



INDEPENDENT SCHOOL DISTRICT NO. 108
NORWOOD YOUNG AMERICA, MN 55368
AGENDA: Monday, November 25, 2024



6:00 PM Meeting
Central High School

A. PROCEDURAL ITEMS:

Board Chair

1. Call to order

Board Chair

call the meeting to order

2. Roll Call

Board Chair

3. Pledge of Allegiance

Board Chair

4. Approval of Agenda

Board Chair

Board members can amend the presented agenda by adding, removing or adjusting items to suit the needs of a particular meeting.

5. Consent Agenda

Board Chair

a) Approval of Minutes

October 2024 Regular Board Meeting Minutes

b) Payment of Invoices

c) Correspondence

d) Approve Field Trip(s)

e) Human Resources Items:

1. Retirement

a).

2. Lane Change

a).

3. Resignations

a).

4. Non-Renewal

a).

5. New Hires

a).

6. Leave of Absence

f) Extra Curricular Assignments

1. Kyle Strickfaden - Boys basketball

5

g) Volunteer Coaches:

6. Acceptance of Gifts

Board Chair

Board approves donations recieved

B. PUBLIC FORUM

Board Chair

During the Public Forum any person may address the School Board on a topic of interest or concern. Listed below are the procedures.

1. Public Forum will follow the Procedural Items on the agenda.

2. Public Forum will be open up to 30 minutes (3 minutes per speaker, 10 minutes per topic, and no more than 3 speakers per topic as a general rule). Comments should be brief, and repetition of public comments already expressed at the same meeting should be avoided.

3. Those wishing to address the Board should fill out the Public Forum Speaker Card and submit the card to the School Board clerk or other district official at the meeting

4. Questions may be asked on any topic, including those on the agenda.

5. School District policy and data privacy laws preclude the Board from publicly discussing personnel matters or data, including information, which, if discussed in a public meeting could violate law or policy. Under School Board Policy 206, complaints or concerns regarding individual school district employees should be presented in writing to school administration and signed by the person submitting the complaint or concern.

6. An attempt will be made to answer questions addressed to the Board. In those cases where an answer is not provided, a phone call from an appropriate school district official will be made as a follow-up.

7. A handout on the purpose of School Board meetings and the meeting process is available at each School Board meeting.

8. Citizens may be asked to address the school board on a particular subject during the discussion of that item.

9. The School Board chairperson will attempt to reasonably honor requests to speak, but shall also exercise discretion with regard to time constraints and therefore may limit the number of requests to speak accordingly.

C. INFORMATIONAL ITEMS: MONTHLY REPORTS

Board Chair

1. Student Council

Board Chair

2. Student Representative

Board Chair

3. Superintendent

Board Chair

4. Board	62
Board Chair	
Minnesota State High School League	
Representative: Strickfaden; Alt: Erickson	
Community Education Board	
Representatives: Lehrke, Kroells	
Southwest Metro Educational Coop	
Representative: Perlbachs Alt: Kroells	
Technology Committee	
*No Members for the 2023 Calendar Year	
Community Development/County & City Liaison	
Representative: Smith; Alt: Eischens	
Finance Committee	
Representative: Strickfaden: Alt: Eischens	
Policy Committee:	
Representatives: Erickson, Lehrke, Kroells	

Negotiation Committees:

MN School Employees Association:	
Representatives: Erickson, Strickfaden, Eischens	
Teachers Association:	
Representatives: Smith, Lehrke, Perlbachs	
Superintendent:	
Representatives: Erickson, Kroells, Eischens	
Principals/Administration:	
Representatives Kroells Lehrke, Eischens	
Non-Union Support Staff, Technology Director, Community Ed. Director:	
Representatives Smith, Erickson, Perlbachs	

D. DISCUSSION ITEMS

Board Chair	
1. Presentation of the Fiscal Year 2024 Audit	67
Each year the school district is required to have an audit completed by a 3rd party. This presentation are the findings by the auditor.	
2. Calendar feedback for the 2024-25 development cycle	213
The school baord sought stakeholder feedback to develop the 2026-27 school calendar.	
3. Clarification on board vacancies	221

E. OPERATIONAL ITEMS

Board Chair	
1. Second Reading of Board Policies	223

2. Consideration of the FY2024 Audit 284

The board needs to vote to approve the information in the audit. It is required by law to have official action on the audit each year.

3. Consideration of the Superintendent's Contract for years 2025-2028

The superintendent's contract will be completed on June 30, 2024. The board and the superintendent can enter into a work agreement for up to three years.

4. Consideration of Automated Clearing House (ACH) payments to vendors via Bremer Bank Inc.

- F. NEXT BOARD MEETING is December 16, 2024

Board Chair

- G. ADJOURNMENT

Board Chair

A. PROCEDURAL ITEMS:

A.1. Call to order

A.2. Roll Call

A.3. Pledge of Allegiance

A.4. Approval of Agenda

approved. This motion, made by Sarah Lehrke and seconded by Sara Eischens, Carried.

Sara Eischens: Yea, Shelby Erickson: Yea, Josh Kroells: Yea, Sarah Lehrke: Yea, Emily Perlbachs: Yea, Connor Smith: Yea, Kyle Strickfaden: Yea
Yea: 7, Nay: 0

A.5. Consent Agenda

Move to approve Consent agenda as presented. This motion, made by Sara Eischens and seconded by Shelby Erickson, Carried.

Sara Eischens: Yea, Shelby Erickson: Yea, Josh Kroells: Yea, Sarah Lehrke: Yea, Emily Perlbachs: Yea, Connor Smith: Yea, Kyle Strickfaden: Yea
Yea: 7, Nay: 0

A.6. Acceptance of Gifts

Move to approve gifts. This motion, made by Connor Smith and seconded by Emily Perlbachs, Carried.

