

Regular Meeting
Monday, December 2, 2024 6:30 PM

Teaching & Learning Center, Becker High
School
12000 Hancock Street
Becker, MN 55308

Agenda

1. PROCEDURAL ITEMS
 - 1.A. Call to Order
 - 1.B. Pledge of Allegiance
 - 1.C. Agenda
 - 1.D. Recognition of Visitors and Public Forum
2. REPORTS
 - 2.A. Student Report
 - 2.B. Superintendent's Report
 - 2.C. Committee Reports
3. CONSENT AGENDA
 - 3.A. Minutes
 - 3.B. Financial Report
 - 3.C. Disbursements
 - 3.D. Personnel
 - 3.E. World's Best Workforce Report Summary
4. RESOLUTION ACCEPTING DONATIONS
5. FISCAL YEAR 2024 FINANCIAL AUDIT
6. TRUTH IN TAXATION INFORMATION/PAYABLE 2025 LEVY
7. JANUARY ORGANIZATIONAL BOARD MEETING DATE
8. RESOLUTION AUTHORIZING ISSUANCE OF CERTIFICATES OF ELECTION AND DIRECTING SCHOOL DISTRICT CLERK TO PERFORM OTHER ELECTION RELATED DUTIES
9. SECOND READINGS
10. ADJOURN

Board / Committee Meetings 2024

January

S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

3 Finance 7:00 am
3 Facilities 4:30 pm
8 Organizational Meeting 6:30 pm
16 TRAK 5:30 pm CANCELED
17 Policy 6:00 pm CANCELED
22 Activities 7:00 am
22 EC Advisory 6:00 pm
29 Meet & Confer 3:45 pm CANCELED
31 Finance 7:00 am

July

S	M	T	W	T	F	S
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28	29	30	31			

8 Board Meeting 6:30 pm
17 Policy 6:00 pm CANCELED
31 Finance 7:00 am
31 Facilities 4:30 pm

February

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5 Curriculum 5:00 pm
5 Board Meeting 6:30 pm
12 Activities 7:00 am
14 Policy 6:00 pm RESCHEDULED
15 Wellness 3:00 pm
21 Community Education 3:30 pm
21 Policy 6:00 pm CANCELED
28 Finance 7:00 am
28 Facilities 4:30 pm

August

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5 Board Meeting 6:30 pm
14 Policy 6:00 pm CANCELED

March

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31						

4 Board Meeting 6:30 pm
13 Policy 6:00 pm RESCHEDULED
18 Activities 7:00 am
19 TRAK 5:30 pm
20 Policy 6:00 pm

September

S	M	T	W	T	F	S
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29	30					

4 Finance 7:00 am
4 Facilities 4:30 pm
9 Board Meeting 6:30 pm
17 TRAK 5:30 pm
18 Policy 6:00 pm RESCHEDULED
24 Community Education 3:30 pm
25 Policy 6:00 pm

April

S	M	T	W	T	F	S
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28	29	30				

3 Finance 7:00 am
3 Facilities 4:30 pm
8 Board Meeting 6:30 pm
17 Policy 6:00 pm
22 Activities 7:00 am
22 EC Advisory 6:00 pm
24 Community Education 3:30 pm

October

S	M	T	W	T	F	S
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27	28	29	30	31		

2 Finance 7:00 am
2 Facilities 4:30 pm
7 Board Meeting 6:30 pm
16 Policy 6:00 pm RESCHEDULED to 23rd
23 Wellness 3:00 pm
23 Policy Committee 6:00pm
28 Activities 7:00 am
28 EC Advisory 6:00 pm

May

S	M	T	W	T	F	S
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1 Finance 7:00 am
1 Facilities 4:30 pm
6 Curriculum 5:30 pm
6 Board Meeting 6:30 pm
13 Activities 7:00 am
15 Meet & Confer 3:45 pm
15 Policy 6:00 pm CANCELED
21 TRAK 5:30 pm
29 Finance 7:00 am
29 Facilities 4:30 pm

November

S	M	T	W	T	F	S
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13 Finance 7:00 am
13 Facilities 4:30 pm
18 Board Meeting 6:30 pm
19 TRAK 5:30 pm
25 Activities 7:00 am

June

S	M	T	W	T	F	S
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30						

3 Board Meeting 6:30 pm
 12 Policy 6:00 pm Rescheduled
 26 Finance 7:00 am
 26 Facilities 4:30 pm
 26 Policy 6:00 pm

December

S	M	T	W	T	F	S
1	2	3	4	5	6	7
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29	30	31				

2 Board Meeting 6:30 pm
 11 Policy Meeting 6:00 pm

A special meeting of the School Board of District #726 was held on the 14th day of August, 2024 at 8:30 a.m. at Resource Training and Solutions, 137 – 23rd St. S., #210, Sartell, MN 56377

Roll Call.

Members present: Ryan Hubbard, Aaron Jurek, Connie Robinson, Corey Stanger, Pete Weismann

Members absent: Troy Berning

School Board members joined other administrators and student representatives for *Homerun Leadership Training at Resources Training & Solutions in Sartell, MN.*

The meeting **adjourned** at 3:00 p.m.

Aaron Jurek, Chair

Pete Weismann, Clerk

Recorder: Angela Oswald

Chair Jurek called the regular meeting of the School Board of District #726 to order on the 9th day of September, 2024 at 6:30 p.m. in the Teaching & Learning Center.

Roll Call.

Members present: Troy Berning, Aaron Jurek, Connie Robinson, Corey Stanger, Pete Weismann

Members absent: Ryan Hubbard

Others present: Jeremy Schmidt, Superintendent
Kevin Januszewski, Director of Business Services

CITIZEN COMMENTS: Kathy Jones, Janelle Fast, Heather Schueller

PRESENTATION: Dylan’s Hope, presented by Ryan Obermoller

REPORTS/UPDATES:

- Superintendent

Motion by Corey Stanger, seconded by Troy Berning, to *Approve the Consent Agenda* as presented:

CONSENT AGENDA

MINUTES FROM THE AUGUST 5, 2024 REGULAR SCHOOL BOARD MEETING

FINANCIAL REPORT

EXPENDITURES

Fund	2024-25	August 2024	2024-25	Remaining	%
	Budget		Year-to-Date	Budget	Spent
General	41,661,884	1,537,568	3,009,798	38,652,086	7.22%
Food Service	2,578,924	16,936	33,161	2,545,763	1.29%
Community Service	1,934,483	121,746	186,405	1,748,078	9.64%
Debt Service	3,818,538	-	252,769	3,565,769	6.62%
	\$ 49,993,829	\$ 1,696,250	\$ 3,482,133	\$ 46,511,696	6.97%

DISBURSEMENTS – in the amount of \$2,945,723.52

PERSONNEL

Name	Status	Job Title	Location	Effective
Aaseby, Sarah	New	8th Grade Volleyball Coach	MS	9/3/24
Borchert, Ashley	New	Bus Driver	Bus Garage	9/4/24
Brown, Erin	End of Assignment	Special Education Social Worker	HS	8/28/24
Edling, Jen	Resignation	Cashier	HS	8/14/24
Edling, Jen	Change in Assignment (Increase in Hours)	Secretary	Food Service	7/1/24
Farber, Michelle	New	Special Education Paraprofessional	HS	9/16/24
Feierabend, Jenn	Resignation	Life Science Teacher	MS	8/14/24
Gorman, Carrie	End of Assignment	Special Education Paraprofessional	MS/IS	8/8/24
Halvorson, Beth	New	Special Education Paraprofessional	PS	9/9/24
Hanrahan, Laurie	New	9th Grade Volleyball Coach	HS	8/12/24
Hansen, Jennifer	Change in Assignment	Custodian	MS (was HS/MS)	9/3/24
Hanson, Kathryn	Resignation	Special Education Paraprofessional	MS	08/22/24
Hodges, Stacy	Resignation	Special Education Paraprofessional	IS	8/25/24
Johnson, Kerrie	New	7th Grade Science Teacher	MS	08/26/24
Johnson, Sonie	Resignation	Special Education Paraprofessional	HS	08/23/24
Lagergren, Susan	Change in Assignment	Lunch Cashier (increase in hours)	HS	9/3/24
Lamp, Allison	New	MARSS/SIS Specialist	DO	8/19/24
Leither, Tony	New	Boys Basketball Coach	MS	1/2/25
Lillback, Kelly	New	Asst. Cook	IS	9/3/24
Meyer, Nicholas	New	Special Education Paraprofessional	MS	9/3/24
Millaway, Dana	Resignation	Technology Assistant	PS/IS	10/4/24
Miller, Elliana	New	Kindergarten Teacher	PS	8/26/24
Murray, Meghan	New	First Grade Teacher	PS	8/26/24
Niskanen, Russell	Change in Assignment	AM/PM Transportation Paraprofessional (was Van Driver)	Bus Garage	08/13/24

Niskanen, Russell	Resignation	AM/PM Van Driver	Bus Garage	8/12/24
Novak, Laura	New	8th Grade Volleyball Coach	MS	9/3/24
Olson, Jennifer	Resignation	Special Education Paraprofessional	HS	8/20/24
Olson, Rebecca	New	Food Service Worker	PS	9/3/24
Osborne, Emily	Resignation	Head Speech Coach	HS	8/9/24
Peterson, Vickie	New	Special Education Paraprofessional	PS	09/03/24
Pittman, Teresa	Resignation	Custodian	MS	8/30/24
Riebel, Mason	New	7th Grade Football Coach	MS	8/26/24
Risberg, Amanda	Additional Assignment	ECSE Paraprofessional (also EC Parent Educator)	EEC	9/9/24
Robinson, Reyan	New	7th Grade Volleyball Coach	MS	9/5/24
Safranski, Tory	New	Asst. Cook	PS	9/3/24
Saterbak, Nancy	Resignation	Food Service Worker	MS	8/14/24
Schug, Megan	New	Special Education Teacher	HS	8/26/24
Schulz, Jackie	Long-Term Substitute	6th Grade Teacher	MS	9/16/24 - 12/6/24 Approximately
St. Fleur, Marie-Lyne	New	Food Service Worker	HS	9/4/24
Stach, Barbara	Change in Assignment	Lunch Cashier (was lunch food service worker)	PS	9/3/24
Stang, Beth	New	AM/PM Bus Driver	Bus Garage	8/9/24
Stang, Sydney	Change in Assignment	Assistant Cook (was Food Service Worker)	MS	9/3/24
Suckot, Monte	New	Custodian	District/MS	8/19/24
Sura, Ann	New	Food Service Worker	IS	9/3/24
Thomas, Bailey	New	Long-Term Substitute Secretary	IS	9/16/24 - 12/20/24 Approximately
Wallin, Melissa	New	Special Education Paraprofessional	PS	9/9/24
Wolbeck, Amanda	New	AM/PM Bus Driver	Bus Garage	8/14/24

2024-2025 TRANSPORTATION CONTRACT, as presented

2024-2025 SUBSTITUTE PAY RATES, as presented

Motion carried unanimously.

Motion by Connie Robinson, seconded by Pete Weismann, to Approve a Resolution Accepting Donations:

DONOR	GIFT DESCRIPTION	AMOUNT
Becker Blast Softball	Softball Upgrade Project	\$30,000.00
Becker Lions Club	Special Education Department	\$220.00
Becker PTSA	Primary School New Playground	\$13,000.00
Central MN Manufacturers Assoc Fund	Robotics	\$1,000.00
Coborn's	Middle School More Rewards	\$697.59
Country Lumber	Softball Upgrade Project	\$1,000.00
Dillon Radunz	Primary School New Playground	\$5,000.00
Liberty Paper	Baseball New Pitching Mound Cover	\$675.00
Pebble Creek Women's Club	TBD by Administrators	\$559.00
Pebble Creek Women's Club	School Supplies	n/a
T.J Potter	Softball Upgrade Project	\$1,000.00

Motion carried unanimously.

Motion by Troy Berning, seconded by Connie Robinson, to *Approve the Transfer of \$10,000 to Early Childhood Screening from the General Fund*, retroactive to June 30. Motion carried unanimously.

Motion by Corey Stanger, seconded by Pete Weismann, to *Approve the MSBA Delegate Assembly Resolutions*, as presented:

- Cybersecurity
- Mental Health Funding
- Food Service Expenditures
- End of Unemployment
- ESST Carve Out for Districts
- LTFM

Motion carried unanimously.

Motion by Connie Robinson, seconded by Corey Stanger, to **Approve Maximum Preliminary Certification**, as presented. Motion carried unanimously.

Motion by Connie Robinson, seconded by Troy Berning, to **Enter Into Closed Sessions** at 6:39 pm:

Closed Session #1: Pursuant to Minn. Stat. § 13D.05, subd. 3(b) (attorney-client privilege) to discuss pending litigation, Rand v. ISD No. 726, et al., Case No. 23-CV-02978 (JRT/TNL), with assigned defense counsel.

Closed Session #2: A school board may close a meeting to evaluate the performance of an individual who is subject to its authority.

Motion carried unanimously.

The meeting was **adjourned** at 9:13 p.m.

Aaron Jurek, Chair

Pete Weismann, Clerk

Recorder: Angela Oswald

Chair Jurek called the special meeting of the School Board of District #726 to order on the 25th day of September, 2024 at 6:30 p.m. in the Teaching & Learning Center.

Roll Call.

Members present: Troy Berning, Ryan Hubbard, Aaron Jurek, Corey Stanger, Pete Weismann

Members absent: Connie Robinson

Others present: Jeremy Schmidt, Superintendent

Motion by Corey Stanger, seconded by Ryan Hubbard, to Approve the 2023-2024, 2024-2025 MultiUnit Contract, as presented. Motion carried unanimously.

The meeting was *adjourned* at 6:32 p.m.

Aaron Jurek, Chair

Pete Weismann, Clerk

Recorder: Angela Oswald

Chair Jurek called the regular meeting of the School Board of District #726 to order on the 7th day of October, 2024 at 6:30 p.m. in the Teaching & Learning Center.

Roll Call.

Members present: Troy Berning, Ryan Hubbard, Aaron Jurek, Connie Robinson, Corey Stanger, Pete Weismann

Members absent: None

Others present: Jeremy Schmidt, Superintendent
Kevin Januszewski, Director of Business Services

CITIZEN COMMENTS: None

PRESENTATION: Dave Kreft, High School Principal: Cell Phone Policy

REPORTS/UPDATES:

- Superintendent
- School Board Student Representatives
- Committee Meetings: TRAK, Curriculum, Community Education, Policy

Motion by Troy Berning, seconded by Corey Stanger, to *Approve the Consent Agenda* as presented:

CONSENT AGENDA

FINANCIAL REPORT

EXPENDITURES

Fund	2024-25		2024-25		%
	Budget	September 2024	Year-to-Date	Remaining Budget	
General	41,661,884	3,672,004	6,681,802	34,980,082	16.04%
Food Service	2,578,924	80,076	113,237	2,465,687	4.39%
Community Service	1,934,483	134,361	320,766	1,613,717	16.58%
Debt Service	3,818,538	-	252,769	3,565,769	6.62%
	\$ 49,993,829	\$ 3,886,441	\$ 7,368,574	\$ 42,625,255	14.74%

DISBURSEMENTS – in the amount of \$3,632,294.65

PERSONNEL

Name	Status	Job Title	Location	Effective
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Alkire, Mary	Resignation	Special Education Paraprofessional	MS	9/27/24
Andrus, Breanna	End of Assignment	AM/PM Van Driver	Bus Garage	8/30/24
Arnold, Ashley	New	Special Education Paraprofessional	PS	9/24/24
Bayer, Cristina	New	Special Education Paraprofessional	PS	9/24/24
Cotton, Amy	Resignation	ECFE Teacher	EEC	9/18/24
Dufner, Madison	New	Counselor	HS	10/7/24
Dutcher, Seth	Extracurricular Assignment	Musical AV Sound and Lights Director	HS	10/3/24
Farber, Michelle	New	Special Education Paraprofessional	HS	9/16/24
Hanrahan, Laurie	Resignation	9th Grade Volleyball Coach	HS	9/16/24
Hanson, Logan	Resignation	8th Grade Boys Basketball Coach	MS	9/13/24
Hanson, Logan	Extracurricular Assignment	Asst. Boys Basketball Coach - JVB	HS	11/18/24
Herbst, Tina	New	Food Service Worker	MS	9/16/24
Herbst, Tina	Resignation	Food Service Worker	MS	10/02/24
Holland, Lindsay	New	Food Service Worker	MS	9/16/24
Hord, Michelle	New	Special Education Paraprofessional	PS	10/8/24
Jensen, Lynn	Change in Assignment	Special Education Paraprofessional	IS (was IS/Bus Garage)	9/324
Johnson, Jeremy	New	JV Boys Basketball Coach	HS	11/18/24
Karls, Holly	Change in Assignment	Counselor	HS (was PS/IS/MS)	9/16/24
Klingbell, Bonnie	New	Camp Opportunity Lead	Camp Opportunity	10/1/24
Klingbell, Bonnie	New	Cashier	HS	9/23/24
Kolbinger, Mark	Change in Assignment	Counselor	MS (was MS/HS)	9/30/24
Lagnese, Colton	New	Food Service Worker	HS	9/3/24
Lillback, Kelly	Resignation	Assistant Cook	IS (was IS/Bus Garage)	9/19/24

Niedfeldt, Tyler	Extracurricular Assignment	8th Grade Boys Basketball Coach	MS	1/2/25
Paulson, Susann	New	Special Education Paraprofessional	PS	9/10/24
Peacock, Michelle	Resignation	Director of Community Education	District	01/01/25
Peterson, Heather	Resignation	Special Education Paraprofessional	IS (was IS/Bus Garage)	8/9/24
Phillips, Jayme	New	Special Education Social Worker	PS/IS/MS	10/3/24
Radunz, Tamara	New	Freeplay Supervisor	PS	9/9/24
Revier, Allison	Change in Assignment	Technology Assistant (was Special Education Paraprofessional)	District	10/14/24
Revier, Allison	Resignation	Camp Opportunity Lead	Camp Opportunity	10/8/24
Rockensock, Jay	New	Technology Assistant	District	09/23/24
Schroepfer, Debra	New	AM/PM Transportation Paraprofessional	Bus Garage	8/14/24
Seiler, Daniel	Resignation	AM/PM Bus Driver	Bus Garage	10/6/24
Struffert, Katelynn	New	Sibling Care	EEC	9/17/24
Stueve, Stacy	Resignation	Lunchroom Supervisor	PS	7/1/24
Tebben, Josh	Change in Assignment	AM/PM Bus Driver - Days Per Week from 5 to 4	Bus Garage	9/3/24

24-25 INDIVIDUAL CONTRACTS, as presented:

- Director of Human Resources
- Director of Business Services
- Director of Transportation
- Director of Food Service
- Director of Buildings & Grounds

Motion carried unanimously.

Motion by Connie Robinson, seconded by Troy Berning, to *Approve a Resolution Accepting Donations*.

DONOR	GIFT DESCRIPTION	AMOUNT
Bogart, Pederson & Associates	Dance Team	\$250.00

Byers, Y	GSA	\$25.00
Byers, Y	GSA	\$25.00
Dylan's Hope	Mental Health	\$15,000.00
Dylan's Hope	Primary School	\$15,000.00
Dylan's Hope	Baseball	\$12,000.00
Krenz, Kevin & Julie	Baseball	\$500.00
MN Vikings Foundation	Football	\$1,000.00

Motion carried unanimously.

Motion by Corey Stanger, seconded by Ryan Hubbard, to ***Approve Voting Yes to Both Minnesota State High School League Resolutions.*** Motion carried unanimously.

Motion by Connie Robinson, seconded by Pete Weismann, to ***Approve the Following MSBA Delegate Assembly Resolution.***

Be it resolved, that MSBA urges the legislature to continue to hold harmless compensatory funding for school districts for 2 years or longer to extend the current rate in school districts going forward based on current calculation statuses.

Motion carried unanimously.

Motion by Troy Berning, seconded by Ryan Hubbard, to ***Approve the Following Policy Recommendations.***

- 504 Student Dress and Appearance: Adopt MSBA's latest version
- 505 Distribution of Nonschool-Sponsored Materials on School Premises by Students and Employees: Review only
- 506 Student Discipline: Adopt MSBA's latest version
- 523 Service Animals: Adopt MSBA's latest version, renumber to 535
- 524 Internet, Technology, and Cell Phone: Adopt MSBA's latest version
- 535 Latex Free: Review, renumber to 545 (No MSBA Policy)
- 536 Special Dietary Needs: Review, renumber to 546 (No MSBA Policy)
- 704 Development and Maintenance of an Inventory of Fixed Assets and a Fixed Asset Accounting System: Review only
- 722 Public Data Request: Review only

Motion carried unanimously.

A ***First Reading*** was held on the following policy:

- 536 Animals in Schools

A Second Reading will be held at the next regular school board meeting in November.

The meeting was *adjourned* at 7:28 p.m.

Aaron Jurek, Chair

Pete Weismann, Clerk

Recorder: Angela Oswald

Chair Jurek called the regular meeting of the School Board of District #726 to order on the 4th day of November, 2024 at 6:30 p.m. in the Teaching & Learning Center.

Roll Call.

Members present: Troy Berning, Ryan Hubbard, Aaron Jurek, Connie Robinson, Corey Stanger, Pete Weismann

Members absent: None

Others present: Jeremy Schmidt, Superintendent
Kevin Januszewski, Director of Business Services

CITIZEN COMMENTS: Moved to End of Agenda

PRESENTATION: Nat Boyer, Intermediate School Principal: Priority Standards

REPORTS/UPDATES:

- School Board Student Representative
- Superintendent
- Committee Meetings: Finance, Activities,

Motion by Connie Robinson, seconded by Ryan Hubbard, to *Approve the Consent Agenda* as presented:

CONSENT AGENDA

MINUTES FROM THE OCTOBER 7, 2024, REGULAR SCHOOL BOARD MEETING

FINANCIAL REPORT

EXPENDITURES

Fund	2024-25		2024-25		%
	Budget	October 2024	Year-to-Date	Remaining Budget	
General	41,661,884	3,794,371	10,476,173	31,185,711	25.15%
Food Service	2,578,924	259,386	372,623	2,206,301	14.45%
Community Service	1,934,483	147,481	468,247	1,466,236	24.21%
Debt Service	3,818,538	-	252,769	3,565,769	6.62%
	\$ 49,993,829	\$ 4,201,238	\$ 11,569,812	\$ 38,424,017	23.14%

DISBURSEMENTS – in the amount of \$2,846,426.72

PERSONNEL

Name	Status	Job Title	Location	Effective
Ely-Kotaska, Sheila	Resignation	Student Services Information Secretary	District Office	6/24/24
Enerson, Mitchell	New	Weight Room Supervisor	HS	10/9/24
Frank, Kamille	New	Special Education Paraprofessional	MS	10/8/24
Geiger, Sarita	End of Assignment	Special Education Paraprofessional	PS	10/4/24
Jarvi, Curt	Resignation	Mid-Day Route	Bus Garage	10/8/24
Johnson, Patricia	Increase in Hours	Breakfast Server	PS	10/14/24
Kipka, Payton	New	Special Education Paraprofessional	PS	11/11/24
Klingbeil, Bonnie	Increase in Hours	Camp Opportunity Lead	Camp Opportunity	10/24/24
Klingbeil, Bonnie	Resignation	Cashier	HS	10/23/24
Kollman, Steve	End of Assignment	Second Grade Teacher	PS	10/27/24
Laemmle, Hannah	New	Second Grade Teacher	PS	10/31/24
Marholz, Jeff	Resignation	AM/PM Bus Driver	Bus Garage	10/31/24
Nelson, Jesse	New	AM/PM Bus Driver	Bus Garage	10/21/24
Pikala, Stephen	New	Transportation Paraprofessional	Bus Garage	10/28/24
Renslow, Janine	Resignation	Special Education Paraprofessional	HS	10/14/24
Roger, Kerline	New	Food Service Assistant	MS	10/21/24
Rogers, Courtney	New	Special Education Paraprofessional	PS	10/10/24
Rother, Denise	Additional Assignment	Mid-Day Route	Bus Garage	10/23/24
Schroepfer, Debra	Increase in Hours	Transportation Paraprofessional	Bus Garage	10/10/24
Schrupp, Stephenee	New	Asst. Gymnastics Coach	HS/MS	11/11/24
Siebert, Carol	Resignation	First Grade Teacher	PS	11/1/24
Stach, Barbara	Change in Position	Breakfast Cashier (was Breakfast Server)	PS	10/9/24
Thompson, Christine	Change in Position	Lunch Cashier (was Lunch Server)	HS	10/24/24
Tuvman, Christina	New	Special Education Paraprofessional	MS	11/5/24
Vee, Adam	New	Head Girls Lacrosse Coach	HS	3/31/25
Vee, Melissa	New	Asst. Girls Lacrosse Coach	HS	03/31/25
Vogt, Tyler	New	7th Grade Football Coach	MS	8/26/24

VARSIY/JR. VARSITY MSHSL HOCKEY COOPERATIVE AGREEMENT, as presented

RESOLUTION OF GOVERNING BOARD SUPPORTING FORM A APPLICATION TO MSHSL FOUNDATION, as presented

RESOLUTION ESTABLISHING COMBINED POLLING PLACES, as presented

2024-2025 CONTRACT W/ NETWORK ADMINISTRATOR, as presented

Motion carried unanimously.

Motion by Pete Weismann, seconded by Corey Stanger, to *Approve a Resolution Accepting Donations.*

DONOR	GIFT DESCRIPTION	AMOUNT
Becker Football Boosters	Hudl	\$2,500.00
Becker Football Boosters	Funding for Additional Coach	\$2,431.00
Becker Lions	Building Better Bulldogs Program	\$2,000.00
Becker Youth Wrestling	New Mats	\$48,740.00
BYA Gymnastics	Equipment Purchase	\$4,593.00
Clear Lake Lions	Building Better Bulldogs Program	\$500.00
Clear Lake Lions	NHS	\$1,000.00
Coborns	MORE School Rewards: Primary School	\$718.26
Richard Harshman	Camera equipment for HS Class	
Santiago Lions Club	NHS	\$500.00

Motion carried unanimously.

Motion by Troy Berning, seconded by Ryan Hubbard, to *Approve the Following Policy Reviews:*

- 610: Field Trips
- 612.1: Development of Parent and Family Engagement Policies for Title 1 Programs

Motion carried unanimously.

A *First Reading* was held on the following policies. A second reading will be held at the December school board meeting:

- 513: Student Promotion, Retention, And Program Design
- 523: Animals in School Buildings and on School Grounds

CITIZEN COMMENT: Dr. Shannon Essler-Petty

The meeting was *adjourned* at 6:58 p.m.

Aaron Jurek, Chair

Pete Weismann, Clerk

Recorder: Angela Oswald

Chair Jurek called the special meeting of the School Board of District #726 to order on the 13th day of November, 2024 at 6:30 p.m. in the Teaching & Learning Center.

Roll Call.

Members present: Aaron Jurek, Connie Robinson, Corey Stanger, Pete Weismann

Members absent: Troy Berning, Ryan Hubbard

Others present: Jeremy Schmidt, Superintendent

Motion by Corey Stanger, seconded by Pete Weismann, to *Approve the Abstract of Votes Cast for State General Election held Tuesday, November 5, 2024*, as presented. Upon roll call vote, motion carried unanimously.

Motion by Pete Weismann, seconded by Corey Stanger, to *Approve the 2024-2026 Boys Hockey Cooperative Agreement*, as presented. Upon roll call vote, motion carried unanimously.

The meeting was *adjourned* at 6:33 p.m.

Aaron Jurek, Chair

Pete Weismann, Clerk

Recorder: Angela Oswald

**BECKER PUBLIC SCHOOLS
MONTHLY FINANCIAL REPORT
November 2024**

EXPENDITURES

Fund	2024-25 Budget	November 2024	2024-25 Year-to-Date	Remaining Budget	% Spent
General	41,661,884	3,945,087	14,421,260	27,240,624	34.61%
Food Service	2,578,924	258,666	631,289	1,947,635	24.48%
Community Service	1,934,483	196,516	664,763	1,269,720	34.36%
Debt Service	3,818,538	-	252,769	3,565,769	6.62%
	\$ 49,993,829	\$ 4,400,269	\$ 15,970,081	\$ 34,023,748	31.94%

Name	Status	Job Title	Location	Effective
Baker, Mathias	New	Wrestling Coach	MS	11/18/24
Farber, Michelle	Resignation	Special Education Paraprofessional	HS	11/29/24
Grommersch, Jaydon	New	Asst. Wrestling Coach	HS	11/18/24
Johnson, Patricia	Resignation	Breakfast Server	PS	1/3/25
Knutson, Chantel	Change in Assignment	Day Lead Custodian (was Night Lead Custodian)	PS	11/26/24
Knutson, Barbara	New	Assistant Cook	IS	12/2/24
Kuklok, Payton	New	Speech & Language Teacher	IS/MS	1/2/25 Estimated
Krogstad, Emily	Extracurricular Assignment	Head Speech Coach	HS	01/02/25
Kydd, Gloria	Resignation	Special Education Paraprofessional	MS	12/2/24

Name	Status	Job Title	Location	Effective
Lindberg, Abby	Change in Assignment	Night Custodian	PS	1/2/25
Mazza, Nicole	New	Special Education Paraprofessional	MS	12/2/25
Metzger, Jeramey	New	Special Education Paraprofessional	HS	10/30/24
Nieman, Amanda	New	First Grade Teacher	PS	11/13/24
Niedfeldt, Tyler	Resignation	Boys Basketball Coach	MS	11/7/24
Schulz, Jacqueline	Long-Term Substitute	Art Teacher	MS	12/9/24 - 1/24/25
Stewart, Gregory	New	Night Custodian	MS	12/6/24

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World's Best Workforce Report 2023-2024 SY Becker School District #726

The Becker School District [Strategic Plan](#) is a comprehensive, long-term strategic plan designed to support and improve teaching and learning with the ultimate goal of creating the world's best workforce. This plan serves as a foundational document that aligns current district initiatives and plans that serve students Pre-K through High School.

Goals for WBWF and Achievement & Integration can be found [here](#).

World's Best Workforce Plan Goal Areas:

All children are ready for school.

All racial and economic achievement gaps between students are closed.

All students are ready for career and college.

All students graduate from high school.

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Performance Measures

Annual progress towards the goals indicated in the World's Best Workforce Plan is measured through the school district's assessment system. Each spring, district and school leaders develop an assessment plan with input from school leadership teams for the following year. Decisions regarding which assessments will be used for each grade level and building are guided by the following needs:

1. To ensure the availability of information regarding annual growth and achievement for each student. This enables building MTSS teams to make informed decisions about placement and programming for every student.
2. To ensure the availability of trend data on achievement and progress of groups of students. This enables administrators and teachers to evaluate the effectiveness of curriculum and instruction.

The [2022-2023 District Assessment Plan](#) details the various assessments used. Student achievement data is housed in the eduCLIMBER data warehouse system for ease of access. Additional information on student assessment can be found [here](#).



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All Students Ready for School

The Becker School District is committed to partnering with parents and community agencies to ensure ALL students enter Kindergarten ready to learn.

This table indicates the percentage of Becker students entering Kindergarten with adequate early literacy skills as measured by Fastbridge eReading assessment.

	Number of Students Screened	Percentage Low Risk	Percentage Some Risk	Percentage High Risk
Fall 2020	184	85.0*	12.0*	3.0*
Fall 2021	197	80.0	18.0	2.0
Fall 2022	192	75.0	21.0	4.0
Fall 2023	222	86.7	16.0	2.0
Fall 2024	213	79.8	17.4	2.8

*Due to COVID, a Tier 1 intervention was administered before students' were assessed.

GOAL: 80% of students enrolled in BPS early learning programs who are eligible to enter kindergarten in the fall of 2024 will be on track to score in 'low risk' as measured by the FastBridge earlyReading assessment in the Spring of 2024.

STRATEGIES AND ACTION STEPS 2023-2024

1. Implementation of curriculum aligned with the Science of Reading Pre-K
2. Professional development opportunity in the Science of Reading for all licensed staff
3. Ongoing efforts align early learning standards and essential outcomes to K-5 programming through lead staff attendance and collaboration at curriculum meetings.
4. Determine adjustments that may need to be made to School Readiness curriculum, instruction, and scheduling based on data.

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All Students Career and College Ready

All Minnesota students need to be prepared to move successfully from middle school to high school and into an increasingly wide array of postsecondary options.

Percentage of students enrolled in postsecondary education fall of graduating year or 16 months post graduation.

	2017	2018	2019	2020	2021	2022
Becker	68%	71%	74%	76%	67%	61%
State	70%	63%	71%	69%	67%	61%

*These data from 2017 - 2019 are obtained from the [National Student Clearinghouse](#).
Data after 2019 are from the [MN Report Card](#).

GOAL: 100% of students who complete the 21st Century course will develop a post-graduation plan demonstrating career and college readiness by Spring 2024.

STRATEGIES AND ACTION STEPS 2023-2024

1. Middle school students are introduced to many career pathways through Career Day, integrated personal finance in Mathematics classes, along with Social Emotional Learning and digital citizenship units embedded into their advisory.
2. Every high school student is provided an opportunity to select from multiple Career and Tech Ed courses and is required to develop a post-secondary plan for success in the 21st Century course.

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Closing the Achievement Gap

The 'achievement gap' is the difference in academic achievement or educational outcomes among different groups of students. The Minnesota Department of Education (MDE) administers four initiatives that include addressing the achievement gap among their statutory goals:

- World's Best Workforce**
- Achievement and Integration for Minnesota**
- American Indian Education**
- Regional Centers of Excellence (Resource Training and Solutions)**

Becker Public Schools focuses on the achievement gap in two areas: Students living in poverty compared to those not living in poverty and students receiving Special Education services compared with those not receiving Special Education services. The graphs below indicate the percentages of students proficient in reading and math in each group for multiple years. Goals are designed to increase the proficiency of all students and reduce the achievement gap.

Percent of Students Proficient on MCA III Reading				
Year	Non-FRPL	FRPL	Non-SpEd	SPED
2019	67.70%	52.60%	70.10%	31%
2020	No data due to COVID			
2021	59.80%	37%	60.10%	34.30%
2022	61.20%	44%	62.50%	35.70%
2023	60.10%	44.20%	60.10%	31.70%
2024	59.70%	41.60%	60.40%	26.40%

GOAL: The achievement gap in Reading between students eligible for free and reduced lunches and students not eligible for free or reduced lunches will decrease from a baseline of 17.1% in 2022 to 12.1% in 2024 as measured by the MCA III Reading assessment (while increasing scores for both groups).

GOAL: The achievement gap in Reading between students receiving Special Education services and students not receiving Special Education services will decrease from a baseline of 28.9% in 2022 to 23.9% in 2024 as measured by the MCA III Reading assessment (while increasing scores for both groups).

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STRATEGIES AND ACTION STEPS 2023-2024

1. K-10 Reading intervention for students performing under target on universal screening assessments
2. Professional development in data analysis & data-driven decision making
3. Training in assessment fidelity of intervention implementation

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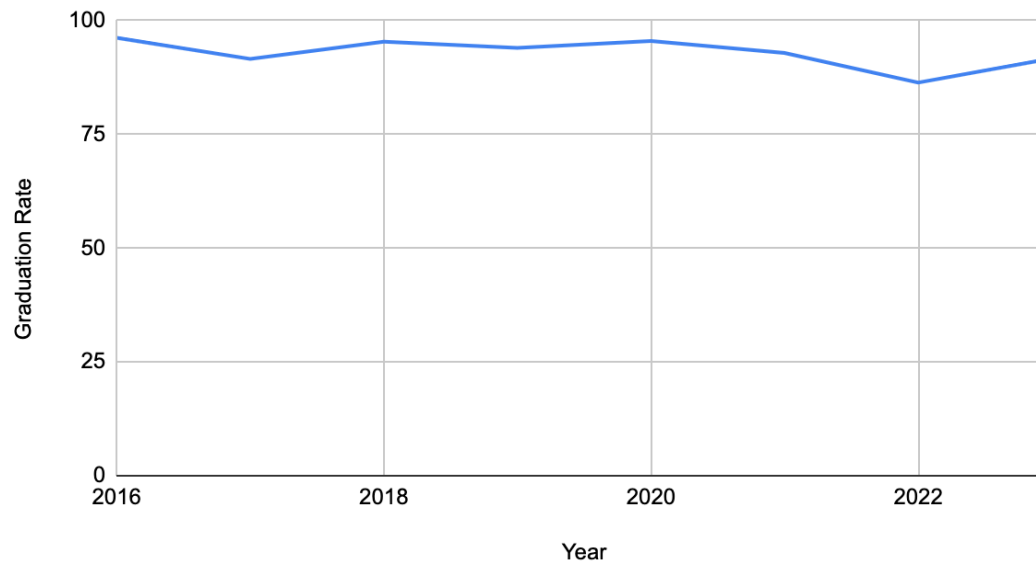


BECKER GRADUATION RATES

The graph below indicates the percentage of students who have graduated from 2019 to 2022. Graduation rates for 2023 have not been released at the time this report was written.

Data is found on the Minnesota Report Card.

Becker HS Graduation Rate



GOAL: The percentage of Becker students graduating from high school in four years will remain at or above 90% in 2024.

STRATEGIES AND ACTION STEPS 2023-2024

1. Professional development and implementation of consistent grading & assessment practices
2. Multi-tiered System of Supports (MTSS) refinement



BEST PRACTICE STRATEGIES AND ACTION STEPS

Ensuring Individual Student Success: Multi-Tiered System of Support (MTSS)

In order to continuously evaluate each student's progress towards meeting state and local academic standards, teachers and grade level teams supported by building MTSS teams and building principals monitor the progress of each student using multiple data points. The **Title I** and **Alternative Delivery of Specialized Instructional Services (ADSIS)** programs support a Multi-Tiered System of Support. The progress of all students in the core curriculum is reviewed during data meetings and PLCs. The progress of students receiving Tier 2 support is reviewed every six weeks in a PLC meeting facilitated by intervention staff.

An individualized plan is written for all students receiving Tier 2 and Tier 3 support. This plan documents the research-based intervention used, fidelity checks, progress monitoring, data-based decision making, and student response to intervention. The progress of students served in Tier 3 is reviewed on a frequent basis by a Tier 3 team that includes the School Psychologist and Special Education Staff.

Complete information on the district Multi-Tiered System of Supports (MTSS) can be found at this link: [Multi-Tiered System of Support \(MTSS\)](#).

Curriculum Review Process

The purpose of the curriculum review process is to evaluate and improve the educational materials and instructional strategies used in schools. Curriculum includes the materials, resources, lesson plans, assessments and instructional practices teachers use to ensure all students master the state standards. This [presentation](#) articulates the process Becker Public Schools uses to determine priorities, gather stakeholder input, and select new curriculum. The Curriculum Review Cycle can be found [here](#).

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Principal and Teacher Evaluation

In Spring 2014, the Becker School Board and the Becker Education Association approved a Teacher Evaluation Plan compliant with MS 122A.40. The plan was implemented beginning 2014-2015 and includes the following components:

- Individual growth and development plan
 - Teachers set an annual professional development goal
- Student survey to measure student engagement
 - Teachers survey a class of students annually and submit a reflection based on the results
- Student academic growth
 - Based on the content area taught each teacher monitors student growth on building goals, small group goals, and state or standardized testing
- Summative evaluation
 - Every third year teachers are provided with a summative evaluation by a licensed principal
- Optional portfolio
 - Teachers have the option of submitting a professional portfolio

In order to ensure effectiveness, this plan is evaluated annually by a district team which includes teachers and administrators. Changes and adjustments are made based on the recommendations of this team.

Educator Effectiveness

District Instructional Framework

The Becker Public Schools Instructional Framework is based on the research of Dr. Robert Marzano and provides many opportunities for teacher professional growth in research-based instructional strategies.

Equitable Access to Effective and Diverse Teachers

WBWF requires districts and charters to have a process in place to ensure students from low income families, students of color, and American Indian students are not taught at disproportionate rates by inexperienced, out-of-field, and ineffective teachers. The legislation also requires that districts have strategies to increase access to

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teachers who reflect the racial and ethnic diversity of students. All teachers at Becker public School meet the criteria as an effective teacher. 10.5% of teachers are considered to be inexperienced (taught for three or fewer years). Currently Becker Public School has 1% of teachers teaching out-of field.

Digital Learning Mentors

Under the leadership of the Director of Instructional Technology, Digital Learning Mentors provide opportunities for teacher growth in the development of Communication, Collaboration, Critical Thinking, and Creativity in students. This program is supported by a 1-1 iPad learning environment in grades K-12.

