload in lieu of prep for 1 day/week (Wednesday) effective 11/3/2021-6/9/2022.
30. Karl Stromley, Licensed Substitute Teacher with the District, add Summer Targeted Services BLAST Site Assistant for up to 6.5 hours/day Mon.-Thurs. at the High School, effective 7/5/2022-8/11/2022; **Step 4-\$15.48/hr.
31. Cynthia Thomas, Gen Ed EA at the High School, change to Special Ed EA PCA for 6.75 hours/day at the High School, effective 3/21/2022; Special Ed Step 4-\$17.52/hr.
32. Diane Torbenson, Teacher at Greenvale Park, add Summer Targeted Services PLUS Teacher for up to 6.5 hours/day Mon.-Thurs. at Greenvale Park, effective 7/5/2022-8/11/2022; Lane/step
33. Ellen Trotman, Teacher at the Middle School, add Summer Targeted Services BLAST Teacher Substitute for up to 6.5 hours/day Mon.-Thurs. at the High School, effective 7/5/2022-8/11/2022; Lane/step
34. Katrina Warner, EA at Bridgewater, add Summer Targeted Services PLUS Site Assistant for up to 6 hours/day Mon.-Thurs. at Bridgewater 7/5/2022-8/11/2022; **Step 4-\$15.48/hr.

iii. Leave of Absence

1. Joanne Gilbert, CNA at the High School, Updated Leave of Absence, effective 2/16/2022-3/15/2022.
2. Ada Leaphart, Teacher at Greenvale Park, Family/Medical Leave of Absence beginning on about 3/21/2022 through the end of the 2021-2022 school year.

iv. Retirements/Resignation/Terminations

1. Shari Bridley, Special Ed EA at the NCEC, resignation effective 3/25/2022.
2. Tracy Closson, Alpine Head Coach, resignation effective 3/14/2022.

*Conditional offers of employment are subject to successful completion
Of a criminal background check and Pre-work screening (if applicable)

**Wage is subject to change upon settlement of employment agreements effective July 1, 2022.



Debt Service Fund
Proposed Budget
2022-23

Debt Service Basics

Debt Service Revenue:

- Levy - 105% of debt principal and interest payments
- State - LTFM Aid, Ag credit and other state credits
- Offset of operating capital and LTFM
- Other financing sources – Refunding bond and capitalized interest

Debt Service Expenditures:

- Outstanding principal and interest payments
- Other debt costs, i.e. service fees
- Other financing uses – Refunding bond and capitalized interest

Debt Service Revenue

Revenue Summary	2019-20 Audit Results	2020-21 Audit Results	2021-22 Revised Budget	2022-23 Proposed Budget
Local property Taxes	\$ 5,357,232	\$ 4,944,766	\$ 5,364,977	\$ 5,324,717
Interest on Investments	94,669	3,371	75,000	3,000
State of MN	648,840	923,168	650,000	949,034
Other Sources	-	10,863,211	3,250,547	-
Total Revenues	\$ 6,100,741	\$ 16,734,517	\$ 9,340,524	\$ 6,276,751

Debt Service Expenditures

Expenditure Summary	2019-20 Audit Results	2020-21 Audit Results	2021-22 Revised Budget	2022-23 Proposed Budget
Bond Principal	\$ 4,910,000	\$ 5,230,000	\$ 3,650,000	\$ 3,955,000
Bond Interest	2,305,343	2,027,675	2,185,017	1,964,053
Other Debt Service Fees	6,990	109,226	7,000	7,000
Other Uses	-	10,760,000	3,250,547	-
Total Expenditures	\$ 7,222,333	\$ 18,126,901	\$ 9,092,564	\$ 5,926,053

Debt Service Summary

Fund Summary	2019-20 Audit Results	2020-21 Audit Results	2021-22 Revised Budget	2022-23 Proposed Budget
Beginning Fund Balance	\$ 3,901,604	\$ 2,780,013	\$ 1,387,628	\$ 1,635,589
Revenue	6,100,741	16,734,517	9,340,524	6,276,751
Total Sources	10,002,345	19,514,529	10,728,152	7,912,340
Expenditures	7,222,333	18,126,901	9,092,564	5,926,053
Ending Fund Balance	\$ 2,780,013	\$ 1,387,628	\$ 1,635,589	\$ 1,986,286