Sara Eischens: Yea, Shelby Erickson: Yea, Josh Kroells: Yea, Sarah Lehrke: Yea, Emily Perlbachs: Yea, Connor Smith: Yea, Kyle Strickfaden: Yea
Yea: 7, Nay: 0

B. PUBLIC FORUM

C. INFORMATIONAL ITEMS: MONTHLY REPORTS

C.1. Student Council

C.2. Student Representative

C.3. Superintendent

C.4. Board

D. DISCUSSION ITEMS

D.1. Raider Rally Recap - Trisha Mackenthun

D.2. Community Ed, Student Services, Elementary, and Secondary Building Goals

D.3. 2023-24 Vision Card Results

D.4. 2025-26 Calendar Revision

2026-27 Calendar Draft

D.5. Board Orientation Plan - Draft

D.6. First reading of policies:

<https://www.isd108.org/page/school-policies>

- 101 - Legal Status of the School District
 - 101.1 Name of the School District
- 102 - Equal Educational Opportunity (updated 7-25-23)
- 103 - Complaints - Students, Employees, Parents, Other Persons

- 104 - School District Mission Statement
- 202 - School Board Officers
- 203 - Operation of the School Board — Governing Rules
 - 203.1 Addendum A - Rules of Order
 - 203.2 - Order of the Regular School Board Meeting
 - 203.5 - School Board Meeting Agenda
 - 203.6 - Consent Agenda
- 204 - School Board Meeting Minutes
- 205 - Open Meetings and Closed Meetings
- 206 - Public Participation in School Board Meetings/Complaints About Persons at
 - 206 Addendum A - Public Forum Speaking Card
- 207 - Public Hearings
- 208 - Development, Adoption, and implementation of Policies
- 209 - Code of Ethics
- 210 - Conflict of Interest - School Board Members
- 211 - Criminal or Civil Action Against School District, School Board member, Employer or Student
- 212 - School Board Member Development
- 214 - Out-of-State Travel by School Board Members

- 301 - School District Administration
- 302 - Superintendent
- 303 - Superintendent Selection
- 304 - Superintendent Contract, Duties and Evaluation
- 305 - Policy Implementation
- 306 - Administrator Code of Ethics

E. OPERATIONAL ITEMS

E.1. Consideration of the November Board Meeting Dates

F. NEXT BOARD MEETING November 25, 2024

G. ADJOURNMENT

approved. This motion, made by Sara Eischens and seconded by Connor Smith, Carried.

Sara Eischens: Yea, Shelby Erickson: Yea, Josh Kroells: Yea, Sarah Lehrke: Yea, Emily Perlbachs: Yea, Connor Smith: Yea, Kyle Strickfaden: Yea
 Yea: 7, Nay: 0

Dashir Management Services, Inc.

www.dashirmanagement.com

Central Public Schools

September 2024

Custodial / Maintenance Report

Personnel Information

We are currently fully staffed.

Training Conducted

The OSHA required safety training on Bloodborne Pathogen Exposure Prevention is scheduled next week.

Inspections

- Custodial audits took place throughout the district and results were shared with each individual custodian audited.
- Elementary school playground equipment was inspected. Replacement of swing chains and seats has started.
- Eye wash stations were inspected and functional.
- Currently obtaining quotes for elevator and gymnasium equipment inspections.

Progress on Projects

- HVAC belts and filters replacement has started.
- The downed tree at the elementary school has been removed.
- Individual teacher maintenance requests are being completed.
- Cody Anderson boiler exam has been rescheduled for October 21, 2024.

Comments

Cody will be helping walk and inspect all construction areas to help ensure punch list items are added and completed as we near the end of our construction project.