Professional Learning Communities

The Professional Learning Community (PLC) model of Professional Development is utilized to ensure a collaborative professional development culture with a focus on continuous clarification of standards-based essential student outcomes and common formative and summative assessments. Instructional Technology is tightly aligned to essential curriculum and continuous improvement of instruction to improve student engagement and achievement.



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Reporting and Communication

The Becker School District Curriculum Advisory Committee reviewed this information on **October 7, 2024**.

The Becker School Board received the information at the board meeting on October 7, 2024.

A summary will be submitted to the Commissioner of the Minnesota Department of Education by **November 30, 2024**.

In order to communicate with all constituents, the World's Best Workforce report will be displayed on the school district website. Additional copies can be requested from the District Office.



RESOLUTION ACCEPTING DONATIONS

WHEREAS, Minnesota Statutes 123B.02, Subd. 6 provides: "The board may receive, for the benefit of the district, bequests, donations, or gifts for any proper purpose and apply the same to the purpose designated. In that behalf, the board may act as trustee of any trust created for the benefit of the district, or for the benefit of pupils thereof, including trusts created to provide pupils of the district with advanced education after completion of high school, in the advancement of education."; and

WHEREAS, Minnesota Statutes 465.03 provides: "Any city, county, school district or town may accept a grant or devise of real or personal property and maintain such property for the benefit of its citizens in accordance with the terms prescribed by the donor. Nothing herein shall authorize such acceptance or use for religious or sectarian purposes. Every such acceptance shall be by resolution of the governing body adopted by a two-thirds majority of its members, expressing such terms in full."; and

WHEREAS, every such acceptance shall be by resolution of the governing body adopted by a two-thirds majority of its members, expressing such terms in full;

THEREFORE, BE IT RESOLVED, that the School Board of Becker, ISD 726, gratefully accepts the following donations as identified below:

DONOR	GIFT DESCRIPTION	AMOUNT
Becker Lions	Becker Watchdog Program	\$1,500.00
Becker Lions	Custodial Fees <i>(from clinic last Spring)</i>	\$129.00
Becker Lions	Baseball Uniform Order	\$949.85
Becker Lions	Baseball Turf Project	\$3,645.33
Becker Lions	Two Audiometers	\$2,460.00
Clear Lake Lions	Becker Watchdog Program	\$2,500.00
Clearway Energy	SWPBIS program	\$5,000.00
Liberty Paper	Becker Watchdog Program	\$2,000.00
Luther St. Cloud Honda	High School Band Program	\$400.00

The vote on adoption of the Resolution was as follows:

Aye: Troy Berning, Ryan Hubbard, Aaron Jurek, Connie Robinson, Corey Stanger, Pete Weismann

Nay: None

Absent: None

Whereupon, said Resolution was declared duly adopted.

By: _____ By: _____

Chair

Clerk

Date: _____

Date: _____

**Independent School District No. 726
Becker, Minnesota**

Basic Financial Statements

June 30, 2024

**Independent School District No. 726
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**Independent School District No. 726
Board of Education and Administration
June 30, 2024**

<u>Board of Education</u>	<u>Position</u>	<u>Term Expires</u>
Aaron Jurek	Chair	December 31, 2026
Connie Robinson	Vice-Chair	December 31, 2024
Ryan Hubbard	Treasurer	December 31, 2024
Pete Weismann	Clerk	December 31, 2026
Troy Berning	Director	December 31, 2024
Corey Stranger	Director	December 31, 2026
 <u>Administration</u>		
Jeremy Schmidt	Superintendent	
Kevin Januszewski	Director of Business Services	

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Independent Auditor's Report

To the School Board
Independent School District No. 726
Becker, Minnesota

Report on the Audit of the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 726, Becker, Minnesota, as of and for the year ended June 30, 2024, and the related notes to basic financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 726, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

The District has adopted new accounting guidance as required by the Governmental Accounting Standards Board (GASB) Implementation Guide No. 2021-1, *Implementation Guidance Update - 2021*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

The management of Independent School District No. 726 is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- ◆ Exercise professional judgment and maintain professional skepticism throughout the audit.
- ◆ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- ◆ Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- ◆ Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- ◆ Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, which raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary 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 accompanying supplementary information identified in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is also not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

Bogenkov, Ltd.

St. Cloud, Minnesota
November 5, 2024

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Independent School District No. 726 Management's Discussion and Analysis

This section of Independent School District 726, Becker Public Schools' (the "District"), annual financial report presents a discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2024. Please read it in conjunction with the District's financial statements, which immediately follows this section.

Financial Highlights

Key financial highlights for the 2023-2024 fiscal year include the following:

- ◆ Enrollment for the District increased 22 students compared to fiscal year 2023. Projections indicate the District should experience steady enrollment or enrollment growth over the next several years.
- ◆ The unassigned fund balance of the General Fund ended at \$4,226,779 on June 30, 2024, as compared to an equivalent balance of \$3,075,915 at June 30, 2023. This is a increase of \$1,150,864. Funds assigned for future use by student groups increased by \$148,677 and non-spendable fund balance decreased by \$359,015. All of these categories represent funds available for use in future fiscal years and are included in the calculation of unrestricted fund balance; the total change in unrestricted fund balance was a increase of \$940,526.
- ◆ General Fund revenues were over budget by \$260,251 (.06%) while expenditures were under budget by \$2,586,143 (6.03%). The largest difference in expenditures under the budget was the result of insurance roof work that will get completed in the summer of 2025.
- ◆ Governmental net position increased by 113% compared to June 30, 2023. Page 21 illustrates the reconciliation between the change in fund balance and the change in net position for the District, indicating a \$7,592,507 increase in net position for the current year.

Overview of the Financial Statements

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

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

The financial statements also include notes that explain some of the information in the statements and provide more detailed data.

Independent School District No. 726 Management's Discussion and Analysis

Overview of the Financial Statements (Continued)

District-Wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

The District has two kinds of funds:

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

**Independent School District No. 726
Management's Discussion and Analysis**

Overview of the Financial Statements (Continued)

Fund Financial Statements (Continued)

- ◆ Proprietary Fund - The Self-Funding Health and Dental Insurance Internal Service fund is used to account for health and dental insurance for District employees.

Financial Analysis of the District as a Whole

The District's combined net position was \$14,296,561 on June 30, 2024. This was an increase of 113% from the prior year (see Table A-1).

**Table A-1
Net Position**

	Governmental Activities	
	2024	2023
Assets		
Current and other assets	\$ 32,035,500	\$ 50,477,197
Capital and noncurrent assets	85,883,812	68,455,590
Total assets	117,919,312	118,932,787
Total Deferred Outflows of Resources	6,593,157	9,262,267
Liabilities		
Current liabilities	10,578,628	13,795,851
Long-term liabilities	84,581,543	90,036,422
Total liabilities	95,160,171	103,832,273
Total Deferred Inflows of Resources	15,055,737	17,658,727
Net Position		
Net investment in capital assets	33,945,022	30,068,575
Restricted	4,972,357	3,595,144
Unrestricted	(24,620,818)	(26,959,665)
Total net position	\$ 14,296,561	\$ 6,704,054

The change in the District's financial position is the product of many factors. Governmental activity changed total net position of the District by \$7,592,507 from June 30, 2023 to June 30, 2024. Current assets decreased by approximately \$18 million. This is largely the result of spending for the building projects approved by voters in November of 2021. The District's net investment in capital assets increased mostly as a result of paying bonds obligations related to the acquisition of assets. Unrestricted net position, increased by \$2.3 million as the result of paying down of OPEB liabilities.

**Independent School District No. 726
Management's Discussion and Analysis**

Financial Analysis of the District as a Whole (Continued)

**Table A-2
Change in Net Position**

	Governmental Activities for the Fiscal Year Ended June 30,	
	2024	2023
Revenues		
Program revenues		
Charges for services	\$ 3,764,001	\$ 4,422,124
Operating grants and contributions	11,499,466	8,774,056
Capital grants and contributions	675,512	704,156
General revenues		
Property taxes	12,036,409	11,315,334
Unrestricted state aid	22,123,178	21,268,718
Investment earnings	1,174,354	1,074,436
Other	226,669	119,746
Total revenues	<u>51,499,589</u>	<u>47,678,570</u>
Expenses		
Administration	1,722,301	1,535,786
District support services	1,031,215	805,963
Regular instruction	17,814,579	15,127,780
Vocational education instruction	170,658	152,500
Special education instruction	7,015,649	6,154,047
Instructional support services	2,561,869	2,432,693
Pupil support services	3,682,557	3,255,088
Sites and buildings	3,635,796	3,732,664
Fiscal and other fixed cost programs	189,202	160,661
Food service	2,409,484	2,105,256
Community service	1,728,138	1,718,859
Unallocated depreciation	1,950,406	1,975,182
Interest and fiscal charges on long-term	545,310	584,551
Total expenses	<u>44,457,164</u>	<u>39,741,030</u>
Increase (Decrease) in Net Position	7,042,425	7,937,540
Beginning net position	6,704,054	(1,233,486)
Change in accounting principle	550,082	-
Beginning net position-restated	<u>7,254,136</u>	<u>(1,233,486)</u>
Ending net position	<u>\$ 14,296,561</u>	<u>\$ 6,704,054</u>

Independent School District No. 726 Management's Discussion and Analysis

Financial Analysis of the District as a Whole (Continued)

The District's total revenues were \$51,499,589 for the year ended June 30, 2024. Property taxes and unrestricted state formula aid accounted for 66% of total revenue for the year. Operating grants attributed for \$11.5 million of revenues district-wide; these include state and federal aids that are set aside for specific programs, such as special education, federal title programs, food service, and aids for community education programs as well as those required to be spent for specific purposes.

The total cost of all programs and services including interest and fiscal charges was \$44,457,164. Total revenues exceeded expenses, increasing net position by \$7,592,507 from the prior year. Page 23 illustrates the reconciliation between the change in fund balance and the change in net position for the District.

The cost of all governmental activities this year was \$44,457,164.

- ◆ Some of the cost was paid by the users of the District's programs \$3,764,001.
- ◆ The federal and state governments subsidized certain programs with grants and contributions \$12,174,978.
- ◆ Most of the District's costs, however, were paid for by District taxpayers and the taxpayers of our state. Remaining governmental activities were paid for with \$12,036,409 in property taxes, with the balance from state aid based on the education aid formula and with investment earnings and other general revenues.

All governmental funds include not only funds received for the general operation of the District, which are used for classroom instruction, but also includes resources from the entrepreneurial-type funds of food service and community education, and from resources for debt service transactions. Funding for the general operation of the District is controlled by the state and the District does not have the latitude to allocate money received in food service or community education or for debt service to enhance classroom instruction resources. The District cannot take funds from these restricted areas and use the funds to hire teachers to enhance instruction.

**Independent School District No. 726
Management's Discussion and Analysis**

Governmental Activities

Total costs of services increased by approximately 11.9% across all programs. The increase is due to having more students and salary settlements.

**Table A-3
Program Expenses and Net Cost of Services**

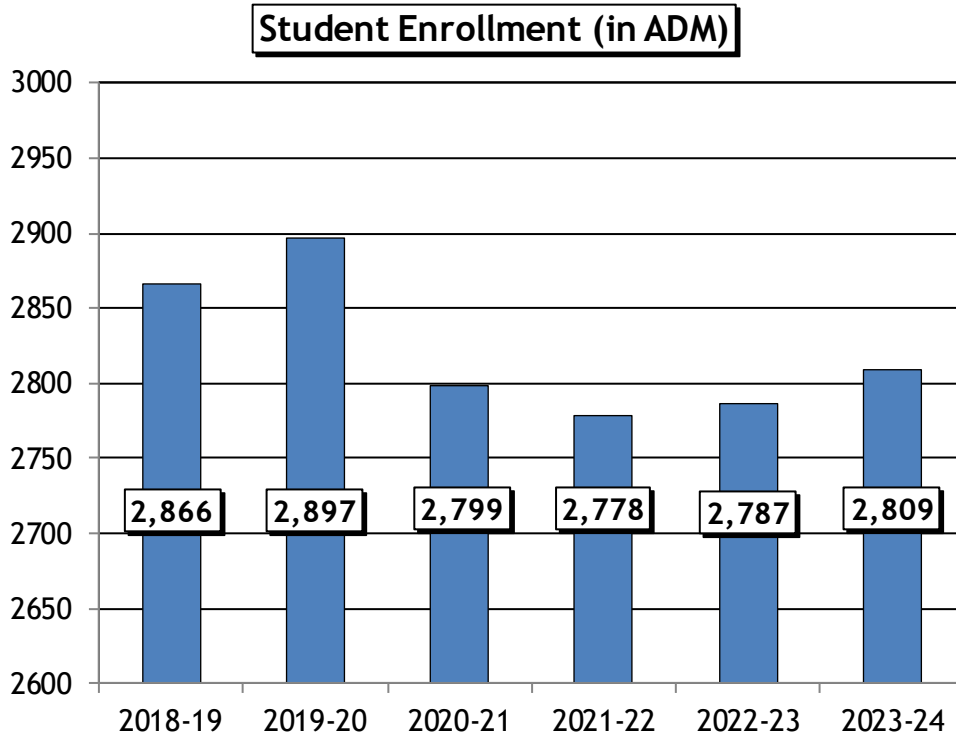
	Total Cost of Services		Percent Change	Net Cost of Services	
	2024	2023		2024	2023
Administration	\$ 1,722,301	\$ 1,535,786	12.1%	\$ 1,722,301	\$ 1,535,786
District support services	1,031,215	805,963	27.9%	1,031,215	805,963
Regular instruction	17,814,579	15,127,780	17.8%	14,211,216	12,364,664
Vocational education instruction	170,658	152,500	11.9%	166,313	145,656
Special education instruction	7,015,649	6,154,047	14.0%	2,082,289	1,666,290
Instructional support services	2,561,869	2,432,693	5.3%	2,142,647	2,277,790
Pupil support services	3,682,557	3,255,088	13.1%	3,221,805	2,676,928
Sites and buildings	3,635,796	3,732,664	-2.6%	1,287,872	1,252,883
Fiscal and other fixed cost programs	189,202	160,661	17.8%	189,202	160,661
Food service	2,409,484	2,105,256	14.5%	(185,791)	102,907
Community service	1,728,138	1,718,859	0.5%	153,400	291,433
Unallocated depreciation	1,950,406	1,975,182	-1.3%	1,950,406	1,975,182
Interest and fiscal charges on long-term liabilities	545,310	584,551	-6.7%	545,310	584,551
Total	<u>\$ 44,457,164</u>	<u>\$ 39,741,030</u>	11.9%	<u>\$ 28,518,185</u>	<u>\$ 25,840,694</u>

Independent School District No. 726
Management's Discussion and Analysis

Enrollment

Enrollment is a critical factor in determining District revenue with approximately 90% of General Fund revenue being determined by enrollment. The following chart shows the number of students has decreased by approximately 57 average daily membership (ADM) since 2018-2019; this is an average of 0% growth per year, the district saw an increase of 22 ADM from 2022-23. It is anticipated the District should experience 1% growth over the next several years. Of the 2,809 ADM for 2023-2024, approximately 387 are the result of net open enrollment gain for the District.

Table A-4
Six-Year Enrollment Trend ADM



General Fund

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

The majority of General Fund operational revenue is controlled by a complex set of state funding formulas resulting in the local School Board having no meaningful authority to determine the level of resources. This includes Special Education Aid that is based primarily upon a cost reimbursement model. Other state formulas then determine what portion of the revenue will be provided by property taxes and what portion will come from state aid.

**Independent School District No. 726
Management's Discussion and Analysis**

General Fund (Continued)

The following schedule presents a summary of General Fund revenues:

**Table A-5
General Fund Revenues**

Source	Year Ended		Change	
	June 30, 2024	June 30, 2023	Increase/ (Decrease)	Percent
Local sources				
Property taxes	\$ 8,116,871	\$ 7,401,568	\$ 715,303	9.7%
Earnings on investments	361,241	193,063	168,178	87.1%
Other	1,848,011	1,310,790	537,221	41.0%
State sources	29,924,444	27,355,161	2,569,283	9.4%
Federal sources	515,673	1,194,358	(678,685)	-56.8%
 Total General Fund revenue	 <u>\$ 40,766,240</u>	 <u>\$ 37,454,940</u>	 <u>\$ 3,311,300</u>	 8.8%

Basic general education revenue is determined by multiple state formulas, largely enrollment driven, and consists of an equalized mix of property tax and state aid revenue. Other state authorized revenue, including operating levy referendum and the property tax shift, also involve an equalized mix of property tax and state aid revenue. Therefore, the mix of property tax and state aid can change significantly from year-to-year without any net change on total revenue.

For fiscal year 2024, local property taxes increased by \$715,303, or 9.7%, in the General Fund.

Other revenues include fees, donations, fundraising, and other payments collected. These are revenues used to offset the costs of certain programs, typically extracurricular in nature.

Of the \$2,569,283 increase in revenue from state sources. State aid for special education accounted for the majority of this increase as the result of an increase in the special education aid entitlement, along with an increase in general education aid.

**Independent School District No. 726
Management's Discussion and Analysis**

General Fund (Continued)

The following schedule presents a summary of General Fund expenditures:

**Table A-6
General Fund Expenditures**

Source	Year Ended		Change	
	June 30, 2024	June 30, 2023	Increase/ (Decrease)	Percent
Salaries	\$ 22,265,571	\$ 21,130,321	\$ 1,135,250	5.4%
Employee benefits	9,986,409	9,586,142	400,267	4.2%
Purchased services	3,505,389	2,789,994	715,395	25.6%
Supplies and materials	2,130,284	2,133,988	(3,704)	-0.2%
Capital expenditures	2,321,049	2,222,493	98,556	4.4%
Other expenditures	81,521	41,382	40,139	97.0%
Total expenditures	\$ 40,290,223	\$ 37,904,320	\$ 2,385,903	6.3%

Total General Fund expenditures increased by 6.3% from the previous year. Salaries and benefits increased as a result of contract settlements and hiring additional staffing. Supplies and materials decreased by \$3,704 due to spending for COVID-19 supplies (cleaning, protective supplies) in prior year that the district didn't have in current year.

Unassigned fund balance is an important aspect of the District's overall financial health. The unassigned fund balance of \$4,226,779 at June 30, 2024, represents 10.5% of annual expenditures. Fund balance retention of the District's minimum 8.0% Fund Balance Policy is a priority of the District in order to avoid reductions in programming and to reduce short-term borrowing costs in the future.

General Fund Budgetary Highlights

Following approval of the budget prior to the beginning of the fiscal year, the District revises the annual operating budget near year-end. These budget amendments fall into two general categories:

- ◆ Implementing budgets for specially funded projects, which include both federal and state grants and reinstating unexpended funds being carried over.
- ◆ Legislation passed subsequent to budget adoption, changes necessitated by collective bargaining agreements, and changes in appropriations for significant unbudgeted costs or unbudgeted cost savings.

Debt Service Fund

The Debt Service Fund revenues exceeded expenditures and other financing resources by \$135,059, resulting in a fund balance of \$854,537 as of June 30, 2024.

Building Construction Capital Project Fund

The building construction fund expenditures exceeded revenues and other financing resources by \$17,092,404, resulting in a fund balance of \$4,614,750 as of June 30, 2024.

Other Nonmajor Funds

In the Food Service Fund, expenditures exceeded revenues by \$75,332, resulting in a fund balance of \$1,032,022 as of June 30, 2024. In the Community Service Fund, revenues exceeded expenditures and a transfer from general fund by \$81,884, resulting in a fund balance of \$241,987 as of June 30, 2024.

**Independent School District No. 726
Management's Discussion and Analysis**

Capital Asset and Debt Administration

Capital Assets

By the end of 2024, the District had invested \$137.8 million in a broad range of capital assets, including land, school buildings, athletic facilities, computer, and audiovisual equipment and administrative offices (see Table A-7). More detailed information about capital assets can be found in Note 3 to the financial statements. Total depreciation expense for the year was \$2.8 million.

**Table A-7
Capital Assets**

Asset Category	2024	2023	Percent Change
Land	\$ 639,386	\$ 639,386	0.0%
Construction in progress	40,869,223	22,452,304	82.0%
Land improvements	8,921,181	8,896,844	0.3%
Buildings and improvements	74,580,586	74,567,771	0.0%
Equipment	12,763,243	11,208,881	13.9%
Less: accumulated depreciation	<u>(51,889,807)</u>	<u>(49,309,596)</u>	5.2%
Total	<u>\$ 85,883,812</u>	<u>\$ 68,455,590</u>	25.4%

**Independent School District No. 726
Management's Discussion and Analysis**

Capital Asset and Debt Administration (Continued)

Long-Term Liabilities

At year-end, the District had \$56,377,147 in G.O. bonds, net of related premiums and discount, the result of voter-approved construction bonds, certificates of participation and note from direct borrowing issued, as shown in Note 4 to the financial statements. The District had an estimated \$341,786 in severance payable as of June 30, 2024, a decrease of \$10,513 from June 30, 2023. The District also recorded a net pension liability in the amount of \$25.5 million, compared to \$27.1 million as of June 30, 2023.

**Table A-8
Long-Term Liabilities**

Category	2024	2023	Percent Change
General obligation bonds	\$ 55,811,497	\$ 59,178,484	-5.7%
Net bond premium and discount	565,650	731,665	-22.7%
Financed purchase agreements	216,474	263,201	-17.8%
Other postemployment benefits payable	5,667,058	5,626,291	0.7%
Net pension liability	25,451,555	27,103,734	-6.1%
Severance benefits payable	341,786	352,299	-3.0%
Compensated absences payable	246,853	197,180	25.2%
Total	<u>\$ 88,300,873</u>	<u>\$ 93,452,854</u>	-5.5%
Long-term liabilities			
Due within one year	\$ 3,719,330	\$ 3,571,432	
Due in more than one year	<u>84,581,543</u>	<u>89,881,422</u>	
Total	<u>\$ 88,300,873</u>	<u>\$ 93,452,854</u>	

Factors Bearing on the District's Future

With the exception of the voter-approved excess operating referendum, the District is dependent on the State of Minnesota for its revenue authority. Recent experience demonstrates that legislated revenue increases have not been sufficient to meet instructional program needs and increased costs due to inflation.

District voters approved \$525 per pupil in a November 2019 operating referendum in order to prevent significant budget reductions and to restore unassigned fund balance to the 8% level outlined in district policy.

The District will need to closely monitor these variables in the years ahead to strive to maintain its long-standing commitment to academic excellence and educational opportunity for students within a framework of financial fiduciary responsibility.

**Independent School District No. 726
Management's Discussion and Analysis**

Contacting the District's Financial Management

This financial report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Independent School District 726, 12000 Hancock Street, Becker, Minnesota 55308.

BASIC FINANCIAL STATEMENTS

Independent School District No. 726
Statement of Net Position
June 30, 2024

	Governmental Activities
Assets	
Cash and investments	\$ 21,989,627
Cash with fiscal agent	74
Current property taxes receivable	6,020,642
Delinquent property taxes receivable	50,049
Accounts receivable	207,411
Interest receivable	6,585
Due from Department of Education	2,911,377
Due from Federal Government through Department of Education	82,809
Due from other governmental units	235,280
Inventory	49,675
Prepaid items	481,971
Capital assets not being depreciated	
Land	639,386
Construction in progress	40,869,223
Capital assets, net of accumulated depreciation	
Land improvements	8,921,181
Buildings	74,580,586
Machinery and equipment	12,763,243
Less accumulated depreciation	(51,889,807)
Total assets	<u>117,919,312</u>
Deferred Outflows of Resources	
Deferred outflows of resources related to other post employment benefits (OPEB)	578,281
Deferred outflows of resources related to pensions	6,014,876
Total deferred outflows of resources	<u>6,593,157</u>
 Total assets and deferred outflows of resources	 <u>\$ 124,512,469</u>
Liabilities	
Accounts and contracts payable	\$ 3,209,926
Salaries and benefits payable	3,239,536
Interest payable	254,776
Due to other Minnesota School Districts	25,628
Unearned revenue	129,432
Bonds and certificates of participation payable, net of premiums	
Payable within one year	3,413,608
Payable after one year	52,923,458
Note from direct borrowing payable	
Payable within one year	40,081
Financed purchase agreements payable	
Payable within one year	169,749
Payable after one year	46,725
Compensated absences payable	
Payable within one year	61,713
Payable after one year	185,140
Severance payable	
Payable within one year	34,179
Payable after one year	307,607
Total OPEB liability	5,667,058
Net pension liability	25,451,555
Total liabilities	<u>95,160,171</u>
Deferred Inflows of Resources	
Deferred outflows of resources related to OPEB	1,032,289
Deferred inflows of resources related to pensions	2,478,295
Property taxes levied for subsequent year's expenditures	11,545,153
	<u>15,055,737</u>
Net Position	
Net investment in capital assets	33,945,022
Restricted for	
Debt service	641,053
Community service	412,927
Other purposes	3,918,377
Unrestricted	(24,620,818)
Total net position	<u>14,296,561</u>
 Total liabilities, deferred inflows of resources, and net position	 <u>\$ 124,512,469</u>

Independent School District No. 726
Statement of Activities
Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities					
Administration	\$ 1,722,301	\$ -	\$ -	\$ -	\$ (1,722,301)
District support services	1,031,215	-	-	-	(1,031,215)
Elementary and secondary regular instruction	17,814,579	473,429	3,129,934	-	(14,211,216)
Vocational education instruction	170,658	-	4,345	-	(166,313)
Special education instruction	7,015,649	99,329	4,834,031	-	(2,082,289)
Instructional support services	2,561,869	-	419,222	-	(2,142,647)
Pupil support services	3,682,557	7,614	453,138	-	(3,221,805)
Sites and buildings	3,635,796	1,672,412	-	675,512	(1,287,872)
Fiscal and other fixed cost programs	189,202	-	-	-	(189,202)
Food service	2,409,484	179,325	2,415,950	-	185,791
Community education and services	1,728,138	1,331,892	242,846	-	(153,400)
Unallocated depreciation	1,950,406	-	-	-	(1,950,406)
Interest and fiscal charges on long-term debt	545,310	-	-	-	(545,310)
Total governmental activities	\$ 44,457,164	\$ 3,764,001	\$ 11,499,466	\$ 675,512	(28,518,185)
General revenues					
Taxes					
Property taxes, levied for general purposes					8,124,141
Property taxes, levied for community service					219,228
Property taxes, levied for debt service					3,693,040
State aid-formula grants					22,123,178
Other general revenues					203,859
Investment income					1,174,354
Gain on sale of capital assets					22,810
Total general revenues					<u>35,560,610</u>
Change in net position					<u>7,042,425</u>
Net position - beginning					6,704,054
Change in accounting principle (see Note 11)					<u>550,082</u>
Net position - beginning restated					<u>7,254,136</u>
Net position - ending					<u>\$ 14,296,561</u>

See notes to basic financial statements.

Independent School District No. 726
Balance Sheet - Governmental Funds
June 30, 2024

	General	Debt Service	Building Construction Capital Project	Nonmajor Funds	Total Governmental Funds
Assets					
Cash and investments	\$ 11,460,356	\$ 2,755,234	\$ 6,421,112	\$ 1,352,925	\$ 21,989,627
Cash with fiscal agent	74	-	-	-	74
Current property taxes receivable	4,019,761	1,889,068	-	111,813	6,020,642
Delinquent property taxes receivable	33,195	15,904	-	950	50,049
Accounts receivable	140,627	-	-	60,162	200,789
Interest receivable	-	-	6,585	-	6,585
Due from Department of Education	2,851,167	15,173	-	45,037	2,911,377
Due from Federal Government through Department of Education	82,809	-	-	-	82,809
Due from other governmental units	202,796	-	-	32,484	235,280
Due from Other Funds	158,180	-	-	-	158,180
Inventory	-	-	-	49,675	49,675
Prepaid items	461,251	-	-	20,720	481,971
Total assets	\$ 19,410,216	\$ 4,675,379	\$ 6,427,697	\$ 1,673,766	\$ 32,187,058
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts and contracts payable	\$ 710,351	\$ 2,150	\$ 1,812,947	\$ 8,734	\$ 2,534,182
Salaries and benefits payable	3,136,329	-	-	103,207	3,239,536
Due to other Minnesota school districts	25,628	-	-	-	25,628
Unearned revenue	74,536	-	-	54,896	129,432
Total liabilities	3,946,844	2,150	1,812,947	166,837	5,928,778
Deferred Inflows of Resources					
Property taxes levied for subsequent year's expenditures	7,510,395	3,802,788	-	231,970	11,545,153
Unavailable revenue - delinquent property taxes	33,195	15,904	-	950	50,049
Total deferred inflows of resources	7,543,590	3,818,692	-	232,920	11,595,202
Fund Balances					
Nonspendable	461,251	-	-	70,395	531,646
Restricted	2,886,355	854,537	4,614,750	1,373,604	9,729,246
Assigned	345,397	-	-	-	345,397
Unassigned	4,226,779	-	-	(169,990)	4,056,789
Total fund balances	7,919,782	854,537	4,614,750	1,274,009	14,663,078
Total liabilities, deferred inflows of resources, and fund balances	\$ 19,410,216	\$ 4,675,379	\$ 6,427,697	\$ 1,673,766	\$ 32,187,058

Independent School District No. 726
Reconciliation of the Balance Sheet to
the Statement of Net Position - Governmental Funds
June 30, 2024

Total fund balances - governmental funds \$ 14,663,078

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds.

Cost of capital assets	137,773,619
Less accumulated depreciation	(51,889,807)

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.

Long-term liabilities at year-end consist of:

Bonds and certificates of participation payable	(55,771,416)
Premiums on bonds payable	(565,650)
Note from direct borrowing payable	(40,081)
Financed purchase agreements payable	(216,474)
Compensated absences payable	(246,853)
Severance payable	(341,786)
Total OPEB liability	(5,667,058)
Net pension liability	(25,451,555)

Deferred outflows of resources and deferred inflows of resources are created as a result of various differences related to pensions that are not recognized in the governmental funds.

Deferred outflows of resources related to pensions	6,014,876
Deferred inflows of resources related to pensions	(2,478,295)

Deferred outflows of resources are created as a result of various differences related to postemployment benefits that are not recognized in the governmental funds.

Deferred outflows of resources related to OPEB	578,281
Deferred inflows of resources related to OPEB	(1,032,289)

Delinquent property taxes receivables will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.

50,049

The health and dental self insured benefit plan internal service fund is used by management to charge the costs of the self-insured health and dental plans. The assets and liabilities of the internal service fund are included in the governmental activities in the Statement of Net Position.

(827,302)

Governmental funds do not report a liability for accrued interest on bonds, certificates of participation, note, and financed purchases until due and payable.

(254,776)

Total net position - governmental activities

\$ 14,296,561

Independent School District No. 726
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds
Year Ended June 30, 2024

	General	Debt Service	Building Construction Capital Project	Nonmajor Funds	Total Governmental Funds
Revenues					
Local property taxes	\$ 8,116,871	\$ 3,689,848	\$ -	\$ 219,041	\$ 12,025,760
Other local and county revenues	2,156,779	110,987	702,746	1,402,145	4,372,657
Revenue from state sources	29,924,444	151,731	-	1,693,364	31,769,539
Revenue from federal sources	515,673	-	-	967,886	1,483,559
Sales and other conversion of assets	52,473	-	-	179,325	231,798
Total revenues	<u>40,766,240</u>	<u>3,952,566</u>	<u>702,746</u>	<u>4,461,761</u>	<u>49,883,313</u>
Expenditures					
Current					
Administration	1,811,792	-	-	-	1,811,792
District support services	977,665	-	-	-	977,665
Elementary and secondary regular instruction	18,681,741	-	-	-	18,681,741
Vocational education instruction	172,420	-	-	-	172,420
Special education instruction	7,216,014	-	-	-	7,216,014
Instructional support services	2,121,868	-	-	-	2,121,868
Pupil support services	3,197,848	-	-	-	3,197,848
Sites and buildings	3,535,023	-	4,904	-	3,539,927
Fiscal and other fixed cost programs	189,202	-	-	-	189,202
Food service	-	-	-	2,294,799	2,294,799
Community education and services	-	-	-	1,744,720	1,744,720
Capital outlay					
District support services	61,486	-	-	-	61,486
Elementary and secondary regular instruction	417,232	-	-	-	417,232
Special education instruction	2,014	-	-	-	2,014
Instructional support services	573,554	-	-	-	573,554
Pupil support services	198,544	-	-	-	198,544
Sites and buildings	699,710	-	17,790,246	-	18,489,956
Food service	-	-	-	425,690	425,690
Debt service					
Principal	360,981	3,172,887	-	-	3,533,868
Interest and fiscal charges	73,129	644,620	-	-	717,749
Total expenditures	<u>40,290,223</u>	<u>3,817,507</u>	<u>17,795,150</u>	<u>4,465,209</u>	<u>66,368,089</u>
Excess of revenues over (under) expenditures	476,017	135,059	(17,092,404)	(3,448)	(16,484,776)
Other Financing Sources Uses					
Proceeds from sale of capital assets	43,457	-	-	-	43,457
Insurance recovery	1,483,326	-	-	-	1,483,326
Financed purchase issuance	87,634	-	-	-	87,634
Transfers in	-	-	-	10,000	10,000
Transfers out	(10,000)	-	-	-	(10,000)
Total other financing sources (uses)	<u>1,604,417</u>	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>1,614,417</u>
Net change in fund balances	2,080,434	135,059	(17,092,404)	6,552	(14,870,359)
Fund Balances					
Beginning of year	5,839,348	719,478	21,707,154	1,267,457	29,533,437
End of year	<u>\$ 7,919,782</u>	<u>\$ 854,537</u>	<u>\$ 4,614,750</u>	<u>\$ 1,274,009</u>	<u>\$ 14,663,078</u>

See notes to basic financial statements.

**Independent School District No. 726
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances to
the Statement of Activities - Governmental Funds
Year Ended June 30, 2024**

Net change in fund balances - total governmental funds \$ (14,870,359)

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

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities the cost of those assets is allocated over the estimated useful lives as depreciation expense.

Capital outlays	19,698,080
Depreciation expense	(2,799,293)
Disposal of capital assets	(20,647)

OPEB, severance and compensated absences payable are not reported as expenditures in the governmental funds because they do not require the use of current financial resources; instead, they are expensed in the Statement of Activities.

152,168

Principal payments on long-term debt and leases are recognized as expenditures in the governmental funds but have no effect on the net position in the Statement of Activities.

3,501,348

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and thus requires use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

38,944

Governmental funds report the effect of bond premiums when the debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

166,015

Proceeds from the sale of bonds and financed purchases are recognized as other financing sources in the governmental funds increasing fund balance but having no effect on net position in the Statement of Activities.

(87,634)

Governmental funds recognize pension contributions as expenditures at the time of payment in the funds whereas the Statement of Activities factors in items related to pensions on a full accrual perspective.

1,695,593

The dental and health self insured benefit plan internal service fund is used by management to charge the costs of the self-insured health and dental plans. The increase in net position is reported within the governmental activities column in the Statement of Activities.

(442,439)

Delinquent property taxes receivable will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.

10,649

Change in net position - governmental activities

\$ 7,042,425

Independent School District No. 726
Statement of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual - General Fund
Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Local property taxes	\$ 8,009,157	\$ 8,018,184	\$ 8,116,871	\$ 98,687
Other local and county revenues	1,036,359	1,393,859	2,156,779	762,920
Revenue from state sources	29,711,190	30,513,798	29,924,444	(589,354)
Revenue from federal sources	431,639	537,798	515,673	(22,125)
Sales and other conversion of assets	42,350	42,350	52,473	10,123
Total revenues	<u>39,230,695</u>	<u>40,505,989</u>	<u>40,766,240</u>	<u>260,251</u>
Expenditures				
Current				
Administration	1,820,194	1,819,194	1,811,792	(7,402)
District support services	808,145	1,046,620	977,665	(68,955)
Elementary and secondary regular instruction	19,443,819	19,185,263	18,681,741	(503,522)
Vocational education instruction	55,000	55,000	172,420	117,420
Special education instruction	7,088,866	7,106,866	7,216,014	109,148
Instructional support services	1,972,209	2,002,209	2,121,868	119,659
Pupil support services	2,763,676	2,986,800	3,197,848	211,048
Sites and buildings	3,421,049	3,580,049	3,535,023	(45,026)
Fiscal and other fixed cost programs	135,000	137,000	189,202	52,202
Capital outlay				
Administration	2,000	2,000	-	(2,000)
District support services	40,000	40,000	61,486	21,486
Elementary and secondary regular instruction	115,000	434,360	417,232	(17,128)
Vocational education instruction	3,900	3,900	-	(3,900)
Special education instruction	6,000	6,000	2,014	(3,986)
Instructional support services	474,485	613,869	573,554	(40,315)
Pupil support services	148,000	111,000	198,544	87,544
Sites and buildings	467,229	3,307,939	699,710	(2,608,229)
Debt service				
Principal	314,020	365,834	360,981	(4,853)
Interest and fiscal charges	65,526	72,464	73,129	665
Total expenditures	<u>39,144,118</u>	<u>42,876,367</u>	<u>40,290,223</u>	<u>(2,586,144)</u>
Excess of revenues over (under) expenditures	86,577	(2,370,378)	476,017	2,846,395
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	43,457	43,457
Insurance recovery	-	1,482,000	1,483,326	1,326
Financed purchase issuance	-	-	87,634	87,634
Transfers out	-	-	(10,000)	(10,000)
Total other financing sources (uses)	<u>-</u>	<u>1,482,000</u>	<u>1,604,417</u>	<u>122,417</u>
Net change in fund balances	<u>\$ 86,577</u>	<u>\$ (888,378)</u>	2,080,434	<u>\$ 2,968,812</u>
Fund Balances				
Beginning of year			<u>5,839,348</u>	
End of year			<u>\$ 7,919,782</u>	

See notes to basic financial statements.

Independent School District No. 726
Statement of Net Position - Proprietary Fund
June 30, 2024

	Governmental Activities - Internal Service Fund
Assets	
Accounts receivable	\$ 6,622
Liabilities	
Medical and dental withholding payable	\$ 675,744
Due to Other Funds	158,180
Total liabilities	833,924
Net Position	
Unrestricted	(827,302)

Independent School District No. 726
Statement of Revenues, Expenses, and Changes
in Fund Net Position - Proprietary Fund
Year Ended June 30, 2024

	Governmental Activities - Internal Service Fund
Operating Revenues	
Charges for services	\$ 6,901,992
Operating Expenses	
Employee benefits	7,325,220
Professional services	19,211
Total operating expenses	7,344,431
Operating loss	(442,439)
Net Position	
Beginning of year	(384,863)
End of year	\$ (827,302)

Independent School District No. 726
Statement of Cash Flows - Proprietary Fund
Year Ended June 30, 2024

	Governmental Activities - Internal Service Fund
Cash Flows - Operating Activities	
Receipts from employee contributions	\$ 6,896,976
Employee claims and fees paid	<u>(7,360,049)</u>
Cash collected from employees	
Net cash flows - operating activities	(463,073)
 Cash Flows - Noncapital Financing Activities	
Due to Other Funds	<u>158,180</u>
 Net Change In Cash And Cash Equivalents	(304,893)
 Cash and Cash Equivalents	
Beginning of year	<u>304,893</u>
End of year	<u><u>\$ -</u></u>
 Reconciliation of Operating Income to	
Net Cash Flows - Operating Activities	
Operating loss	\$ (442,439)
Change in liabilities	
Accounts receivable	(5,016)
Accounts payable	<u>(15,618)</u>
Net adjustments	<u>(20,634)</u>
Net cash flows - operating activities	<u><u>\$ (463,073)</u></u>

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Independent School District No. 726
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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

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

The student activity accounts of the District are under board control and are reported in the General Fund.

B. Basic Financial Statement Information

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) display information about the reporting government as a whole. These statements include all the financial activities of the District.

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

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

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

**Independent School District No. 726
Notes to Basic Financial Statements**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting

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

1. Revenue Recognition

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

2. Recording of Expenditures

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

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

The proprietary fund distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Internal Service Fund are employee and District contributions. Operating expenses for proprietary funds include claims paid and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Description of Funds:

Major Funds:

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

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

**Independent School District No. 726
Notes to Basic Financial Statements**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

Description of Funds: (Continued)

Major Funds: (Continued)

Building Construction Capital Project Fund - This fund is used to account for financial resources used for the acquisition or construction of major capital facilities authorized by bond issue.

Nonmajor Funds:

Food Service Special Revenue Fund - This fund is used to account for food service revenues and expenditures.

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

Proprietary Fund:

Self-Funding Health and Dental Insurance Internal Service Fund - This fund is used to account for health and dental insurance for District employees.