Principal and Interest Schedule

Issue Date	Net Interest Rate	Original Issue	Purpose	Final Maturity	FY 2022-23 Payments		
					Principal	Interest	Total
5/13/2014	2.0-3.0%	\$ 1,525,000	GVP/HS Roofs	2/1/2025	\$ 160,000	\$ 14,550	\$ 174,550
3/23/2017	0.0193	\$ 1,325,000	LTFM BW Roof	2/1/2027	\$ 135,000	\$ 21,300	\$ 156,300
1/31/2019	3.22%	\$ 39,255,000	Elementary/Early Childhood	2/1/2039	\$ 515,000	\$ 1,472,131	\$ 1,987,131
11/4/2020	0.37%	\$ 9,665,000	Refund '11A/'12A	2/1/2025	\$ 3,145,000	\$ 385,000	\$ 3,530,000
2/17/2022	1.95%	\$ 312,000	LTFM MS Roof	2/1/2042	\$ -	\$ 71,072	\$ 71,072
					\$ 3,955,000	\$ 1,964,053	\$ 5,919,053

Maturity Schedule

Fiscal Year	Principal	Interest	Total
2023	3,955,000	1,964,053	5,919,053
2024	4,130,000	1,775,509	5,905,509
2025	2,445,000	1,575,009	4,020,009
2026	2,085,000	1,458,859	3,543,859
2027	2,230,000	1,357,509	3,587,509
2028	2,360,000	1,249,009	3,609,009
2029	2,470,000	1,132,759	3,602,759
2030	2,590,000	1,011,059	3,601,059
2031	2,680,000	919,484	3,599,484
2032	2,785,000	816,084	3,601,084
2033	2,865,000	734,484	3,599,484
2034	2,950,000	650,534	3,600,534
2035	3,040,000	564,084	3,604,084
2036	3,140,000	464,371	3,604,371
2037	3,240,000	361,353	3,601,353
2038	3,350,000	251,178	3,601,178
2039	3,465,000	137,228	3,602,228
2040	230,000	15,165	245,165
2041	235,000	10,450	245,450
2042	240,000	5,280	245,280
	\$ 50,485,000	\$ 16,453,457	\$ 66,938,457

Questions?

Thank you!

2022-23 Debt Service Proposed Budget | March 14, 2022

Val Mertesdorf, Director of Finance

Debt Service Fund

State statute requires the District to ask the voters for authority to bond. This means that property taxes are the main source of revenue for the debt service fund. The majority of our bonds are voter approved and we are required by statute to levy 105% of our debt service payments annually. This is part of our levy certification process we do each fall. The expenditures of the debt service fund are restricted for principal and interest payments as well as any potential service fees we might incur from the debt.

You will notice the revised budget for 2021-22 includes \$3,250,547 in the other sources and uses category. In February, the district sold long term facilities maintenance bonds to replace the Middle School roof this summer. The other sources and uses category for 2020-21 was the refunding of our 2011A and 2012A bonds. This resulted in saving the taxpayers about \$367,000. There was a significant increase in 2020-21 in the amount received from the State. This is the phased increase of the Ag Credit that allows for a 70% reduction in the school district portion of property taxes on agricultural properties. The proposed revenue for 2022-23 is consistent with prior years.

The debt service principal and interest amounts tie to our current debt schedules. The other fees are annual fees that cover payment of the bond as well as required reporting.

The 2022-23 ending fund balance is consistent with what we would expect for the debt service fund. For the 2022-23 school year we have five outstanding bonds with principal totaling \$3.955 million and interest totaling \$1,964,053. These five issues have a total debt of \$66,938,457 to be paid over the next twenty years.