Respectfully Submitted,

Cody Anderson
Facility Manager

Norwood-Young America School Payment Reg by Bank and Check

Bank	Batch	Pmt No	Check No	Pay Type	Grp Code	Rcd	Vendor	Tax Class	Print	Recon	Void	Pay/Void Date	Amount
GEN1	P50332	58570		Wire	1	00150	BLUE CROSS & BLUE SHIELD		No	Yes	No	09/20/2024	683.32
GEN1	P50332	58571		Wire	1	04034	PERA		No	Yes	No	09/20/2024	5,120.28
GEN1	P50332	58572		Wire	1	04035	TEACHERS RETIREMENT ASSOC		No	Yes	No	09/20/2024	42,338.72
GEN1	P50332	58573		Wire	1	05255	DEPARTMENT OF THE TREASURY		No	Yes	No	09/20/2024	69,065.27
GEN1	P50332	58574		Wire	1	06027	COMMISSIONER OF REVENUE		No	Yes	No	09/20/2024	11,285.16
GEN1	P50332	58575		Wire	1	1439	DELTA DENTAL PLAN OF MN		No	Yes	No	09/20/2024	5,621.74
GEN1	P50332	58576		Wire	1	2260	AFLAC		No	Yes	No	09/20/2024	100.29
GEN1	P50332	58577		Wire	1	3785	EDUCATORS FINANCIAL SERVICES		No	Yes	No	09/20/2024	10,231.67
GEN1	P50332	58578		Wire	1	5699	MN PUBLIC EMPLOYEES INSURANCE PF		No	Yes	No	09/20/2024	74,986.98
GEN1	P50332	58579		Wire	1	6821	WEX Health Inc.		No	Yes	No	09/20/2024	657.91
GEN1	P50326	58605		Wire	1	00061	CITY OF NORWOOD YOUNG AMERICA		No	Yes	No	09/30/2024	1,887.56
GEN1	P50326	58606		Wire	1	04035	TEACHERS RETIREMENT ASSOC		No	Yes	No	09/30/2024	6.37
GEN1	P50326	58607		Wire	1	2728	BREMER BANK, NA28		No	Yes	No	09/30/2024	102.30
GEN1	P50326	58608		Wire	1	6605	ELEVO	S Corporation	No	Yes	No	09/30/2024	3,723.12
GEN1	P50326	58609		Wire	1	7133	METRONET		No	No	No	09/30/2024	69.95
GEN1	P50326	58667		Wire	1	2468	MASTERCARD - HARRIS BANK		No	No	No	09/30/2024	17,125.59
GEN1	P50326	58668		Wire	1	4091	MASTERCARD - HARRIS BANK		No	No	No	09/30/2024	15,081.56
GEN1	P50431	58669		Wire	1	04034	PERA		No	No	No	10/04/2024	7,058.13
GEN1	P50431	58670		Wire	1	04035	TEACHERS RETIREMENT ASSOC		No	No	No	10/04/2024	41,384.93
GEN1	P50431	58671		Wire	1	05255	DEPARTMENT OF THE TREASURY		No	No	No	10/04/2024	60,336.76
GEN1	P50431	58672		Wire	1	06027	COMMISSIONER OF REVENUE		No	No	No	10/04/2024	9,541.42
GEN1	P50431	58673		Wire	1	3785	EDUCATORS FINANCIAL SERVICES		No	No	No	10/04/2024	10,667.35
GEN1	P50431	58674		Wire	1	6821	WEX Health Inc.		No	No	No	10/04/2024	5,062.85
GEN1	P50426	58688		Wire	1	00830	MN UC FUND		Yes	No	Yes	10/15/2024	0.00
GEN1	P50426	58689		Wire	1	01606	CENTERPOINT ENERGY		No	No	No	10/15/2024	477.48
GEN1	P50426	58690		Wire	1	09609	XCEL ENERGY		No	No	No	10/15/2024	27,248.58
GEN1	P50426	58691		Wire	1	5002	WASTE MANAGEMENT OF WI-MN		No	No	No	10/15/2024	2,945.56
GEN1	P50426	58692		Wire	1	6605	ELEVO	S Corporation	No	No	No	10/15/2024	3,073.71
GEN1	P50426	58693		Wire	1	6821	WEX Health Inc.		No	No	No	10/15/2024	244.50
GEN1	P50426	58766		Wire	1	00830	MN UC FUND		No	No	No	10/15/2024	37,991.03
GEN1	P50432	58767		Wire	1	00150	BLUE CROSS & BLUE SHIELD		No	No	No	10/18/2024	545.83
GEN1	P50432	58768		Wire	1	04034	PERA		No	No	No	10/18/2024	11,588.95
GEN1	P50432	58769		Wire	1	04035	TEACHERS RETIREMENT ASSOC		No	No	No	10/18/2024	41,805.26
GEN1	P50432	58770		Wire	1	05255	DEPARTMENT OF THE TREASURY		No	No	No	10/18/2024	73,797.05
GEN1	P50432	58771		Wire	1	06027	COMMISSIONER OF REVENUE		No	No	No	10/18/2024	11,138.76
GEN1	P50432	58772		Wire	1	1439	DELTA DENTAL PLAN OF MN		No	No	No	10/18/2024	6,734.53
GEN1	P50432	58773		Wire	1	2260	AFLAC		No	No	No	10/18/2024	100.29
GEN1	P50432	58774		Wire	1	3785	EDUCATORS FINANCIAL SERVICES		No	No	No	10/18/2024	10,386.37
GEN1	P50432	58775		Wire	1	5699	MN PUBLIC EMPLOYEES INSURANCE PF		No	No	No	10/18/2024	76,376.23
GEN1	P50432	58776		Wire	1	6821	WEX Health Inc.		No	No	No	10/18/2024	1,737.85
GEN1	P40732	57226	42733	Check	1	00808	NCPRS Group Life Ins.		Yes	Yes	Yes	09/20/2024	(32.00)
GEN1	P50326	58569	43863	Check	1	7295	RAPID RIBBONS & AWARDS		Yes	No	Yes	10/04/2024	(720.66)
GEN1	P50332	58581	43883	Check	1	01140	MADISON NATL LIFE INS CO INC.		Yes	Yes	No	09/20/2024	1,143.94
GEN1	P50332	58582	43884	Check	1	06032	MINNESOTA SCHOOL EMP ASSOC		Yes	Yes	No	09/20/2024	136.78
GEN1	P50332	58583	43885	Check	1	3796	NATIONAL INSURANCE SERVICES OF WI		Yes	Yes	No	09/20/2024	384.76
GEN1	P50332	58580	43886	Check	1	00808	NCPRS Group Life Ins.		Yes	No	No	09/20/2024	16.00
GEN1	P50326	58597	43887	Check	1	7053	ALL STATE PAINTING LLC		Yes	Yes	No	09/18/2024	51,501.99
GEN1	P50326	58594	43888	Check	1	6989	ARNOQUIST CARPETS PLUS		Yes	Yes	No	09/18/2024	21,313.18
GEN1	P50326	58599	43889	Check	1	7100	AXEL OHMAN CONCRETE & MASONRY		Yes	Yes	No	09/18/2024	66,780.00
GEN1	P50326	58586	43890	Check	1	6617	BITUMINOUS ROADWAYS, INC.		Yes	Yes	No	09/18/2024	37,050.00
GEN1	P50326	58592	43891	Check	1	6986	BRETH-ZENZEN FIRE PROTECTION, LLC		Yes	No	No	09/18/2024	22,429.50
GEN1	P50326	58593	43892	Check	1	6987	CHAPPELL CENTRAL		Yes	Yes	No	09/18/2024	23,004.44
GEN1	P50326	58587	43893	Check	1	6855	EDUCATION ON BUDGET	Ind/Sole Proprietor	Yes	No	No	09/18/2024	6,000.00