D. Deposits and Investments

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

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

Cash and investments at June 30, 2024, were comprised of deposits, shares in the Minnesota School District Liquid Asset Fund (MSDLAF) liquid class and MAX class, shares in MNTrust including Investment Shares, Term Series, and Limited Term Duration Series, and U.S. Treasury Notes. In accordance with GASB Statement No. 79, the various MSDLAF and MNTrust shares are valued at amortized cost, which approximates fair value. There are no restrictions or limitations on withdrawals from the MSDLAF or MNTrust Investment Shares Portfolio. Investments in the MSDLAF MAX 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. Withdrawals from the MNTrust Limited Term Duration are available on the third Wednesday of each month upon at least two weeks advance notice. Seven days' notice of redemption is required for withdrawals from the MNTrust Term Series prior to the maturity of that series. A penalty could be assessed as necessary to recoup the Series for any charges, losses, and other costs attributable to early redemption.

**Independent School District No. 726
Notes to Basic Financial Statements**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Deposits and Investments (Continued)

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

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

E. Property Tax Receivable

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

F. Property Taxes Levied for Subsequent Year's Expenditures

Property taxes levied for subsequent year's expenditures consist principally of property taxes levied in the current year which will be collected and recognized as revenue in the District's following year to properly match those revenues with the budgeted expenditures for which they were levied. This amount is equal to the amount levied by the School Board in December 2023, less various components, and their related adjustments as mandated by the state. These portions of that levy were recognized as revenue in the fiscal year 2024. The remaining portion of the levy will be recognized when measurable and available.

G. Inventories

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

H. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Prepaid items are recorded as an expenditure at the time of consumption.

I. Property Taxes

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

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

**Independent School District No. 726
Notes to Basic Financial Statements**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Capital Assets

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

Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of five years. Such assets are capitalized at historical cost or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their acquisition cost.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the assets lives are not capitalized.

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

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

K. Deferred Outflows/Inflows of Resources

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

Independent School District No. 726
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Deferred Outflows/Inflows of Resources (Continued)

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

L. Long-Term Obligations

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

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

M. Compensated Absences

District employees earn vacation days based upon the number of completed years of service and may be accrued to various levels. The District compensates certain employees for unused vacation leave upon termination of employment and records an expenditure in the governmental fund when payment is made.

Compensated absences that are earned and unused as of June 30, 2024, are shown as a liability in the Statement of Net Position.

**Independent School District No. 726
Notes to Basic Financial Statements**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Pensions

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

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

O. Severance

The District maintains various early retirement incentive payment plans for its employee groups. Each employee group plan contains benefit formulas based on years of service and/or minimum age requirements. For substantially all employees, early retirement incentive benefits are eliminated if retirement occurs at the normal retirement age of 65 as specified in their contracts. In addition, certain bargaining unit members are eligible to be compensated for unused accumulated sick leave upon termination, subject to certain conditions.

Severance and sick leave that are earned and unused as of June 30, 2024, are shown as a liability in the Statement of Net Position.

P. Fund Equity

In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor the constraints on the specific purpose for which amounts in these funds can be spent.

- ◆ **Nonspendable Fund Balances** - These are amounts that cannot be spent because they are not in spendable form as they are legally or contractually required to be maintained intact and include items that are inherently not spendable, such as, but not limited to, inventory, prepaid items, long-term receivables, nonfinancial assets held for resale, or the permanent principal of endowment funds.
- ◆ **Restricted Fund Balances** - These are amounts that are comprised of funds that have legally enforceable constraints placed on their use that either are externally imposed by resource providers or creditors (such as through debt covenants), grantors, contributors, voters, or laws or regulations of other governments, or are imposed by law through constitutional provisions or enabling legislation.
- ◆ **Committed Fund Balances** - These are amounts that can only be used for specific purposes pursuant to constraints imposed by the School Board (highest level of decision-making authority) through resolution.

Independent School District No. 726
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Fund Equity (Continued)

- ◆ Assigned Fund Balances - These are amounts that are constrained by the District's intent to be used for specific purposes but are neither restricted nor committed. Assignments are made by the Director of Business Services or the Superintendent.
- ◆ Unassigned Fund Balance - This is the amount that is the residual in the General Fund not reported in any other classification. The unassigned amount in the General Fund is technically available for expenditure for any purpose. The General Fund is the only fund that can report a positive unassigned fund balance. Other funds would report a negative unassigned fund balance should the total of nonspendable, restricted, and committed fund balances exceed the total net resources of that fund.
- ◆ Minimum Fund Balance Policy - The District will strive to maintain a minimum unassigned General Fund balance of one month, or 8%, of the annual budget.

Q. Net Position

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

R. Use of Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements. Estimates also affect the reported amounts of revenue and expenditures/expense during the reporting period. Actual results could differ from those estimates.

S. Budgetary Information

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

1. Prior to July 1, the School Superintendent submits to the School Board, a proposed operating budget for the year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them. Budgetary control for governmental funds is established by each fund's total appropriations.
2. The Superintendent is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the School Board.
3. Formal budgetary integration is employed as a management control device during the year for the General, Special Revenue, and Debt Service Funds.

**Independent School District No. 726
Notes to Basic Financial Statements**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. Budgetary Information (Continued)

4. Budgets for the General, Special Revenue, and Debt Service Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
5. Budgets are as originally adopted or as amended by the School Board. Budgeted expenditure appropriations lapse at year-end.

NOTE 2 - DEPOSITS AND INVESTMENTS

A. Deposits

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

Custodial Credit Risk - Deposits: This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District has a deposit policy that requires the District's deposits to be collateralized as required by *Minnesota Statutes* § 118.03 for an amount exceeding FDIC, SAIF, BIF, FCUA, or other federal deposit coverage. As of June 30, 2024, the District's bank balance was not exposed to custodial credit risk because it was insured and fully collateralized with securities held by the pledging financial institution's trust department or agent and in the District's name.

The District's deposits had a book balance as follows:

Pooled		
Checking	\$	181,381
Nonpooled		
Petty Cash		510
Cash with Fiscal Agent		74
Total deposits	\$	181,965

Independent School District No. 726
Notes to Basic Financial Statements

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments

As of June 30, 2024, the District had the following investments:

Investment Type	Total	Less than 1 year	Rating
Pooled			
MNTrust Term Series Flex	\$ 3,307,790	\$ 3,307,790	AAAm
MNTrust Investment Shares	11,325,192	11,325,192	AAAm
MNTrust Limited Term Duration	628,821	628,821	AAAm
MSDLAF	90,207	90,207	AAAm
MSDLAF MAX	3	3	AAAm
Nonpooled			
MNTrust Investment Shares (2022A)	5,465,935	5,465,935	AAAm
US Treasury Notes (2022A)	975,231	975,231	AAA
MNTrust Investment Shares (Coril Holdings)	14,557	14,557	AAAm
Total investments	<u>\$ 21,807,736</u>	<u>\$ 21,807,736</u>	

The District has a formal investment policy in place as of June 30, 2024, to address the following risks:

Credit Risk: This is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The District's investment policy refers to *Minnesota Statutes* §§ 118A.01 through 118A.06. Statutes limit investments by type. The District's investments were rated in the table above by Standard & Poor's (S&P).

Concentration of Credit Risk: The District's investment policy indicates the District shall diversify its investments to avoid incurring unreasonable risks inherent in over investing in specific instruments, individual financial institutions, or maturities. The District's investment policy places no specific limits on the amount the District may invest in any one issuer.

Interest Rate Risk: This is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates. The District's investment policy states the portfolio shall be managed in a manner to attain a market rate of return through budgetary and economic cycles while preserving and protecting capital in the investment portfolio and taking into account constraints on risk and cash flow requirements.

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

The District had the following fair value measurements as of June 30, 2024:

- ◆ \$975,231 of nonpooled investments using level 1 inputs

**Independent School District No. 726
Notes to Basic Financial Statements**

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

C. Deposits and Investments

Summary of cash, deposits, and investments as of June 30, 2024:

Deposits	\$ 181,965
Investments	<u>21,807,736</u>
Total deposits and investments	<u>\$ 21,989,701</u>

Cash, deposits, and investments are presented in the June 30, 2024, basic financial statements as follows:

Statement of Net Position	
Cash and investments	\$ 21,989,627
Cash with fiscal agent	<u>74</u>
Total	<u>\$ 21,989,701</u>

Independent School District No. 726
Notes to Basic Financial Statements

NOTE 3 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2024, was as follows:

	Beginning Balance	Adjustment	Increases	Decreases	Ending Balance
Governmental activities					
Capital assets not being depreciated					
Land	\$ 639,386	\$ -	\$ -	\$ -	\$ 639,386
Construction in progress	22,452,304	-	18,419,419	2,500	40,869,223
Total capital assets not depreciated	<u>23,091,690</u>	<u>-</u>	<u>18,419,419</u>	<u>2,500</u>	<u>41,508,609</u>
Capital assets being depreciated					
Land improvements	8,896,844	-	24,337	-	8,921,181
Buildings	74,567,771	-	12,815	-	74,580,586
Machinery and equipment	11,208,881	550,082	1,244,009	239,729	12,763,243
Total capital assets being depreciated	<u>94,673,496</u>	<u>550,082</u>	<u>1,281,161</u>	<u>239,729</u>	<u>96,265,010</u>
Less accumulated depreciated for					
Land improvements	5,177,162	-	296,794	-	5,473,956
Buildings	35,970,999	-	1,759,467	-	37,730,466
Machinery and equipment	8,161,435	-	743,032	219,082	8,685,385
Total accumulated depreciation	<u>49,309,596</u>	<u>-</u>	<u>2,799,293</u>	<u>219,082</u>	<u>51,889,807</u>
Total capital assets being depreciated, net	<u>45,363,900</u>	<u>550,082</u>	<u>(1,518,132)</u>	<u>20,647</u>	<u>44,375,203</u>
Governmental activities, capital assets, net	<u>\$ 68,455,590</u>	<u>\$ 550,082</u>	<u>\$ 16,901,287</u>	<u>\$ 23,147</u>	<u>\$ 85,883,812</u>

See Note 11 for explanation of the adjustment column.

Depreciation expense for the year ended June 30, 2024, was charged to the following functions:

Administration	\$ 3,365
District support services	5,066
Elementary and secondary regular instruction	182,874
Vocational education instruction	151
Special education instruction	578
Instructional support services	98,785
Pupil support services	314,839
Sites and buildings	201,547
Food service	40,403
Community service	1,279
Unallocated	<u>1,950,406</u>
Total depreciation expense	<u>\$ 2,799,293</u>

Independent School District No. 726
Notes to Basic Financial Statements

NOTE 4 - LONG-TERM DEBT

A. Components of Long-Term Liabilities

	Issue Date	Interest Rates	Original Issue	Final Maturity	Principal Outstanding	Due Within One Year
Long-term liabilities						
G.O. bonds						
2013A G.O. School Building Bonds	04/09/13	3.00%	\$ 10,000,000	02/01/30	\$ 9,260,000	\$ 1,575,000
2016A G.O. Crossover Refunding Bonds	10/24/16	2.0%-2.5%	2,235,000	02/01/32	1,445,000	170,000
2022A G.O. School Building Bonds	02/15/22	1.0%-2.93%	37,498,444	02/01/43	37,316,416	1,313,608
2022B G.O. School Building Bonds	02/15/22	3.0%-4.0%	6,510,000	02/01/46	6,130,000	195,000
Total G.O. bonds					<u>54,151,416</u>	<u>3,253,608</u>
Certificates of Participation 2018A	06/15/18	3.0%-4.0%	2,325,000	02/01/33	1,620,000	160,000
Note from direct borrowing	12/18/19	2.49%	190,284	02/01/25	40,081	40,081
Unamortized premiums on bonds					565,650	-
Financed purchase agreements from direct borrowing					216,474	169,749
Compensated absences					246,853	61,713
Severance					<u>341,786</u>	<u>34,179</u>
Total long-term liabilities					<u>\$ 57,182,260</u>	<u>\$ 3,719,330</u>

The long-term bonds and certificate of participation liabilities listed on above were issued to finance acquisition and construction of capital facilities or to refinance (refund) previous bond issues. The note from direct borrowing is payable to the Sherburne and Northern Wright Special Education Cooperative for the District's share of the Cooperative's lease purchase agreement debt. The District entered into various financed purchase agreements for the acquisition of school buses and a fuel tank.

**Independent School District No. 726
Notes to Basic Financial Statements**

NOTE 4 - LONG-TERM DEBT (CONTINUED)

B. Minimum Debt Payments for Bonds

Minimum annual principal and interest payments required to retire bond liabilities:

Year Ending June 30,	G.O. Bonds	
	Principal	Interest
2025	\$ 3,253,608	\$ 556,930
2026	3,288,560	523,528
2027	3,315,375	491,362
2028	3,348,145	461,442
2029	3,379,989	430,548
2030-2034	15,144,088	3,903,824
2035-2039	12,845,994	6,172,406
2040-2044	8,845,657	5,565,343
2045-2046	730,000	33,000
Total	<u>\$ 54,151,416</u>	<u>\$ 18,138,384</u>
Year Ending June 30,	Certificates of Participation	
	Principal	Interest
2025	\$ 160,000	\$ 52,900
2026	165,000	48,100
2027	165,000	43,150
2028	175,000	38,200
2029	180,000	32,513
2030-2033	775,000	68,488
Total	<u>\$ 1,620,000</u>	<u>\$ 283,351</u>
Year Ending June 30,	Note from Direct Borrowing	
	Principal	Interest
2025	<u>\$ 40,081</u>	<u>\$ 750</u>

**Independent School District No. 726
Notes to Basic Financial Statements**

NOTE 4 - LONG-TERM DEBT (CONTINUED)

B. Minimum Debt Payments for Bonds (Continued)

Year Ending June 30,	Finanaced Purchase Agreements from Direct Borrowing	
	Principal	Interest
2025	\$ 169,749	\$ 12,847
2026	46,725	1,042
Total	<u>\$ 216,474</u>	<u>\$ 13,889</u>

C. Changes in Long-Term Liabilities

	Beginning Balance	Additions	Reductions	Ending Balance
Long-term liabilities				
G.O. Bonds	\$ 57,324,303	\$ -	\$ 3,172,887	\$ 54,151,416
Certificates of participation	1,775,000	-	155,000	1,620,000
Note from direct borrowing	79,181	-	39,100	40,081
Bond premiums	731,665	-	166,015	565,650
Financed purchase agreements	263,201	87,634	134,361	216,474
Compensated absences	197,180	263,187	213,514	246,853
Severance	352,299	4,012	14,525	341,786
Total long-term liabilities	<u>\$ 60,722,829</u>	<u>\$ 354,833</u>	<u>\$ 3,895,402</u>	<u>\$ 57,182,260</u>

The General Fund typically liquidates the liability related to the note from direct borrowing, financed purchase agreements, compensated absences, and severance.

NOTE 5 - FUND BALANCES/NET POSITION

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

**Independent School District No. 726
Notes to Basic Financial Statements**

NOTE 5 - FUND BALANCES/NET POSITION (CONTINUED)

A. Fund Balances

Fund balances are classified as listed below to reflect the limitations and restrictions of the respective funds.

	General Fund	Debt Service	Building Construction Capital Project	Nonmajor Funds	Total
Nonspendable for					
Inventory	\$ -	\$ -	\$ -	\$ 49,675	\$ 49,675
Prepaid items	461,251	-	-	20,720	481,971
Total nonspendable	<u>461,251</u>	<u>-</u>	<u>-</u>	<u>70,395</u>	<u>531,646</u>
Restricted/reserved for					
Operating Capital	2,462,123	-	-	-	2,462,123
Scholarships	7,061	-	-	-	7,061
Student Activities	131,412	-	-	-	131,412
Long-term Facilities					
Maintenance	277,453	-	-	-	277,453
American Indian Education Aid	8,306	-	-	-	8,306
Early Childhood and					
Family Education	-	-	-	271,615	271,615
School Readiness	-	-	-	120,441	120,441
Community Service	-	-	-	3,748	3,748
Debt Service	-	854,537	-	-	854,537
Building Construction	-	-	4,614,750	-	4,614,750
Food Service	-	-	-	977,800	977,800
Total restricted/reserved	<u>2,886,355</u>	<u>854,537</u>	<u>4,614,750</u>	<u>1,373,604</u>	<u>9,729,246</u>
Assigned for					
Building Level Activity	345,397	-	-	-	345,397
Unassigned for					
General Purposes	4,226,779	-	-	-	4,226,779
Community Education	-	-	-	(169,990)	(169,990)
Total unassigned	<u>4,226,779</u>	<u>-</u>	<u>-</u>	<u>(169,990)</u>	<u>4,056,789</u>
Total fund balance	<u>\$ 7,919,782</u>	<u>\$ 854,537</u>	<u>\$ 4,614,750</u>	<u>\$ 1,274,009</u>	<u>\$ 14,663,078</u>

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

Nonspendable for Prepaid Items - This balance represents the portion of fund balance that is not available as the amounts have already been spent by the District on items for the next year.

Restricted/Reserved for Operating Capital - This balance represents available resources in the General Fund to be used to purchase equipment and facilities.

Restricted/Reserved for Scholarships - This balance represents available resources for the scholarship funds.

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

**Independent School District No. 726
Notes to Basic Financial Statements**

NOTE 5 - FUND BALANCES/NET POSITION (CONTINUED)

A. Fund Balances (Continued)

Restricted/Reserved for Long-Term Facilities Maintenance (LTFM) - This balance represents available resources to be used for LTFM projects in accordance with the 10-year plan (*Minnesota Statutes* § 123B.595, subd. 12).

Restricted/Reserved for American Indian Education Aid - This balance represents resources remaining in the American Indian Education Funds.

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

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

Restricted/Reserved for Community Service - This balance represents the positive remaining fund balance of Community Service Fund.

Restricted for Debt Service - This balance represents the resources available for the payment of bond principal, interest, and related costs.

Restricted for Building Construction - This balance represents the unspent bond proceeds available for future construction costs.

Restricted for Food Service - This balance represents the resources available for food service.

Assigned for Building Level Activity - This balance represents unspent amounts carried over for the subsequent year, which is tracked at each respective school.

Unassigned for Community Education - This balance represents the resources available to provide programming such as: nonvocational, recreational and leisure time activities, programs for adults with disabilities, noncredit summer programs, youth development and youth service programming, early childhood and family education, and extended day programs. This balance was negative as of June 30, 2024.

B. Net Position

Net position restricted for other purposes on the Statement of Net Position is comprised of the total positive restricted fund balances of the General and Food Service Fund adjusted to full accrual.

NOTE 6 - DEFINED BENEFIT PENSION PLANS - STATE-WIDE

The District participates in various pension plans. Total pension expense for the year ended June 30, 2024, was \$456,347. The components of pension expense are noted in the following plan summaries.

The General Fund typically liquidates the Liability related to the pensions.

**Independent School District No. 726
Notes to Basic Financial Statements**

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

Teachers' Retirement Association

A. Plan Description

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

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

B. Benefits Provided

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

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

Tier 1 Benefits

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

With these provisions:

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

**Independent School District No. 726
Notes to Basic Financial Statements**

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

Teachers' Retirement Association (Continued)

B. Benefits Provided (Continued)

Or

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

Tier II Benefits

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

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

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

C. Contribution Rate

Per *Minnesota Statutes* Chapter 354 sets the contribution rates for employees and employers. Rates for each fiscal year ended June 30, 2022, June 30, 2023, and June 30, 2024, were:

	June 30, 2022		June 30, 2023		June 30, 2024	
	Employee	Employer	Employee	Employer	Employee	Employer
Basic	11.0 %	12.34 %	11.0 %	12.34 %	11.3 %	12.34 %
Coordinated	7.5	8.34	7.5	8.34	7.8	8.34

**Independent School District No. 726
Notes to Basic Financial Statements**

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

Teachers' Retirement Association (Continued)

C. Contribution Rate (Continued)

The following is a reconciliation of employer contributions in TRA's fiscal year 2023 ACFR "Statement of Changes in Fiduciary Net Position" to the employer contributions used in *Schedule of Employer and Non-Employer Pension Allocations*. Amounts are reported in thousands.

Employer contributions reported in TRA's ACFR Statement of Changes in Fiduciary Net Position	\$ 482,679
Employer contributions not related to future contribution efforts	(2,178)
TRA's contributions not included in allocation	<u>(572)</u>
Total employer contributions	479,929
Total non-employer contributions	<u>35,590</u>
Total contributions reported in <i>Schedule of Employer and Non-Employer Allocations</i>	<u><u>\$ 515,519</u></u>

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

**Independent School District No. 726
Notes to Basic Financial Statements**

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

Teachers' Retirement Association (Continued)

D. Actuarial Assumptions

The total pension liability in the June 30, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Key Methods and Assumptions Used in Valuation of Total Pension Liability

Actuarial Information

Valuation date	July 1, 2023
Measurement date	June 30, 2023
Experience study	June 28, 2019 (demographic and economic assumptions)
Actuarial cost method	Entry Age Normal
Actuarial assumptions	
Investment rate of return	7.00%
Price inflation	2.50%
Wage growth rate	2.85% before July 1, 2028 and 3.25% after June 30, 2028.
Projected salary increase	2.85% to 8.85% before July 1, 2028 and 3.25% to 9.25% after June 30, 2028.
Cost of living adjustment	1.0% for January 2019 through January 2023, then increasing by 0.1% each year up to 1.5% annually.

Mortality Assumptions

Pre-retirement	RP 2014 white collar employee table, male rates set back five years and female rates set back seven years. Generational projection uses the MP 2015 scale.
Post-retirement	RP 2014 white collar annuitant table, male rates set back three years and female rates set back three years, with further adjustments of the rates. Generational projections uses MP 2015 scale.
Post-disability	RP 2014 disabled retiree mortality table, without adjustment.

**Independent School District No. 726
Notes to Basic Financial Statements**

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

Teachers' Retirement Association (Continued)

D. Actuarial Assumptions (Continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	33.5 %	5.10 %
International stocks	16.5	5.30
Private markets	25.0	5.90
Fixed income	25.0	0.75
Total	<u>100.0 %</u>	

The TRA actuary has determined the average of the expected remaining service lives of all members for fiscal year 2023 is six years. The "Difference Between Expected and Actual Experience," "Changes of Assumptions," and "Changes in Proportion" use the amortization period of six years in the schedule presented. The amortization period for "Net Difference between Projected and Actual Investment Earnings on Pension Plan Investments" is five years as required by GASB 68.

Changes in actuarial assumptions since the 2022 valuation:

The 2023 Tax Finance and Policy Bill, effective July 1, 2025:

- ◆ The employer contribution rate will increase from 8.75% to 9.5% on July 1, 2025.
- ◆ The employee contribution rate will increase from 7.75% to 8.0% on July 1, 2025.
- ◆ The pension adjustment rate for school districts and the base budgets for Minnesota State, Perpich Center for Arts Education, and Minnesota Academies will increase to reflect the 0.75% employer contribution rate increase.

The 2024 Omnibus Pensions and Retirement Bill:

- ◆ The Normal Retirement Age (NRA) for active and eligible deferred Tier II members will be 65 effective July 1, 2024.
- ◆ TRA's amortization date will remain the same at 2048.

**Independent School District No. 726
Notes to Basic Financial Statements**

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

Teachers' Retirement Association (Continued)

E. Discount Rate

The discount rate used to measure the total pension liability was 7.0%. There was no change in the discount rate since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year 2023 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was not projected to be depleted and, as a result, the Municipal Bond Index Rate was not used in the determination of the Single Equivalent Interest Rate (SEIR).

F. Net Pension Liability

On June 30, 2024, the District reported a liability of \$21,218,496 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to TRA in relation to total system contributions including direct aid from the State of Minnesota, City of Minneapolis, and Minneapolis School District. District proportionate share was 0.2570% at the end of the measurement period and 0.2552% for the beginning of the year.

The pension liability amount reflected a reduction due to direct aid provided to TRA. The amount recognized by the District as its proportionate share of the net pension liability, the direct aid and total portion of the net pension liability that was associated with the district were as follows:

District's proportionate share of net pension liability	\$ 21,218,496
State's proportionate share of the net pension liability associated with the District	1,486,312

For the year ended June 30, 2024, the District recognized pension expense of (\$162,461). Included in this amount, the District recognized \$209,284 as pension expense for the support provided by direct aid.

**Independent School District No. 726
Notes to Basic Financial Statements**

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

Teachers' Retirement Association (Continued)

F. Net Pension Liability (Continued)

On June 30, 2024, the District had deferred resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 214,388	\$ 309,662
Net collective difference between projected and actual investment earnings on plan investments	-	107,172
Changes of assumptions	2,472,007	-
Changes in proportion	232,650	329,569
Contributions to TRA subsequent to the measurement date	1,480,385	-
Total	\$ 4,399,430	\$ 746,403

The \$1,480,385 reported as deferred outflows of resources related to pensions resulting from District contributions to TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025.

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

Year Ended June 30,	Pension Expense Amount
2025	\$ 275,666
2026	(159,326)
2027	2,320,302
2028	(249,195)
2029	(14,805)
Total	\$ 2,172,642

**Independent School District No. 726
Notes to Basic Financial Statements**

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

Teachers' Retirement Association (Continued)

G. Pension Liability Sensitivity

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.0% as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.0%) and 1 percentage point higher (8.0%) than the current rate.

District Proportionate Share of NPL		
1% Decrease in Discount Rate (6.0%)	Current Discount Rate (7.0%)	1% Increase in Discount Rate (8.0%)
\$ 33,841,940	\$ 21,218,496	\$ 10,884,670

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

H. Pension Plan Fiduciary Net Position

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

Public Employees' Retirement Association

A. Plan Description

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

General Employees Retirement Plan

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

B. Benefits Provided

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

**Independent School District No. 726
Notes to Basic Financial Statements**

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

Public Employees' Retirement Association (Continued)

B. Benefits Provided (Continued)

General Employees Plan Benefits

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

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1.0% and a maximum of 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. In 2023, legislation repealed the statute delaying increases for members retiring before full retirement age.

C. Contributions

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

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.5% of their annual covered salary in fiscal year 2024 and the District was required to contribute 7.5% for Coordinated Plan members. The District's contributions to the General Employees Fund for the year ended June 30, 2024, were \$461,748. The District's contributions were equal to the required contributions as set by state statute.

D. Pension Costs

General Employees Fund Pension Costs

At June 30, 2024, the District reported a liability of \$4,233,059 for its proportionate share of the General Employees Fund's net pension liability. The District's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the State's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the District totaled \$116,711.

**Independent School District No. 726
Notes to Basic Financial Statements**

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

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

General Employees Fund Pension Costs (Continued)

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on the District's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2022, through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. The District's proportionate share was 0.0757% at the end of the measurement period and 0.0842% for the beginning of the period.

School's proportionate share of net pension liability	\$ 4,233,059
State of Minnesota's proportionate share of the net pension liability associated with the School	<u>116,711</u>
Total	<u><u>\$ 4,349,770</u></u>

For the year ended June 30, 2024, the District recognized pension expense of \$618,807 for its proportionate share of the General Employees Plan's pension expense. Included in this amount, the District recognized \$524 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

At June 30, 2024, the District reported its proportionate share of deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 142,764	\$ 27,773
Changes in actuarial assumptions	657,052	1,160,246
Net collective difference between projected and actual investment earnings	95,520	-
Change in proportion	258,362	543,873
Contributions paid to PERA subsequent to the measurement date	<u>461,748</u>	<u>-</u>
Total	<u><u>\$ 1,615,446</u></u>	<u><u>\$ 1,731,892</u></u>

**Independent School District No. 726
Notes to Basic Financial Statements**

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

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

General Employees Fund Pension Costs (Continued)

The \$461,748 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Pension Expense
2025	\$ 95,174
2026	(572,948)
2027	(8,589)
2028	(91,831)
Total	\$ (578,194)

E. Long-Term Expected Return on Investment

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	33.5 %	5.10 %
International stocks	16.5	5.30
Private markets	25.0	5.90
Fixed income	25.0	0.75
Total	100.0 %	

**Independent School District No. 726
Notes to Basic Financial Statements**

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

Public Employees' Retirement Association (Continued)

F. Actuarial Methods and Assumptions

The total pension liability in the June 30, 2023, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 7.5%. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 7.5% was deemed to be within that range of reasonableness for financial reporting purposes.

Inflation is assumed to be 2.25% for the General Employees Plan. Benefit increases after retirement are assumed to be 1.25% for the General Employees.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25% after one year of service to 3.0% after 27 years of service.

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. The table is adjusted slightly to fit PERA's experience.

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for the General Employees Plan was completed in 2022. The assumption changes were adopted by the Board and became effective with the July 1, 2023, actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2023:

Changes in Actuarial Assumptions

- ◆ The investment return assumption and single discount rate were changed from 6.5% to 7.0%.

Changes in Plan Provisions

- ◆ An additional one-time direct state aid contribution of \$170.1 million will be contributed to the Plan on October 1, 2023.
- ◆ The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- ◆ The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- ◆ A one-time, non-compounding benefit increase of 2.5% minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

G. Discount Rate

The discount rate used to measure the total pension liability in 2023 was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in *Minnesota Statutes*. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Independent School District No. 726
Notes to Basic Financial Statements**

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

Public Employees' Retirement Association (Continued)

H. Pension Liability Sensitivity

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

	1% Decrease in Discount Rate (6.0%)	Current Discount Rate (7.0%)	1% Increase in Discount Rate (8.0%)
District's proportionate share of the PERA net pension liability	\$ 7,488,622	\$ 4,233,059	\$ 1,555,235

I. Pension Plan Fiduciary Net Position

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

NOTE 7 - POST EMPLOYMENT HEALTH CARE PLAN

A. Plan Description

The District operates a single-employer retiree benefit plan ("the Plan") that provides health and dental insurance to eligible employees and their spouses through the District's self-insured health insurance plan. Benefit and eligibility provisions are established through negotiations between the District and various unions representing District employees and are renegotiated each two-year bargaining period. The Plan does not issue a publicly available financial report. No assets have been acclimated in a trust.

B. Benefits Paid

Teachers hired prior to July 1, 2015, who have reached 55 years of age and 18 years of service are eligible for District contributions towards single medial insurance until Medicare eligible. Principals hired prior to August 1, 2011, who have 15 years of service are eligible for full family premiums until age 65. Other employees are also eligible for District contributions towards medical insurance as dictated in their contracts until age 65.

C. Members

As of the July 1, 2022, valuation date, the following were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	35
Active employees	396
Total	431

**Independent School District No. 726
Notes to Basic Financial Statements**

NOTE 7 - POST EMPLOYMENT HEALTH CARE PLAN

D. Contributions

Retirees contribute to the health care plan at the same rate as District employees. This results in the retirees receiving an implicit rate subsidy. Contribution requirements are established by the District. The required contributions are based on projected pay-as-you-go financing requirements. For the year 2024, the District contributed \$505,647 to the plan.

E. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2022, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Key Methods and Assumptions Used in Valuation of Total OPEB Liability

Discount rate	3.90%
Salary increases	Service graded table
Inflation	2.50%
Healthcare cost trend increases	6.25% as of July 1, 2020, decreasing to 5.0% over 6 years, then to 4.0% over the following 48 years.
Mortality Assumption	Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2021 Generational Improvement Scale.

Changes in actuarial assumptions and benefits:

- ◆ The discount rate was changed from 3.8% to 3.9%.

F. Total OPEB Liability

The District's total OPEB liability was measured as of July 1, 2023, and was determined by an actuarial valuation as of July 1, 2022.

**Independent School District No. 726
Notes to Basic Financial Statements**

NOTE 7 - POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

F. Total OPEB Liability (Continued)

Changes in the total OPEB liability are as follows:

	<u>Total OPEB Liability</u>
Balances at July 1, 2022	<u>\$ 5,626,291</u>
Changes for the year	
Service cost	300,592
Interest	216,754
Assumption changes	(26,698)
Benefit payments	<u>(449,881)</u>
Net changes	<u>40,767</u>
Balances at June 30, 2023	<u><u>\$ 5,667,058</u></u>

G. OPEB Liability Sensitivity

The following presents the District's total OPEB liability calculated using the discount rate of 3.9% as well as the liability measured using 1 percentage point lower and 1 percentage point higher than the current discount rate.

	<u>1% Decrease in Discount Rate (2.9%)</u>	<u>Current Discount Rate (3.9%)</u>	<u>1% Increase in Discount Rate (4.9%)</u>
Total OPEB liability	<u>\$ 5,984,673</u>	<u>\$ 5,667,058</u>	<u>\$ 5,355,197</u>

**Independent School District No. 726
Notes to Basic Financial Statements**

NOTE 7 - POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

G. OPEB Liability Sensitivity (Continued)

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

	1% Decrease in Trend Rate (5.25% Decreasing to <u>4.0%, then 3.0%</u>)	Current Trend Rate (6.25% Decreasing to <u>5.0%, then 4.0%</u>)	1% Increase in Trend Rate (7.25% Decreasing to <u>6.0%, then 5.0%</u>)
Total OPEB liability	\$ 5,162,224	\$ 5,667,058	\$ 6,250,115

The trend rate assumption has not changed since the initial valuation date of July 1, 2022.

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

For the year ended June 30, 2024, the District recognized OPEB expense of \$304,830. As of June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Liability gain or loss	\$ -	\$ 727,685
Changes of assumptions	72,634	304,604
Contributions made subsequent to the measurement date	<u>505,647</u>	<u>-</u>
Total	<u>\$ 578,281</u>	<u>\$ 1,032,289</u>

**Independent School District No. 726
Notes to Basic Financial Statements**

NOTE 7 - POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

**H. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to OPEB (Continued)**

The \$505,647 reported as deferred outflows of resources related to OPEB resulting from District contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources will be recognized as OPEB expense as follows:

Year Ending June 30,	Total
2025	\$ (283,053)
2026	(310,470)
2027	(173,626)
2028	(188,058)
2029	(4,448)
Total	\$ (959,655)

NOTE 8 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; natural disasters; and injuries to employees for which the District carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three years. There were no significant reductions in the District's insurance coverage during the year ending June 30, 2024.

In 2013, the District began to self-insure for dental insurance. Under this program, the fund provides up to a maximum of \$1,250 for each dental care claim. The General, Food Service, and Community Service Funds of the District participate in the program. Based on the requirements of GASB Statement No. 10, a liability is reported if information prior to the issuance of the basic financial statements indicates that it is probable that a liability has been incurred at the date of the basic financial statements and the amount of the loss can be reasonably estimated.

In 2014, the District began to self-insure for health insurance. Under this program, the fund provides up to a maximum of \$8,123,703 for total claims and fixed costs for 2024. The General, Food Service, and Community Service Funds of the District participate in the program. Based on the requirements of GASB Statement No. 10, a liability is reported if information prior to the issuance of the basic financial statements indicates that it is probable that a liability has been incurred at the date of the basic financial statements and the amount of the loss can be reasonably estimated.

**Independent School District No. 726
Notes to Basic Financial Statements**

NOTE 8 - RISK MANAGEMENT (CONTINUED)

Changes in the Fund's dental claims liability amounts for the past three years were as follows:

Year End	Beginning of Year	Expense and Estimates	Claims Payments	End of Year
2022	\$ 50,243	\$ 325,413	\$ (336,703)	\$ 38,953
2023	38,953	369,310	(377,489)	30,774
2024	30,774	370,415	(368,112)	33,077

Changes in the fund's health claims liability amounts for the past three years were as follows:

Year End	Beginning of Year	Expense and Estimates	Claims Payments	End of Year
2022	\$ 680,454	\$ 5,450,396	\$ (5,836,028)	\$ 294,822
2023	294,822	7,314,713	(6,948,947)	660,588
2024	660,588	6,954,805	(6,972,726)	642,667

NOTE 9 - INTERFUND ACTIVITY

The District transferred \$10,000 from the General fund to the Community Service nonmajor special revenue fund to offset revenue shortfalls in the early childhood screening program. At June 30, 2024, there was an interfund balance of \$158,180 between the General Fund and the Internal Service Fund to cover the cash deficit in the Internal Service Fund. This balance is expected to be repaid with future revenues.

NOTE 10 - CONTINGENCIES AND COMMITMENTS

A. Program Compliance

Federal and state program activities are subject to financial and compliance regulation. To the extent any expenditures are disallowed, or other compliance features are not met, a liability to the respective grantor agencies could result.

B. Constructions Commitments

As of June 30, 2024, the District had construction commitments totaling \$3,994,384 related to various projects in process.

NOTE 11 - CHANGE IN ACCOUNTING PRINCIPLE

As of July 1, 2023, the District implemented changes related to accounting for group asset purchases as required by GASB Implementation Guide No. 2021-1. Amounts previously expensed as they were individually less than the District's capitalization threshold were required to be reported as capital assets and depreciated over the estimated useful life of the asset. This resulted in a change in accounting principle on the Statement of Activities in the amount of \$550,082.

Net Position 6/30/23, as previously presented	\$ 6,704,054
Change in accounting principle	550,082
	<hr/>
Net Position 6/30/23, as restated	<u>\$ 7,254,136</u>

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REQUIRED SUPPLEMENTARY INFORMATION

Independent School District No. 726
Schedule of Changes in Total OPEB Liability
and Related Ratios
June 30, 2024

	<u>June 30, 2018</u>	<u>June 30, 2019</u>	<u>June 30, 2020</u>	<u>June 30, 2021</u>
Total OPEB Liability				
Service cost	\$ 326,423	\$ 355,562	\$ 391,174	\$ 366,377
Interest	193,678	203,461	236,128	223,986
Difference between expected and actual experience	-	406,024	-	(826,829)
Changes of assumptions	-	17,196	164,512	5,765
Changes of benefit terms	-	9,754	-	-
Benefit payments	<u>(257,839)</u>	<u>(258,377)</u>	<u>(271,712)</u>	<u>(304,622)</u>
Net change in total OPEB liability	<u>262,262</u>	<u>733,620</u>	<u>520,102</u>	<u>(535,323)</u>
Beginning of year	<u>5,494,158</u>	<u>5,756,420</u>	<u>6,490,040</u>	<u>7,010,142</u>
End of year	<u>\$ 5,756,420</u>	<u>\$ 6,490,040</u>	<u>\$ 7,010,142</u>	<u>\$ 6,474,819</u>
Covered employee payroll	\$ 16,807,857	\$ 18,597,413	\$ 19,155,335	\$ 19,232,979
Total OPEB Liability as a percentage of covered employee payroll	34.25%	34.90%	36.60%	33.67%

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

<u>June 30, 2022</u>	<u>June 30, 2023</u>	<u>June 30, 2024</u>
\$ 394,491	\$ 296,389	\$ 300,592
159,931	142,655	216,754
-	(678,114)	-
86,592	(423,534)	(26,698)
-	-	-
(413,484)	(413,454)	(449,881)
<u>227,530</u>	<u>(1,076,058)</u>	<u>40,767</u>
<u>6,474,819</u>	<u>6,702,349</u>	<u>5,626,291</u>
<u>\$ 6,702,349</u>	<u>\$ 5,626,291</u>	<u>\$ 5,667,058</u>
\$ 19,809,968	\$ 20,447,465	\$ 21,060,889
33.83%	27.52%	26.91%

Independent School District No. 726
Schedule of District's and Non-Employer Proportionate Share
(if Applicable) of Net Pension Liability
Last Ten Years General Employees Retirement Fund

For Fiscal Year Ended June 30,	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Proportionate Share of State of Minnesota's Proportionate Share of the Net Pension Liability	District's Proportionate 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 (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.0764%	\$ 3,588,889	\$ -	\$ 3,588,889	\$ 4,012,966	89.4%	78.75%
2015	0.0723%	3,746,961	-	3,746,961	4,180,347	89.6%	78.19%
2016	0.0695%	5,643,055	73,692	5,716,747	4,306,773	131.0%	68.91%
2017	0.0714%	4,558,129	57,343	4,615,472	4,602,013	99.0%	75.90%
2018	0.0742%	4,116,312	134,963	4,251,275	4,985,000	82.6%	79.53%
2019	0.0757%	4,185,283	129,994	4,315,277	5,354,427	78.2%	80.23%
2020	0.0747%	4,478,606	138,098	4,616,704	5,327,947	84.1%	79.06%
2021	0.0721%	3,078,993	94,024	3,173,017	5,193,520	59.3%	87.00%
2022	0.0842%	6,668,668	195,576	6,864,244	6,307,653	105.7%	76.67%
2023	0.0757%	4,233,059	116,711	4,349,770	6,019,253	70.3%	83.10%

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

For Fiscal Year Ended June 30,	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Proportionate Share of State of Minnesota's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the State of Minnesota's Share of the Net Pension of Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.2509%	\$ 11,561,291	\$ 813,471	\$ 12,374,762	\$ 11,452,249	101.0%	81.50%
2015	0.2400%	14,846,374	1,820,790	16,667,164	12,181,573	121.9%	76.77%
2016	0.2427%	57,889,741	5,811,474	63,701,215	12,623,680	458.6%	44.88%
2017	0.2494%	49,784,764	4,812,380	54,597,144	13,423,853	370.9%	51.57%
2018	0.2555%	16,047,791	1,507,712	17,555,503	14,116,960	113.7%	78.07%
2019	0.2628%	16,750,927	1,482,629	18,233,556	14,918,599	112.3%	78.21%
2020	0.2645%	19,541,614	1,637,839	21,179,453	15,371,679	127.1%	75.48%
2021	0.2570%	11,247,088	948,651	12,195,739	15,381,882	73.1%	86.63%
2022	0.2552%	20,435,066	1,515,685	21,950,751	15,777,206	129.5%	76.17%
2023	0.2570%	21,218,496	1,486,312	22,704,808	16,341,064	129.8%	76.42%

**Independent School District No. 726
Schedule of District Contributions
General Employees Retirement Fund
Last Ten Years**

For Fiscal Year Ended June 30,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 313,526	\$ 313,526	\$ -	\$ 4,180,347	7.50%
2016	323,008	323,008	-	4,306,773	7.50%
2017	345,151	345,151	-	4,602,013	7.50%
2018	373,875	373,875	-	4,985,000	7.50%
2019	401,582	401,582	-	5,354,427	7.50%
2020	399,596	399,596	-	5,327,947	7.50%
2021	389,514	389,514	-	5,193,520	7.50%
2022	473,074	473,074	-	6,307,653	7.50%
2023	451,444	451,444	-	6,019,253	7.50%
2024	461,748	461,748	-	6,156,640	7.50%

**Schedule of District Contributions
TRA Retirement Fund
Last Ten Years**

For Fiscal Year Ended June 30,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 913,618	\$ 913,618	\$ -	\$ 12,181,573	7.50%
2016	946,776	946,776	-	12,623,680	7.50%
2017	1,006,789	1,006,789	-	13,423,853	7.50%
2018	1,058,772	1,058,772	-	14,116,960	7.50%
2019	1,150,224	1,150,224	-	14,918,599	7.71%
2020	1,217,437	1,217,437	-	15,371,679	7.92%
2021	1,250,547	1,250,547	-	15,381,882	8.13%
2022	1,315,819	1,315,819	-	15,777,206	8.34%
2023	1,397,161	1,397,161	-	16,341,064	8.55%
2024	1,480,385	1,480,385	-	16,918,686	8.75%

Independent School District No. 726
Notes to the Required Supplementary Information

TRA Retirement Fund

2023 Changes

Changes of Benefit Terms

The 2023 Tax Finance and Policy Bill, effective July 1, 2025:

- ◆ The employer contribution rate will increase from 8.75% to 9.5% on July 1, 2025.
- ◆ The employee contribution rate will increase from 7.75% to 8.0% on July 1, 2025.
- ◆ The pension adjustment rate for school districts and the base budgets for Minnesota State, Perpich Center for Arts Education, and Minnesota Academies will increase to reflect the 0.75% employer contribution rate increase.