Internal Service Fund
Proposed Budget
2022-23

Internal Service Fund Basics

- Fund that accounts for our self insured health and dental plans
- Dental was established in FY06 and Health was added in FY12
- Revenue is from the premiums paid by the District, Employees and Retirees
- Expenditures reflect actual claims paid and the administration of the plan
- Currently using Delta Dental and Medica (effective 1/1/2020)
- Stand alone fund that is presented separately on our financial statements
- Stop-loss insurance coverage is \$125,000 per member per year

Dental Fund

Participation					
	2022-23	2021-22	2020-21	2019-20	2018-19
Single	201	195	189	199	198
Family	411	410	405	404	397
Total	612	605	594	603	595
Change	1.2%	1.9%	-1.5%	1.3%	3.1%

Monthly Premium					
	2022-23	2021-22	2020-21	2019-20	2018-19
Single	\$ 38.07	\$ 38.07	\$ 38.07	\$ 38.07	\$ 38.07
Family	\$ 112.21	\$ 112.21	\$ 112.21	\$ 112.21	\$ 112.21

Dental Financial Summary

	2019-20 AUDIT RESULTS	2020-21 AUDIT RESULTS	2021-22 REVISED BUDGET	2022-23 PROPOSED BUDGET
Beginning Balance	\$413,265	\$474,794	\$473,777	\$447,997
Charges for Services	620,648	634,612	631,683	639,263
Interest Earnings	7,285	188	100	100
Total Sources	1,041,198	1,109,594	1,105,560	1,087,360
Insurance Claims	528,633	598,815	616,779	629,115
Administrative Fees	37,771	37,002	40,784	40,784
Total Expenditures	566,404	635,817	657,563	669,899
Ending Fund Balance	\$474,794	\$473,777	\$447,997	\$417,460
Goal (40% of Exp Claims)	\$211,453	\$239,526	\$246,712	\$251,646

Health Fund

Participation

	2022-23	2021-22	2020-21	2019-20	2018-19
Single	165	134	134	139	149
Family	333	344	344	332	335
Total	498	478	478	471	484
Change	4.2%	0.0%	1.5%	-2.7%	3.0%