Norwood-Young America School
Payment Reg by Bank and Check

Bank	Batch	Pmt No	Check No	Pay Type	Grp Code	Rcd	Vendor	Tax Class	Print	Recon	Void	Pay/Void Date	Amount
GEN1	P50326	58602	43894	Check	1	7259	GAGE BROTHERS CAULKING		Yes	Yes	No	09/18/2024	253.00
GEN1	P50326	58595	43895	Check	1	7000	GRAZZINI BROTHERS & COMPANY		Yes	Yes	No	09/18/2024	1,549.45
GEN1	P50326	58601	43896	Check	1	7254	JACKSON & ASSOCIATES, LLC		Yes	Yes	No	09/18/2024	490,523.00
GEN1	P50326	58589	43897	Check	1	6965	MCDOWALL COMPANY		Yes	Yes	No	09/18/2024	3,326.90
GEN1	P50326	58603	43898	Check	1	7296	MIKE'S COLLISION & TIRE		Yes	Yes	No	09/18/2024	37,500.00
GEN1	P50326	58600	43899	Check	1	7235	MJS CONSTRUCTION AND REMODELING		Yes	No	No	09/18/2024	15,832.00
GEN1	P50326	58590	43900	Check	1	6966	PIETSCH CONSTRUCTION		Yes	Yes	No	09/18/2024	15,169.60
GEN1	P50326	58584	43901	Check	1	4284	ROCHON CORPORATION		Yes	Yes	No	09/18/2024	65,130.12
GEN1	P50326	58591	43902	Check	1	6977	RTL CONSTRUCTION, INC.		Yes	Yes	No	09/18/2024	18,293.49
GEN1	P50326	58585	43903	Check	1	4301	SCHWAB VOLLMER LUTBRATT, INC.		Yes	Yes	No	09/18/2024	8,360.51
GEN1	P50326	58596	43904	Check	1	7050	TERRAZZO DESIGNS, LLC		Yes	No	No	09/18/2024	41,500.00
GEN1	P50326	58588	43905	Check	1	6941	TWIN CITY ACOUSTICS		Yes	Yes	No	09/18/2024	11,004.60
GEN1	P50326	58598	43906	Check	1	7081	UNITED GLASS INC.		Yes	Yes	No	09/18/2024	18,453.75
GEN1	P50326	58604	43907	Check	1	7297	VOHO APPAREL		Yes	Yes	No	09/18/2024	7,289.33
GEN1	P50326	58621	43910	Check	1	08300	A&K REPAIR		Yes	No	No	09/30/2024	239.95
GEN1	P50326	58637	43911	Check	1	4046	ANDERSON'S		Yes	No	No	09/30/2024	314.37
GEN1	P50326	58664	43912	Check	1	7300	APPLIANCE REPAIR CENTER INC.		Yes	No	No	09/30/2024	3,277.10
GEN1	P50326	58648	43913	Check	1	6461	BEHRENS, CHUCK		Yes	No	No	09/30/2024	110.00
GEN1	P50326	58658	43914	Check	1	7060	BJJ PRESS		Yes	No	No	09/30/2024	1,023.00
GEN1	P50326	58645	43915	Check	1	4946	BSN SPORTS LLC		Yes	No	No	09/30/2024	2,144.56
GEN1	P50326	58610	43916	Check	1	00048	CARQUEST AUTO PARTS		Yes	No	No	09/30/2024	63.57
GEN1	P50326	58635	43917	Check	1	3950	GENGAGE LEARNING		Yes	No	No	09/30/2024	242.00
GEN1	P50326	58618	43918	Check	1	01606	CENTERPOINT ENERGY		Yes	No	No	09/30/2024	224.38
GEN1	P50326	58629	43919	Check	1	3213	CENTURYLINK		Yes	No	No	09/30/2024	136.21
GEN1	P50326	58626	43920	Check	1	2721	DASHIR MANAGEMENT SERVICES INC		Yes	No	No	09/30/2024	24,655.04
GEN1	P50326	58663	43921	Check	1	7299	DEIELECTRICAL		Yes	No	No	09/30/2024	532.89
GEN1	P50326	58643	43922	Check	1	4718	DEPARTMENT OF HUMAN SERVICES		Yes	No	No	09/30/2024	171.00
GEN1	P50326	58630	43923	Check	1	3227	DISTRIBUTED WEBSITE CORP.	C Corporation	Yes	No	No	09/30/2024	848.70
GEN1	P50326	58662	43924	Check	1	7298	FENWORKS, INC.		Yes	No	No	09/30/2024	1,000.00
GEN1	P50326	58633	43925	Check	1	3621	FLATNESS, KEITH		Yes	No	No	09/30/2024	2,780.80
GEN1	P50326	58632	43926	Check	1	3396	FORD, DAN		Yes	No	No	09/30/2024	300.00
GEN1	P50326	58659	43927	Check	1	7099	FULLER, ANDREA	Ind/Sole Proprietor	Yes	No	No	09/30/2024	50.00
GEN1	P50326	58666	43928	Check	1	7302	FUNTIMEFUNCTIONS		Yes	No	No	09/30/2024	675.00
GEN1	P50326	58646	43929	Check	1	5274	GRAMS, RYAN		Yes	No	No	09/30/2024	200.00
GEN1	P50326	58652	43930	Check	1	6722	HEARTLAND BUSINESS SYSTEMS, LLC.	Ind/Sole Proprietor	Yes	No	No	09/30/2024	8,264.77
GEN1	P50326	58624	43931	Check	1	1621	HERC-U-LIFT		Yes	No	No	09/30/2024	95.00
GEN1	P50326	58656	43932	Check	1	6900	HERMAN, MARK		Yes	No	No	09/30/2024	150.00
GEN1	P50326	58636	43933	Check	1	3965	HINGST, LEE	Ind/Sole Proprietor	Yes	No	No	09/30/2024	125.00
GEN1	P50326	58640	43934	Check	1	4527	HUJDL	C Corporation	Yes	No	No	09/30/2024	13,000.00
GEN1	P50326	58651	43935	Check	1	6620	IDEAL ENERGIES SOLAR LEASING 2021 LLC - Partnership		Yes	No	No	09/30/2024	450.75
GEN1	P50326	58623	43936	Check	1	1442	IMPERIAL DADE		Yes	No	No	09/30/2024	1,465.95
GEN1	P50326	58611	43937	Check	1	00196	ISD #112 - EASTERN CARVER COUNTY P		Yes	No	No	09/30/2024	17,218.92
GEN1	P50326	58620	43938	Check	1	05663	ISD #2859 - GLENCOE-SILVER LAKE		Yes	No	No	09/30/2024	125.00
GEN1	P50326	58613	43939	Check	1	00483	ISD #466-DASSEL-COKATO SCHOOLS		Yes	No	No	09/30/2024	125.00
GEN1	P50326	58627	43940	Check	1	3009	KLIMA, MIKE		Yes	No	No	09/30/2024	200.00
GEN1	P50326	58650	43941	Check	1	6567	LAB-AIDS		Yes	No	No	09/30/2024	1,156.70
GEN1	P50326	58642	43942	Check	1	4559	LAGERGREN, CHRIS	Ind/Sole Proprietor	Yes	No	No	09/30/2024	125.00
GEN1	P50326	58614	43943	Check	1	00505	LANO EQUIPMENT		Yes	No	No	09/30/2024	879.90
GEN1	P50326	58628	43944	Check	1	3185	MARCO TECHNOLOGIES, LLC		Yes	No	No	09/30/2024	831.00
GEN1	P50326	58660	43945	Check	1	7258	MASTER TECHNOLOGY GROUP INC.	LLC - Partnership	Yes	No	No	09/30/2024	3,114.61
GEN1	P50326	58615	43946	Check	1	00572	MEWARDS INC		Yes	No	No	09/30/2024	179.94
GEN1	P50326	58625	43947	Check	1	1990	MONAHAN, JEFF		Yes	No	No	09/30/2024	100.00
GEN1	P50326	58644	43948	Check	1	4854	MPS		Yes	No	No	09/30/2024	7,714.71