The 2024 Omnibus Pensions and Retirement Bill:

- ◆ The Normal Retirement Age (NRA) for active and eligible deferred Tier II members will be 65 effective July 1, 2024.
- ◆ TRA's amortization date will remain the same at 2048.

2022 Changes

Changes in Actuarial Assumptions

- ◆ None

2021 Changes

Changes in Actuarial Assumptions

- ◆ The investment return assumption was changed from 7.5% to 7.0%.

2020 Changes

Changes in Actuarial Assumptions

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

2019 Changes

Changes in Actuarial Assumptions

- ◆ None

2018 Changes

Changes in Actuarial Assumptions

- ◆ The discount rate was increased to 7.5% from 5.12%.
- ◆ The cost-of-living adjustment (COLA) was reduced from 2.0% each January 1 to 1.0%, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.1% each year until reaching the ultimate rate of 1.5% on January 1, 2028.
- ◆ Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit are exempt.
- ◆ The COLA trigger provision, which would have increased the COLA to 2.5% if the funded ratio was at least 90% for two consecutive years, was eliminated.

Independent School District No. 726
Notes to the Required Supplementary Information

TRA Retirement Fund (Continued)

2018 Changes (Continued)

Changes in Actuarial Assumptions (Continued)

- ◆ Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019, and ending July 1, 2024 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt.
- ◆ Augmentation on deferred benefits will be reduced to 0.0% beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.0% to 3.0%, effective July 1, 2018. Interest due on payments and purchases from members, employers was reduced from 8.5% to 7.5%, effective July 1, 2018.
- ◆ The employer contribution rate is increased each July 1 over the next six years (7.71% in 2018, 7.92% in 2019, 8.13% in 2020, 8.34% in 2021, 8.55% in 2022, and 8.75% in 2023). In addition, the employee contribution rate will increase from 7.50% to 7.75% on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.

2017 Changes

Changes in Actuarial Assumptions

- ◆ The discount rate was increased to 5.12% from 4.66%. The cost-of-living adjustment (COLA) was assumed to increase from 2.0% annually to 2.5% annually on July 1, 2045.
- ◆ The COLA was not assumed to increase to 2.5% but remain at 2.0% for all future years.
- ◆ Adjustments were made to the combined service annuity loads. The active load was reduced from 1.4% to 0.0%, the vested inactive load increased from 4.0% to 7.0% and the non-vested inactive load increased from 4.0% to 9.0%.
- ◆ The investment return assumption was changed from 8.0% to 7.5%.
- ◆ The price inflation assumption was lowered from 2.75% to 2.5%.
- ◆ The payroll growth assumption was lowered from 2.5% to 3.0%.
- ◆ The general wage growth assumption was lowered from 3.5% to 2.85% for ten years followed by 3.25% thereafter.
- ◆ The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.

2016 Changes

Changes in Actuarial Assumptions

- ◆ The discount rate was decreased to 4.66% from 8.0%.
- ◆ The COLA was not assumed to increase for funding or the GASB calculation. It remained at 2% for all future years.
- ◆ The price inflation assumption was lowered from 3% to 2.75%.
- ◆ The general wage growth and payroll growth assumptions were lowered from 3.75% to 3.5%.
- ◆ Minor changes as some durations for the merit scale of the salary increase assumption.
- ◆ The pre-retirement mortality assumption was changed to the RP 2014 white collar employee table, male rates set back six years and female rates set back five years. Generational projection uses the MP 2015 scale.
- ◆ The post-retirement mortality assumption was changed to the RP 2014 white collar annuitant table, male rates set back three years and female rates set back three years, with further adjustments of the rates. Generational projection uses the MP 2015 scale.
- ◆ The post-disability mortality assumption was changed to the RP 2014 disabled retiree mortality table, without adjustment.

Independent School District No. 726
Notes to the Required Supplementary Information

TRA Retirement Fund (Continued)

2016 Changes (Continued)

Changes in Actuarial Assumptions (Continued)

- ◆ Separate retirement assumptions for members hired before or after July 1, 1989, were created to better reflect each group's behavior in light of different requirements for retirement eligibility.
- ◆ Assumed termination rates were changed to be based solely on years of service in order to better fit the observed experience.
- ◆ A minor adjustment and simplification of the assumption regarding the election of optional form of annuity payment at retirement were made.

2015 Changes

Changes of Benefit Terms

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

Changes in Actuarial Assumptions

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

Independent School District No. 726
Notes to the Required Supplementary Information

General Employees Fund

2023 Changes

Changes in Actuarial Assumptions

- ◆ The investment return assumption and single discount rate were changed from 6.5% to 7.0%.

Changes in Plan Provisions

- ◆ An additional one-time direct state aid contribution of \$170.1 million will be contributed to the Plan on October 1, 2023.
- ◆ The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- ◆ The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- ◆ A one-time, non-compounding benefit increase of 2.5 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

2022 Changes

Changes in Actuarial Assumptions

- ◆ The mortality improvement scale was changed from scale MP-2020 to scale MP-2021.

Changes in Plan Provisions

- ◆ There were no changes in plan provisions since the previous valuation.

2021 Changes

Changes in Actuarial Assumptions

- ◆ The investment return and single discount rates were changed from 7.5% to 6.5% for financial reporting purposes.
- ◆ The mortality improvement scale was changed from scale MP-2019 to scale MP-2020.

Changes in Plan Provisions

- ◆ There have been no changes since the prior valuation.

2020 Changes

Changes in Actuarial Assumptions

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

Independent School District No. 726
Notes to the Required Supplementary Information

General Employees Fund (Continued)

2020 Changes (Continued)

Changes in Actuarial Assumptions (Continued)

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

Changes in Plan Provisions

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

2019 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2018 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2017 Changes

Changes in Actuarial Assumptions

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

Independent School District No. 726
Notes to the Required Supplementary Information

General Employees Fund (Continued)

2017 Changes (Continued)

Changes in Plan Provisions

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

2016 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- ◆ There have been no change since the prior valuation.

2015 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

Independent School District No. 726
Notes to the Required Supplementary Information

Post Employment Health Care Plan

2024 Changes

Changes in Actuarial Assumptions

- ◆ The discount rate was changed from 3.8% to 3.9%.

2023 Changes

Changes in Actuarial Assumptions

- ◆ The discount rate was changed from 2.1% to 3.8%.
- ◆ The healthcare trend rates, mortality tables, salary increased rates for non-teachers, and withdrawal rates were updated.

2022 Changes

Changes in Actuarial Assumptions

- ◆ The discount rate was changed from 2.4% to 2.1%.

2021 Changes

Changes in Actuarial Assumptions

- ◆ The health care trend rates were changed to better anticipate short-term and long-term medical increases.
- ◆ The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2019 Generational Improvement Scale.
- ◆ The salary increase rates were changed from a flat 3.0% per year for all employees to rates which vary by service and contract group.
- ◆ The discount rate was changed from 3.1% to 2.4%.

2020 Changes

Changes in Actuarial Assumptions

- ◆ The discount rate was changed from 3.5% to 3.1%.

2019 Changes

Changes in Actuarial Assumptions

- ◆ The healthcare trend rates were changed to better anticipate short-term and long-term medical increases.
- ◆ The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale to the RP-2014 White Collar Mortality Tables with the MP-2017 Generational Scale.
- ◆ The discount rate was changed from 3.4% to 3.5%.

SUPPLEMENTARY INFORMATION

Independent School District No. 726
Combining Balance Sheet -
Nonmajor Governmental Funds
June 30, 2024

	Special Revenue Funds		Total Nonmajor Funds
	Food Service	Community Service	
Assets			
Cash and investments	\$ 1,018,244	\$ 334,681	\$ 1,352,925
Current property taxes receivable	-	111,813	111,813
Delinquent property taxes receivable	-	950	950
Accounts receivable	302	59,860	60,162
Due from Department of Education	14,603	30,434	45,037
Due from other governmental units	-	32,484	32,484
Inventory	49,675	-	49,675
Prepaid Items	4,547	16,173	20,720
	<u>\$ 1,087,371</u>	<u>\$ 586,395</u>	<u>\$ 1,673,766</u>
Total assets			
	<u>\$ 1,087,371</u>	<u>\$ 586,395</u>	<u>\$ 1,673,766</u>
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities			
Accounts payable	\$ 5,676	\$ 3,058	\$ 8,734
Salaries and benefits payable	19,813	83,394	103,207
Unearned revenue	29,860	25,036	54,896
Total liabilities	<u>55,349</u>	<u>111,488</u>	<u>166,837</u>
Deferred Inflows of Resources			
Property taxes levied for subsequent year's expenditures	-	231,970	231,970
Unavailable revenue - delinquent property taxes	-	950	950
Total deferred inflows of resources	<u>-</u>	<u>232,920</u>	<u>232,920</u>
Fund Balances			
Nonspendable	54,222	16,173	70,395
Restricted	977,800	395,804	1,373,604
Unassigned	-	(169,990)	(169,990)
Total fund balances	<u>1,032,022</u>	<u>241,987</u>	<u>1,274,009</u>
Total liabilities, deferred inflows of resources, and fund balances			
	<u>\$ 1,087,371</u>	<u>\$ 586,395</u>	<u>\$ 1,673,766</u>

Independent School District No. 726
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Year Ended June 30, 2024

	<u>Special Revenue Funds</u>		Total Nonmajor Funds
	<u>Food Service</u>	<u>Community Service</u>	
Revenues			
Local property taxes	\$ -	\$ 219,041	\$ 219,041
Other local and county revenues	49,882	1,352,263	1,402,145
Revenue from state sources	1,448,064	245,300	1,693,364
Revenue from federal sources	967,886	-	967,886
Sales and other conversion of assets	179,325	-	179,325
Total revenues	<u>2,645,157</u>	<u>1,816,604</u>	<u>4,461,761</u>
Expenditures			
Current			
Food service	2,294,799	-	2,294,799
Community education and services	-	1,744,720	1,744,720
Capital outlay			
Food service	425,690	-	425,690
Total expenditures	<u>2,720,489</u>	<u>1,744,720</u>	<u>4,465,209</u>
(under) expenditures	(75,332)	71,884	(3,448)
Other Financing Sources			
Transfers in	-	10,000	10,000
Net change in fund balances	(75,332)	81,884	6,552
Fund Balances			
Beginning of year	<u>1,107,354</u>	<u>160,103</u>	<u>1,267,457</u>
End of year	<u>\$ 1,032,022</u>	<u>\$ 241,987</u>	<u>\$ 1,274,009</u>

Independent School District No. 726
Uniform Financial Accounting and Reporting Standards
Compliance Table
Year Ended June 30, 2024

	Audited	UFARS	Audit-UFARS		Audited	UFARS	Audit-UFARS
01 GENERAL FUND				06 BUILDING CONSTRUCTION FUND			
Total revenue	\$ 40,766,240	\$ 40,766,237	\$ 3	Total revenue	\$ 702,746	\$ 702,746	\$ -
Total expenditures	40,290,223	40,290,224	(1)	Total expenditures	17,795,150	17,795,148	2
<i>Nonspendable:</i>				<i>Nonspendable:</i>			
4.60 Nonspendable fund balance	461,251	461,252	(1)	4.60 Nonspendable fund balance	-	-	-
<i>Restricted/reserved:</i>				<i>Restricted/reserved:</i>			
4.01 Student Activities	131,412	131,412	-	4.07 Capital Projects Levy	-	-	-
4.02 Scholarships	7,061	7,061	-	4.13 Building Projects Funded By COP	-	-	-
4.03 Staff Development	-	-	-	4.67 LTFM	-	-	-
4.07 Capital Projects Levy	-	-	-	<i>Restricted:</i>			
4.08 Cooperative Programs	-	-	-	4.64 Restricted fund balance	4,614,750	4,614,751	(1)
4.12 Literacy Incentive Aid	-	-	-	<i>Unassigned:</i>			
4.14 Operating Debt	-	-	-	4.63 Unassigned fund balance	-	-	-
4.16 Levy Reduction	-	-	-	07 DEBT SERVICE FUND			
4.17 Taconite Building Maint	-	-	-	Total revenue	\$ 3,952,566	\$ 3,952,567	\$ (1)
4.20 American Indian Ed Aid	8,306	8,306	-	Total expenditures	3,817,507	3,817,508	(1)
4.24 Operating Capital	2,462,123	2,462,123	-	<i>Nonspendable:</i>			
4.26 \$25 Taconite	-	-	-	4.60 Nonspendable fund balance	-	-	-
4.27 Disabled Accessibility	-	-	-	<i>Restricted/reserved:</i>			
4.28 Learning and Development	-	-	-	4.25 Bond refundings	-	-	-
4.34 Area Learning Center	-	-	-	4.33 Maximum Effort Loan Aid	-	-	-
4.35 Contracted Alternative Programs	-	-	-	4.51 QZAB Payments	-	-	-
4.36 State Approved Alternative Program	-	-	-	4.67 LTFM	-	-	-
4.38 Gifted and Talented	-	-	-	<i>Restricted:</i>			
4.39 English Learner	-	-	-	4.64 Restricted fund balance	854,537	854,538	(1)
4.40 Teacher Development And Evaluation	-	-	-	<i>Unassigned:</i>			
4.41 Basic Skills Programs	-	-	-	4.63 Unassigned fund balance	-	-	-
4.43 School Library Aid	-	-	-	08 TRUST FUND			
4.48 Achievement and Integration Revenue	-	-	-	Total revenue	\$ -	\$ -	\$ -
4.49 Safe School Revenue	-	-	-	Total expenditures	-	-	-
4.51 QZAB Payments	-	-	-	<i>Unassigned:</i>			
4.52 OPEB Liabilities not Held in Trust	-	-	-	4.01 Student Activities	-	-	-
4.53 Unfunded Severance and Retirement Levy	-	-	-	4.02 Scholarships	-	-	-
4.59 Basic Skills Extended Time	-	-	-	4.22 Unassigned fund balance (net position)	-	-	-
4.67 Long-term Facilities Maintenance	277,453	277,453	-	18 CUSTODIAL			
4.71 Student Support Personnel	-	-	-	Total revenue	\$ -	\$ -	\$ -
4.72 Medical Assistance	-	-	-	Total expenditures	-	-	-
<i>Restricted:</i>				<i>Restricted/Reserved:</i>			
4.64 Restricted fund balance	-	-	-	4.01 Student Activities	-	-	-
4.75 Title VII - Impact Aid	-	-	-	4.02 Scholarships	-	-	-
4.76 Payments in Lieu of Taxes	-	-	-	4.48 Achievement and Integration	-	-	-
<i>Committed:</i>				4.64 Restricted	-	-	-
4.18 Committed for separation	-	-	-	20 INTERNAL SERVICE FUND			
4.61 Committed	-	-	-	Total revenue	\$ 6,901,992	\$ 6,901,992	\$ -
<i>Assigned:</i>				Total expenditures	7,344,431	7,344,432	(1)
4.62 Assigned fund balance	345,397	345,396	1	<i>Unassigned:</i>			
<i>Unassigned:</i>				4.22 Net position	(827,302)	(827,301)	(1)
4.22 Unassigned fund balance (net position)	4,226,779	4,226,779	-	25 OPEB REVOCABLE TRUST			
02 FOOD SERVICES FUND				Total revenue	\$ -	\$ -	\$ -
Total revenue	\$ 2,645,157	\$ 2,645,157	\$ -	Total expenditures	-	-	-
Total expenditures	2,720,489	2,720,489	-	<i>Unassigned:</i>			
<i>Nonspendable:</i>				4.22 Net position	-	-	-
4.60 Nonspendable fund balance	54,222	54,223	(1)	45 OPEB IRREVOCABLE TRUST			
<i>Restricted/reserved:</i>				Total revenue	\$ -	\$ -	\$ -
4.52 OPEB Liabilities not held in trust	-	-	-	Total expenditures	-	-	-
<i>Restricted:</i>				<i>Unassigned:</i>			
4.64 Restricted fund balance	977,800	977,800	-	4.22 Net position	-	-	-
<i>Unassigned:</i>				47 OPEB DEBT SERVICE			
4.63 Unassigned fund balance	-	-	-	Total revenue	\$ -	\$ -	\$ -
04 COMMUNITY SERVICE FUND				Total expenditures	-	-	-
Total revenue	\$ 1,816,604	\$ 1,816,603	\$ 1	<i>Nonspendable:</i>			
Total expenditures	1,744,720	1,744,718	2	4.60 Nonspendable fund balance	-	-	-
<i>Nonspendable:</i>				<i>Restricted:</i>			
4.60 Nonspendable fund balance	16,173	16,173	-	4.25 Bond refundings	-	-	-
<i>Restricted/reserved:</i>				4.64 Restricted fund balance	-	-	-
4.26 \$25 Taconite	-	-	-	<i>Unassigned:</i>			
4.31 Community Education	(169,990)	(169,990)	-	4.63 Unassigned fund balance	-	-	-
4.32 ECFE	271,615	271,615	-	09 TRUST FUND			
4.40 Teacher Development and Evaluation	-	-	-	Total revenue	\$ -	\$ -	\$ -
4.44 School Readiness	120,441	120,441	-	Total expenditures	-	-	-
4.47 Adult Basic Education	-	-	-	<i>Nonspendable:</i>			
4.52 OPEB Liabilities not Held In Trust	-	-	-	4.60 Nonspendable fund balance	-	-	-
<i>Restricted:</i>				<i>Restricted:</i>			
4.64 Restricted fund balance	3,748	3,748	-	4.25 Bond refundings	-	-	-
<i>Unassigned:</i>				4.64 Restricted fund balance	-	-	-
4.63 Unassigned fund balance	-	-	-	<i>Unassigned:</i>			
				4.63 Unassigned fund balance	-	-	-

**Independent School District No. 726
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024**

Federal Funding Source	Federal Assistance Listing Number	Pass Through Entity	Grant Name	Expenditures
Department of Agriculture	10.553	Minnesota Department of Education	School Breakfast Program	\$ 220,710
Department of Agriculture	10.555C	Minnesota Department of Education	COVID-19 - Supply Chain Assistance	74,716
Department of Agriculture	10.555	Minnesota Department of Education	Commodities Programs	154,856
Department of Agriculture	10.555	Minnesota Department of Education	Child Nutrition Type A Lunch	499,316
Department of Agriculture	10.556	Minnesota Department of Education	Special Milk	1,356
			Total Child Nutrition Cluster	950,954
Department of Agriculture	10.649C	Minnesota Department of Education	State Pandemic Electronic Benefit Transfer	653
Department of Agriculture	10.185	Minnesota Department of Education	Local Food for Schools Cooperative Grant	16,280
Department of Justice	16.710	Minnesota Department of Education	STOP School Violence Grant	105,779
Department of Education	84.010	Minnesota Department of Education	Title I Grants to Local Education Agencies	73,634
Department of Education	84.027	Monticello Special Education Co-op	Special Education Grants to States	31,525
Department of Education	84.048A	Wright Technical Center	Career and Technical Education Basic Grants to States	2,550
Department of Education	84.367	Minnesota Department of Education	Supporting Effective Instruction State Grants	36,312
Department of Education	84.424	Minnesota Department of Education	Student Support and Academic Enrichment	10,000
Department of Education	84.425U	Minnesota Department of Education	COVID 19 - ARP - ESSER	254,077
			Total Education Stabilization Fund	254,077
			Total Federal Expenditures	\$ 1,481,764

See notes to schedule of expenditures of federal awards.

Independent School District No. 726
Notes to the Schedule of Expenditures of Federal Awards

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes of net assets, or cash flows of the District.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 - PASS-THROUGH GRANT NUMBERS

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

NOTE 4 - INVENTORY

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

NOTE 5 - INDIRECT COST RATE

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



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

Independent Auditor's Report

To the School Board
Independent School District No. 726
Becker, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Independent School District No. 726, Becker, Minnesota, as of and for the year ending June 30, 2024, and the related notes to basic financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 5, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the basic 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 basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the basic 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 the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control that might be material weaknesses, or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control described in the accompanying Schedule of Findings and Questioned Costs in Accordance with the Uniform Guidance as Audit Finding 2024-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's basic 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 basic 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 Response to the Finding

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs in Accordance with the Uniform Guidance. The District's response was not subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Bogenkoff, Ltd.

St. Cloud, Minnesota
November 5, 2024



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

Independent Auditor's Report

To the School Board
Independent School District No. 726
Becker, Minnesota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the compliance of Independent School District No. 726, Becker, Minnesota with the types of compliance requirements identified as subject to audit in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2024. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs in Accordance with the Uniform Guidance.

In our opinion, the District complied in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- ◆ Exercise professional judgment and maintain professional skepticism throughout the audit.
- ◆ Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- ◆ Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in Auditor's Responsibilities for the Audit of Compliance section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Report on Internal Control over Compliance (Continued)

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Bogenkoff, Ltd.

St. Cloud, Minnesota
November 5, 2024

**Independent School District No. 726
Schedule of Findings and Questioned Costs
in Accordance with the Uniform Guidance**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: We issued an unmodified opinion on the fair presentation of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in accordance with accounting principles generally accepted in the United States of America (GAAP).

Internal control over financial reporting:
 ◆ Material weakness(es) identified? No
 ◆ Significant deficiency(ies) identified? Yes, Audit Finding 2024-001

Noncompliance material to financial statements noted? No

Federal Awards

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

Internal control over major programs:
 ◆ Material weakness(es) identified? No
 ◆ Significant deficiency(ies) identified? None reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516? No

Identification of Major Programs

Assistance Listing No: 10.553, 10.555, 10.556
 Name of Federal Program or Cluster: Child Nutrition Cluster

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low risk auditee? No

**Independent School District No. 726
Schedule of Findings and Questioned Costs
in Accordance with the Uniform Guidance**

SECTION II - BASIC FINANCIAL STATEMENT FINDINGS

CURRENT AND PRIOR YEAR INTERNAL CONTROL FINDING:

Significant Deficiency: Audit Finding 2024-001

Criteria:

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

Condition:

The District does not have adequate segregation of accounting duties.

Context:

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

Effect or Potential Effect:

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

Cause:

There are a limited number of office employees.

Recommendation:

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

**Independent School District No. 726
Schedule of Findings and Questioned Costs
in Accordance with the Uniform Guidance**

SECTION II - BASIC FINANCIAL STATEMENT FINDINGS (CONTINUED)

Audit Finding 2024-001 (Continued)

Views of the Responsible Officials and Planned Corrective Actions:

CORRECTIVE ACTION PLAN (CAP):

1. Explanation of Disagreement with Audit Finding
There is no disagreement with the audit finding.
2. Actions Planned in Response to Finding
The District reviews and makes improvements to its internal controls on an ongoing basis and attempts to maximize the segregation of duties in all areas within the limits of the staff available.
3. Official Responsible for Ensuring CAP
Kevin Januszewski, Director of Business Services, is the official responsible for ensuring corrective action of the deficiency.
4. Planned Completion Date for CAP
The planned completion date for the CAP is ongoing.
5. Plan to Monitor Completion of CAP
The School Board will be monitoring this CAP.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

SECTION IV - PRIOR YEAR FINDINGS AND QUESTIONED COSTS

None



Minnesota Legal Compliance

Independent Auditor's Report

To the School Board
Independent School District No. 726
Becker, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 726, Becker, Minnesota, as of and for the year ended June 30, 2024, and the related notes to basic financial statements which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 5, 2024.

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 - bid laws, depositories of public funds and public investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and uniform financial accounting and reporting standards for school districts sections of the *Minnesota Legal Compliance Audit Guide for School Districts*, promulgated by the State Auditor pursuant to *Minnesota Statutes* § 6.65, insofar as they relate to accounting matters. However, our audit is not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the District's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

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

BerganKDV, Ltd.

St. Cloud, Minnesota
November 5, 2024



**Independent School District No. 726
Becker, Minnesota**

Communications Letter

June 30, 2024

**Independent School District No. 726
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Report on Matters Identified as a Result of the Audit of the Basic Financial Statements

To the School Board and Management
Independent School District No. 726
Becker, Minnesota

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 726, Becker, Minnesota, as of and for the year ended June 30, 2024, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, we considered the District's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the basic 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 over financial reporting.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error, or fraud may occur and not be detected by such controls. However, as discussed below, we identified a deficiency in internal control that we consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the District's basic financial statements will not be prevented, or detected and corrected, on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- ◆ *Reasonably possible*. The chance of the future event or events occurring is more than remote but less than likely.
- ◆ *Probable*. The future event or events are likely to occur.

We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. The significant deficiency identified is stated within this letter.

The accompanying memorandum also includes financial analysis provided as a basis for discussion. The matters discussed herein were considered by us during our audit and they do not modify the opinion expressed in our Independent Auditor's Report dated November 5, 2024, on such statements.

The purpose of this communication, which is an integral part of our audit, is to describe for the School Board and management and others within the Entity and state oversight agencies the scope of our testing of internal control and the results of that testing. Accordingly, this communication is not intended to be and should not be used for any other purpose.

Bugem KDV, Ltd.

St. Cloud, Minnesota
November 5, 2024

Independent School District No. 726 Significant Deficiency

Lack of Segregation of Accounting Duties

The District has a lack of segregation of accounting duties due to a limited number of office employees. Segregation of accounting duties related to four key areas: initiation/authorization, processing/recording, reconciling/reporting of financial data, and custody of assets. The lack of adequate segregation of accounting duties could adversely affect the District's ability to initiate, record, process, and report financial data consistent with the assertions of management in the basic financial statements. This lack of segregation can be demonstrated in the following areas, which is not intended to be an all-inclusive list:

- ◆ The Payroll Clerk records and processes all payroll transactions, has access to the electronic signature file, runs all checks, and stuffs envelopes.
- ◆ The Finance Assistant enters purchase orders and processes received invoices for payment.
- ◆ The Director of Business Services has access to all areas of the accounting system and the ability to make journal entries, while performing some initiation and reconciliation duties.

Management and the School Board are aware of this condition and have taken certain steps to compensate for the lack of segregation, but due to the number of staff needed to properly segregate all of the accounting duties, the costs of obtaining desirable segregation of accounting duties can often exceed benefits which could be derived. Due to this reason, management has determined a complete segregation of accounting duties is impractical to correct. However, management and the School Board must remain aware of this situation and should continually monitor the accounting system, including changes that occur.

We recommend segregation or independent review be implemented whenever practical and cost effective.

**Independent School District No. 726
Required Communication**

We have audited the basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information the District as of and for the year ended June 30, 2024. Professional standards require that we advise you of the following matters related to our audit.

Our Responsibility in Relation to the Basic Financial Statement Audit

As communicated in our engagement letter, our responsibility, as described by professional standards, is to form and express opinions about whether the basic financial statements prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the basic financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the basic financial statements are free of material misstatement. An audit of the basic financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of the District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgement, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Generally accepted accounting principles provide for certain Required Supplementary Information (RSI) to supplement the basic financial statements. Our responsibility with respect to the RSI, which supplements the basic audit basic financial statements, is to apply certain limited procedures in accordance with generally accepted auditing standards. However, the RSI was not audited and, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance, we do not express an opinion or provide any assurance on the RSI.

Our responsibility for the supplementary information accompanying the basic financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the basic financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Our Responsibility in Relation to *Government Auditing Standards*

As communicated in our engagement letter, part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatement, we performed tests of the District's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of basic financial statement amounts. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

**Independent School District No. 726
Required Communication**

Our Responsibility in Relation to *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance)

As communicated in our engagement letter, in accordance with the Uniform Guidance, we examined on a test basis, evidence about the District's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* applicable to each of its major federal programs for the purpose of expressing an opinion on the District's compliance with those requirements. While our audit provided a reasonable basis for our opinion, it did not provide a legal determination on the District's compliance with those requirements.

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

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

Significant Risks Identified

We have identified the following significant risks of material misstatement:

- ◆ Risk of Misappropriation of Assets - If duties cannot be appropriately segregated within the accounting and finance department, there is a risk of inappropriate reconciling items in the bank reconciliations. Also, accounts payable and prepaids could be misstated at year end.
- ◆ Misappropriation of Assets and Management Override of Controls through the journal entry process.
- ◆ Improper Revenue Recognition Specific to State Aids - Revenue recognition is considered a fraud risk on substantially all engagements as it is generally the largest line item impacting a district's operating results.
- ◆ Risk of Noncompliant Federal Expenditures including transfers of the federal program funds.
- ◆ State Aid Valuation - Revenue and receivable amounts related to General Education Aid and Special Education Aid are generally material to the financial statements and involve significant estimates.
- ◆ Pension Valuation - Net pension liability, deferred outflows of resources related to pensions, and deferred inflows of resources related to pensions are generally material to the financial statements and involve significant estimates.
- ◆ Other Post Employment Benefits (OPEB) Valuation - Total OPEB liability, deferred outflows of resources related to OPEB, and deferred inflows of resources related to OPEB are generally material to the financial statements and involve significant estimates.

**Independent School District No. 726
Required Communication**

Qualitative Aspects of the District's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the District is included in the notes to the basic financial statements. There have been no initial selection of accounting policies and no changes to significant accounting policies or their application during 2024. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates and Related Disclosures

Accounting estimates and related disclosures are an integral part of the basic financial statements prepared by management and are based on management's current judgements. Those judgements are normally based on 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 basic financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgements. The most sensitive estimates affecting the basic financial statements relate to:

General Education and Special Education Aid - General Education Aid is an estimate until average daily membership (ADM) values are final. Since this is normally not done until after the reporting deadline, this Aid is an estimate. Special Education Aid is also dependent upon ADM values; however, in addition to those, this Aid is dependent on the availability of funds and complex formulas that are finalized after reporting deadlines.

Total Other Post-Employment Benefits (OPEB) Liability, Deferred Outflows of Resources Related to OPEB and Deferred Inflows of Resources Related to OPEB - These balances are based on an actuarial study using the estimates of future obligations of the District for post-employment benefits.

Net Pension Liability, Deferred Outflows of Resources Relating to Pensions and Deferred Inflows of Resources Relating to Pensions - These balances are based on an allocation by the pension plans using estimates based on contributions.

We evaluated the key factors and assumptions used to develop the accounting estimates and determined that they are reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Financial Statement Disclosures

Certain basic financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The basic financial statement disclosures are neutral, consistent, and clear.

**Independent School District No. 726
Required Communication**

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For the purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effects of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the basic financial statements taken as a whole and each applicable opinion unit.

We identified uncorrected misstatements of the basic financial statements in the areas listed below. Management has determined their effects are immaterial, both individually and in the aggregate, to the basic financial statements taken as a whole.

- ◆ Subscription assets and related liabilities are not recorded.
- ◆ Investment earnings are understated due to unrecorded change in market value.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. None of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the basic financial statements taken as a whole

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the District's basic financial statements or the auditor's report. No such disagreements arose during the course of our audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the management representation letter.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management has informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating, and regulatory conditions affecting the District, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the District's auditor.

**Independent School District No. 726
Required Communication**

Other Information Included in Annual Reports

Pursuant to professional standards, our responsibility as auditors for other information, whether financial or nonfinancial, included in the District's annual reports, does not extend beyond the information identified in the audit report, and we are not required to perform any procedures to corroborate such other information.

We applied certain limited procedures to the RSI that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

With respect to the supplementary information accompanying the financial statements, 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 basic financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the basic financial statements or to the basic financial statements themselves.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the basic financial statements.

**Independent School District No. 726
Financial Analysis**

The following pages provide graphic representation of select data pertaining to the financial position and operations of the District for the past five years. Our analysis of each graph is presented to provide a basis for discussion of past performance and how implementing certain changes may enhance future performance. We suggest you view each graph and document if our analysis is consistent with yours.

Due to its complexity, it would be impossible to fully explain the funding of public education in Minnesota within this letter. The last section of this report, which contains a summary of legislative changes affecting school districts, gives an indication of how complicated the funding system is. The following section provides some state-wide funding and financial trend information.

Average Daily Membership and Pupil Units

The largest single funding source for Minnesota school districts is basic General Education Aid. Each year, the State Legislature sets a basic formula allowance. Total basic general education revenue is calculated by multiplying the formula allowance by the number of pupil units for which a district is entitled to aid. Pupil units are calculated using a legislatively determined weighting system applied to ADM. Over the years, various modifications have been made to this calculation, including changes in weighting and special consideration for declining enrollment districts.

Year	General Education Aid Formula Allowance	
	Amount	Percent Increase
2014	\$ 5,302	1.5%
2015*	5,831	1.9%
2016	5,948	2.0%
2017	6,067	2.0%
2018	6,188	2.0%
2019	6,312	2.0%
2020	6,438	2.0%
2021	6,567	2.0%
2022	6,728	2.5%
2023	6,863	2.0%
2024	7,138	4.0%
2025	7,281	2.0%

* General Education Aid - Of the \$529 increase over 2014, \$105 is for inflation at 1.9%; the remaining \$424 is a shifting of revenue to adjust for pupil weight changes, pension adjustment changes, and other restructuring.

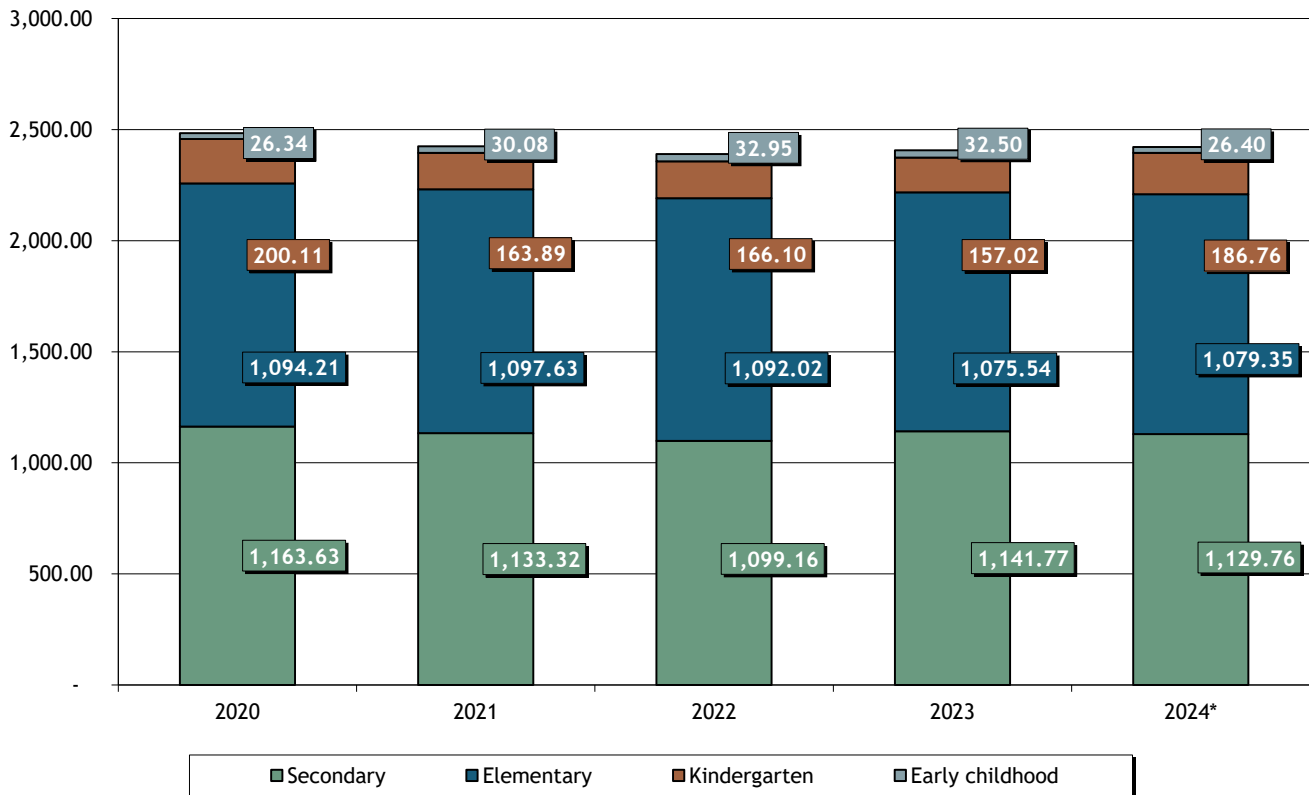
Independent School District No. 726 Financial Analysis

Average Daily Membership and Pupil Units (Continued)

The following summarizes resident and adjusted ADM of the District over the past five years ended June 30:

ADM	2020	2021	2022	2023	2024*
Early childhood	26.34	30.08	32.95	32.50	26.40
Kindergarten	200.11	163.89	166.10	157.02	186.76
Elementary	1,094.21	1,097.63	1,092.02	1,075.54	1,079.35
Secondary	1,163.63	1,133.32	1,099.16	1,141.77	1,129.76
Total Resident ADM	2,484.29	2,424.92	2,390.23	2,406.83	2,422.27
Total Adjusted ADM	2,866.46	2,897.25	2,798.19	2,786.34	2,809.20

Students (Average Daily Membership)



* Estimate

The table and graph above illustrate the change in resident ADM. The District experienced an increase in 2023 of approximately 15 resident ADM based on 2024 estimates.