Monthly Premium

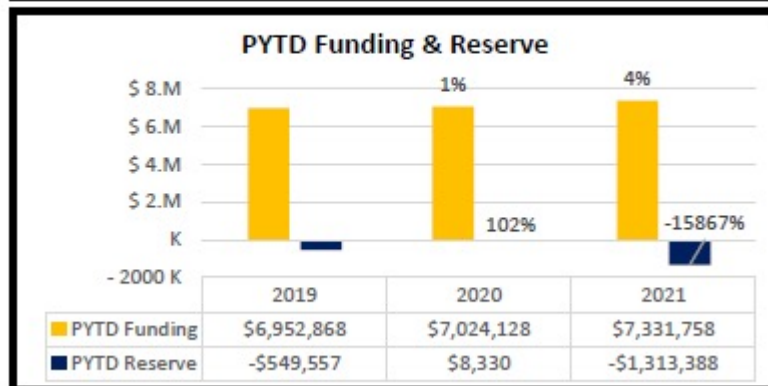
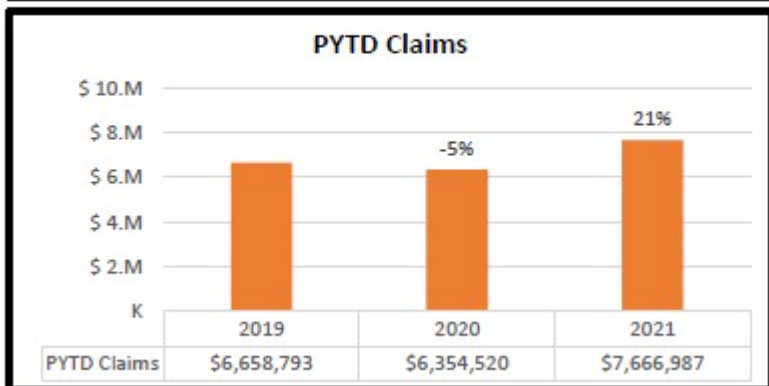
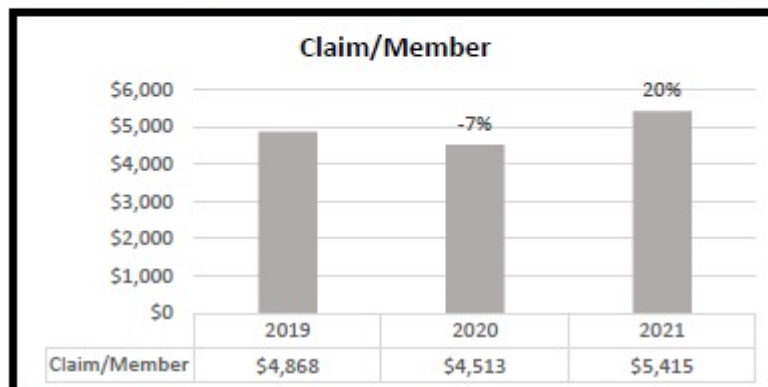
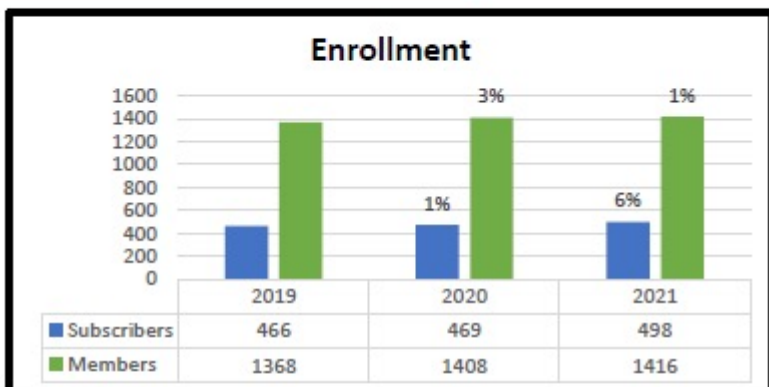
	2022-23	2021-22	2020-21	2019-20	2018-19
CMM - S	\$ 659.80	\$ 527.84	\$ 502.70	\$ 502.70	\$ 502.70
CMM - F	\$ 2,007.24	\$ 1,605.79	\$ 1,529.32	\$ 1,529.32	\$ 1,529.32
HRA - S	\$ 654.84	\$ 523.87	\$ 498.92	\$ 498.92	\$ 498.92
HRA - F	\$ 1,990.94	\$ 1,592.75	\$ 1,516.90	\$ 1,516.90	\$ 1,516.90

Health Financial Summary

	2019-20 AUDIT RESULTS	2020-21 AUDIT RESULTS	2021-22 REVISED BUDGET	2022-23 REVISED BUDGET
Beginning Balance	\$5,645,927	\$4,843,095	\$3,310,424	\$1,438,663
Charges for Services	6,973,152	7,134,503	7,200,000	9,500,000
RX Rebates	0	239,893	250,000	275,000
Interest Earnings	78,904	1,572	1,000	1,000
Total Sources	12,697,983	12,219,063	10,761,424	11,214,663
Insurance Claims	7,031,389	7,864,958	8,258,206	8,918,862
Administrative Fees	823,499	1,043,681	1,064,555	1,117,782
Total Expenditures	7,854,888	8,908,639	9,322,761	10,036,645
Ending Fund Balance	\$4,843,095	\$3,310,424	\$1,438,663	\$1,178,019
Goal (40% of Exp Claims)	\$2,812,556	\$3,145,983	\$3,303,282	\$3,567,545
	69%	42%	17%	13%

Medical Plan Performance

Plan Year to Date After 12th Month



Questions?

Thank you!

Internal Service Fund | 2021-22 Revised Budget and 2022-23 Proposed Budget Val Mertesdorf, Director of Finance | March 14, 2022

The Internal Service Fund is used to account for the District's self insured health and dental plans. The dental plan was established in FY06 and the health plan was established in FY12. The revenue is generated by the premiums that the district, our employees and our retirees pay. Our Benefits Advisory Committee sets the premiums that we charge. Expenditures are actual claims expense and the cost to administer the plan. Currently we use Delta Dental and Medica as our plan administrators. The Internal Service Fund is a proprietary fund that is presented separately in the financial statements.