Norwood-Young America School
Payment Reg by Bank and Check

Bank	Batch	Pmt No	Check No	Pay Type	Grp Code	Rcd	Vendor	Tax Class	Print	Recon	Void	Pay/Void Date	Amount
GENI	P50326	58616	43949	Check	1	00808	NCPERS Group Life Ins.		Yes	No	No	09/30/2024	32.00
GENI	P50326	58634	43950	Check	1	3774	NCS PEARSON		Yes	No	No	09/30/2024	304.75
GENI	P50326	58657	43951	Check	1	6818	PICKLE EVENTS LLC		Yes	No	No	09/30/2024	1,594.20
GENI	P50326	58653	43952	Check	1	6749	POBAL LEARNING	Other	Yes	No	No	09/30/2024	15,000.00
GENI	P50326	58612	43953	Check	1	00438	PRO-ED, INC.		Yes	No	No	09/30/2024	353.10
GENI	P50326	58641	43954	Check	1	4556	RETTMANN, PAUL		Yes	No	No	09/30/2024	125.00
GENI	P50326	58619	43955	Check	1	05604	RIDGEVIEW MEDICAL CENTER		Yes	No	No	09/30/2024	280.00
GENI	P50326	58647	43956	Check	1	6432	SCHOLASTIC		Yes	No	No	09/30/2024	553.97
GENI	P50326	58649	43957	Check	1	6483	SCHOOL SPECIALTY, LLC	LLC - Partnership	Yes	No	No	09/30/2024	126.21
GENI	P50326	58665	43958	Check	1	7301	ST. JAMES PUBLIC SCHOOLS		Yes	No	No	09/30/2024	120.00
GENI	P50326	58631	43959	Check	1	3299	ST. MARY'S SCHOOL		Yes	No	No	09/30/2024	100.00
GENI	P50326	58654	43960	Check	1	6788	USA INFLATABLES	Ind/Sole Proprietor	Yes	No	No	09/30/2024	424.93
GENI	P50326	58655	43961	Check	1	6799	VERICH, KAWA		Yes	No	No	09/30/2024	150.00
GENI	P50326	58639	43962	Check	1	4489	VERNIER SOFTWARE & TECHNOLOGY		Yes	No	No	09/30/2024	567.00
GENI	P50326	58661	43963	Check	1	7276	VOYAGER SOPRIS LEARNING		Yes	No	No	09/30/2024	9,801.20
GENI	P50326	58638	43964	Check	1	4372	WARD'S SCIENCE		Yes	No	No	09/30/2024	1,221.90
GENI	P50326	58617	43965	Check	1	01105	WOODBURN PRESS		Yes	No	No	09/30/2024	97.45
GENI	P50326	58622	43966	Check	1	09082	ZANER-BLOSER EDUC. PUBLISHERS		Yes	No	No	09/30/2024	231.83
GENI	P50431	58675	43967	Check	1	06032	MINNESOTA SCHOOL EMP ASSOC		Yes	No	No	10/04/2024	297.62
GENI	P50426	58682	43968	Check	1	7003	ACRE		Yes	No	No	10/11/2024	148,116.05
GENI	P50426	58681	43969	Check	1	6989	ARNOUIST CARPETS PLUS		Yes	No	No	10/11/2024	8,609.37
GENI	P50426	58686	43970	Check	1	7100	AXEL OHMAN CONCRETE & MASONRY		Yes	No	No	10/11/2024	2,476.00
GENI	P50426	58677	43971	Check	1	6856	CENTURY FENCE COMPANY		Yes	No	No	10/11/2024	20,946.55
GENI	P50426	58685	43972	Check	1	7051	CFS INTERIORS & FLOORING		Yes	No	No	10/11/2024	14,302.82
GENI	P50426	58680	43973	Check	1	6987	CHAPPELL CENTRAL		Yes	No	No	10/11/2024	1,743.06
GENI	P50426	58678	43974	Check	1	6928	DAVIS MECHANICAL SYSTEMS, INC.		Yes	No	No	10/11/2024	13,723.79
GENI	P50426	58683	43975	Check	1	7049	GAG SHEET METAL, INC.		Yes	No	No	10/11/2024	72,477.83
GENI	P50426	58676	43976	Check	1	4284	ROCHON CORPORATION		Yes	No	No	10/11/2024	181,645.47
GENI	P50426	58687	43977	Check	1	7181	SCHAD-TRACY SIGNS		Yes	No	No	10/11/2024	11,361.08
GENI	P50426	58684	43978	Check	1	7050	TERRAZZO DESIGNS, LLC		Yes	No	No	10/11/2024	2,500.00
GENI	P50426	58679	43979	Check	1	6942	WELLS CONCRETE		Yes	No	No	10/11/2024	109,584.77
GENI	P50426	58745	43980	Check	1	7003	ACRE		Yes	No	No	10/15/2024	1,627.50
GENI	P50426	58726	43981	Check	1	6077	AIRBORNE ATHLETICS, INC.		Yes	No	No	10/15/2024	5,769.00
GENI	P50426	58725	43982	Check	1	6066	ALL STAR TROPHY & AWARDS, INC.		Yes	No	No	10/15/2024	62.00
GENI	P50426	58744	43983	Check	1	6975	AMTRUST NORTH AMERICA		Yes	No	No	10/15/2024	1,538.00
GENI	P50426	58753	43984	Check	1	7270	ATMOSPHERE COMMERCIAL INTERIORS		Yes	No	No	10/15/2024	11,851.84
GENI	P50426	58729	43985	Check	1	6412	AVIBEN		Yes	No	No	10/15/2024	138.40
GENI	P50426	58732	43986	Check	1	6474	BANYAL KELLY		Yes	No	No	10/15/2024	150.00
GENI	P50426	58710	43987	Check	1	3626	BATTERIES PLUS BULBS		Yes	No	No	10/15/2024	404.10
GENI	P50426	58738	43988	Check	1	6852	BERGANKDY		Yes	No	No	10/15/2024	20,000.00
GENI	P50426	58743	43989	Check	1	6973	BIFFS, INC.		Yes	No	No	10/15/2024	911.58
GENI	P50426	58709	43990	Check	1	3620	BRAUN, REBECCA		Yes	No	No	10/15/2024	103.18
GENI	P50426	58723	43991	Check	1	5943	CAROLINA BIOLOGICAL		Yes	No	No	10/15/2024	148.89
GENI	P50426	58752	43992	Check	1	7150	CESO COMMUNICATIONS, LLC		Yes	No	No	10/15/2024	3,900.00
GENI	P50426	58704	43993	Check	1	2382	CITY OF COLOGNE		Yes	No	No	10/15/2024	58.84
GENI	P50426	58706	43994	Check	1	2721	DASHIR MANAGEMENT SERVICES INC		Yes	No	No	10/15/2024	24,756.96
GENI	P50426	58716	43995	Check	1	4717	ECM PUBLISHERS, INC.		Yes	No	No	10/15/2024	2,090.00
GENI	P50426	58735	43996	Check	1	6645	EPEMA, TRAVIS	Ind/Sole Proprietor	Yes	No	No	10/15/2024	160.00
GENI	P50426	58741	43997	Check	1	6910	FASCHING, JANE	Ind/Sole Proprietor	Yes	No	No	10/15/2024	2,728.00
GENI	P50426	58765	43998	Check	1	7314	FLR SANDERS		Yes	No	No	10/15/2024	48,117.90
GENI	P50426	58708	43999	Check	1	3396	FORD, DAN		Yes	No	No	10/15/2024	100.00
GENI	P50426	58730	44000	Check	1	6437	FP MAILING SOLUTIONS		Yes	No	No	10/15/2024	165.00
GENI	P50426	58731	44001	Check	1	6468	GARCIA-SANCHEZ, FLORMIRA	Ind/Sole Proprietor	Yes	No	No	10/15/2024	535.00