Independent School District No. 726 Financial Analysis

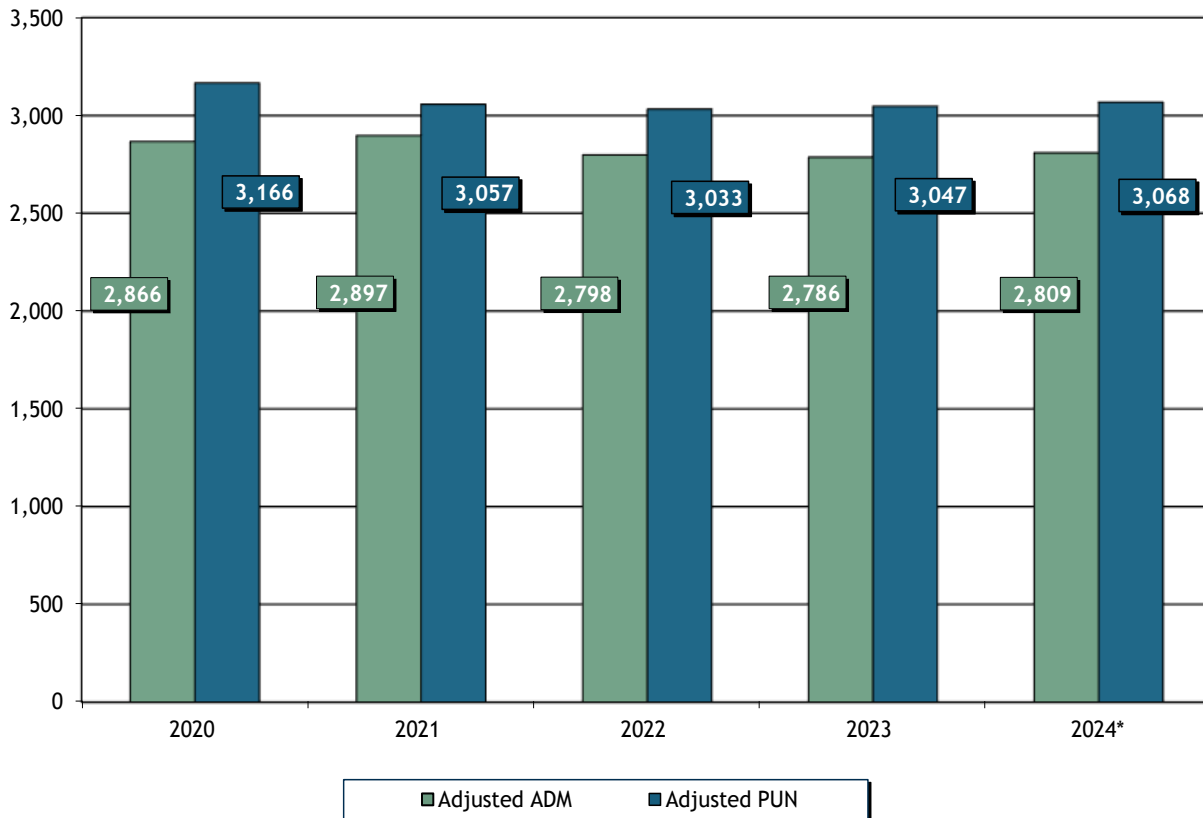
Resident ADM and Pupil Units

	Pupil Units Weighting					
	Early Childhood	Handicapped Kindergarten	Kindergarten	Elementary Grades 1-3	Elementary Grades 4-6	Secondary
2020-2024	1.000	1.000	1.000	1.000	1.000	1.200

The table and graph below convert the resident ADM into adjusted pupil unit numbers (PUN) for the past five years, taking into consideration the above weighting factors and open enrollment. Since the majority of state aid is dependent on student counts, the change in students has a significant impact on the budget. Adjusted PUN increased approximately 21 students for 2024.

Adjusted PUN	2020	2021	2022	2023	2024*
Residents	2,717.01	2,651.59	2,610.05	2,635.18	2,648.22
Resident loss	(157.40)	(166.11)	(164.56)	(186.62)	(196.49)
Nonresident gain	606.48	571.74	587.26	598.59	616.21
Total Adjusted PUN	3,166.09	3,057.22	3,032.75	3,047.15	3,067.94

Adjusted ADM and Adjusted PUN



◆ Estimate

**Independent School District No. 726
Financial Analysis**

General Fund Budget and Actual

The graph below outlines the District's final budget and actual results for the General Fund. The District initially approved a budget anticipating revenues would exceed expenditures by \$86,577. This was modified in June 2024, increasing expenditures by \$3,732,248. As of June 30, 2024, actual revenues and other financing sources exceeded actual expenditures and other financing uses by \$2,080,017.

Total General Fund revenues came in 0.6% over final budgeted amounts. The largest budget variance was other sources of revenue which were over budget primarily due to interest revenue being higher than anticipated.

Overall, expenditures were 6.0% under budget due to the building project not moving as fast as anticipated.

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues				
Local property taxes	\$ 8,009,157	\$ 8,018,184	\$ 8,116,871	\$ 98,687
State sources	29,711,190	30,513,798	29,924,444	(589,354)
Other	1,510,348	1,974,007	2,724,925	750,918
Total revenues	<u>39,230,695</u>	<u>40,505,989</u>	<u>40,766,240</u>	<u>260,251</u>
Expenditures				
Administration	1,822,194	1,821,194	1,811,792	(9,402)
District support services	848,145	1,086,620	1,039,151	(47,469)
Elementary and secondary regular instruction	19,558,819	19,619,622	19,098,973	(520,649)
Vocational education instruction	58,900	58,900	172,420	113,520
Special education instruction	7,094,866	7,112,866	7,218,028	105,162
Instructional support services	2,446,694	2,616,078	2,695,422	79,344
Pupil support services	2,911,676	3,097,800	3,396,392	298,592
Sites and buildings	3,888,278	6,887,988	4,234,733	(2,653,255)
Debt service, fiscal, and other fixed costs	514,546	575,298	623,312	48,014
Total expenditures	<u>39,144,118</u>	<u>42,876,366</u>	<u>40,290,223</u>	<u>(2,586,143)</u>
Excess of revenues over (under) expenditures	86,577	(2,370,377)	476,017	2,846,394
Net Other Financing Sources (Uses)				
Total other financing sources (uses)	-	1,482,000	1,604,417	122,417
Net change in fund balances	\$ 86,577	\$ (888,377)	\$ 2,080,434	\$ 2,968,811

**Independent School District No. 726
Financial Analysis**

General Fund Operations

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

For the Year Ended June 30,	2020	2021	2022	2023	2024
Revenues	\$ 35,182,563	\$ 37,080,691	\$ 36,740,811	\$ 37,454,940	\$ 40,766,240
Expenditures	34,347,042	34,967,805	35,984,630	37,904,320	40,290,223
Excess of revenues over (under) expenditures	835,521	2,112,886	756,181	(449,380)	476,017
Net other financing sources	45,846	138,829	218,641	1,716,973	1,604,417
Fund balance, July 1	462,130	1,345,218	3,596,933	4,571,755	5,839,348
Change in accounting principle	1,721	-	-	-	-
Fund Balance, June 30	\$ 1,345,218	\$ 3,596,933	\$ 4,571,755	\$ 5,839,348	\$ 7,919,782

Components	2020	2021	2022	2023	2024
Nonspendable	\$ 447,816	\$ 238,988	\$ 536,706	\$ 820,266	\$ 461,251
Restricted/reserved for*					
Operating capital	22,530	37,550	77,970	1,453,976	2,462,123
Long-term facilities maintenance	1,250	20,592	89,421	162,548	277,453
American Indian Education Aid	-	-	-	-	8,306
Student Activities	89,608	97,733	157,481	124,362	131,412
Scholarships	3,721	3,471	6,811	5,561	7,061
Assigned for					
Building level activity	115,864	116,890	142,739	196,720	345,397
Unassigned	664,429	3,081,709	3,560,627	3,075,915	4,226,362
Total	\$ 1,345,218	\$ 3,596,933	\$ 4,571,755	\$ 5,839,348	\$ 7,919,365

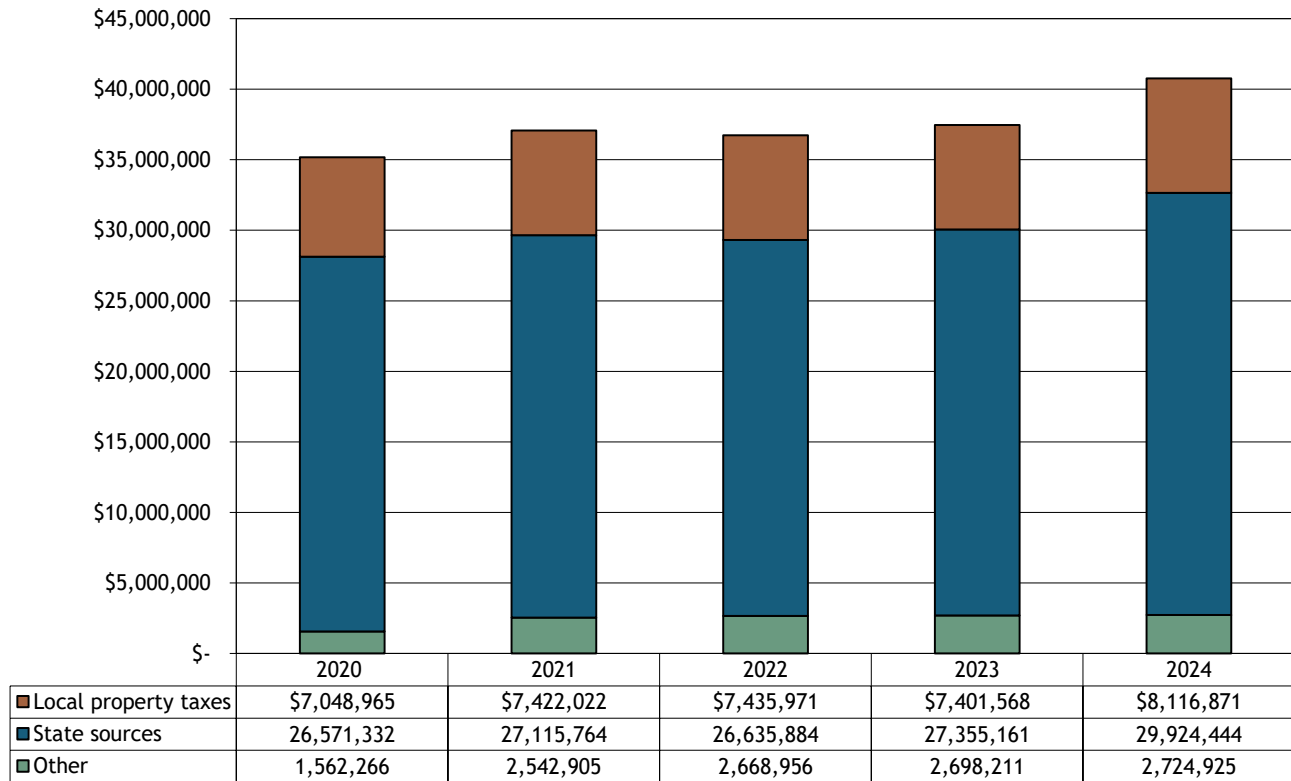
* Deficit amounts are reported as unassigned fund balance on the Balance Sheet.

The District has a minimum unassigned fund balance goal of one month, or 8% of the annual budget. As of June 30, 2024, the District had approximately 10.5% of the annual budget (based on year 2024 budget levels) in unassigned fund balance.

**Independent School District No. 726
Financial Analysis**

General Fund Sources of Revenue

General Fund Sources of Revenue



Total General Fund revenues increased \$3,311,300, or 8.8%, from 2023.

State revenue, which makes up the largest percentage of the District's revenue, increased \$2,569,283 due to the increase in the special education cross subsidy, an increase in general education aid, due to the increase in the formula allowance, and an increase in students served.

Local property tax revenue, which makes up the second largest percentage of the District's revenue, increased \$715,303 due to an increase in the levy.

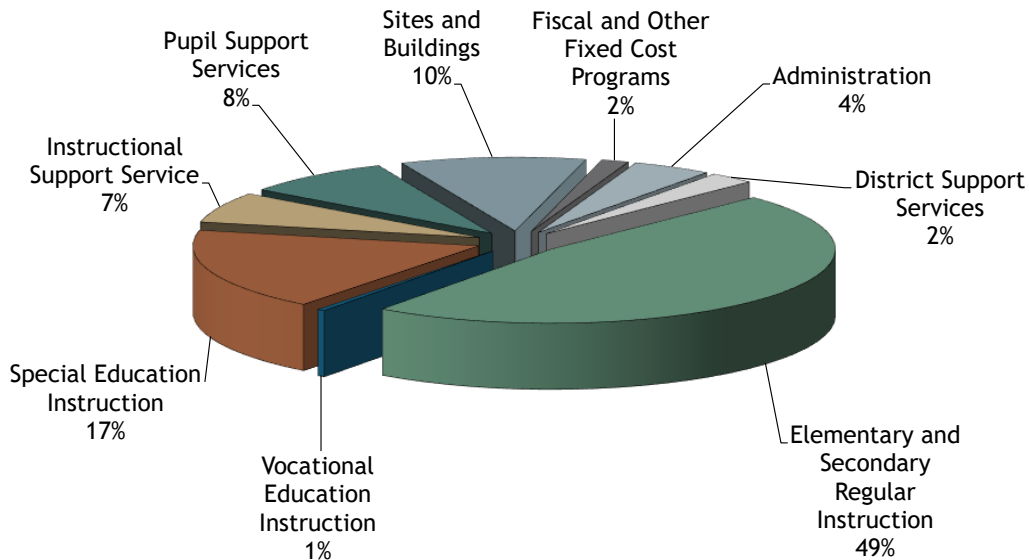
Revenues from other sources were fairly consistent with the prior year.

Independent School District No. 726 Financial Analysis

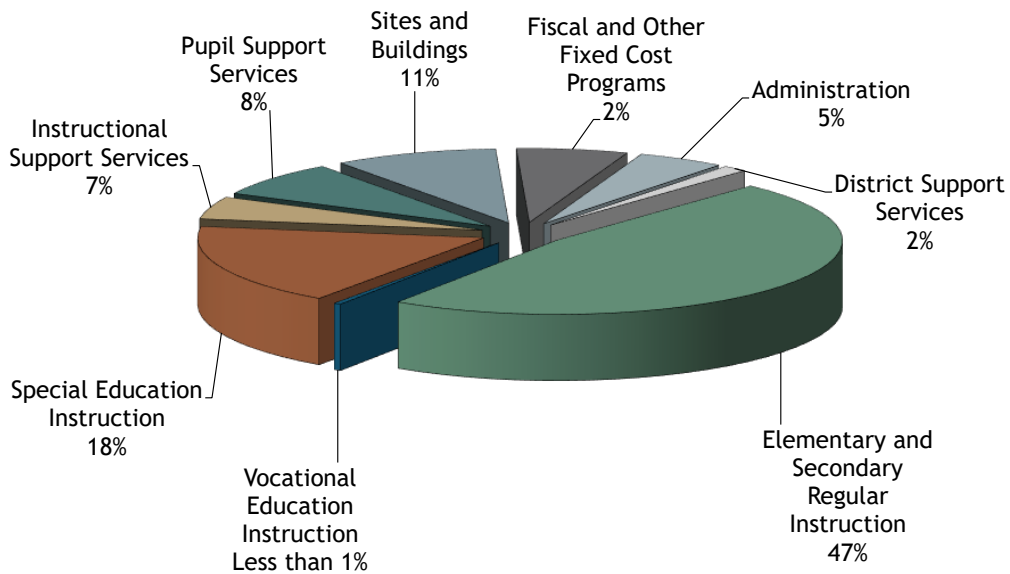
General Fund Expenditures

The following charts outline a comparison of General Fund expenditures for the past two years.

2024 General Fund Expenditures \$40,290,640



2023 General Fund Expenditures \$37,904,320

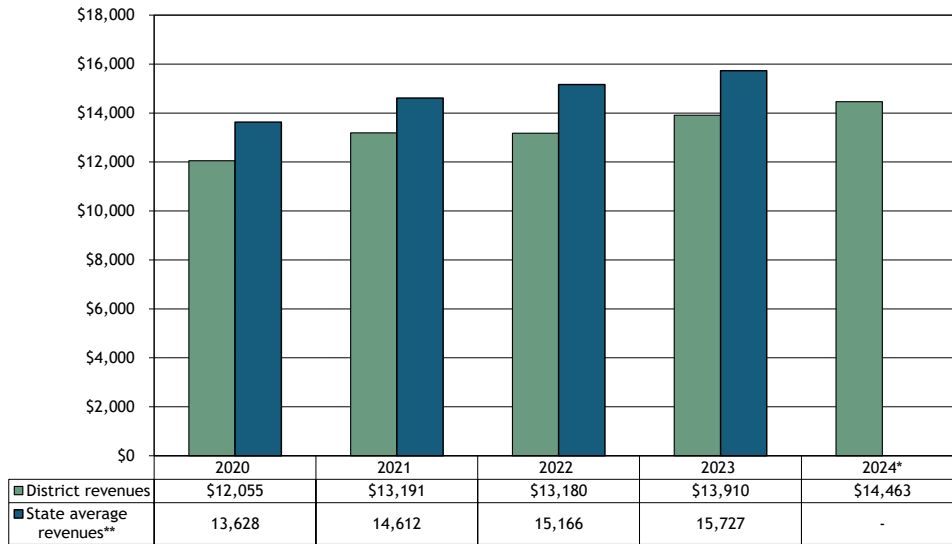


Compared to the prior year, 2024 expenditures increased \$2,386,320, or 6.3%. Regular instruction expenditures increased primarily due to increases in wages and benefits and purchases of equipment.

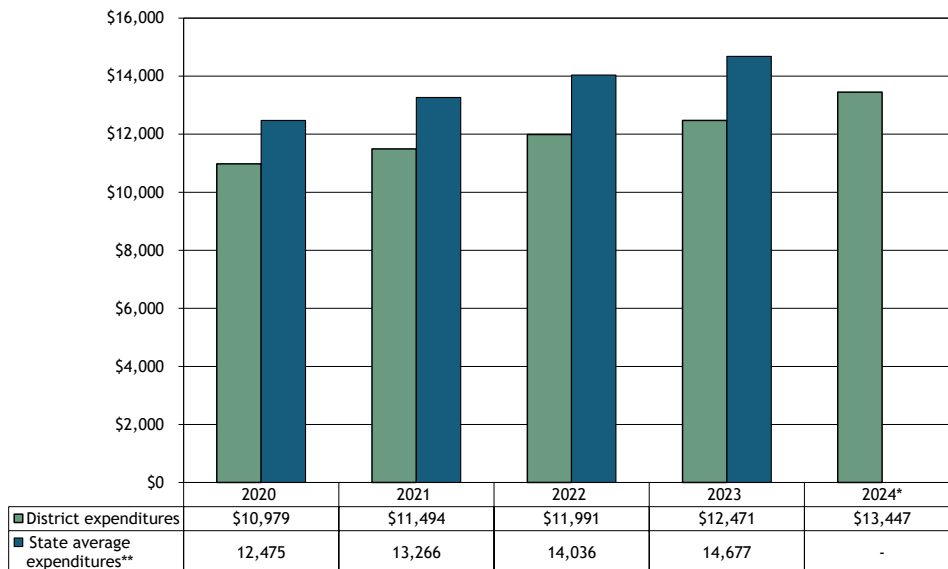
Independent School District No. 726 Financial Analysis

General Fund Revenues and Expenditures Per ADM Served

Revenues Per ADM Served



Expenditures Per ADM Served



* Estimate

** State averages obtained from the Minnesota Department of Education's (MDE) publication *School District Profiles*. Amounts for 2024 are not yet available.

The District's General Fund operating expenditures and revenues per ADM served have been overall increasing, although consistently less than the state averages.

Independent School District No. 726 Financial Analysis

General Fund Expenditures by Program and General Fund Operations

District and state expenditures by program are shown below as a percentage of the total spent.

	District 2023	State Average 2023**	District 2024*	State Average 2024**
District and School Administration	7.4%	8.7%	6.9%	N/A
Regular Instruction***	47.4%	42.0%	46.4%	N/A
Vocational instruction	0.4%	1.3%	0.4%	N/A
Special education instruction	17.7%	18.6%	17.9%	N/A
Instructional support services	4.1%	5.3%	5.3%	N/A
Pupil support services****	7.7%	9.9%	8.3%	N/A
Sites, buildings, and equipment	7.8%	7.6%	10.0%	N/A
Capital outlay	7.5%	6.7%	4.8%	N/A
Total	100.0%	100.0%	100.0%	N/A

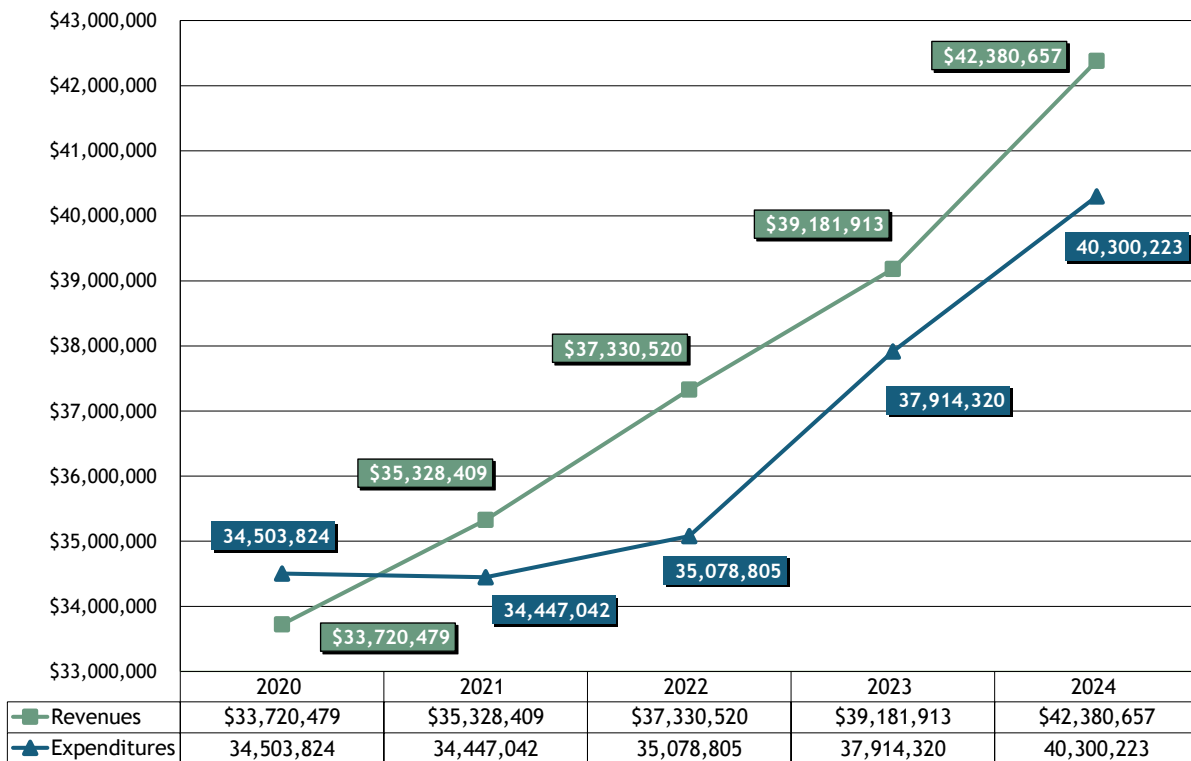
* Estimate

** State averages obtained from the Minnesota Department of Education's (MDE) publication *School District Profiles*. Amounts for 2024 are not yet available.

*** Includes student activities and athletics.

**** Includes transportation.

General Fund Revenues and Expenditures



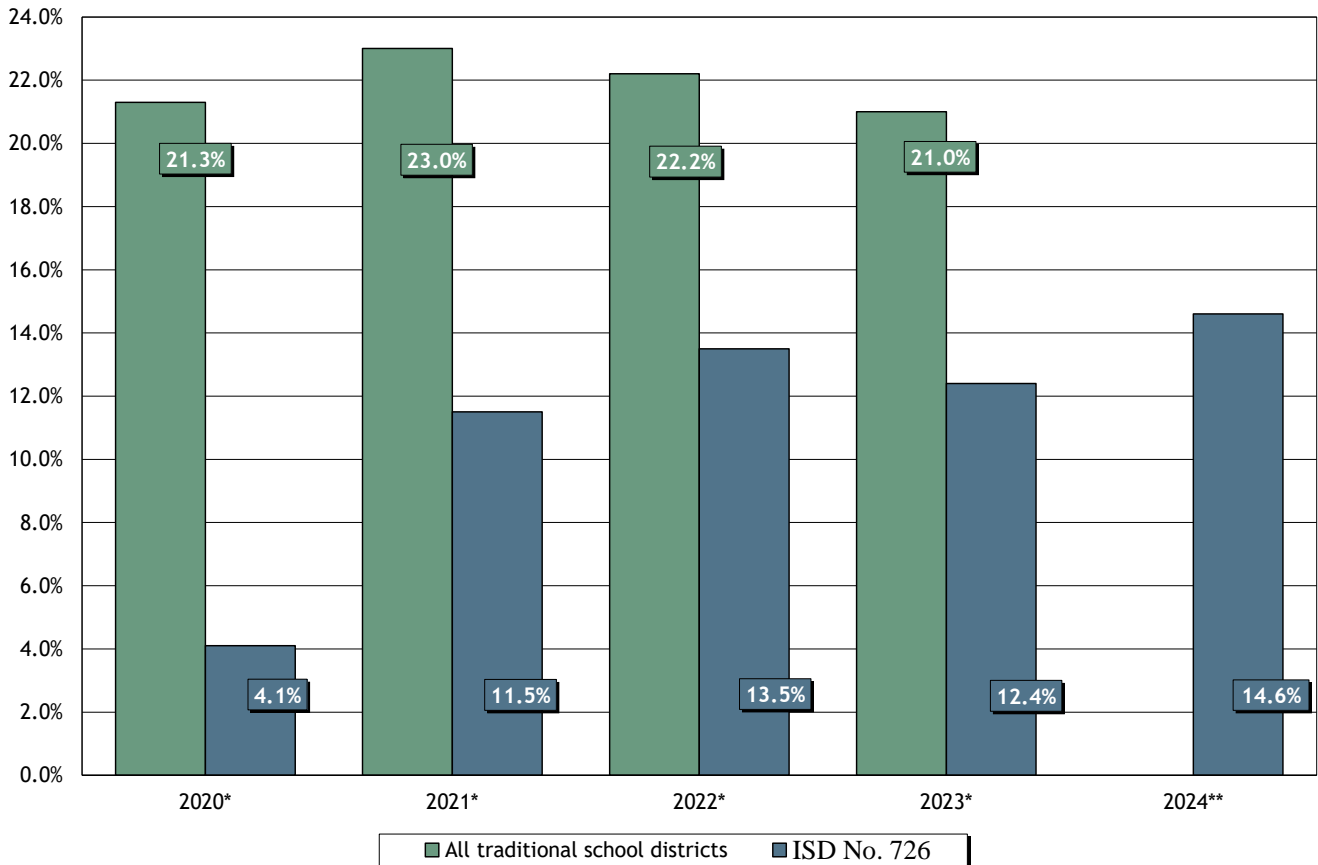
While expenditures and other financing uses increased \$2,386,320 and revenues and other financing sources increased \$3,198,744 from the prior year, revenues exceeded expenditures again in 2024.

Independent School District No. 726 Financial Analysis

General Fund Financial Health

One of the most common comparable statistics used to evaluate school district financial health is the operating fund balance as a percentage of operating expenditures.

General Fund Expenditures of Fund Balance



* Information was obtained from the MDE web site report *Fiscal Year 2013-2022 General Fund Unreserved Balance*. 2024 information is not available.

** Estimate

The calculations above reflect the unassigned, assigned, committed and nonspendable fund balances of the General Fund and the corresponding expenditures, which is the same method the state uses for the statutory operating debt (SOD) calculation.

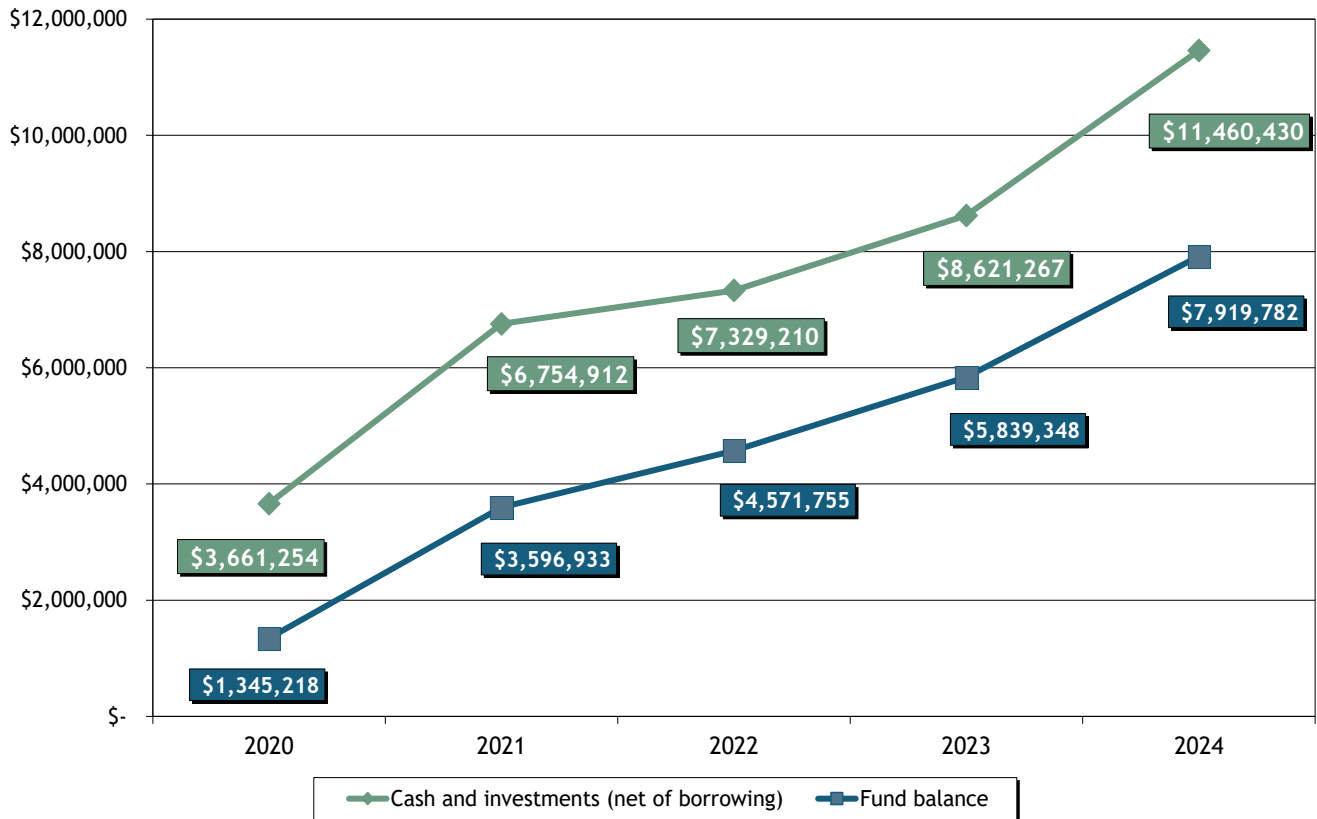
The District's percentage has been consistently below state averages but did increase from 12.4% in 2023 to 14.6% in 2024.

Independent School District No. 726 Financial Analysis

General Fund Operations

The graph below charts cash and investments (net of borrowing) for the General Fund versus the total fund balance for the General Fund.

General Fund Financial Position



The General Fund's cash and investments balance significantly exceeds the fund balance due to the large amount of salaries and benefits payable primarily related to July and August teacher payrolls and property taxes received prior to being recognized as revenue.

**Independent School District No. 726
Financial Analysis**

Food Service Fund

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

For the Year Ended June 30,	2020	2021	2022	2023	2024
Revenues	\$ 1,533,416	\$ 2,078,853	\$ 2,775,538	\$ 2,046,137	\$ 2,645,157
Expenditures	1,470,741	1,649,404	2,044,357	2,217,824	2,720,489
Excess of revenues over (under) expenditures	62,675	429,449	731,181	(171,687)	(75,332)
Fund balance, July 1	55,736	118,411	547,860	1,279,041	1,107,354
Fund Balance, June 30	\$ 118,411	\$ 547,860	\$ 1,279,041	\$ 1,107,354	\$ 1,032,022

In 2024, fund balance decreased \$75,332. Revenues increased \$599,020 due to an increase in the reimbursement rates as all meals were free for all students in 2024. Expenditures increased \$502,665 due to an increase in food costs with an increase in meals served and equipment purchases.

Community Service Fund

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

For the Year Ended June 30,	2020	2021	2022	2023	2024
Revenues	\$ 1,258,603	\$ 1,355,510	\$ 1,592,931	\$ 1,661,919	\$ 1,816,604
Expenditures	1,311,818	1,385,024	1,616,519	1,757,800	1,744,720
Excess of revenues over (under) expenditures	(53,215)	(29,514)	(23,588)	(95,881)	71,884
Transfer in	100,000	111,000	10,000	10,000	10,000
Fund balance, July 1	131,301	178,086	259,572	245,984	160,103
Fund Balance, June 30	\$ 178,086	\$ 259,572	\$ 245,984	\$ 160,103	\$ 241,987

Components	2020	2021	2022	2023	2024
Nonspendable	\$ 9,840	\$ 8,833	\$ 12,738	\$ 10,674	\$ 16,173
Restricted/reserved for					
Community Education*	8,555	25,549	(6,880)	(80,978)	(169,990)
Early Childhood and Family Education	150,717	185,376	210,906	251,988	271,615
School Readiness	5,833	35,852	20,884	(30,726)	120,441
Community Service	3,141	3,962	8,336	9,145	3,748
Fund Balance, June 30	\$ 178,086	\$ 259,572	\$ 245,984	\$ 160,103	\$ 241,987

* In years when deficit, the deficit amount is shown in the unassigned fund balance on the balance sheet.

In 2024, revenues increased \$154,385 due to improved market performance. Expenditures remained fairly consistent. The General Fund transferred \$10,000 to offset revenue shortfalls in the early childhood screening program.

Independent School District No. 726 Legislative Summary

The following is a brief summary of current legislative changes and issues affecting the funding of Minnesota school districts. More detailed and extensive summaries are available from the Minnesota Department of Education (MDE).

American Indian Education Aid

The period in which this aid can be carried over has been revised from six months to one year to be consistent with district financial reporting. Permanent School Fund Supplemental Aid is set at \$40,000 in 2025 for tribal contract schools.

American Rescue Plan (ARP) Act

The ARP Act was signed into law on March 11, 2021, and focuses on returning to, and maintaining, safe in-person learning for all students.

The ARP includes \$1.3 billion for E-12 education in ESSER funds for Minnesota to help schools returning to, and maintaining, safe in-person learning for all students. Per the federal law, 90% of these funds have been allocated to eligible districts and charter schools. 9.5% of these funds are for flexible use by each state education agency to create a plan to meet the needs of students. Funds are eligible for spending through September 30, 2024.

Area Learning Center (ALC) Transportation Aid

ALC transportation aid reimburses school districts for costs associated with transportation of students to and from an ALC program. School districts can apply for this new funding stream for 2024 and beyond. Allowable recipients for this aid have been modified to include cooperative units that provide their own transportation for ALCs.

Basic Alternative Teacher Compensation Aid (Q-Comp)

The total cap for basic alternative teacher compensation aid increased from \$88,118,000 to \$88,461,000 for 2024 and 2025, and \$89,486,000 for 2026 and beyond. Unspent "Q Comp" funds must be reserved in a restricted fund balance and used only for their intended purpose.

Basic General Education Aid

The formula allowance for 2024 was set at \$7,138 and for 2025, the formula allowance increases to \$7,281, which is a 2% increase over 2024. For fiscal years 2026 and beyond, the actual increase will be equal to the Consumer Price Index - Urban with a floor of 2% and a cap of 3%.

Basic Skills Revenue

School districts are permitted to execute a one-time transfer of restricted balance sheet funds into another restricted balance sheet that is in alignment with uses.

Charter School Lease Aid Review

The Commissioner may develop a system of analyzing charter school lease aid applications. The system will support consistency in applications and allow for the evaluation of the financial viability of multiple charter school leases.

Compensatory Education Revenue

The compensatory allowance for 2024 was updated and corresponds to increases in the basic formula allowance. A hold-harmless provision has been added for 2025 so that compensatory revenue for each site is the greater of its calculated revenue for 2025 or the 2024 actual revenue.

Independent School District No. 726 Legislative Summary

English Learner Aid and Cross Subsidy

For 2024-2026, aid is \$1,228 times the greater of 20 or total English learner ADM and \$436 times English learner pupil units (concentration). For 2027, this increases to \$1,775 times the greater of 20 or total English learner ADM and \$4630 times English learner pupil units (concentration), and 25% Cross Subsidy Aid Reduction based on second prior year qualifying services.

Facilities

Districts subject to non-voter approved building projects that require a review and comment do not need to publish or hold a public hearing on the results of the review and comment except districts eligible for non-voter construction projects under *Minnesota Statutes* § 126C.40, subd. 6 must hold a public meeting within 45 days of a review and comment decision. The dates of publication of review and comment have been changed to at least 48 days and not more than 70 days before a referendum. Prior legislation was not more than 60 days before a referendum.

Food Service Fund

Lunchroom furniture, including tables and chairs used by pupils to eat, were added as an eligible expense in the food service fund if a surplus exists for three consecutive years.

Local Optional Revenue

The second-tier equalization threshold for 2024 remained at \$510,000 before increasing to \$587,244 for 2025, \$642,038 for 2026, and \$671,345 for 2027 and later.

Paraprofessionals

For the 2024-2025 school year, districts are required to provide 6 hours of training and may be reimbursed for up to 6 hours. A separate payment equal to 2 hours of the district average wage rate will be made. Consultation with the union representative must be made before planning required trainings.

Special education paraprofessionals employed and paid with special education funding during 2024 may continue to be paid with State special education fund (not federal) for 2025 if they meet competences 4 and 9 in the competency grid or are enrolled in a qualifying training and testing program.

MDE and the Professional Educator Licensing and Standards Board (PELSB) are required to review paraprofessional qualifications.

Pension Bill and Pension Adjustment Revenue

The pension adjustment rate for districts (besides ISD No. 625, St. Paul) is 1.25% for fiscal years 2024 and 2025 and 2.0% for fiscal year 2026 and 2027. For fiscal year 2028 and later, pension adjustment revenue must not exceed the fiscal year 2027 amount, and the revenue will be prorated, as necessary.

Special Education Aid

The Special Education Cross Subsidy Reduction Aid paid to districts increased from 6.43% to 44% beginning in 2024. A further increase to 50% begins in 2027.

Student Support Personnel Aid

Districts and charters may retain unspent aid in a restricted fund balance, limited to the amount of the prior year's aid allocation.

**Independent School District No. 726
Legislative Summary**

Student Teacher Stipend Pilot Program

Funding of \$6,543,000 has been approved for 8 teacher preparation programs to provide student teachers placed in Minnesota schools during the 2024-2025 school year. Stipends should be awarded at approximately \$6,880 per student teacher.

Unemployment Insurance Aid

Effective May 28, 2023, certain non-certified hourly school workers may qualify for "between term" summer unemployment benefits. A new aid has been created to reimburse districts for between term unemployment insurance costs, which are not eligible for levy reimbursement. The total aid available is \$135 million in fiscal year 2024 and is available until fiscal year 2027 or depletion. This aid now required to be paid on a 90/10 basis.

Voluntary Prekindergarten (VPK)

VPK seats were increased to 12,360 in 2025 using a \$50 million set aside from 2023. Minneapolis and St. Paul districts are individual regions for purposes of seat allocations, so the allocations of other regions are not impacted by this change. Districts were notified of the new allocation by July 1, 2024.

Independent School District No. 726 Emerging Issues

Executive Summary

The following is an executive summary of financial related updates to assist you in staying current on emerging issues in accounting and finance. This summary will give you a preview of the new standards that have been recently issued and what is on the horizon for the near future. The most recent and significant updates include:

- ◆ **Accounting Standard Update - GASB Statement No. 101 - *Compensated Absences***
GASB has issued GASB Statement No. 101 relating to accounting and financial reporting for compensated absences. The unified recognition and measurement model in this Statement will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave.
- ◆ **Accounting Standard Update - GASB Statement No. 102 - *Certain Risk Disclosures***
GASB has issued GASB Statement No. 102 relating to risk disclosures. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact.
- ◆ **Accounting Standard Update - GASB Statement No. 103 - *Financial Reporting Model Improvements***
GASB has issued GASB Statement No. 103 relating to changes in financial reporting requirements. The changes provide clarity, enhance the relevance of information, provide more useful information for decision-making, and provide for greater comparability amongst government entities.