GENERAL INFORMATION:

Historically our self-insurance plans have performed very well. The Benefits Advisory Committee has set a minimum fund balance goal of 40% of claims expenditures (industry standard). You will see on the following slides that we ended fiscal year 2020-21 above this goal. We have provided stability for our employees in a time when health care in particular has been critically important. The change to self-insurance was a long and thoughtful process. Northfield was awarded the Local Government Innovation Award in 2018 for our work on this program.

DENTAL:

Our dental participation continues to be very consistent year over year. The dental fund has performed optimally every year. The benefits advisory committee recommended holding rates flat again. It is important to note, that these are the same rates that were set in 2005 when we started our self insured dental plan! Our dental rates have not increased in 17 years.

I am recommending a slight revision to the 2021-22 interest earnings, as you can see from the 20-21 audit results, our interest revenue has declined significantly. I am also recommending a slight increase to the insurance claims for 21-22. As the pandemic has ebbed and flowed, so has our participation in the program. As staff feel more comfortable and services have opened up, we've seen an increase in claims. Our enrollment continues to increase slightly each year. On the financial summary you will see the proposed budget for 2022-23. The 2022-23 proposed budget shows a slight increase in charges for services due to the small increase in participation. The insurance claims are projected to increase slightly as well. We anticipate ending 2022-23 with \$417,460 which is above our minimum fund balance goal.

HEALTH:

The health plan participation increased from previous years. The benefits advisory committee recommended a 25% increase in our premiums effective January 1, 2022. This was in response to the continued high claims experience we have seen for the past few years. As a district we have been incredibly fortunate to hold rates flat, reduce rates or have minimal increases.

From 1/1/21 – 12/31/21 our health plan had twenty-four claimants exceed 50% of the stop loss (\$62,500). These twenty-four claimants made up 32% of our total claim spend. Eleven of the twenty-four claimants exceeded our stop loss liability by a cumulative \$731,466. For comparison, in 2016 we had thirteen claimants exceed 50% of the stop loss. These thirteen claimants made up 19.5% of our total claim spend. Two of the thirteen claimants exceeded stop loss liability by a cumulative \$24,544. The analytics indicate that this trend is likely to continue for the foreseeable future.

STOP LOSS SUMMARY	1.1.21-12.31.21	1.1.20-12.31.20	1.1.19-12.31.19
# of Claimants exceeding \$62,500	24	23	18
Total \$ of Claims	\$3,196,612	\$3,195,617	\$2,131,770
Total \$ Stop Loss	\$731,466	\$906,743	\$307,789
Total Plan Paid	\$2,465,146	\$2,288,875	\$1,823,981
Percentage of Total Claims	32.15%	33.66%	25.95%

The dramatic increase in premiums is a result of significant increase in claims that we have seen. We are projected to be under the fund balance goal. A 5% increase in district contribution was negotiated, however, due to the magnitude of the increase the district contributed an additional \$1,000,000 to offset a portion of the employees increase. We will be reviewing what this looks like moving forward to ensure sustainability of the program, the rates and contributions.

The health financial summary shows a revised budget for the current year as well as the proposed 2022-23 budget. The revised budget shows a slight increase in charges for services (premium revenue) as well as breaking out the detail for the prescription rebates we receive. It also shows a reduction in expected interest revenue based on the current market conditions. The insurance claims were increased based on the prior year actual experience.

The 2022-23 proposed budget shows a significant increase in charges for services (premium revenue) due to the increased enrollment and increased premium rates. This does not assume an additional increase 1.1.23 which will likely take place. This will be updated in a revised budget next spring. The claims and administrative costs were increased based on prior experience and medical inflation.

SUMMARY:

Overall, our self-insurance was incredibly successful. Despite the current outlook for the health insurance, this is one of the district’s best stories in terms of stewardship of our resources. We will continue to ensure financial stability of each fund.