Norwood-Young America School
Payment Reg by Bank and Check

Bank	Batch	Pmt No	Check No	Pay Type	Grp Code	Rcd	Vendor	Tax Class	Print	Recon	Void	Pay/Void Date	Amount
GEN1	P50426	58718	44002	Check	1	5274	GRAMS, RYAN	Ind/Sole Proprietor	Yes	No	No	10/15/2024	100.00
GEN1	P50426	58755	44003	Check	1	7274	HANSON, JEANNE	Ind/Sole Proprietor	Yes	No	No	10/15/2024	150.00
GEN1	P50426	58713	44004	Check	1	3965	HINGST, LEE	Ind/Sole Proprietor	Yes	No	No	10/15/2024	150.00
GEN1	P50426	58694	44005	Check	1	00182	HOME SOLUTIONS UNLIMITED		Yes	No	No	10/15/2024	1,159.76
GEN1	P50426	58763	44006	Check	1	7312	HUNT, JESSICA		Yes	No	No	10/15/2024	135.00
GEN1	P50426	58702	44007	Check	1	1442	IMPERIAL DADE		Yes	No	No	10/15/2024	5,212.97
GEN1	P50426	58715	44008	Check	1	4469	INFINITE CAMPUS, INC.		Yes	No	No	10/15/2024	1,375.00
GEN1	P50426	58700	44009	Check	1	07047	ISD #110 - WACONIA SCHOOL		Yes	No	No	10/15/2024	898.66
GEN1	P50426	58754	44010	Check	1	7271	KAHMEYER, TROY		Yes	No	No	10/15/2024	95.00
GEN1	P50426	58742	44011	Check	1	6927	KLEY, JOE		Yes	No	No	10/15/2024	143.38
GEN1	P50426	58720	44012	Check	1	5404	LEARNING WITHOUT TEARS		Yes	No	No	10/15/2024	20.00
GEN1	P50426	58734	44013	Check	1	6523	LIPPERT, KYLE	Ind/Sole Proprietor	Yes	No	No	10/15/2024	120.00
GEN1	P50426	58737	44014	Check	1	6803	LSEW		Yes	No	No	10/15/2024	7,897.00
GEN1	P50426	58757	44015	Check	1	7306	MARCYES, LONNIE		Yes	No	No	10/15/2024	141.00
GEN1	P50426	58764	44016	Check	1	7313	MCCARTHY, RENNAE		Yes	No	No	10/15/2024	70.00
GEN1	P50426	58714	44017	Check	1	4316	MCDOWELL AGENCY, INC.		Yes	No	No	10/15/2024	237.60
GEN1	P50426	58696	44018	Check	1	00572	MENARDS INC		Yes	No	No	10/15/2024	180.28
GEN1	P50426	58717	44019	Check	1	4854	MPS		Yes	No	No	10/15/2024	1,581.96
GEN1	P50426	58698	44020	Check	1	01530	MUSIC MART		Yes	No	No	10/15/2024	128.00
GEN1	P50426	58712	44021	Check	1	3774	NCS PEARSON		Yes	No	No	10/15/2024	156.60
GEN1	P50426	58748	44022	Check	1	7019	NESVIG, MARK		Yes	No	No	10/15/2024	150.00
GEN1	P50426	58749	44023	Check	1	7057	OGUAMANAMI, CARL	Ind/Sole Proprietor	Yes	No	No	10/15/2024	160.00
GEN1	P50426	58756	44024	Check	1	7285	PEREZ CANALES, HUGO	Ind/Sole Proprietor	Yes	No	No	10/15/2024	110.00
GEN1	P50426	58699	44025	Check	1	03222	PERLICH, KELLI		Yes	No	No	10/15/2024	71.02
GEN1	P50426	58761	44026	Check	1	7310	PETERSON, TRENT	Ind/Sole Proprietor	Yes	No	No	10/15/2024	95.00
GEN1	P50426	58740	44027	Check	1	6868	RAIDERS VOLLEYBALL CLUB		Yes	No	No	10/15/2024	5,401.64
GEN1	P50426	58705	44028	Check	1	2463	RIDGEWATER COLLEGE		Yes	No	No	10/15/2024	35,650.00
GEN1	P50426	58759	44029	Check	1	7308	ROLANDSON, AUSTIN	Ind/Sole Proprietor	Yes	No	No	10/15/2024	160.00
GEN1	P50426	58751	44030	Check	1	7094	ROTO-ROOTER SERVICES COMPANY		Yes	No	No	10/15/2024	1,392.00
GEN1	P50426	58728	44031	Check	1	6406	SAVAS LEARNING COMPANY LLC		Yes	No	No	10/15/2024	460.08
GEN1	P50426	58747	44032	Check	1	7018	SCHEFF, BRODY		Yes	No	No	10/15/2024	135.00
GEN1	P50426	58736	44033	Check	1	6647	SCHEFF, BRONSON	Ind/Sole Proprietor	Yes	No	No	10/15/2024	135.00
GEN1	P50426	58750	44034	Check	1	7078	SCHURMANN, SARAH		Yes	No	No	10/15/2024	39.96
GEN1	P50426	58722	44035	Check	1	5741	SEIFERT, JAKE	Ind/Sole Proprietor	Yes	No	No	10/15/2024	150.00
GEN1	P50426	58739	44036	Check	1	6861	SHUTTERFLY LIFETOUGH, LLC		Yes	No	No	10/15/2024	227.09
GEN1	P50426	58695	44037	Check	1	00374	SMITH OIL CO.		Yes	No	No	10/15/2024	133.75
GEN1	P50426	58697	44038	Check	1	00673	SOUTH CENTRAL SERVICE COOP		Yes	No	No	10/15/2024	8,695.00
GEN1	P50426	58719	44039	Check	1	5287	SOUTHWEST METRO INTERMEDIATE DIS		Yes	No	No	10/15/2024	23,213.53
GEN1	P50426	58703	44040	Check	1	2325	TAHER, INC. - BIN# 135092		Yes	No	No	10/15/2024	68,459.50
GEN1	P50426	58724	44041	Check	1	5953	TEAMWORKS INTERNATIONAL		Yes	No	No	10/15/2024	1,318.80
GEN1	P50426	58733	44042	Check	1	6520	THALMANN, ERIC	Ind/Sole Proprietor	Yes	No	No	10/15/2024	110.00
GEN1	P50426	58707	44043	Check	1	3272	THIEL, CHARLES A.		Yes	No	No	10/15/2024	1,672.00
GEN1	P50426	58711	44044	Check	1	3628	TISCHENDORF, MICHAEL		Yes	No	No	10/15/2024	400.00
GEN1	P50426	58721	44045	Check	1	5728	TRUSTED COACHES		Yes	No	No	10/15/2024	135.00
GEN1	P50426	58746	44046	Check	1	7008	TWENTY4SEVEN FIRE & SECURITY COR S Corporation		Yes	No	No	10/15/2024	1,110.00
GEN1	P50426	58701	44047	Check	1	1157	UHL COMPANY		Yes	No	No	10/15/2024	1,395.96
GEN1	P50426	58762	44048	Check	1	7311	WALSTROM, BLAINE		Yes	No	No	10/15/2024	50.00
GEN1	P50426	58760	44049	Check	1	7309	WEBER, MARK	Ind/Sole Proprietor	Yes	No	No	10/15/2024	95.00
GEN1	P50426	58758	44050	Check	1	7307	WESTERMAN, GREG	Ind/Sole Proprietor	Yes	No	No	10/15/2024	160.00
GEN1	P50426	58727	44051	Check	1	6332	WULF, KAREN		Yes	No	No	10/15/2024	396.16
GEN1	p50432	58780	44052	Check	1	07999	C.E.A.		Yes	No	No	10/18/2024	4,118.83
GEN1	p50432	58778	44053	Check	1	01140	MADISON NATL LIFE INS CO INC.		Yes	No	No	10/18/2024	1,294.02
GEN1	p50432	58779	44054	Check	1	06032	MINNESOTA SCHOOL EMP ASSOC		Yes	No	No	10/18/2024	384.32