The following are extensive summaries of the current updates. As your continued business partner, we are committed to keeping you informed of new and emerging issues. We are happy to discuss these issues with you further and their applicability to your District.

Accounting Standard Update - GASB Statement No. 101 - *Compensated Absences*

The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

Independent School District No. 726
Emerging Issues

Accounting Standard Update - GASB Statement No. 101 - *Compensated Absences (Continued)*

This Statement requires that a liability for certain types of compensated absences - including parental leave, military leave, and jury duty leave - not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used.

This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities.

With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources.

This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences.

GASB Statement No. 101 is effective for reporting periods beginning after December 15, 2023. Earlier application is encouraged.

Information provided above was obtained from www.gasb.org.

Accounting Standard Update - GASB Statement No. 102 - *Certain Risk Disclosures*

The objective of this Statement is to provide users of government financial statements with information about risks related to a government's vulnerabilities due to certain concentrations or constraints that is essential to their analyses for making decisions or assessing accountability.

This Statement provides definitions for concentration and constraint. A concentration is a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority.

This Statement requires a government to assess whether a concentration or constraint could present a risk of financial difficulty. The District will need to make a disclosure in the notes to the financial statements if all three of the following criteria are true:

- ◆ The District knows about the concentration or constraint prior to financial statement issuance.
- ◆ The concentration or constraint makes the District is vulnerable to risk of a substantial impact.
- ◆ An event or events associated with the concentration or constraint that could cause a substantial impact have either (1) happened; (2) started to happen; or (3) are more likely than not to start happening within 12 months of the financial statements being issued.

Independent School District No. 726 Emerging Issues

Accounting Standard Update - GASB Statement No. 102 - *Certain Risk Disclosures* (Continued)

If a government determines the above criteria for disclosure have been met, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. Disclosures are required for the government as a whole as well as any opinion unit in the financial statements that includes outstanding revenue debt. Disclosures can be combined to avoid unnecessary duplication (e.g., a subsequent event footnote).

GASB Statement No. 102 is effective for fiscal years beginning after June 15, 2024. Earlier application is encouraged.

Information provided above was obtained from www.gasb.org.

Accounting Standard Update - GASB Statement No. 103 - *Financial Reporting Model Improvements*

The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues.

This Statement addresses 5 areas of the financial statements (1) Management's Discussion and Analysis (MD&A), (2) Unusual or Infrequent Items, (3) Presentation of the Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Position, (4) Major Component Unit Information, and (5) Budgetary Comparison Information.

This Statement continues the requirement that the MD&A precede the basic financial statements as part of the Required Supplementary Information (RSI). This Statement requires that the information presented in MD&A be limited to the related topics discussed in five sections: (1) Overview of the Financial Statements, (2) Financial Summary, (3) Detailed Analyses, (4) Significant Capital Asset and Long-Term Financing Activity, and (5) Currently Known Facts, Decisions, or Conditions. The Statement stresses that detailed analyses should explain why balances and results of operations changed, rather than stating amounts and "boilerplate" discussions.

This Statement describes unusual or infrequent items as transactions and other events that are either unusual in nature or infrequent in occurrence. Furthermore, governments are required to display the inflows and outflows related to each unusual or infrequent item separately as the last presented flow(s) of resources prior to the net change in resource flows in the government-wide, governmental fund, and proprietary fund statements of resource flows.

This Statement requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses. The Statement provides clarification regarding operating and nonoperating revenues and expenses. Also, this Statement requires that a subtotal for operating income (loss) and noncapital subsidies be presented before reporting other nonoperating revenues and expenses.

This Statement requires governments to present each major component unit separately in the reporting entity's statement of net position and statement of activities if it does not reduce the readability of the statements. If the readability of those statements would be reduced, combining statements of major component units should be presented after the fund financial statements.

Independent School District No. 726
Emerging Issues

Accounting Standard Update - GASB Statement No. 103 - *Financial Reporting Model Improvements* (Continued)

This Statement requires governments to present budgetary comparison information using a single method of communication—RSI. Governments also are required to present (1) variances between original and final budget amounts and (2) variances between final budget and actual amounts. An explanation of significant variances is required to be presented in notes to RSI.

GASB Statement No. 103 is effective for fiscal years beginning after June 15, 2025. Earlier application is encouraged.

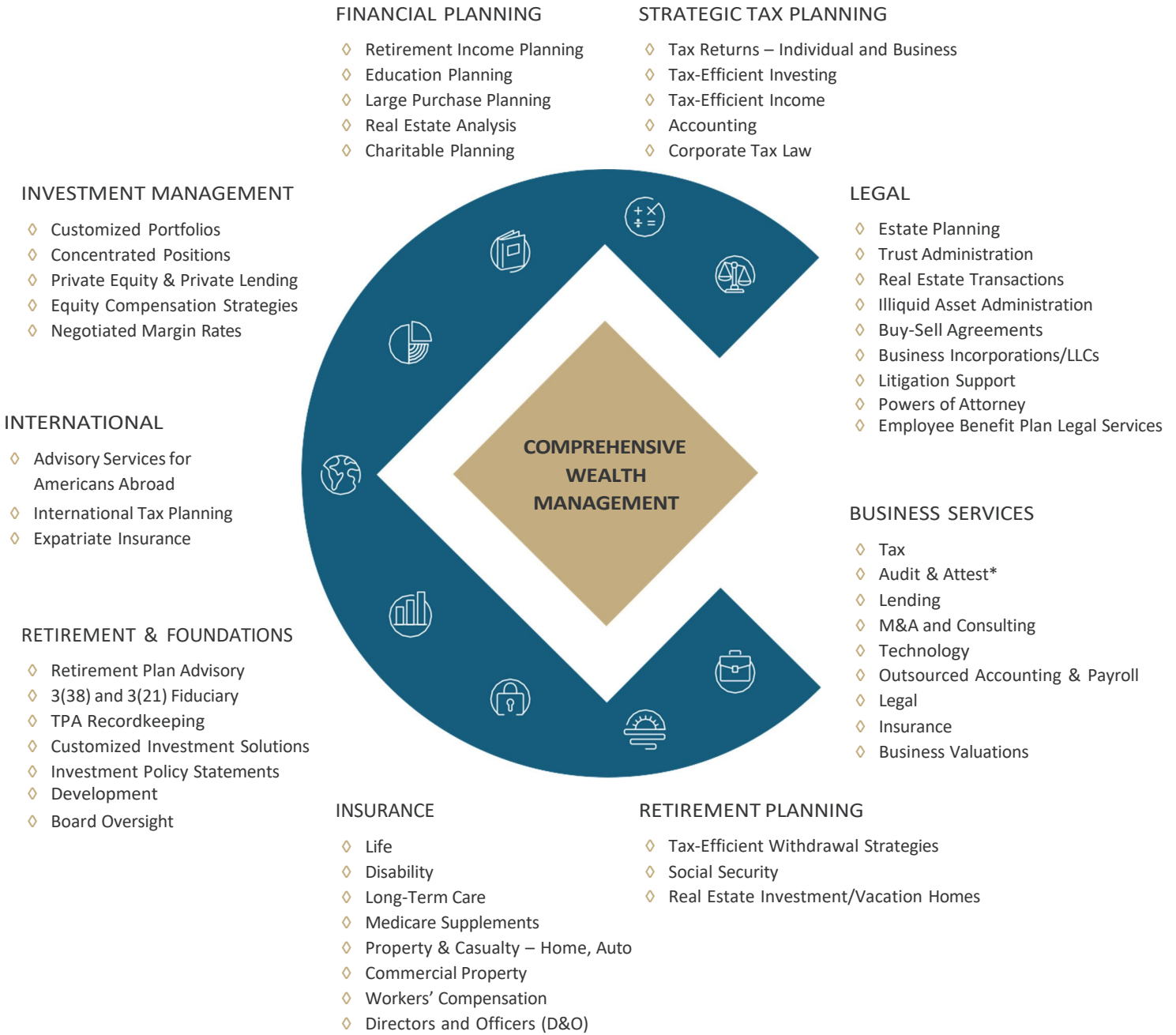
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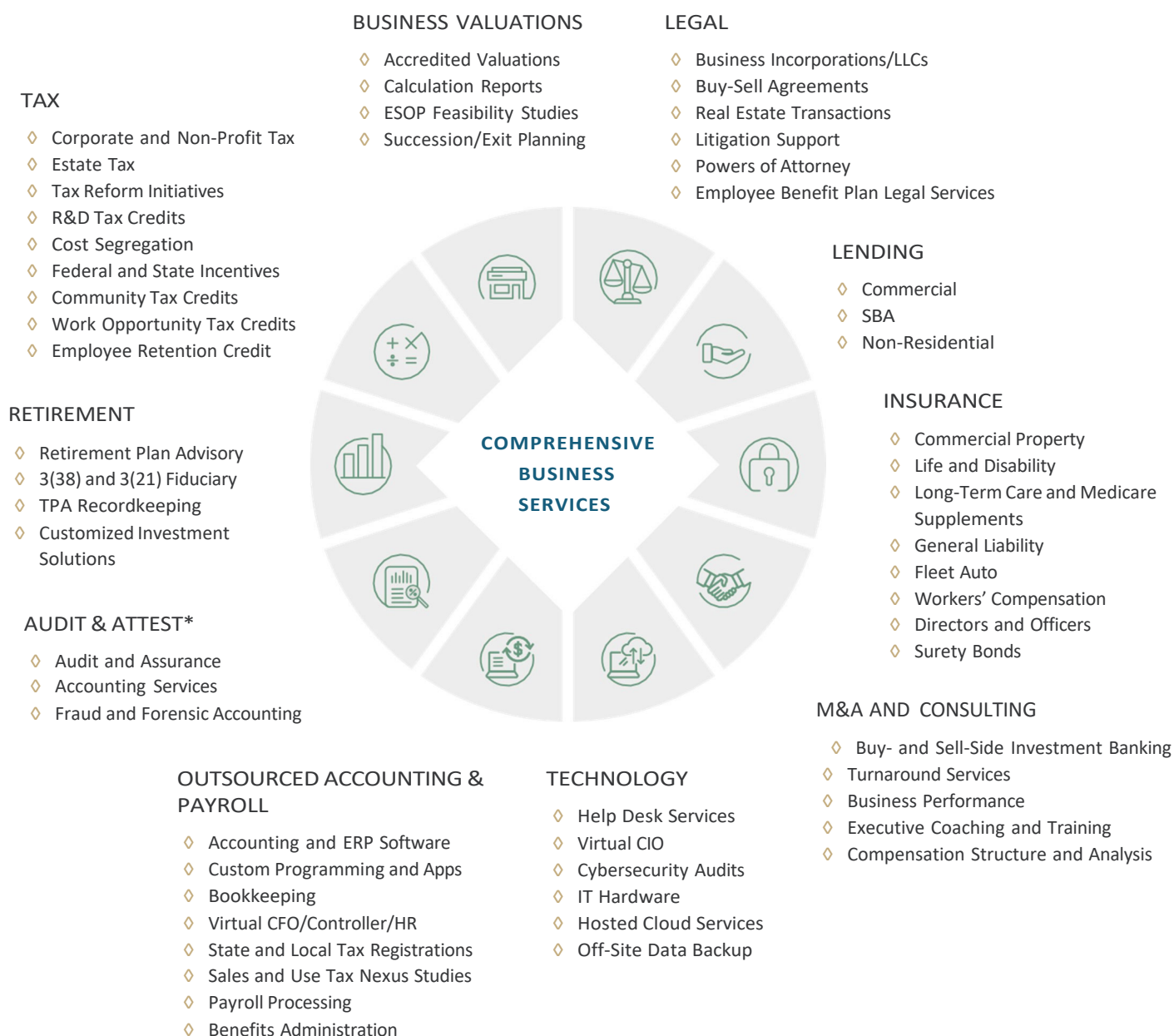


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Business Services

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Independent School District No. 726 Becker, Minnesota Board Presentation

Nancy Schulzetenberg



The Audit

Independent Auditor's Report

◆ Financial Statement Opinion

- ◇ Unmodified Opinion on the District's Basic Financial Statements, which comprise the District's governmental activities, each major fund, the aggregate remaining fund information.
- ◇ Financial statements present fairly, in all material respects, the financial position and change in financial position of the governmental activities, each major fund and the aggregate remaining funds.

Other Communications

- ◆ Report related to *Government Auditing Standards*
 - ◇ One internal control finding
 - ◇ No compliance findings
- ◆ Report on results of Single Audits performed in accordance with the Uniform Guidance
 - ◇ Unmodified opinion on compliance
 - ◇ No internal control findings
- ◆ Report on the results of testing *on Minnesota Legal Compliance*
 - ◇ No findings
- ◆ Financial Analysis, Required Communication, Emerging Issues, Legislative Summary as provided in our Communication Letter

Financial Commnunications

General Education Aid – Formula Allowance

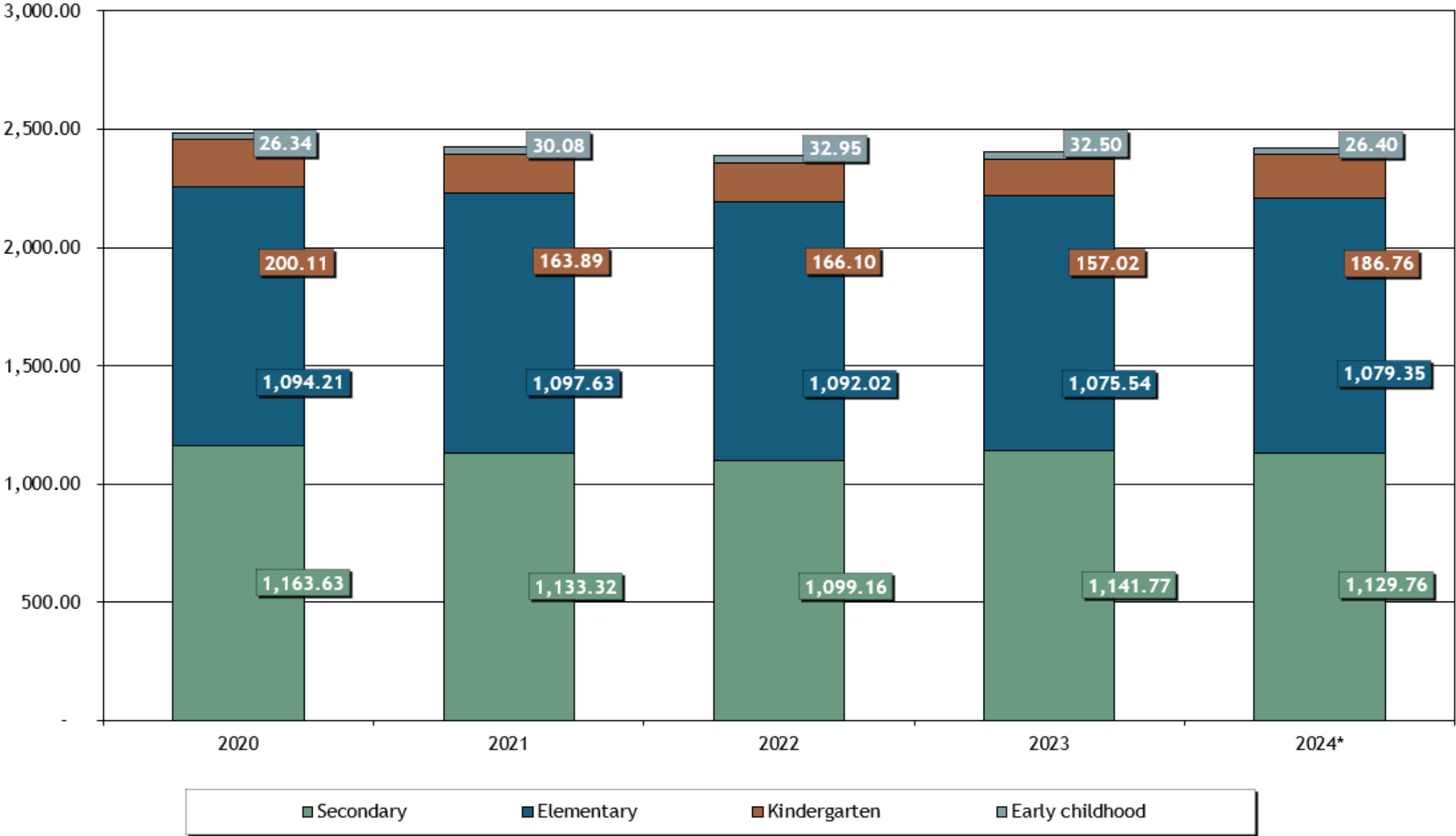
Year	General Education Aid Formula Allowance	
	Amount	Percent Increase
2014	\$ 5,302	1.5%
2015*	5,831	1.9%
2016	5,948	2.0%
2017	6,067	2.0%
2018	6,188	2.0%
2019	6,312	2.0%
2020	6,438	2.0%
2021	6,567	2.0%
2022	6,728	2.5%
2023	6,863	2.0%
2024	7,138	4.0%
2025	7,281	2.0%

* General Education Aid - Of the \$529 increase over 2014, \$105 is for inflation at 1.9%; the remaining \$424 is a shifting of revenue to adjust for pupil weight changes, pension adjustment changes, and other restructuring.

Average Daily Membership – Pupil Units

ADM	2020	2021	2022	2023	2024*
Early childhood	26.34	30.08	32.95	32.50	26.40
Kindergarten	200.11	163.89	166.10	157.02	186.76
Elementary	1,094.21	1,097.63	1,092.02	1,075.54	1,079.35
Secondary	1,163.63	1,133.32	1,099.16	1,141.77	1,129.76
Total Resident ADM	2,484.29	2,424.92	2,390.23	2,406.83	2,422.27
Total Adjusted ADM	2,866.46	2,897.25	2,798.19	2,786.34	2,809.20

Average Daily Membership – Student ADM

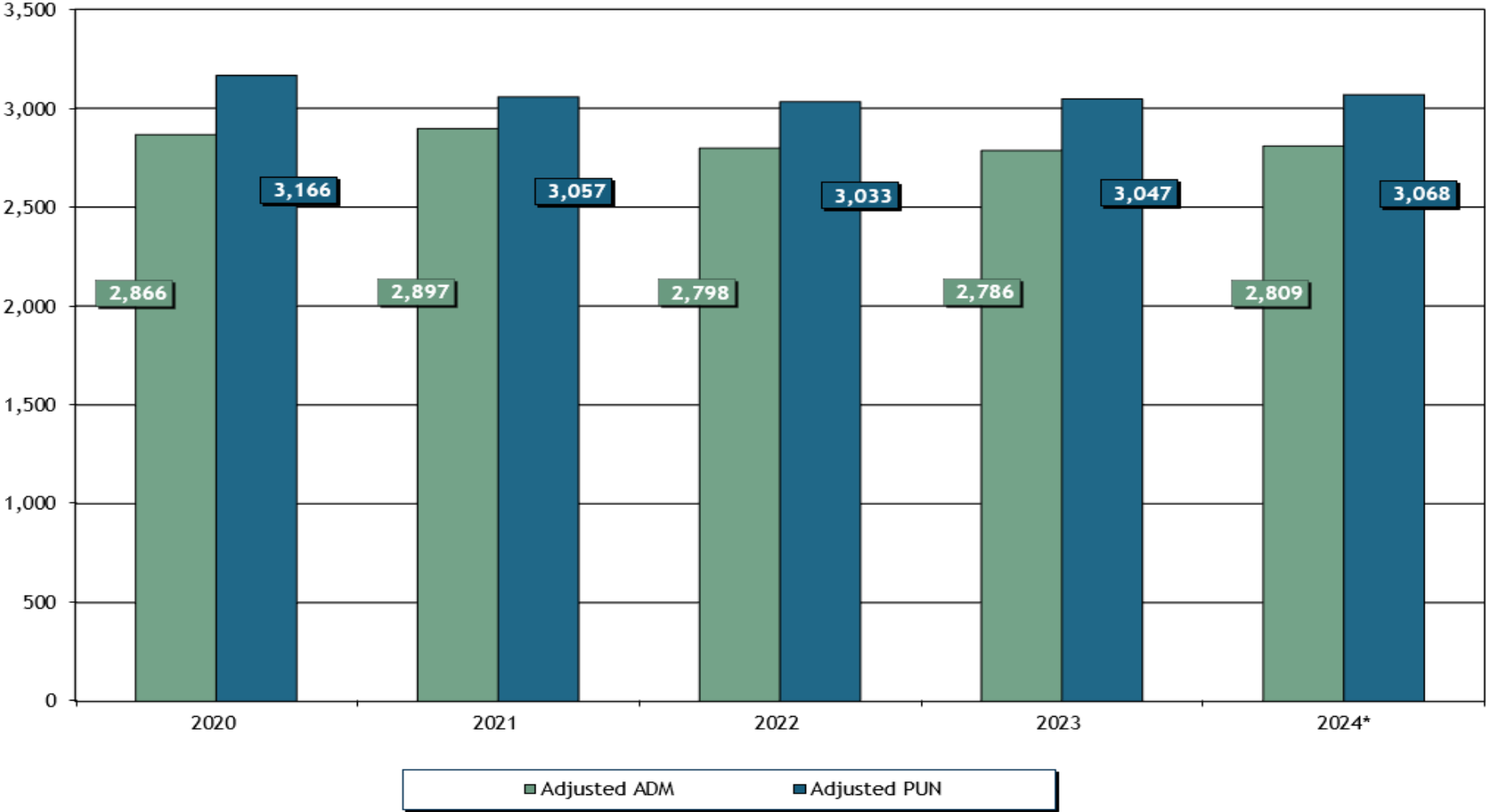


Average Daily Membership and Pupil Units – Weighting and Adjusted PUN

	Pupil Units Weighting					
	Early Childhood	Handicapped Kindergarten	Kindergarten	Elementary Grades 1-3	Elementary Grades 4-6	Secondary
2020-2024	1.000	1.000	1.000	1.000	1.000	1.200

Adjusted PUN	2020	2021	2022	2023	2024*
Residents	2,717.01	2,651.59	2,610.05	2,635.18	2,648.22
Resident loss	(157.40)	(166.11)	(164.56)	(186.62)	(196.49)
Nonresident gain	606.48	571.74	587.26	598.59	616.21
Total Adjusted PUN	3,166.09	3,057.22	3,032.75	3,047.15	3,067.94

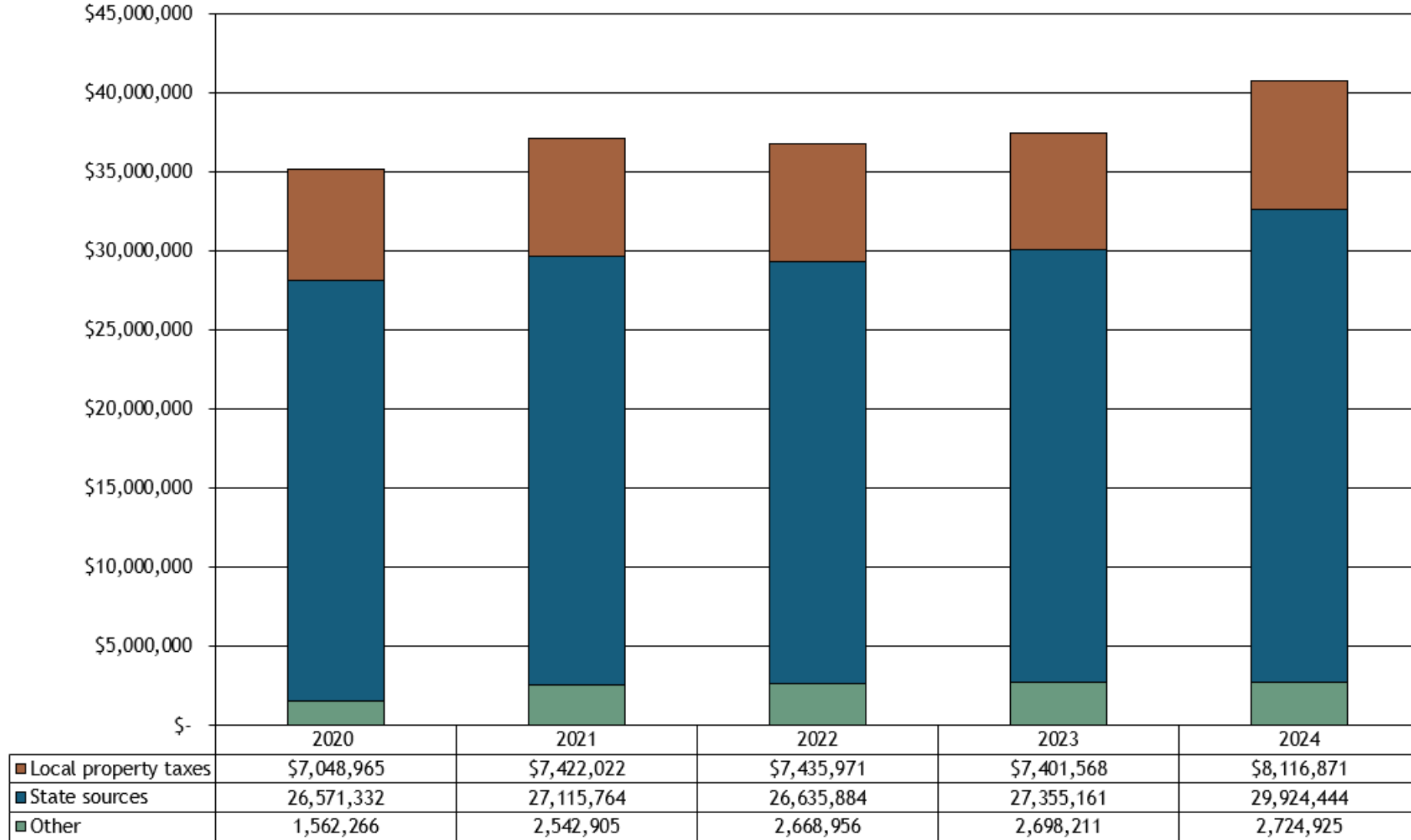
Average Daily Membership – Adjusted ADM and Adjusted PUN



General Fund – Budget to Actual

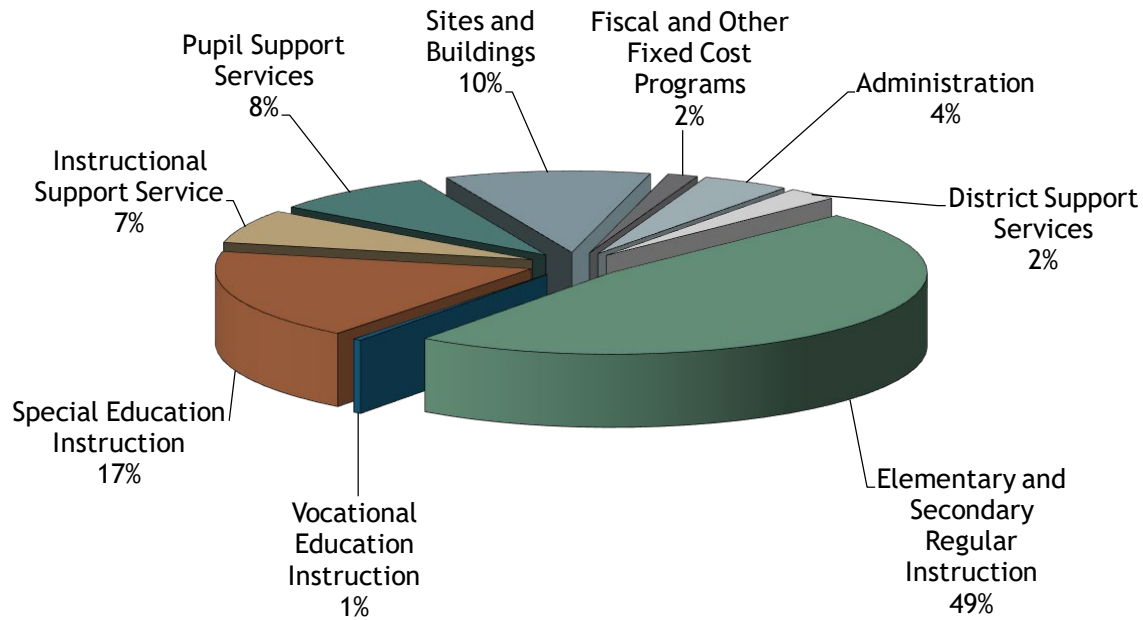
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues				
Local property taxes	\$ 8,009,157	\$ 8,018,184	\$ 8,116,871	\$ 98,687
State sources	29,711,190	30,513,798	29,924,444	(589,354)
Other	1,510,348	1,974,007	2,724,925	750,918
Total revenues	<u>39,230,695</u>	<u>40,505,989</u>	<u>40,766,240</u>	<u>260,251</u>
Expenditures				
Administration	1,822,194	1,821,194	1,811,792	(9,402)
District support services	848,145	1,086,620	1,039,151	(47,469)
Elementary and secondary regular instruction	19,558,819	19,619,622	19,098,973	(520,649)
Vocational education instruction	58,900	58,900	172,420	113,520
Special education instruction	7,094,866	7,112,866	7,218,028	105,162
Instructional support services	2,446,694	2,616,078	2,695,422	79,344
Pupil support services	2,911,676	3,097,800	3,396,392	298,592
Sites and buildings	3,888,278	6,887,988	4,234,733	(2,653,255)
Debt service, fiscal, and other fixed costs	514,546	575,298	623,312	48,014
Total expenditures	<u>39,144,118</u>	<u>42,876,366</u>	<u>40,290,223</u>	<u>(2,586,143)</u>
Excess of revenues over (under) expenditures	86,577	(2,370,377)	476,017	2,846,394
Net Other Financing Sources (Uses)				
Total other financing sources (uses)	-	1,482,000	1,604,417	122,417
Net change in fund balances	\$ 86,577	\$ (888,377)	\$ 2,080,434	\$ 2,968,811

General Fund Sources of Revenue

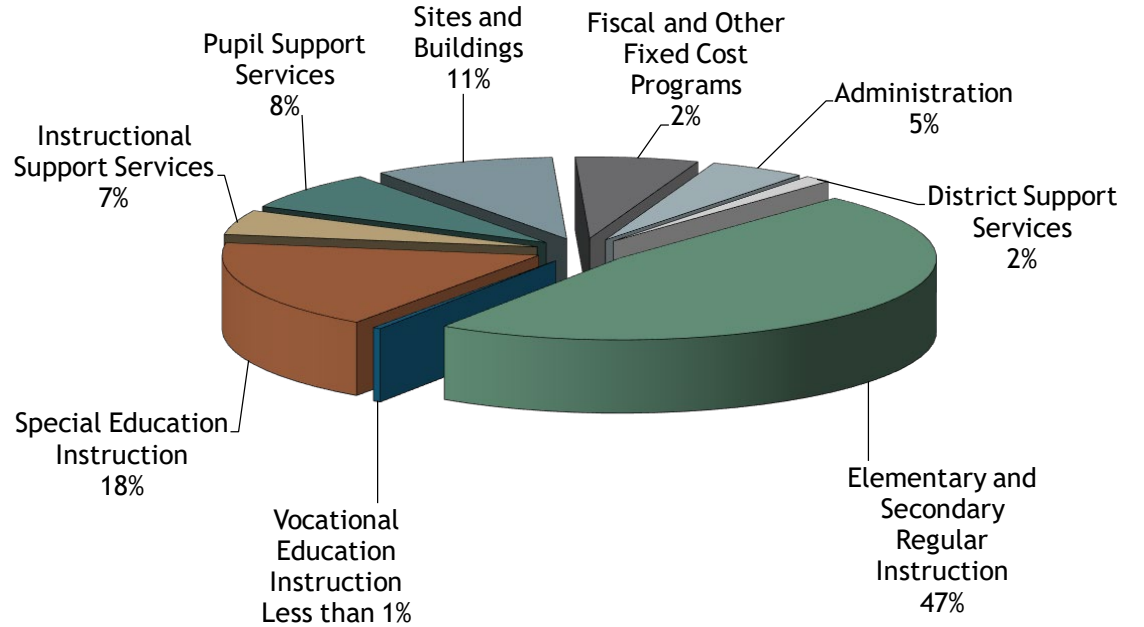


General Fund - Expenditures

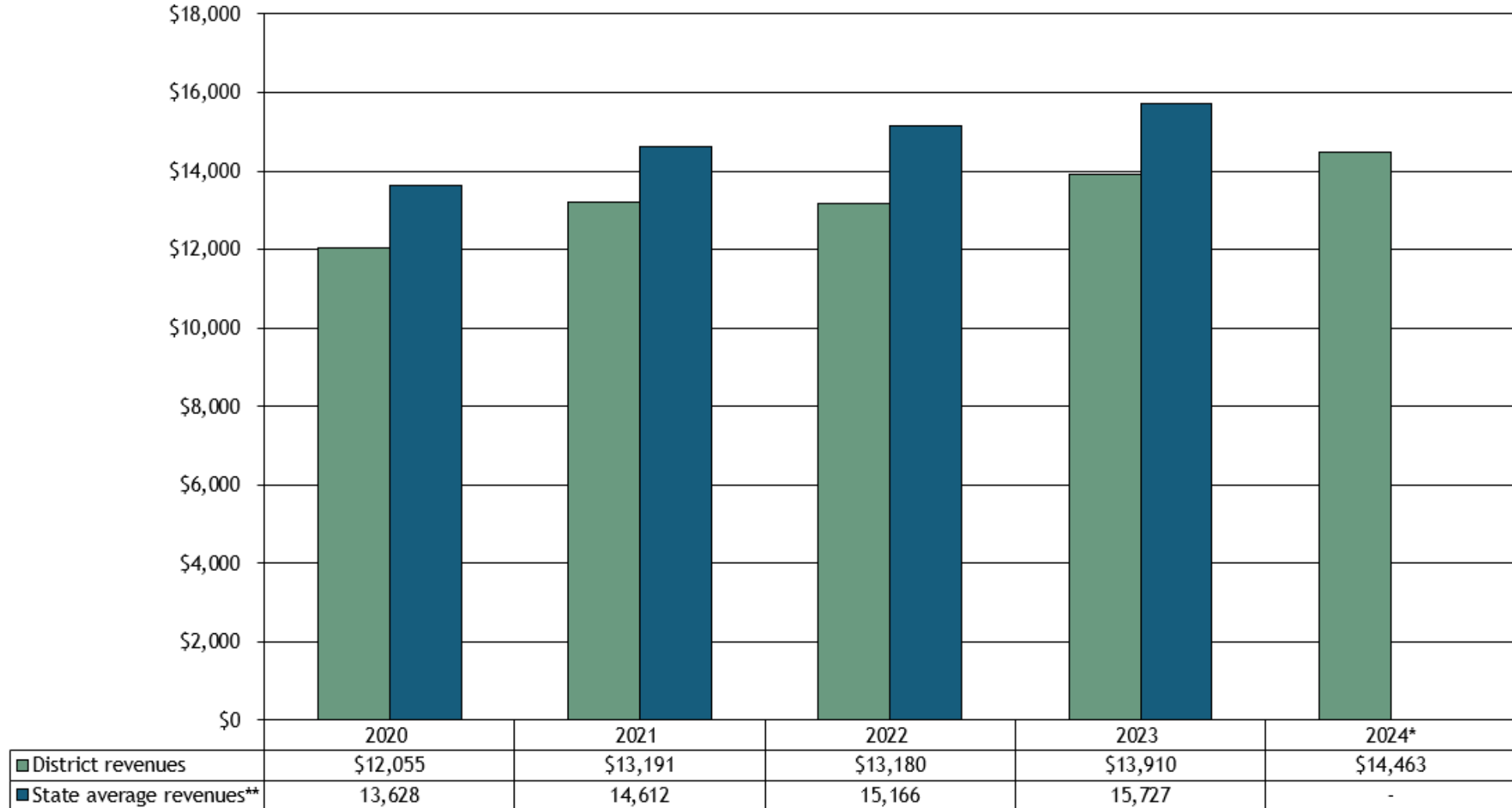
2024 General Fund Expenditures \$40,290,640



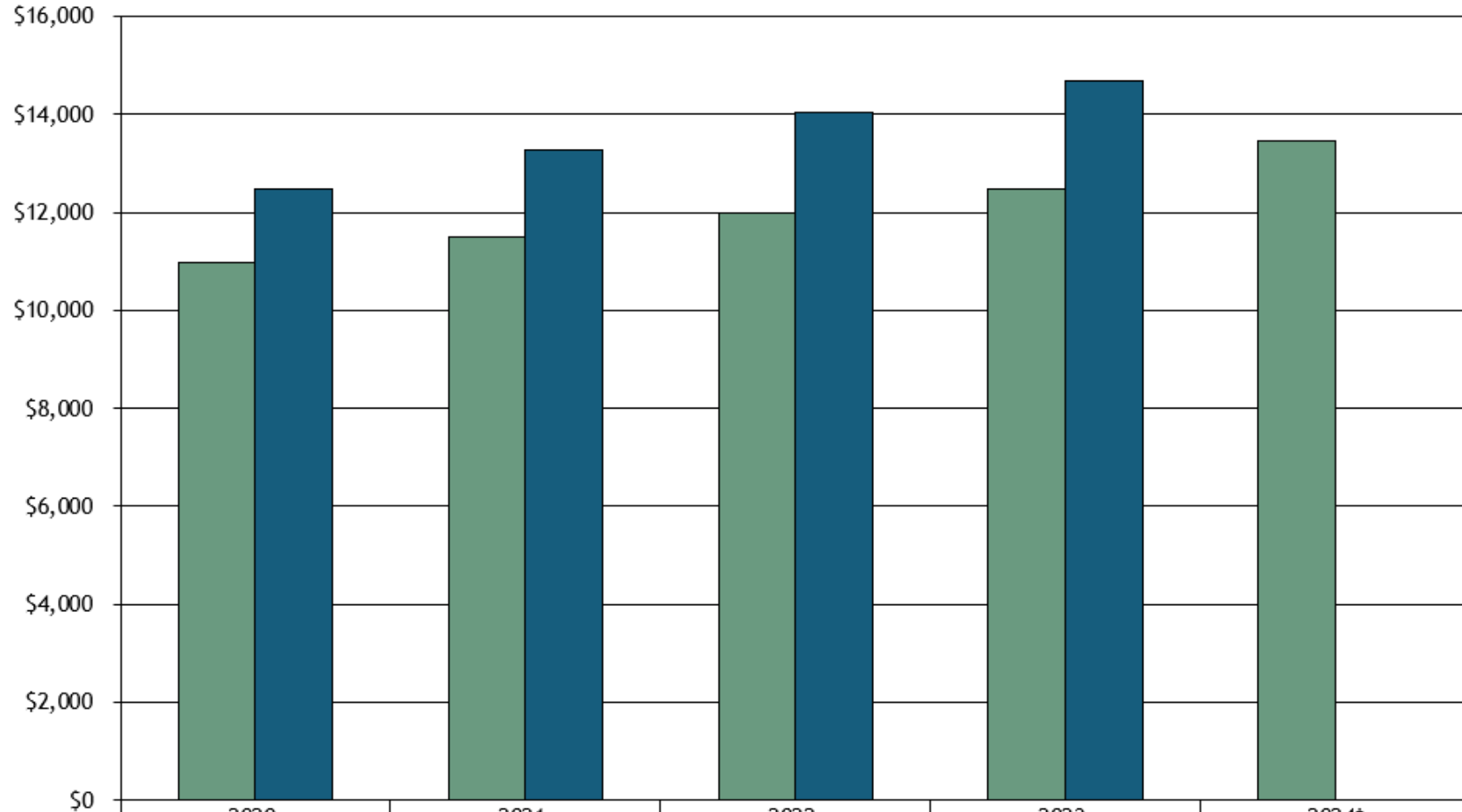
2023 General Fund Expenditures \$37,904,320



General Fund -Revenues Per ADM Served



General Fund – Expenditures Per ADM Served



■ District expenditures	\$10,979	\$11,494	\$11,991	\$12,471	\$13,447
■ State average expenditures**	12,475	13,266	14,036	14,677	-