Norwood-Young America School Payment Reg by Bank and Check

Bank	Batch	Pmt No	Check No	Check No	Pay Type	Grp Code	Rcd	Vendor	Tax Class	Print	Recon	Void	Pay/Void Date	Amount
GEN1	p50432	58781	44055	44055	Check	1 3796		NATIONAL INSURANCE SERVICES OF WI		Yes	No	No	10/18/2024	365.50
GEN1	p50432	58777	44056	44056	Check	1 00808		NCPERS Group Life Ins.		Yes	No	No	10/18/2024	16.00

Bank Total:

Report Total:

October 5-2024 PAYROLL

GROSS PAY	\$286,986.94
FEDERAL TAX	(19,057.02)
MN STATE TAX	(9,541.42)
OASDI	(16,727.72)
MEDICARE	(3,912.15)
PERA	(3,276.98)
TRA	(17,708.04)
ANNUITIES	(6,055.92)
FLEX	(17,185.63)
VOLUNTARIES	(1,606.04)
NET PAYROLL	<u><u>\$191,916.02</u></u>

October 20-2024 PAYROLL

GROSS PAY	\$354,924.61
FEDERAL TAX	(22,113.53)
MN STATE TAX	(11,138.76)
OASDI	(20,943.70)
MEDICARE	(4,898.06)
PERA	(4,100.47)
TRA	(19,635.83)
ANNUITIES	(6,055.92)
FLEX	(17,123.44)
VOLUNTARIES	(5,811.57)
NET PAYROLL	<u><u>\$243,103.33</u></u>

Finance Committee Report



October 28, 2024

Purpose

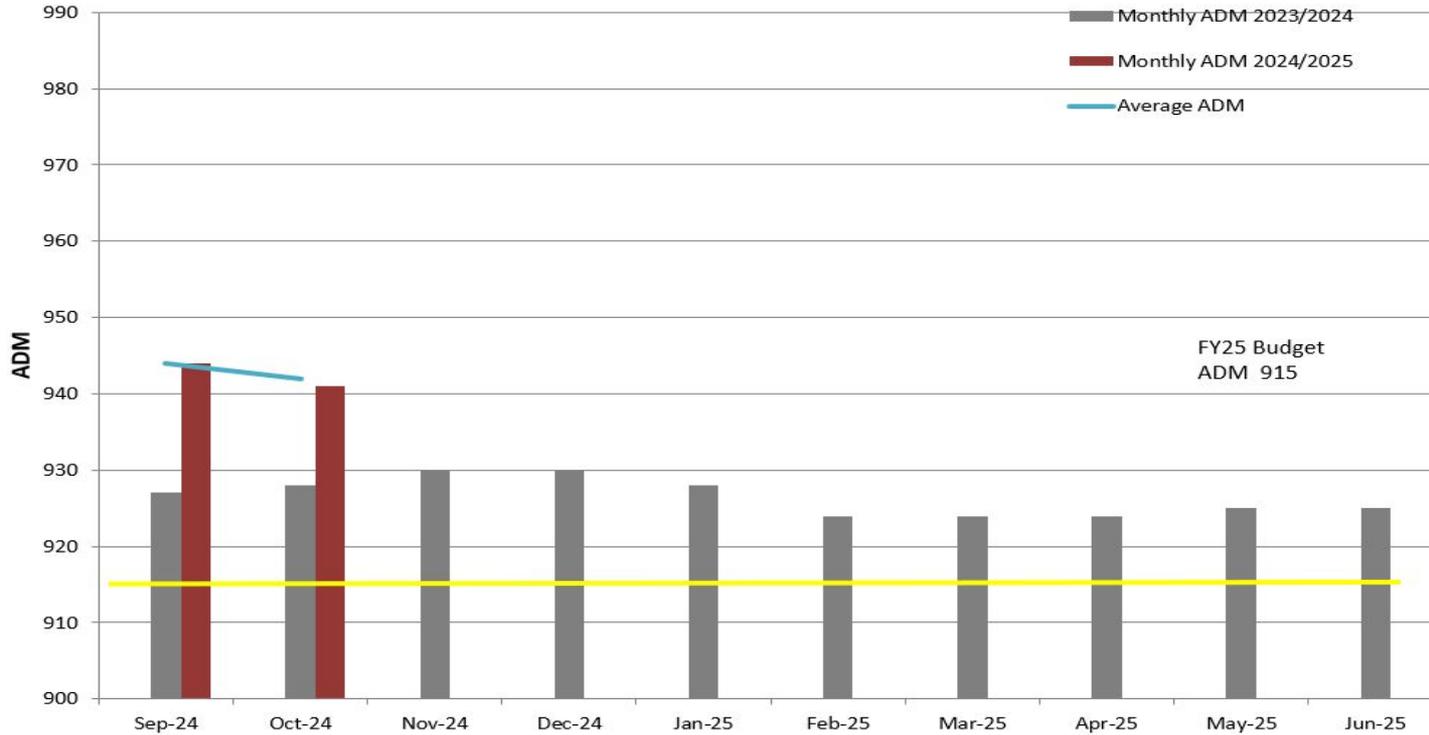


- Provide an overview of the previous months revenue, expense, and enrollment.
- Review significant changes