General Fund Expenditures by Program and General Fund Operations

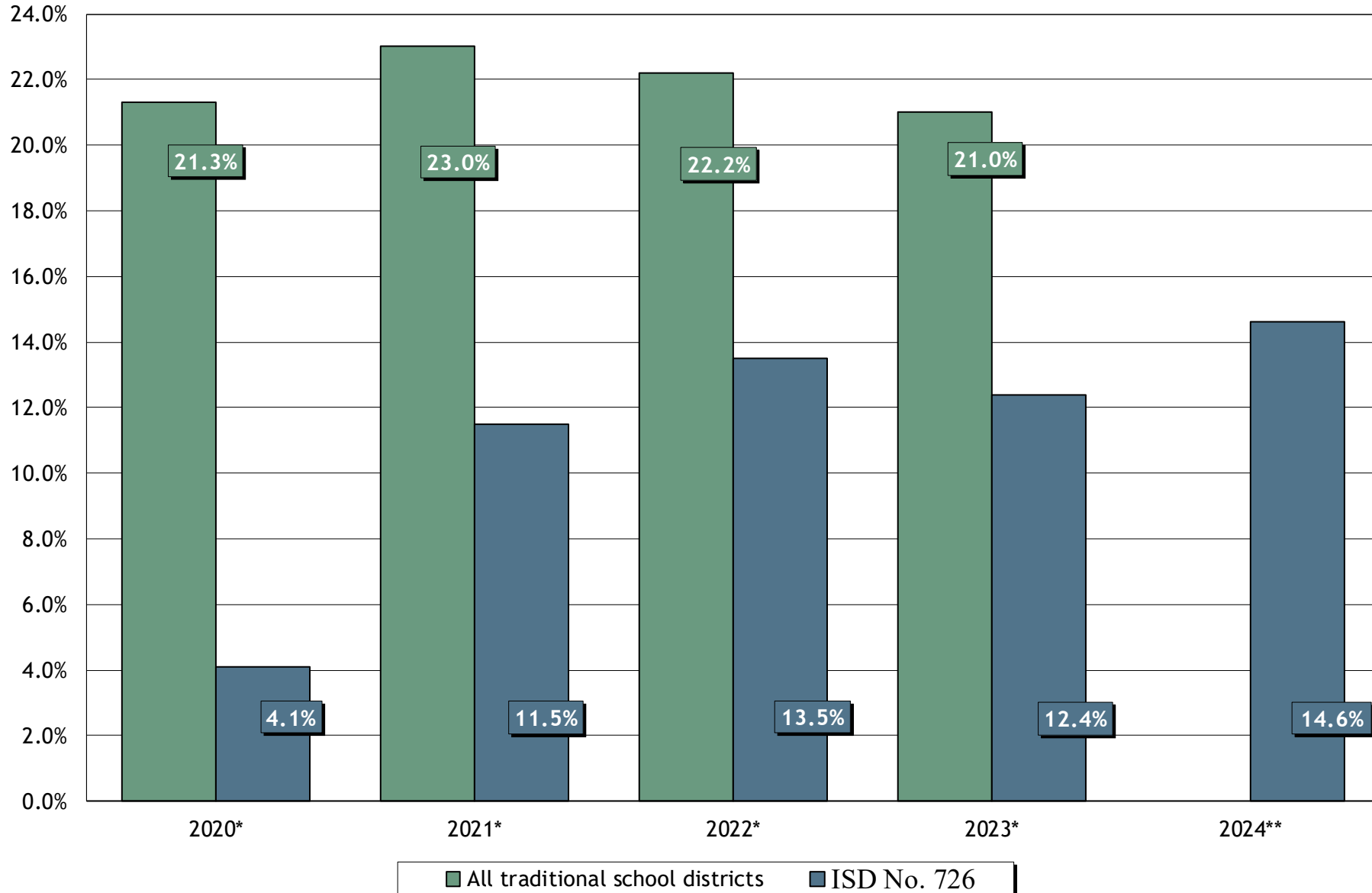
	District	State	District	State
	2023	Average	2024*	Average
	2023	2023**	2024*	2024**
District and School Administration	7.4%	8.7%	6.9%	N/A
Regular Instruction***	47.4%	42.0%	46.4%	N/A
Vocational instruction	0.4%	1.3%	0.4%	N/A
Special education instruction	17.7%	18.6%	17.9%	N/A
Instructional support services	4.1%	5.3%	5.3%	N/A
Pupil support services****	7.7%	9.9%	8.3%	N/A
Sites, buildings, and equipment	7.8%	7.6%	10.0%	N/A
Capital outlay	7.5%	6.7%	4.8%	N/A
Total	100.0%	100.0%	100.0%	N/A

General Fund Operations

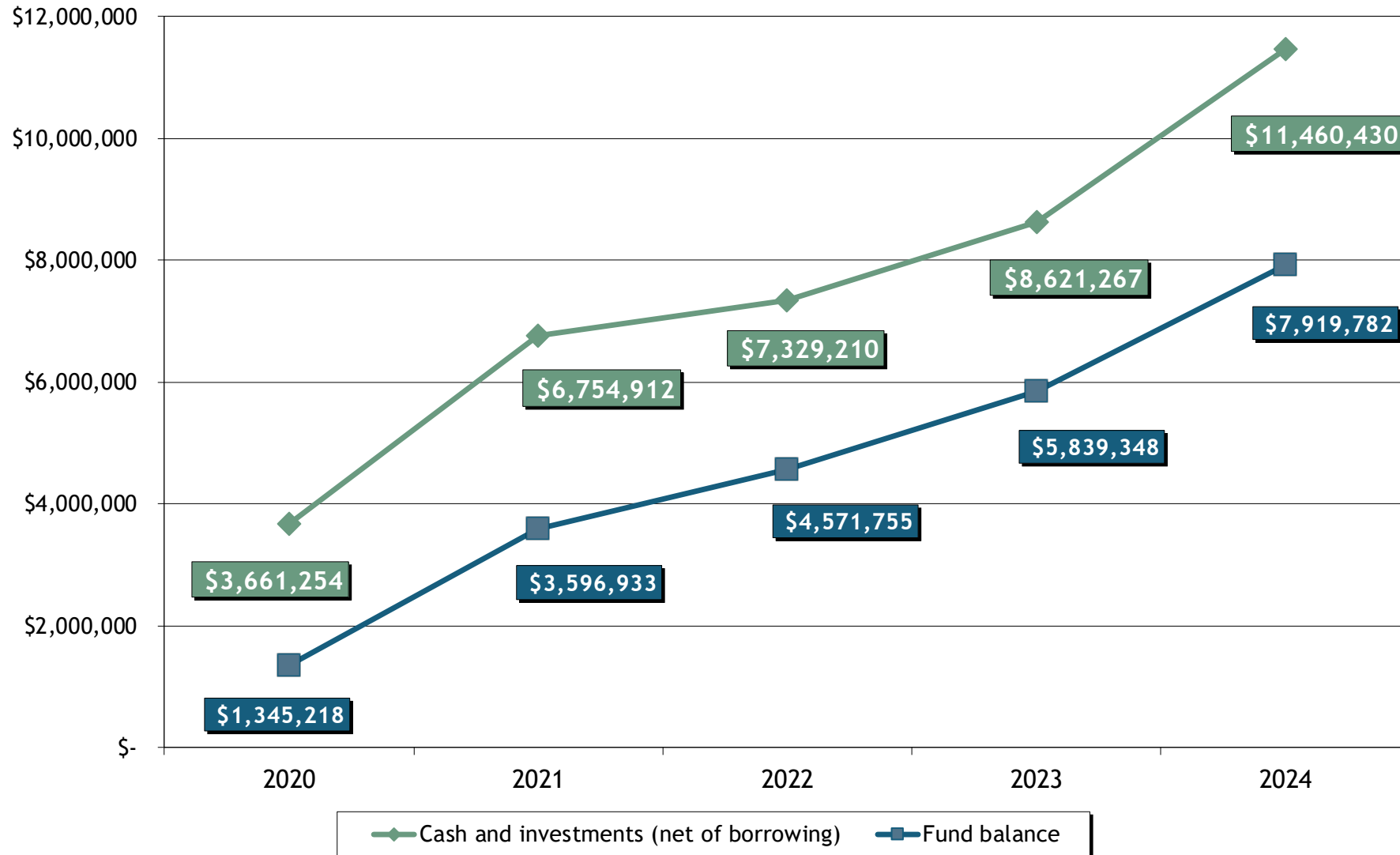
For the Year Ended June 30,	2020	2021	2022	2023	2024
Revenues	\$ 35,182,563	\$ 37,080,691	\$ 36,740,811	\$ 37,454,940	\$ 40,766,240
Expenditures	34,347,042	34,967,805	35,984,630	37,904,320	40,290,223
Excess of revenues over (under) expenditures	835,521	2,112,886	756,181	(449,380)	476,017
Net other financing sources	45,846	138,829	218,641	1,716,973	1,604,417
Fund balance, July 1	462,130	1,345,218	3,596,933	4,571,755	5,839,348
Change in accounting principle	1,721	-	-	-	-
Fund Balance, June 30	\$ 1,345,218	\$ 3,596,933	\$ 4,571,755	\$ 5,839,348	\$ 7,919,782

Components	2020	2021	2022	2023	2024
Nonspendable	\$ 447,816	\$ 238,988	\$ 536,706	\$ 820,266	\$ 461,251
Restricted/reserved for*					
Operating capital	22,530	37,550	77,970	1,453,976	2,462,123
Long-term facilities maintenance	1,250	20,592	89,421	162,548	277,453
American Indian Education Aid	-	-	-	-	8,306
Student Activities	89,608	97,733	157,481	124,362	131,412
Scholarships	3,721	3,471	6,811	5,561	7,061
Assigned for					
Building level activity	115,864	116,890	142,739	196,720	345,397
Unassigned	664,429	3,081,709	3,560,627	3,075,915	4,226,362
Total	\$ 1,345,218	\$ 3,596,933	\$ 4,571,755	\$ 5,839,348	\$ 7,919,365

General Fund Expenditures of Fund Balance



General Fund Financial Position



Food Service Fund

For the Year Ended June 30,	2020	2021	2022	2023	2024
Revenues	\$ 1,533,416	\$ 2,078,853	\$ 2,775,538	\$ 2,046,137	\$ 2,645,157
Expenditures	1,470,741	1,649,404	2,044,357	2,217,824	2,720,489
Excess of revenues over (under) expenditures	62,675	429,449	731,181	(171,687)	(75,332)
Fund balance, July 1	55,736	118,411	547,860	1,279,041	1,107,354
Fund Balance, June 30	\$ 118,411	\$ 547,860	\$ 1,279,041	\$ 1,107,354	\$ 1,032,022

Community Service Fund

For the Year Ended June 30,	2020	2021	2022	2023	2024
Revenues	\$ 1,258,603	\$ 1,355,510	\$ 1,592,931	\$ 1,661,919	\$ 1,816,604
Expenditures	1,311,818	1,385,024	1,616,519	1,757,800	1,744,720
Excess of revenues over (under) expenditures	(53,215)	(29,514)	(23,588)	(95,881)	71,884
Transfer in	100,000	111,000	10,000	10,000	10,000
Fund balance, July 1	131,301	178,086	259,572	245,984	160,103
Fund Balance, June 30	\$ 178,086	\$ 259,572	\$ 245,984	\$ 160,103	\$ 241,987

Components	2020	2021	2022	2023	2024
Nonspendable	\$ 9,840	\$ 8,833	\$ 12,738	\$ 10,674	\$ 16,173
Restricted/reserved for					
Community Education*	8,555	25,549	(6,880)	(80,978)	(169,990)
Early Childhood and Family Education	150,717	185,376	210,906	251,988	271,615
School Readiness	5,833	35,852	20,884	(30,726)	120,441
Community Service	3,141	3,962	8,336	9,145	3,748
Fund Balance, June 30	\$ 178,086	\$ 259,572	\$ 245,984	\$ 160,103	\$ 241,987

Auditor



Nancy Schulzetenberg

AUDIT PARTNER

320-650-0219

NANCY.SCHULZETENBERG@CREATIVEPLANNING.COM

Thank You



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Becker Public Schools

“Developing self-directed learners to thrive in a changing global community”

Truth in Taxation For Taxes Payable in 2025

December 2, 2024



Becker Public Schools

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Truth in Taxation Law

Two Major Requirements

- 1) Counties must send out “proposed property tax statements” in November, based on preliminary tax levies set by all jurisdictions (counties, cities, townships, school districts, etc.).
- 2) Most taxing jurisdictions must hold a hearing prior to certifying the final levy

**You are here for the
School District’s annual
required hearing**



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Tax Hearing Requirements

- **State law requires that we present information on the current year budget and actual revenues and expenses for prior year**
- **State law also requires that we present information on the proposed property tax levy**
- **District must also allow for public comments**

2023-24 General Fund Results

Fund	6/30/23 Audited Fund Balance	Revenues & Adjustments	Expenditures	Other Financing Sources (Uses)	Variance	6/30/24 Audited Fund Balance
General Fund	\$ 5,839,349	\$42,292,995	\$40,202,562	\$ (10,000)	\$ 2,080,433	\$ 7,919,782
Less: Capital Reserves						
Operating Capital	\$ 1,453,976	\$ 3,033,908	\$ 2,025,761	\$ -	\$ 1,008,147	\$ 2,462,123
Long-Term Facilities Maint	\$ 162,548	\$ 1,098,739	\$ 983,834	\$ -	\$ 114,905	\$ 277,453
Total Capital Reserves	\$ 1,616,524	\$ 4,132,647	\$ 3,009,595	\$ -	\$ 1,123,052	\$ 2,739,576
Restricted for American Indian	\$ -	\$ 32,221	\$ 23,915	\$ -	\$ 8,306	\$ 8,306
Restricted for Scholarships	\$ 5,561	\$ 3,500	\$ 2,000	\$ -	\$ 1,500	\$ 7,061
Restricted for Student Activities	\$ 124,362	\$ 435,981	\$ 428,931	\$ -	\$ 7,050	\$ 131,412
Assigned for Building Activities	\$ 196,720	\$ 193,456	\$ 44,780	\$ -	\$ 148,676	\$ 345,396
Assigned for Dylan's Hope	\$ 33,984	\$ 15,000	\$ 11,313	\$ -	\$ 3,687	\$ 37,671
Non-Spendable Fund Balances	\$ 820,266	\$ 461,252	\$ 820,266	\$ -	\$ (359,014)	\$ 461,252
General Fund Unassigned	\$ 3,041,932	\$37,018,938	\$35,861,762	\$ (10,000)	\$ 1,147,176	\$ 4,189,108

2023-24 Financial Results (All Funds)

Fund	6/30/23	Other			6/30/24	
	Audited Fund Balance	Revenues & Adjustments	Expenditures	Financing Sources	Variance	Audited Fund Balance
General Fund	\$ 5,839,349	\$42,292,995	\$40,202,562	\$ (10,000)	\$ 2,080,433	\$ 7,919,782
Food Service Fund	\$ 1,107,354	\$ 2,645,157	\$ 2,720,489	\$ -	\$ (75,332)	\$ 1,032,022
Community Service Fund	\$ 160,103	\$ 1,816,602	\$ 1,744,718	\$ 10,000	\$ 81,884	\$ 241,987
Building Construction Fund	\$ 21,707,153	\$ 702,746	\$17,795,148	\$ -	\$ (17,092,402)	\$ 4,614,751
Debt Service Fund	\$ 719,478	\$ 3,952,567	\$ 3,817,507	\$ -	\$ 135,060	\$ 854,538
Total All Funds	\$ 29,533,437	\$51,410,067	\$66,280,424	\$ -	\$ (14,870,357)	\$ 14,663,080

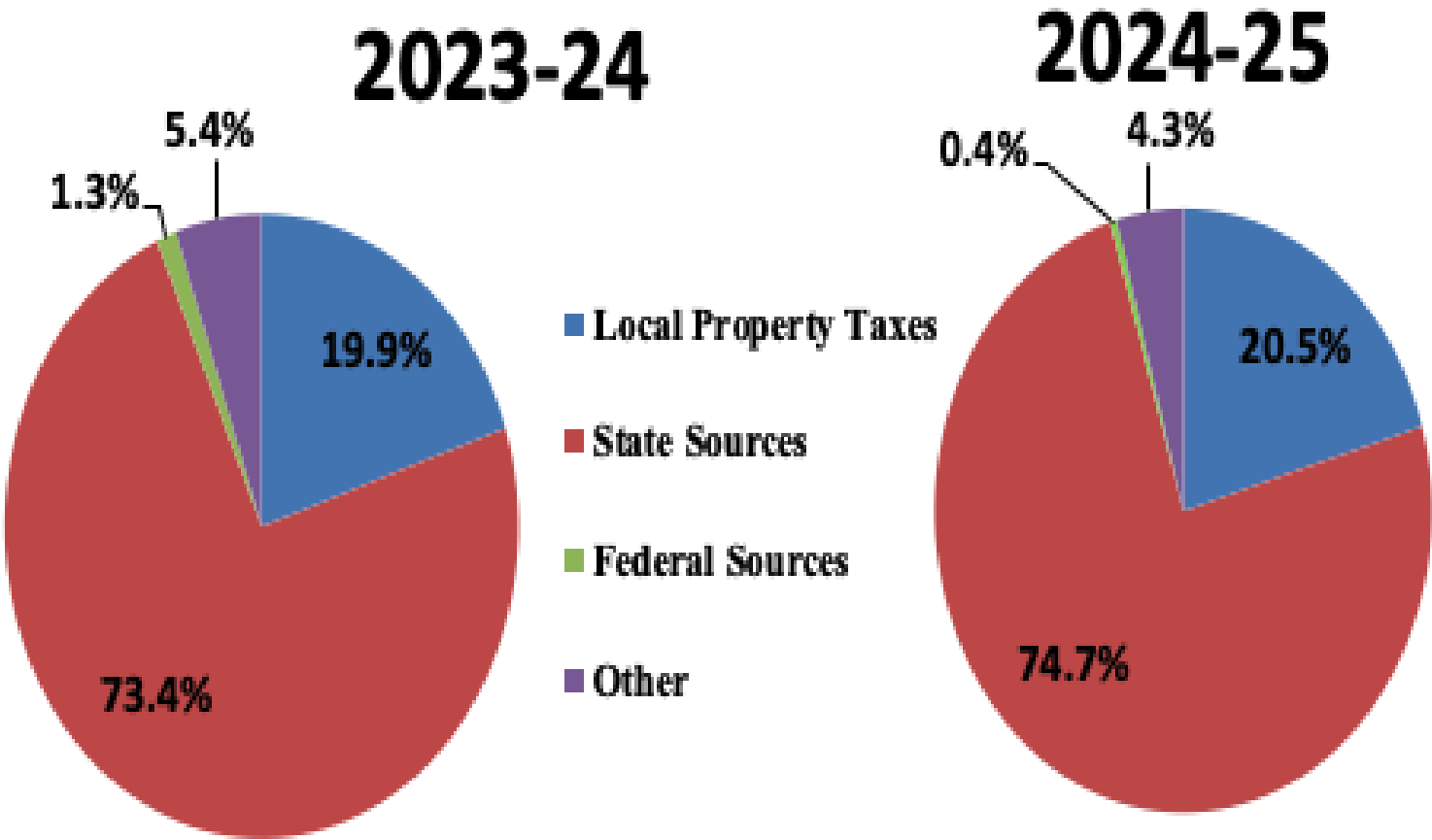
2024-25 General Fund Original Budget

Fund	6/30/24	Other				6/30/25
	Audited Fund Balance	Revenues	Expenditures	Financing Sources	Variance	Projected Fund Balance
General Fund	\$ 7,919,782	\$ 41,152,800	\$ 41,661,884	\$ -	\$ (509,084)	\$ 7,410,698
Less: Capital Reserves						
Operating Capital	\$ 2,462,123	\$ 1,408,399	\$ 1,383,109	\$ -	\$ 25,290	\$ 2,487,413
Long-Term Facilities Maint	\$ 277,453	\$ 1,116,996	\$ 1,116,068	\$ -	\$ 928	\$ 278,381
Total Capital Reserves	\$ 2,739,576	\$ 2,525,395	\$ 2,499,177	\$ -	\$ 26,218	\$ 2,765,794
Restricted for American Indian	\$ 8,306	\$ 40,000	\$ 48,306	\$ -	\$ (8,306)	\$ -
Restricted for Scholarships	\$ 7,061	\$ 2,000	\$ 2,000	\$ -	\$ -	\$ 7,061
Restricted for Student Activities	\$ 131,412	\$ 300,000	\$ 300,000	\$ -	\$ -	\$ 131,412
Assigned for Building Activities	\$ 345,396	\$ 200,000	\$ 200,000	\$ -	\$ -	\$ 345,396
Assigned for Dylan's Hope	\$ 37,671	\$ 15,000	\$ 13,000	\$ -	\$ 2,000	\$ 39,671
Non-Spendable Fund Balances	\$ 461,252	\$ 238,988	\$ 238,988	\$ -	\$ -	\$ 461,252
General Fund Unassigned	\$ 4,189,108	\$ 37,831,417	\$ 38,360,413	\$ -	\$ (528,996)	\$ 3,660,112

2024-25 Original Budget (All Funds)

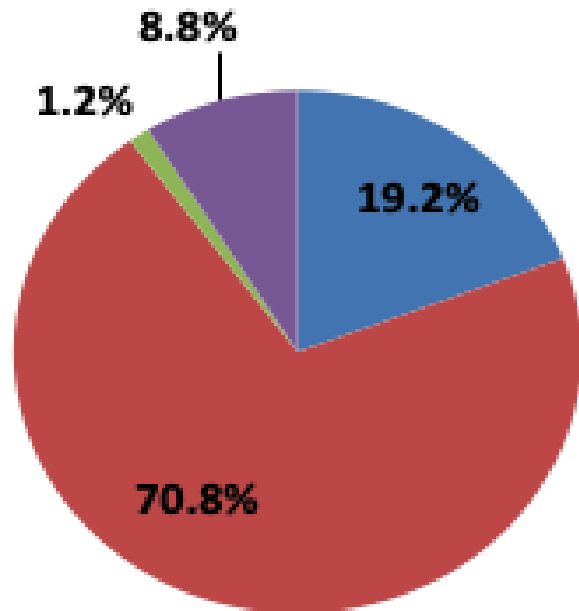
Fund	6/30/24 Audited Fund Balance	Revenues & Adjustments	Expenditures	Other Financing Sources	Variance	6/30/25 Projected Fund Balance
General Fund	\$ 7,919,782	\$41,152,800	\$41,661,884	\$ -	\$ (509,084)	\$ 7,410,698
Food Service Fund	\$ 1,032,022	\$ 2,566,500	\$ 2,578,924	\$ -	\$ (12,424)	\$ 1,019,598
Community Service Fund	\$ 241,987	\$ 1,898,690	\$ 1,934,483	\$ -	\$ (35,793)	\$ 206,194
Building Construction Fund	\$ 4,614,751	\$ 50,000	\$ 4,107,154	\$ -	\$ (4,057,154)	\$ 557,597
Debt Service Fund	\$ 854,538	\$ 3,847,084	\$ 3,818,538	\$ -	\$ 28,546	\$ 883,084
Total All Funds	\$ 14,663,080	\$49,515,074	\$54,100,983	\$ -	\$ (4,585,909)	\$ 10,077,171

General Fund Revenues

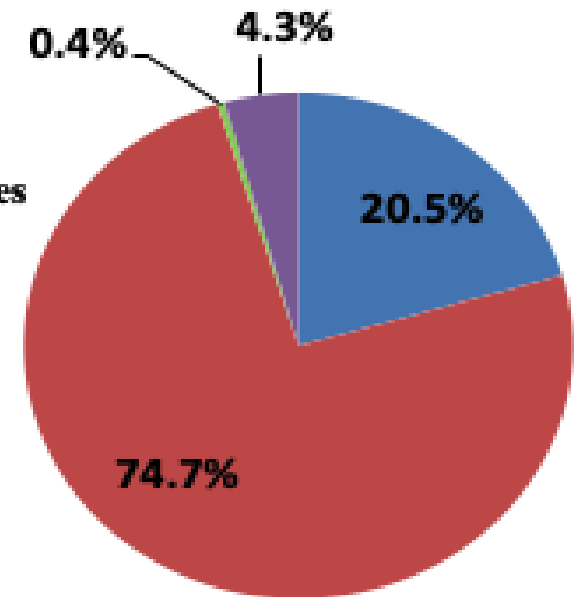


General Fund Expenditures by Program

2023-24



2024-25



- Local Property Taxes
- State Sources
- Federal Sources
- Other



Becker Public Schools

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General Education Funding

Formula Allowance

X

Students

=

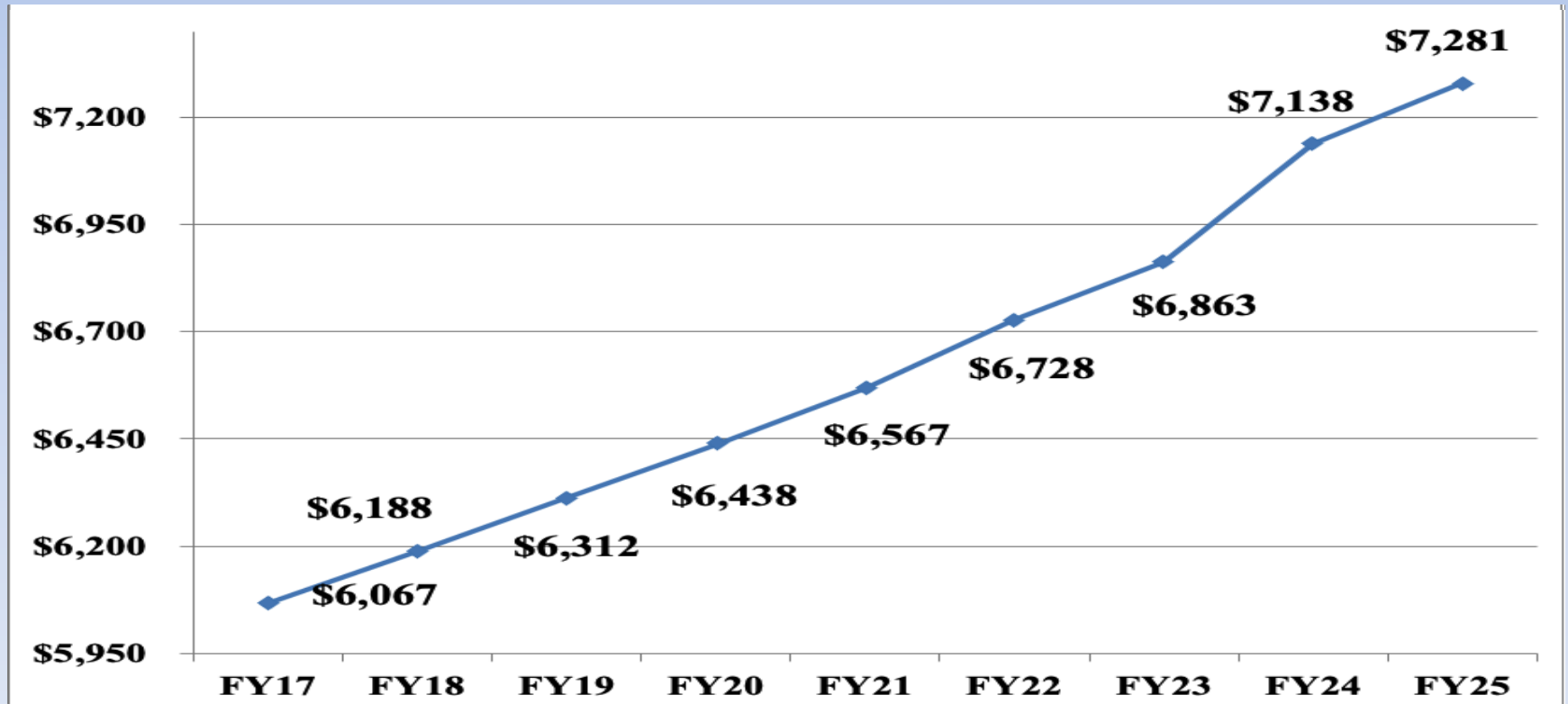
Revenue



Becker Public Schools

“Developing self-directed learners to thrive in a changing global community”

Formula Allowance

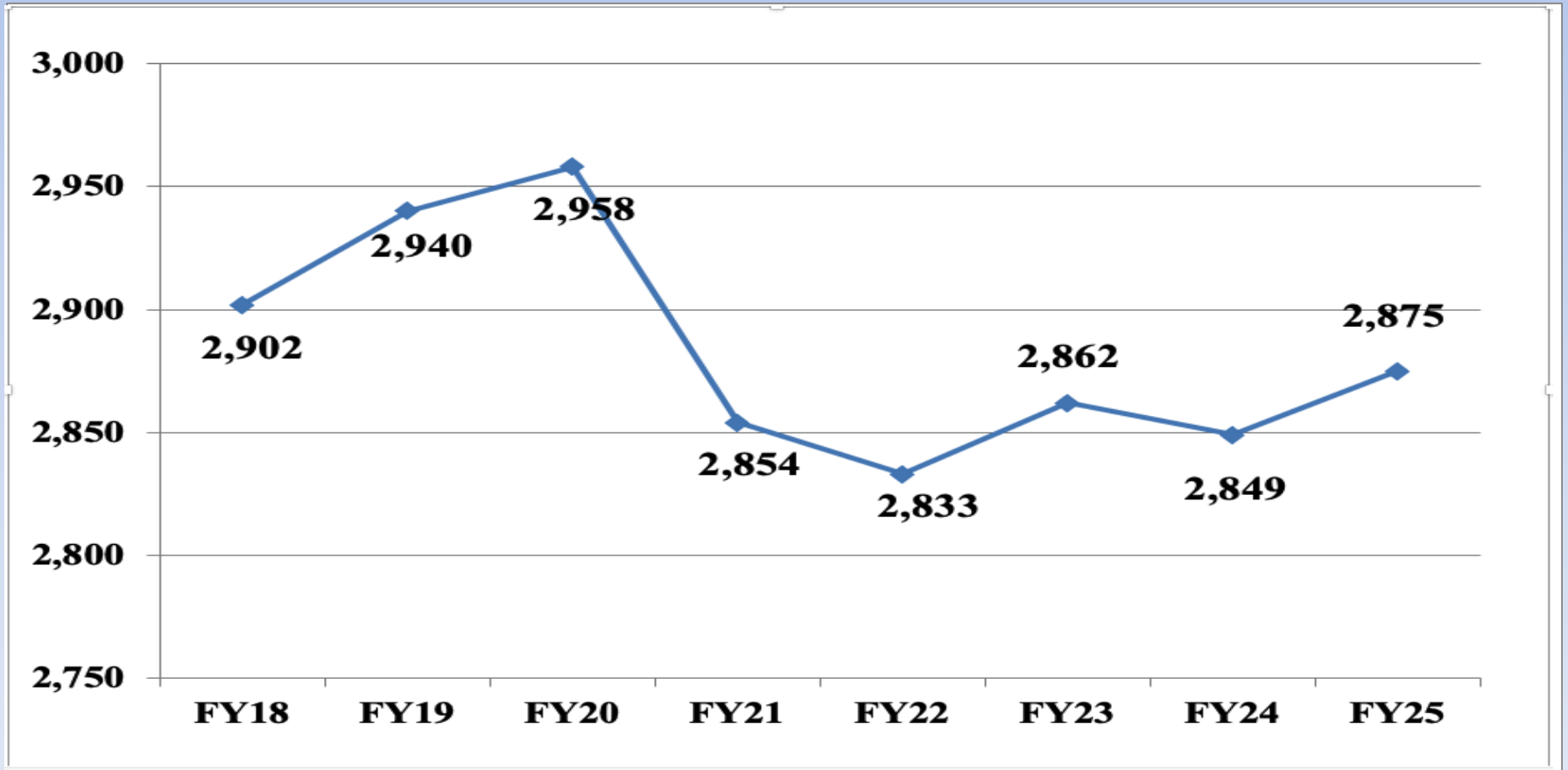




Becker Public Schools

“Developing self-directed learners to thrive in a changing global community”

Becker Students (Oct 1)





Becker Public Schools

Developing self-directed learners to thrive in a changing global community”

How Are Levy Amounts Determined?

- **Legislature** sets formulas in statute to determine levy limits.
- **Mn Dept of Ed** calculates levy limits for each District, based on these formulas.
- **Board of Education** adopts proposed levy in September; final levy cannot exceed this, except for voter-approved levies.

Payable 2025 Proposed Levy All Funds

	ACTUAL 2023 PAY 2024	PROPOSED 2024 PAY 2025	DOLLAR DIFFERENCE	% Change
General Fund	\$ 8,351,663	\$ 8,486,089	\$ 134,426	1.61%
Community Education Fund	231,882	244,741	12,859	5.55%
Debt Service Fund	3,803,084	3,720,751	(82,333)	-2.16%
TOTAL PROPOSED LEVY	\$ 12,386,629	\$ 12,451,581	\$ 64,952	0.52%

General Fund Levy Changes

Overall change is \$134,426 increase

- **Building Lease Levy** increased by \$66,379, result of Becker District share of special education coop building costs.
- **Annual OPEB Levy** increased by \$62,389 due to retirees insurance costs.
- **All other General Fund levies (10 categories)** increased by \$5,658; mostly the result of enrollment adjustments.

Community Ed Levy Changes

Overall change is \$12,859 increase

- **Community Ed. levy** increased \$2,746 as a result of increased population.
- **Early Childhood levy** increased \$4,819 as a result of increased population.
- **Other Community Ed levies** increased by \$5,294 combined.

Debt Service Levy Changes

Overall change is \$82,333 decrease

- **Reduction for Debt Excess Levy** decreased levy by \$76,250 from the excess fund balance in the Debt Service fund.
- **All other debt service levies** decreased by \$6,083.

How is MY Property Tax Determined?

1. **County Assessor** determines market value for each parcel of property.
2. **MN Legislature** sets formulas for Tax Capacity. These formulas determine how the tax burden is split on different types of property (residential, commercial, ag, etc.).
3. **County Auditor** calculates the tax capacity for each parcel based on steps 1 & 2.
4. **County Auditor** divides the total levy by total tax capacity of the District to determine tax rate needed. Tax Rate is multiplied by each property's tax capacity*.

* Certain Levies are spread based on the Market Value rather than the tax capacity.

Who can I contact for answers?

Questions regarding District Specific Levy:

Kevin Januszewski, Director of Business Services – Becker Public Schools

kjanuszewski@isd726.org

(763) 261-4502

Questions regarding your Property Value:

Sherburne County Assessor's Office

assessor@co.sherburne.mn.us

(763) 241-2880



Becker Public Schools

“Developing self-directed learners to thrive in a changing global community”

Any Questions?



RESOLUTION AUTHORIZING ISSUANCE OF CERTIFICATES
OF ELECTION AND DIRECTING SCHOOL DISTRICT CLERK
TO PERFORM OTHER ELECTION RELATED DUTIES

WHEREAS, the board has canvassed the general and election for school board members held on November 5, 2024.

NOW THEREFORE, BE IT RESOLVED by the School Board of Independent School District No. 726, State of Minnesota, as follows:

1. The chair and clerk are hereby authorized to execute certificates of election on behalf of the school board of Independent School District No.726 to the following candidates:

- a. Ryan Hubbard
- b. Troy Berning
- c. Connie Robinson

who have received a sufficiently large number of votes to be elected to fill vacancies on the board caused by expiration of term on the first Monday in January next following the election, based on the results of the canvass.

2. The certificate of election shall be in substantially the form attached hereto.

3. After the time for contesting the election has passed and the candidate has filed all campaign financial reports required by Minnesota Statutes, Chapter 211A, the clerk of the school board is hereby directed to deliver the certificates to the persons entitled thereto personally or by certified mail.

4. The clerk is hereby directed to enclose with the certificate a form of acceptance of office and oath of office in substantially the form attached hereto.

CERTIFICATE OF ELECTION
Full 4 Year Term

This is to certify as follows:

- 1. The School Board of Independent School District No. 726 on November 13, 2024, canvassed the general election of school board members held on November 5, 2024.
- 2. _____ received the (largest/second largest/third largest) number of votes cast for the office of school board member of Independent School District No. 726 for a full four year term.
- 3. There are three full four year term vacancies on the board caused by expiration of term on the first Monday in January next following the election.
- 4. Therefore, _____ is elected to the office of school board member of Independent School District No. 726 for a full four year term beginning the first Monday in January, 2025 and expiring the first Monday in January, 2029.

By authority of the School Board of Independent School District No. 726, pursuant to resolution dated _____, 20____.

Dated: _____

Dated: _____

Chair

Clerk

ACCEPTANCE OF OFFICE
AND OATH OF OFFICE

To: [The recipient of the Certificate of Election]

The following acceptance and oath of office must be filed with the school district clerk within 30 days of the date of mailing or personal service of the certificate of election.

ACCEPTANCE OF OFFICE

I hereby accept the office of school board member of Independent School District No. _____ for a term beginning the first Monday in January, 20____ and expiring the first Monday in January, 20____.

Date: _____

Signature

STATE OF MINNESOTA)

)

COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 20____ by
(name of candidate).

Notary Public

OATH OF OFFICE

I swear/affirm that I will support the Constitution of the United States and of this state, and that I will discharge faithfully the duties of the office of school board member of Independent School District No. _____ to the best of my judgment and ability.

Date: _____

Signature

STATE OF MINNESOTA)
)
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____,

2022, by (name of candidate).

Notary Public

Adopted: _____

MSBA/MASA Model Policy 513

Orig. 1995

Revised: _____

Rev. 2024~~3~~

513 STUDENT PROMOTION, RETENTION, AND PROGRAM DESIGN

I. PURPOSE

The purpose of this policy is to provide guidance to professional staff, parents, and students regarding student promotion, retention, and program design.

II. GENERAL STATEMENT OF POLICY

The school board expects all students to achieve at an acceptable level of proficiency. Parental assistance, tutorial and remedial programs, counseling, and other appropriate services shall be coordinated and utilized to the greatest extent possible to help students succeed in school.

A. Promotion

Students who achieve at levels deemed acceptable by local and state standards shall be promoted to the next grade level at the completion of each school year.

B. Retention

Retention of a student may be considered when professional staff and parents feel that it is in the best interest of the student. Physical development, maturity, and emotional factors shall be considered, as well as scholastic achievement. The superintendent's decision shall be final.

C. Program Design

1. The superintendent, with participation of the professional staff and parents, shall develop and implement programs to challenge students that are consistent with the needs of students at every level. A process to assess and evaluate students for program assignment shall be developed in coordination with such programs. Opportunities for special programs and placement outside of the school district shall also be developed as additional options. All programs will be aligned with creating comprehensive achievement and civic readiness, the World's Best Workforce.
2. The school district may identify students, locally develop programs and services addressing instructional and affective needs, provide staff development, and evaluate programs to provide gifted and talented students with challenging and appropriate educational programs and services.
3. The school district must adopt guidelines for assessing and identifying students for participation in gifted and talented programs and services consistent with Minnesota Statutes, section 120B.11. The guidelines should include the use of:
 - a. multiple objective criteria; and
 - b. assessments and procedures that are valid and reliable, fair, and based on current theory and research. Assessments and procedures should

be sensitive to under-represented groups, including, but not limited to, low-income, minority, twice-exceptional, and English learners.

4. The school district must adopt procedures for the academic acceleration of gifted and talented students. These procedures will include how the school district will:
 - a. assess a student's readiness and motivation for acceleration; and
 - b. match the level, complexity, and pace of the curriculum to a student to achieve the best type of academic acceleration for that student.
5. The school district must adopt procedures consistent with Minnesota Statutes, section 124D.02 for early admission to kindergarten or first grade of gifted or talented learners consistent with Minnesota Statutes, section 120B.11, subdivision 2, clause (2). The procedures must be sensitive to underrepresented groups.

Legal References: Minn. Stat. § 120B.15 (Gifted and Talented Students Program)
Minn. Stat. § 123B.143, Subd. 1 (Superintendent)

Cross References: MSBA/MASA Model Policy 613 (Graduation Requirements)
MSBA/MASA Model Policy 614 (School District Testing Plan and Procedure)
MSBA/MASA Model Policy 615 (Testing Accommodations, Modifications, and Exemptions for IEPs, Section 504 Plans, and LEP Students)
MSBA/MASA Model Policy 617 (School District Ensurance of Preparatory and High School Standards)
MSBA/MASA Model Policy 618 (Assessment of Student Achievement)
MSBA/MASA Model Policy 620 (Credit for Learning)

Adopted November 17, 2008

Revised _____

550 BECKER SCHOOL DISTRICT STUDENT ACCELERATION POLICY

I. PURPOSE

The purpose of this policy is to provide guidance to professional staff, parents and students regarding curriculum acceleration to meet the academic and social needs of high ability or high achieving students. This policy is in compliance with Minn. Stat. §120B.15 requiring school districts to adopt policies and procedures for the academic acceleration of gifted and talented students.

II. GENERAL STATEMENT OF POLICY

Every Minnesota child is entitled to an appropriate and challenging education. (MDE, 2007). Students regardless of race, gender, ethnicity, socioeconomic status, limited English proficiency, disability or giftedness shall have access to a challenging, standards-based curriculum. Becker Independent School District 726 supports the judicious use of acceleration when there is compelling evidence that the student is likely to benefit academically.

III. BACKGROUND

Several forms of acceleration may be considered for students in this school district. They include early school entrance, grade-skipping, single-subject acceleration, taking courses at another institution, and early graduation.

Any acceleration decision should be approached on a case-by-case basis with careful consideration. Those involved in the decision should follow the process outlined in Section V.

IV. DEFINITIONS

Acceleration is an intervention that moves students through an educational program at a more rapid rate than their age-mates. The goal of acceleration is to tailor the level and complexity of the curriculum to the ability and academic readiness of individual children.

Whole-Grade Acceleration: The practice of assigning a student to a higher grade level than is typical given the student's age on a full-time basis for the purpose of providing access to appropriately challenging learning opportunities.

Individual Subject Acceleration: The practice of assigning a student to a higher grade level than is typical given the student's age for the purpose of providing access to appropriately challenging learning opportunities in one or more subject areas.

Early Admission to Kindergarten: The practice of admitting a student to

kindergarten who has not yet reached the typical age at which students are admitted to kindergarten for the purpose of providing access to appropriately challenging learning opportunities.

Continuous Progress: The student is given content progressively as prior content is completed and mastered, The practice is accelerative when the student's progress exceeds the performance of chronological peers in rate and level.

Correspondence Courses: The student enrolls in coursework delivered outside of normal school instruction. Instruction may be delivered traditionally by mail, but increasingly other delivery mechanisms such as internet-based instruction and televised courses are used.

Early Graduation: The student graduates from high school in 3 ½ years or less. Generally this is accomplished by increasing the amount of coursework undertaken each year in high school or college, but it may also be accomplished through dual/concurrent enrollment (see below) or extracurricular and correspondence coursework.

Concurrent/Dual Enrollment: The student takes a course at one level and receives credit for a parallel course at a higher level (e.g. taking algebra at the middle school level or taking a high school chemistry course and receiving credit for a university course upon successful completion).

V. PROCEDURES

Initiation: The process for considering a student for acceleration may be initiated by the student, his/her parent(s)/guardian(s), or a staff member by completing the attached form and submitting it to the student's current principal.

Decision-making Process (K-8 Whole-Grade, Single Subject or Early Admittance Acceleration):

1. For early admission to Kindergarten refer to current policy.
2. When the principal receives a completed request for acceleration, he/she shall convene an ad hoc acceleration committee composed of the principal, the child's past, current and future teachers, the gifted/talented coordinator/resource teacher, the school psychologist, counselor, the child's parent(s)/guardian(s), and the receiving principal, if applicable.
3. The Iowa Acceleration Scale will be used to guide decisions. The acceleration committee shall meet to gather information about the student, determine a process for gathering further information based on the components of the Iowa Acceleration Scale, 2nd Edition (2003) and reconvene to reach a timely decision. The following-will occur in order and proceed from one to the other as determined by the ad hoc committee.

- a. An assessment of student achievement. Performance on group or individually administered standardized achievement tests.
 - b. An assessment of student aptitude. Above level achievement tests done in an academic talent search. Instruments include the PLUS test or the EXPLORE test (both for elementary students), or the SAT or the ACT (both for seventh to ninth graders). Aptitude tests are designed to measure problem solving ability for material that has not yet been formally presented to the learner.
 - c. An assessment of student ability. The most recent version of the Wechsler Intelligence Scale for Children (WISC) or the Stanford Binet individual measure of intellectual ability.
 - i. Parents may choose to submit scores from an outside psychologist at their own expense. In these cases the Stanford Binet is recommended, as it has a higher ceiling for exceptionally gifted students.
 - ii. The school district will provide a WISC to qualified candidates who do not have an individual ability assessment.
 - d. An assessment of social skills will be conducted.
4. The committee shall make a decision for one of the following:
- a. Single subject acceleration
 - b. Whole grade acceleration
 - c. Acceleration is not recommended
5. Grade 9-12 – See Test out policy.

Parameters:

- 1. In all cases of whole grade acceleration in grades K-8, a student shall only advance one grade at a time.
- 2. The process shall be initiated no later than the first day of the fourth quarter for the following fall grade acceleration.
- 3. If a student is potentially eligible for acceleration, time lines may be waived as deemed necessary.
- 4. The district reserves the right to make any changes at a natural break in the school calendar.

Follow-up:

- 1. Acceleration shall be done on a trial basis for the first quarter/trimester after the decision to accelerate is made.
- 2. The coordinator for gifted/talented shall serve as a case manager for the accelerated student and provide a mentor for him/her.

3. Within one month after acceleration begins, vested staff will meet at least once with the child's parent(s)/guardian(s) to monitor the student's emotional, social, and intellectual progress in the new environment. This group will recommend continuance or abandonment of the acceleration.
4. When the accelerated student reaches the secondary schools, he/she will be assigned to the counselor who shall consult with the gifted and talented coordinator as needed.

Decisions Final:

Decisions are final and acceleration may not be reviewed for one academic year.

References and Resources

Assouline, S.G., Colangelo, N., Ihrig, D., Forstadt, L., Lipscomb, J., & Lupkowski-Shoplik, A.E. (2003). *The Iowa acceleration scale: Two validation studies*. Presentation at the 2003 National Association for Gifted Children Convention, Indianapolis, IN, November 14, 2003.

Assouline, Susan et al, (2003) *Iowa Acceleration Scale Manual, 2nd Edition: A Guide for Whole Grade Acceleration K-8*, Great Potential Press, Inc. Scottsdale, AZ.

Colangelo, N., Assouline, S.G., and Gross, M.U.M. (eds.) (2004). *A Nation Deceived: How Schools Hold Back America's Brightest Students*. Iowa City, IA: The Connie Belin & Jacqueline N. Blank International Center for Gifted Education and Talent Development.

Delisle & Galbriath, (2002) *When Gifted Kids Don't Have All the Answers*, Minneapolis, MN Free Spirit Publishing Inc.

Dixon, Felicia & Sidney Moon (Eds.), (2006) *The Handbook of Secondary Gifted Education*, Prufrock Press, Waco, Texas.

Heacox, Diane, (2002) *Differentiating Instruction in the Regular Classroom*, Minneapolis, MN, Free Spirit Publishing Inc.

Gross, M.U.M. (1992). *The use of radical acceleration in cases of extreme intellectual precocity*. *Gifted Child Quarterly*, 36(2), 91-99.

Kulik, J.A., and Kulik, C.-L.C. (1989). *Meta-analysis in educational research*. *International Journal of Education Research*, 13, 221-340.

Landrum, Mary et al (Eds.) (2001) *Aiming for Excellence: Gifted Program Standards, Annotations to the NAGC Pre-K-Grade 12 Gifted Program Standards*, Prufrock Press, Waco, Texas.

Minnesota Department of Education, (2007) *Strategic Plan for Improving Minnesota's Gifted Education Services for Students Executive Summaries*, Roseville, MN.

Minnesota Department of Education (MDE), *Gifted and Talented Education Resources*. http://education.state.mn.us/MDE/Academic_Excellence/Gifted_and_Talented/GT_Education_Resources/index.html (Accessed Feb. 2008).

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Robinson, N.M. (2004). *Effects of academic acceleration on the social-emotional status of gifted students*. In "A Nation Deceived: How Schools Hold Back America's Brightest Students." Colangelo, N., Assouline, S.G., and Gross, M.U.M. (eds.) Iowa City, IA: The Connie Belin & Jacqueline N. Blank International Center for Gifted Education and Talent Development.

Rogers, K.B. (2002). *Re-forming gifted education: How parents and teachers can match the program to the child*. Scottsdale, AZ: Great Potential Press.

Southern, W.T. and Jones, E. (2005.) *Acceleration Policy Study*. Columbus, OH: Ohio Department of Education.

Adopted: February 10, 1997

Revised: May 5, 2014

556 EARLY ADMISSIONS

I. PURPOSE

The purpose of this policy is to communicate student admission guidelines and policies of ISD #726 Becker Public Schools.

II. GENERAL STATEMENT OF POLICY

In accordance with Minnesota Statute 124D.02, no child shall be admitted as a kindergarten student unless he/she is at least five years of age on September 1 of the calendar year in which the school year for which he/she seeks admission commences.

The statute provides that exceptions may be approved by the Board of Education as criteria for early admittance. Accordingly, the following procedures are established:

- A. Children will only be considered whose 5th birthday falls after September 1st and on or before October 31st of the year in which admission is requested.
- B. Children must score, 130 or higher on an individually administered, comprehensive cognitive ability test. Consideration may be given to children who score 125 or higher, if they also demonstrate exceptional academic skills, and social and emotional development.
- C. Children must demonstrate high academic skills, and social and emotional development, as determined by Becker Public Schools.

Early Admittance will be completed accordance with the following procedures:

- A. Parents that feel it is in the best interest of their child to gain early admissions into kindergarten shall complete an application and submit to the principal at Becker Primary School. The application deadline is April 15th for Early Admission for the following school year.
- B. If the Principal of Becker Primary School determines that the circumstances are worthy of consideration, he/she will recommend that (1) the child be referred for further evaluation; or (2) the application for early entrance does not warrant further consideration.
- C. If the recommendation is for further evaluation, the school shall designate a licensed school psychologist to administer an individually administered, comprehensive cognitive ability test. The parents shall pay expense of the testing.
- D. If the child meets the required cognitive ability score, the school district will designate a teacher to meet with the child and assess the child's academic skills, and observe the child's social and emotional development.

- E. A conference will be held with the principal, parents, child applicant, and/or other appropriate staff such as teachers, school psychologist and social worker.
- F. Based on the results of the cognitive ability testing, academic testing, and social and emotional screening, the Becker Primary School principal will make a recommendation for or against early admission to the Superintendent.
- G. All early entrants will be considered as trial placements and as such will be continually evaluated to determine if the child has been appropriately placed.

III. OTHER GRADES AND TRANSFERS

Admissions of students to all other grades shall be contingent upon completion of all previous grades. Exception to this rule may apply in the case of a child who is six years of age on or before September 1, but the child has not completed kindergarten. If a child has not completed Kindergarten and parents are requesting early admission to first grade, the procedures outlined in this policy will apply.

Children transferring from another school shall be placed in the grade indicated by their chronological age and/or grade placement in the previous school, pending observation by the school personnel. After these observations have been completed the elementary principal will determine final grade placement.

Adopted: October 9, 2017

Revised:

523 SERVICE ANIMALS IN SCHOOL BUILDINGS AND ON SCHOOL GROUNDS

I. PURPOSE

The purpose of this policy is to establish parameters for the use of service animals by students, employees, and visitors; the use of therapy dogs by employees within school buildings and on school grounds; and the use of other animals within school buildings and on school grounds for educational purposes.

H.II. GENERAL STATEMENT OF POLICY

Independent School District No. 726 prohibits discrimination against individuals based on disability, including individuals who require the assistance of a service animal. Toward that end, individuals with disabilities shall be permitted to bring their service animals into school buildings or onto school grounds in accordance with, and subject to, this policy.~~the District acknowledges its obligation to allow the use of a service animal by individuals with disabilities.~~

The School District also recognizes that therapy dogs may provide comfort, affection, and a calming presence in school settings and improve the overall well-being of students and staff. Owners of therapy dogs will be permitted to bring their therapy dogs into school buildings or onto school grounds in accordance with, and subject to, this policy.

Finally, the School District acknowledges that other animals will be permitted to be brought to school for educational purposes, subject to the requirements of this policy.

H.III. DEFINITIONS

- A. **Handler:** A “handler” is an individual with a disability who uses a service animal. In the case of an individual who is unable to care for and supervise the service animal for reasons such as age or disability, “handler” means the person who cares for and supervises the animal on that individual’s behalf. School district personnel are not responsible for the care, supervision, or handling responsibilities of a service animal. is accompanied by a service animal or a trainer who is accompanied by a service animal, or an individual who is handling a service animal for or on behalf of an individual with a disability.

~~B. **Service Animal:** A “service animal” is a dog (regardless of breed or size) or miniature horse that is individually trained to perform “work or tasks” for the benefit of an individual with a disability, including an individual with a physical, sensory, psychiatric, intellectual, or mental disability. Other species of animals, whether wild or domestic, trained or untrained, are not service animals. Service animals are working animals that perform valuable functions; they are not pets.~~

~~B. The “work or tasks” performed by a service animal must be directly related to the individual’s disability. An animal accompanying an individual for the sole purpose of providing emotional support, therapy, comfort, or companionship is not a service animal.~~

~~C. **Therapy Dog:** A “therapy dog” is a dog professionally trained by an accredited or certified authority for the social and emotional benefits of students and school employees. Therapy dogs are not considered trained service dogs as described by the Americans with Disabilities Act (ADA).~~

~~Therapy dogs are independently owned by school employees, volunteers, or organizations providing in-school therapy dog programs. Persons bringing therapy dogs to school buildings or on school grounds must have been individually trained, evaluated, and registered with the therapy dog to provide animal-assisted activities, therapy, and interactions within the school.~~

~~Therapy dogs must meet standards of health as prescribed by veterinarians at the owner’s expense. The School District bears no financial responsibility for the required therapy dog training, care, feeding, health, behavior, and suitability for interacting with students and others while on or off school campus.~~

~~2.1. Examples of “work or tasks” include, but are not limited to, assisting individuals who are blind or have low vision with navigation and other tasks, alerting individuals who are deaf or hard of hearing to the presence of people or sounds, providing non-violent protection or rescue work, pulling a wheelchair, assisting an individual during a seizure, alerting individuals to the presence of allergens, retrieving items such as medicine or a cell phone, providing physical support and assistance with balance and stability to individuals with mobility disabilities, and helping persons with psychiatric and neurological disabilities by preventing or interrupting impulsive or destructive behaviors.~~

~~3. The crime deterrent effects of an animal's presence and the provision of emotional support, well-being, comfort, or companionship are not "work or tasks" for the purposes of this policy.~~

D. **Trainer:** A "trainer" is a person who is training a service animal and is affiliated with a recognized training program for service animals.

E. **Work or Tasks:**

1. "Work or tasks" are those functions performed by a service animal.

2. Examples of "work or tasks" include, but are not limited to, assisting individuals who are blind or have low vision with navigation and other tasks, alerting individuals who are deaf or hard of hearing to the presence of people or sounds, providing non-violent protection or rescue work, pulling a wheelchair, assisting an individual during a seizure, alerting individuals to the presence of allergens, retrieving items such as medicine or a cell phone, providing physical support and assistance with balance and stability to individuals with mobility disabilities, and helping persons with psychiatric and neurological disabilities by preventing or interrupting impulsive or destructive behaviors.

4. _____

3. The crime deterrent effects of an animal's presence and the provision of emotional support, well-being, comfort, or companionship are not "work or tasks" for the purposes of this policy.

E.F. **Visiting Animal:** A "visiting animal" is an animal that is not a service animal or therapy dog, which any person proposes to bring to school buildings or on school grounds.

IV. **ACCESS TO PROGRAMS AND ACTIVITIES; PERMITTED INQUIRIES**

A. In general, handlers (i.e., individuals with disabilities or trainers) are permitted to be accompanied by their service animals in all areas of School District properties where members of the public, students, and employees are allowed to go. A handler has the right to be accompanied by a service animal whenever and to the same extent that the handler has the right: (a) to be present on School District property or in school district facilities; (b) to attend or participate in a school-sponsored event, activity, or program; or (c) to be transported in a vehicle that is operated by or on behalf of the School District.

- B. It is an unfair discriminatory practice to prohibit a person with a disability from taking a service animal into the public place or conveyance to aid persons with disabilities, if the service animal is properly harnessed or leashed so that the person with a disability may maintain control of the service animal.
- C. The School District shall not require a person with a disability to make an extra payment or pay an additional charge when taking a service animal into any School District building.
- D. When an individual with a disability brings a service animal to a School District property, School District employees shall not ask about the nature or extent of a person's disability, but may make the following two inquiries to determine whether the animal qualifies as a service animal:
 - 1. Is the service animal required because of a disability; and
 - 2. What work or tasks is the service animal trained to perform.
- E. School District employees shall not make these inquiries of an individual with a disability bringing a service animal to school when it is readily apparent that an animal is trained to do work or perform tasks for an individual with a disability. However, school district employees may inquire whether the individual with a disability has completed and submitted the request form described in Part VI., below.
- F. An individual with a disability may not be required to provide documentation such as proof that the animal has been certified, trained, or licensed as a service animal.

V. REQUIREMENTS FOR ALL SERVICE ANIMALS

- A. The service animal must be required for the individual with a disability.
- B. The service animal must be individually trained to do work or tasks for the benefit of the individual with a disability.
- C. All service animals must have a harness, leash, or other tether, unless either the handler is unable, because of a disability, to use a harness, leash, or other tether, or the use of a harness, leash, or other tether would interfere with the service animal's safe, effective performance of work or tasks, in which case, the service animal must be otherwise under the handler's control (e.g., voice control, signal, or other effective means).
- D. The service animal must be housebroken.

- E. The service animal must be under the control of its handler at all times. The handler is responsible for the care and supervision of a service animal, including walking the service animal, feeding the service animal, grooming the service animal, providing veterinary care to the service animal, and responding to the service animal's need to relieve itself, including the proper disposal of the service animal's waste.
- F. The school district is not responsible for providing a staff member to walk the service animal or to provide any other care or assistance to the animal.
- G. In the case of a student who is unable to care for and/or supervise his or her service animal, the student's parent/guardian is responsible for arranging for such care and supervision. In the case of an employee or other individual who is unable to care for and/or supervise his or her service animal, the employee or other individual's authorized representative is responsible for arranging for a service animal's care and supervision.
- H. The service animal must be properly licensed and vaccinated in accordance with applicable state laws and local ordinances.

VI. REQUESTING THE USE OF A SERVICE ANIMAL AT SCHOOL

- A. Students with a disability seeking to be accompanied by a service animal are requested to submit the Approval Request Form to the building principal of the school the student attends. The principal will notify the superintendent or the administrator designated with responsibility to address such requests. School district employees seeking to be accompanied by a service animal are requested to submit the Approval Request Form to the superintendent or the administrator designated with responsibility to address such requests.
- B. Students or employees seeking to bring a service animal onto district premises are requested to identify whether the need for the service animal is required because of a disability and to describe the work or tasks that the service animal is trained to perform.
- C. The owner of the service animal shall provide written evidence that the service animal has received all vaccinations required by state law or local ordinance.

VII. REMOVAL OR EXCLUSION OF A SERVICE ANIMAL

- A. A school official may require a handler to remove a service animal from school district property, a school building, or a school-sponsored program or activity, if:

1. Any of the requirements described in Part V., above, are not met;
 2. The service animal is out of control and/or the handler does not effectively control the animal's behavior;
 3. The presence of the service animal would fundamentally alter the nature of a service, program or activity; or
 4. The service animal behaves in a way that poses a direct threat to the health or safety of others, has a history of such behavior, or otherwise poses a significant health or safety risk to others that cannot be eliminated by reasonable accommodations.
- B. If the service animal is properly excluded, the school district shall give the individual with a disability the opportunity to participate in the service, program, or activity without the service animal, unless such individual has violated a law or school rule or regulation that would warrant the removal of the individual.

VIII. ADDITIONAL LIMITATIONS FOR MINIATURE HORSES

In assessing whether a miniature horse may be permitted in a school building or on school grounds as a service animal, the following factors shall be considered:

- A. The type, size, and weight of the miniature horse and whether the facility can accommodate these features;
- B. Whether the handler has sufficient control of the miniature horse;
- C. Whether the miniature horse is housebroken; and
- D. Whether the miniature horse's presence in a specific building or on school grounds compromises legitimate health and safety requirements.

IX. ALLERGIES; FEAR OF ANIMALS

If a student or employee notifies the school district that he or she is allergic to a service animal, the school district will balance the rights of the individuals involved. In general, allergies that are not life threatening are not a valid reason for prohibiting the presence of a service animal. Fear of animals is generally not a valid reason for prohibiting the presence of a service animal.

X. THERAPY DOGS

- A. Purpose of Therapy Dogs in the School Setting

Therapy dogs improve the culture and general mood of the school.

1. Therapy dogs provide many healing effects, including:
 - a. Reducing anxiety and stress;
 - b. Decreased feelings of depression, loneliness, and feelings of isolation;
 - c. Decrease in aggressive behaviors;
 - d. Increased socialization resulting in a sense of happiness and well-being; and
 - e. Increase in mental stimulation.
2. Therapy dogs can make a connection with at-risk students.
 - a. Children who experience emotional difficulties often lack trust, and using the intervention of a therapy dog may help the student develop trust. Interacting with animals helps to decrease anxiety, manipulative behaviors, and depression, and helps to increase self-esteem, self-worth, expression of feelings, and the ability trust.

B. Requirements of Therapy Dogs in the School Setting

Therapy dogs in the school setting shall be approved by school administration. Owners shall submit the Approval Request Form to the building principal of the school. The principal will notify the superintendent or the administrator designated with responsibility to address such requests. Prior to approval, owners shall provide:

1. Verification of proper vaccinations and health information by a licensed veterinarian;
2. Visible cleanliness of dog with no signs of fleas/ticks;
3. Visually healthy and alert;
4. Proof of a physical and healthy stool sample analysis and heart worm test performed by a licensed veterinarian;
5. Copy of liability insurance that covers the dog and the owner; and
6. Copy of up-to-date therapy dog certification recognized by the

American Kennel Club or other proper authority.

These requirements must be met on an annual basis.

The principal shall notify parents and staff on an annual basis regarding the presence of a therapy dog in the school.

C. Expectations of a Therapy Dog and its Owner in the School Setting

1. The therapy dog must be visibly healthy, alert, and clean, with no signs of fleas/ticks.
2. The therapy dog must be under the control of the owner by keeping the dog on a leash at all times.
3. The therapy dog and its owner must have appropriate identification recognizing the dog as a therapy dog at all times (e.g., dog tag, bandana from therapy dog association, ID card).
4. The therapy dog must not disrupt the educational process.
5. The therapy dog must not pose a health or safety risk to any student, employee, or other person at the school. Its owner and school district administration will act to decrease the risk of allergic reaction by individuals at school as needed.
6. The therapy dog must be house broken.
7. The owner is solely responsible for the supervision and care of the therapy dog, including feeding, exercising, and clean up while the animal is in the school building or on school property. District administration will identify a place on school property where the dog is able to relieve itself. The owner will clean up after the dog at all times. The school district is not responsible for providing any care, supervision, or assistance for the therapy dog.

XI. VISITING ANIMALS IN SCHOOL

Visting animals (i.e., animals that are not service animals or therapy dogs) may be allowed to be present in school buildings or on school grounds if they serve an educational purpose. Owners proposing to bring a visiting animal shall submit the Approval Request Form to the building principal of the school. The principal will notify the superintendent or the administrator designated with responsibility to address such requests. Prior to approval, the owner of the visiting animal shall provide:

- A. Verification of proper vaccinations and health information by a licensed veterinarian;
- B. Proof of a physical and healthy stool sample analysis (and heart worm test, if appropriate) performed by a licensed veterinarian;

A separate Approval Request Form shall be required for each proposed date that the visiting animal will be present in the school setting. The person bringing the visiting animal must furnish transportation and be solely responsible for the care, supervision, control, and handling of the animal, and for cleaning up after the animal. School district staff members are not responsible for providing any care or assistance to the animal.

The school district shall notify all parents or guardians of students in the relevant class of the applicant's intention to bring the visiting animal and shall request the permission of the parent or guardian for a student to participate in any program involving a visiting animal. The notice provided by the school district shall include the species of the visiting animal, the date and time of the proposed visit, and the educational purpose the visiting animal is intended to serve.

XII. NON-SERVICE ANIMALS FOR STUDENTS WITH INDIVIDUALIZED EDUCATION PROGRAMS (IEPS) OR SECTION 504 PLANS

If a special education student or a student with a Section 504 plan seeks to bring an animal onto school property that is not a service animal, the request shall be referred to the student's IEP team or Section 504 team, as appropriate, to determine whether the animal is necessary for the student to receive a free appropriate public education (FAPE) or, in the case of a Section 504 student, to reasonably accommodate the student's access to the school district's programs and activities.

XIII. NON-SERVICE ANIMALS AS AN ACCOMMODATION FOR EMPLOYEES

If an employee seeks to bring an animal onto school property that is not a service animal, the request shall be referred to the superintendent or the administrator designated to handle such requests. A school district employee who is a qualified individual with a disability will be allowed to bring such animal onto school property when it is determined that such use is required to enable the employee to perform the essential functions of his or her position or to enjoy the benefits of employment in a manner comparable to those similarly situated non-disabled employees.

XIV. LIABILITY

- A. The owner of the service animal, therapy dog, or visiting animal is solely responsible for any harm or injury to an individual and for any property

damage caused by the animal while on school district property.

- B. An individual who, directly or indirectly through statements or conduct, intentionally misrepresents an animal in that person's possession as a service animal may be subject to criminal liability.

Legal References: Section 504 of the Rehabilitation Act of 1973
28 C.F.R. § 35.104 (ADA Regulations)
28 C.F.R. § 35.130(b)(7) (ADA Regulations)
28 C.F.R. § 35.136 (ADA Regulations)
20 U.S.C. § 1400 et seq. (Individuals with Disabilities Education Act)
Minn. Stat. § 256C.02 (Public Accommodations)
Minn. Stat. § 363A.19 (Discrimination Against Disabilities Prohibited)
Minn. Stat. § 609.226 (Harm Caused by Dog)
Minn. Stat. § 609.833 (Misrepresentation of Service Animal)

I. — RIGHTS AND RESPONSIBILITIES

A. ~~———— **Equal Access:** A handler has the right to be accompanied by a service animal whenever and to the same extent that the handler or the individual who needs the service animal because of a disability has the right: (a) to be present on District property or in District facilities; (b) to attend or participate in a school sponsored event, activity, or program; or (c) to be transported in a vehicle that is operated by or on behalf of the District.~~

B. ~~———— **Equal Treatment:** The District may not do any of the following: isolate the handler from individuals without service animals; ask or require the handler to pay an extra fee; or treat the handler less favorably than individuals without service animals.~~

C. ~~———— **Care and Supervision:** The School District is not responsible for the care or supervision of a service animal. The handler is solely responsible for the care and supervision of the service animal including, but not limited to, feeding, watering, cleaning, and toileting. Neither the District nor its staff will assume such responsibilities.~~

D. ~~———— **Tether:** A service animal must have a harness, leash or other tether, unless: (a) the handler is unable to use a harness, leash, or other tether because of a disability, or (b) the use of a harness, leash, or other tether would interfere with the service animal's safe and effective performance of work or tasks. If either (a) or (b) applies, the service animal must be under the handler's control by voice, signals, or other effective means.~~

E. ~~———— **Control:** A service animal must be under the control of its handler.~~

F. ~~———— **Removal:** A school official may require a handler to remove a service animal from District property, a district facility, a vehicle operated by or on behalf of the District, or a school sponsored event, activity, or program if the service animal is out of control and the handler does not take effective action to control it, or the service animal is not housebroken. If the District requires an individual with a disability to remove a service animal, the individual may remain on District property, in a District facility, in a District owned or operated vehicle, or at a school sponsored event, activity, or program without having the service animal, unless the~~

individual has violated a law or school rule or regulation that would warrant the removal of the individual.

G. — Liability: A handler who is accompanied by a service animal is liable for any and all harm, injury, or damage caused by the service animal.

II. — ADDITIONAL LIMITATIONS FOR MINIATURE HORSES

A. — Only Reasonable Modifications Required: The School District must make “reasonable” modifications in policies, practices, or procedures to permit the use of a miniature horse by an individual with a disability if the miniature horse has been individually trained to do work or perform tasks for the benefit of the individual with a disability.

B. — Assessment Factors: In determining whether reasonable modifications can be made to allow a miniature horse into a specific facility, the District may consider the following factors:

1. — The type, size, and weight of the miniature horse and whether the facility can accommodate these features;
2. — Whether the handler has sufficient control of the miniature horse;
3. — Whether the miniature horse is housebroken; and
4. — Whether the miniature horse's presence in a specific facility compromises legitimate safety requirements that are necessary for safe operation.

III. — GENERAL GUIDELINES FOR SERVICE ANIMALS

A. — Permitted Inquires: District staff generally may ask a handler or an individual with a disability if an animal is required because of a disability and, if so, what work or task the animal has been trained to perform. However, District staff may not make these inquiries when it is readily apparent that the animal is trained to do work or perform tasks for an individual with a disability (*e.g.*, the dog is observed guiding an individual who is blind or has impaired vision, pulling a person's wheelchair, or providing assistance with stability or balance to an individual with an observable mobility disability).

B. — Prohibited Inquires: District staff may not ask a handler or an individual with a disability about the nature or extent of a disability. In addition, District staff may not require documentation, such as proof that the animal has been certified, trained, or licensed as a service animal.

C. — Vaccinations. Each handler is responsible for ensuring that the service animal is properly vaccinated.

D. — Allergies: If a student or employee notifies the District that he or she is allergic to a service animal, the District will balance the rights of the individuals involved. Generally, allergies that are not life threatening are not a valid reason for prohibiting the presence of a service animal.

E. — Fear of Animals: Fear of animals is not a valid reason for prohibiting the presence of a service animal.

F. — Working Status of Service Animals: Students, parents, and employees of the District should not feed or pet a service animal without permission from the handler. In addition, students, parents, and employees generally should not seek to separate a service animal from its handler.

G. Notice Encouraged But Not Required: Students, parents, and employees are encouraged, but not required, to notify the building principal if they expect to be utilizing a service animal on a regular basis. This notification will not be used to deny access to any program, service, activity, or benefit. Rather, this notification will be used to provide an opportunity for discussion that is designed to assist the student or employee in transitioning to the regular use of a service animal at school or work.

APPROVAL REQUEST FORM TO BRING A VISITING ANIMAL TO SCHOOL FOR EDUCATIONAL PURPOSES

Please turn in your request to the School Principal

Owner Name: _____ Date: _____

Contact information for Owner (*please include email, phone number, and address*):

Building: _____

Type of animal: _____

Name of animal: _____

Name of person who will accompany animal: _____

Date of proposed visit: _____

Educational purpose for visit: _____

Checklist for Completion of Form

Attached is the following documentation:

____ Verification of proper vaccinations and health information by a licensed veterinarian

____ Proof of a physical and healthy stool sample analysis (and heart worm test, if appropriate) performed by a licensed veterinarian

I have read and understand the School District's policy regarding animals in the schools and will abide by the terms of the policy.

I understand that if the animal: is out of control and/or the animal's owner does not effectively control the animal's behavior; the animal is not housebroken or the animal's presence or behavior fundamentally interferes in the functions of the School District; or the animal behaves in a way that poses a direct threat to the health or safety of others, has a history of such behavior, or otherwise poses a direct threat to the health and safety of others that cannot be eliminated by reasonable modifications, the School District has the discretion to exclude or remove the animal from its property.

I agree to be responsible for any and all damage to School District property, personal property, and any injuries to individuals caused by the animal. I agree to indemnify, defend, and hold harmless the School District, its school board members, administrators, employees, and agents, from and against any and all claims, actions, suits, judgments, and demands brought by any party arising on account of, or in connection with, any activity of or damage caused by the animal.

Owner Signature: _____ Date: _____

Superintendent/Administrator Signature: _____ Date: _____

APPROVAL REQUEST FORM TO BRING A THERAPY DOG TO SCHOOL

Please turn in your request to the School Principal

Owner Name: _____ Date: _____

Contact information for Owner and Organization, if applicable (*please include email, phone number, and address*): _____

Building: _____

Name of therapy dog: _____

Reason for bringing in the therapy dog: _____

Date(s) of proposed visit: _____

What training or certification has the therapy dog and owner received:

Checklist for Completion of Form

Attached is the following documentation:

- ____ Verification of proper vaccinations and health information by a licensed veterinarian
- ____ Proof of a physical and healthy stool sample analysis and heart worm test performed by a licensed veterinarian
- ____ Copy of liability insurance that covers the dog and owner
- ____ Copy of up-to-date therapy dog certification recognized by the American Kennel Club or other proper authority

I have read and understand the School District’s policy regarding therapy dogs and will abide by the terms of the policy.

I understand that if my therapy dog: is out of control and/or the animal’s owner does not effectively control the animal’s behavior; is not housebroken or the animal’s presence or behavior fundamentally interferes in the functions of the School District; or behaves in a way that poses a direct threat to the health or safety of others, has a history of such behavior, or otherwise poses a direct threat to the health and safety of others that cannot be eliminated by reasonable modifications, the School District has the discretion to exclude or remove my therapy dog from its property.

I agree to be responsible for any and all damage to School District property, personal property, and any injuries to individuals caused by my therapy dog. I agree to indemnify, defend, and hold harmless the School District, its school board members, administrators, employees, and agents, from and against any and all claims, actions, suits, judgments, and demands brought by any party arising on account of, or in connection with, any activity of or damage caused by my therapy dog.

Owner Signature: _____ Date: _____

Superintendent/Administrator Signature: _____ Date: _____

APPROVAL REQUEST FORM FOR USE OF A SERVICE ANIMAL

Please turn in your request to the School Principal

Student/Employee Name: _____ Date: _____

Parent or authorized representative name(s) and contact information (*please include email, phone number, and address*): _____

Building: _____

Type of service animal: _____

Name of service animal: _____ Name of handler: _____

Is the service animal required because of a disability: _____

What work or tasks is the service animal trained to perform: _____

Checklist for Completion of Form

Attached is documentation that the service animal is:

____ Properly and currently vaccinated

I have read and understand the School District’s policy regarding service animals and will abide by the terms of the policy.

I understand that if my service animal: is out of control and/or the animal’s handler does not effectively control the animal’s behavior; is not housebroken or the animal’s presence or behavior fundamentally interferes in the functions of the School District; or behaves in a way that poses a direct threat to the health or safety of others, has a history of such behavior, or otherwise poses a direct threat to the health and safety of others that cannot be eliminated by reasonable modifications, the School District has the discretion to exclude or remove my service animal from its property.

I agree to be responsible for any and all damage to School District property, personal property, and any injuries to individuals caused by my service animal. I agree to indemnify, defend, and hold harmless the School District, its school board members, administrators, employees, and agents, from and against any and all claims, actions, suits, judgments, and demands brought by any party arising on account of, or in connection with, any activity of or damage caused by my service animal.

Superintendent/Administrator Signature: _____ Date: _____

Parent/Guardian Signature: _____ Date: _____

Employee Signature: _____ Date: _____

Note: This Registration/Agreement is valid until the end of the current school year. It must be renewed prior to the start of each subsequent school year or whenever a different service animal will be used.

Adopted: October 9, 2017

Revised:

523 SERVICE ANIMALS

I. GENERAL STATEMENT OF POLICY

Independent School District No. 726 prohibits discrimination against individuals based on disability, including individuals who require the assistance of a service animal. Toward that end, the District acknowledges its obligation to allow the use of a service animal by individuals with disabilities.

II. DEFINITIONS

- A. **Handler:** A “handler” is an individual with a disability who is accompanied by a service animal or a trainer who is accompanied by a service animal, or an individual who is handling a service animal for or on behalf of an individual with a disability.
- B. **Service Animal:** A “service animal” is a dog (regardless of breed or size) or miniature horse that is individually trained to perform “work or tasks” for the benefit of an individual with a disability, including an individual with a physical, sensory, psychiatric, intellectual, or mental disability. Other species of animals, whether wild or domestic, trained or untrained, are not service animals. Service animals are working animals that perform valuable functions; they are not pets.
1. The “work or tasks” performed by a service animal must be directly related to the individual’s disability.
 2. Examples of “work or tasks” include, but are not limited to, assisting individuals who are blind or have low vision with navigation and other tasks, alerting individuals who are deaf or hard of hearing to the presence of people or sounds, providing non-violent protection or rescue work, pulling a wheelchair, assisting an individual during a seizure, alerting individuals to the presence of allergens, retrieving items such as medicine or a cell phone, providing physical support and assistance with balance and stability to individuals with mobility disabilities, and helping persons with psychiatric and neurological disabilities by preventing or interrupting impulsive or destructive behaviors.

3. The crime deterrent effects of an animal's presence and the provision of emotional support, well being, comfort, or companionship are not "work or tasks" for the purposes of this policy.
- C. **Trainer:** A "trainer" is a person who is training a service animal and is affiliated with a recognized training program for service animals.

III. RIGHTS AND RESPONSIBILITIES

- A. **Equal Access:** A handler has the right to be accompanied by a service animal whenever and to the same extent that the handler or the individual who needs the service animal because of a disability has the right: (a) to be present on District property or in District facilities; (b) to attend or participate in a school sponsored event, activity, or program; or (c) to be transported in a vehicle that is operated by or on behalf of the District.
- B. **Equal Treatment:** The District may not do any of the following: isolate the handler from individuals without service animals; ask or require the handler to pay an extra fee; or treat the handler less favorably than individuals without service animals.
- C. **Care and Supervision:** The School District is not responsible for the care or supervision of a service animal. The handler is solely responsible for the care and supervision of the service animal including, but not limited to, feeding, watering, cleaning, and toileting. Neither the District nor its staff will assume such responsibilities.
- D. **Tether:** A service animal must have a harness, leash or other tether, unless: (a) the handler is unable to use a harness, leash, or other tether because of a disability, or (b) the use of a harness, leash, or other tether would interfere with the service animal's safe and effective performance of work or tasks. If either (a) or (b) applies, the service animal must be under the handler's control by voice, signals, or other effective means.
- E. **Control:** A service animal must be under the control of its handler.
- F. **Removal:** A school official may require a handler to remove a service animal from District property, a district facility, a vehicle operated by or on behalf of the District, or a school sponsored event, activity, or program if the service animal is out of control and the handler does not take effective action to control it, or the service animal is not housebroken. If the District requires an individual with a disability to remove a service animal, the individual may remain on District property, in a District facility, in a District owned or operated vehicle, or at a school sponsored event, activity, or program without having the service animal, unless the

individual has violated a law or school rule or regulation that would warrant the removal of the individual.

- G. **Liability:** A handler who is accompanied by a service animal is liable for any and all harm, injury, or damage caused by the service animal.

IV. **ADDITIONAL LIMITATIONS FOR MINIATURE HORSES**

- A. **Only Reasonable Modifications Required:** The School District must make “reasonable” modifications in policies, practices, or procedures to permit the use of a miniature horse by an individual with a disability if the miniature horse has been individually trained to do work or perform tasks for the benefit of the individual with a disability.
- B. **Assessment Factors:** In determining whether reasonable modifications can be made to allow a miniature horse into a specific facility, the District may consider the following factors:
 1. The type, size, and weight of the miniature horse and whether the facility can accommodate these features;
 2. Whether the handler has sufficient control of the miniature horse;
 3. Whether the miniature horse is housebroken; and
 4. Whether the miniature horse's presence in a specific facility compromises legitimate safety requirements that are necessary for safe operation.

V. **GENERAL GUIDELINES FOR SERVICE ANIMALS**

- A. **Permitted Inquires:** District staff generally may ask a handler or an individual with a disability if an animal is required because of a disability and, if so, what work or task the animal has been trained to perform. However, District staff may not make these inquiries when it is readily apparent that the animal is trained to do work or perform tasks for an individual with a disability (*e.g.*, the dog is observed guiding an individual who is blind or has impaired vision, pulling a person's wheelchair, or providing assistance with stability or balance to an individual with an observable mobility disability).
- B. **Prohibited Inquires:** District staff may not ask a handler or an individual with a disability about the nature or extent of a disability. In addition, District staff may not require documentation, such as proof that the animal has been certified, trained, or licensed as a service animal.

- C. **Vaccinations.** Each handler is responsible for ensuring that the service animal is properly vaccinated.
- D. **Allergies:** If a student or employee notifies the District that he or she is allergic to a service animal, the District will balance the rights of the individuals involved. Generally, allergies that are not life threatening are not a valid reason for prohibiting the presence of a service animal.
- E. **Fear of Animals:** Fear of animals is not a valid reason for prohibiting the presence of a service animal.
- F. **Working Status of Service Animals:** Students, parents, and employees of the District should not feed or pet a service animal without permission from the handler. In addition, students, parents, and employees generally should not seek to separate a service animal from its handler.
- G. **Notice Encouraged But Not Required:** Students, parents, and employees are encouraged, but not required, to notify the building principal if they expect to be utilizing a service animal on a regular basis. This notification will not be used to deny access to any program, service, activity, or benefit. Rather, this notification will be used to provide an opportunity for discussion that is designed to assist the student or employee in transitioning to the regular use of a service animal at school or work.