Enrollment by Month



24-25 Monthly, Average, and Budgeted Daily Membership



Monthly Revenue/Expense



September 2024 Data Using FY25 Budget

YTD Revenues						
	24-25 Revenue Budget	24-25 Revenue to Date	% of Budget	23-24 Revenue Budget	23-24 Revenue to Date	% of Budget
General Fund	\$ 13,403,756	\$ 1,985,801	14.8%	\$ 13,617,282	\$ 1,786,142	13.1%
Food Services	\$ 675,200	\$ 31,159	4.6%	\$ 670,550	\$ 17,774	2.7%
Community Services	\$ 930,717	\$ 274,048	29.4%	\$ 880,913	\$ 156,708	17.8%
Debt Services	\$ 3,297,170	\$ 594,818	18.0%	\$ 2,930,801	\$ 325,926	11.1%
Scholarships	\$ 6,000	\$ 2,000	33.3%	\$ 6,000	\$ 2,000	33.3%
Student Activities	\$ 66,150	\$ 18,747	28.3%	\$ 69,775	\$ 20,820	0.0%
Total Revenue	\$ 18,378,993	\$ 2,906,573	15.8%	\$ 18,175,321	\$ 2,309,370	12.7%
YTD Expenses						
	24-25 Expense Budget	24-25 Expenses to Date	% of Budget	23-24 Expense Budget	23-24 Expenses to Date	% of Budget
General Fund	\$ 13,294,106	\$ 1,810,860	13.6%	\$ 14,211,210	\$ 1,868,706	13.1%
Food Services	\$ 638,700	\$ 36,779	5.8%	\$ 629,400	\$ 28,397	4.5%
Community Services	\$ 923,519	\$ 209,009	22.6%	\$ 1,106,479	\$ 204,143	18.4%
Debt Services	\$ 3,187,213	\$ 802,357	25.2%	\$ 2,538,762	\$ 595,658	23.5%
Scholarships	\$ 6,000	\$ -	0.0%	\$ 6,000	\$ -	0.0%
Student Activities	\$ 71,948	\$ 17,024	23.7%	\$ 80,165	\$ 9,525	0.0%
Total Expenses	\$ 18,049,538	\$ 2,876,029	15.9%	\$ 18,491,851	\$ 2,706,428	14.6%
Favorable/(Unfavorable)	\$ 329,455	\$ 30,545	9.27%	\$ (316,530)	\$ (397,058)	125.4%

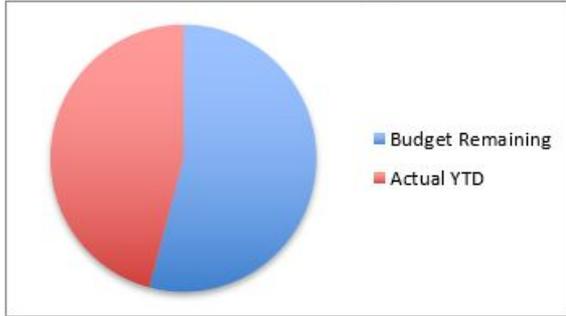
24-25 Fund Balance					
	*Unaudited Fund Balance 7/1/24	24-25 Revenues to Date	24-25 Expenses to Date	Fund Balance 6/30/23	Favorable/(Unfavorable)
General Fund	\$ 2,480,105	\$ 1,985,801	\$ 1,810,860	\$ 2,655,046	\$ 174,941
Food Services	\$ 152,610	\$ 31,159	\$ 36,779	\$ 146,990	\$ (5,620)
Community Services	\$ (5,857)	\$ 274,048	\$ 209,009	\$ 59,182	\$ 65,039
Debt Services	\$ 460,627	\$ 594,818	\$ 802,357	\$ 253,088	\$ (207,539)
Scholarships	\$ 31,211	\$ 2,000	\$ -	\$ 33,211	\$ 2,000
Student Activities	\$ 66,003	\$ 18,747	\$ 17,024	\$ 67,726	\$ 1,723
Total Fund Balance	\$ 3,184,699	\$ 2,906,573	\$ 2,876,029	\$ 3,215,244	\$ 30,545

ISD 108 Promise to Voters



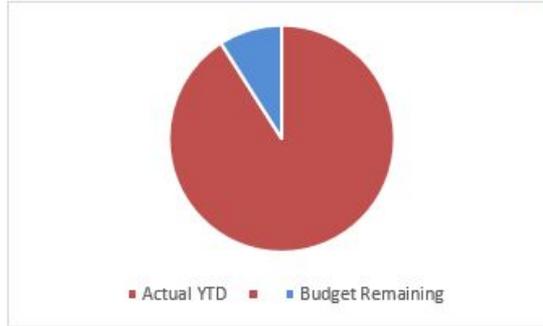
Q1 Curriculum

Budget Remaining 85,000
Actual YTD 72,000



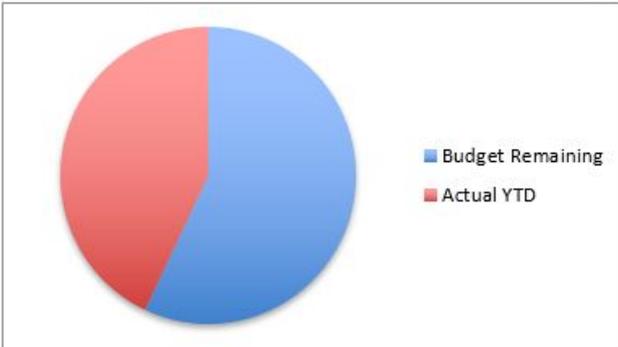
Q1 Staff Development

Actual YTD 74300
Budget Remaining -7,400



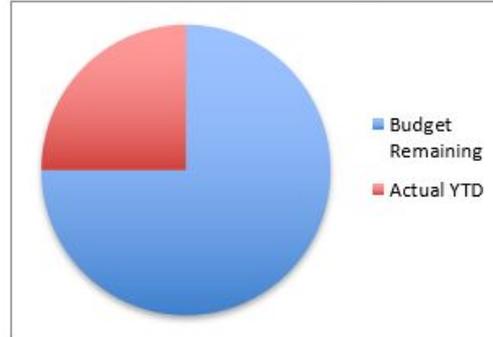
Q2 Tech Levy

Budget Remaining 301,000
Actual YTD 227,000



Q1 Maintain Class Size

Budget Remaining 260,829
Actual YTD 86,943



Central Public Schools Community Education Goals

Monday, October 28, 2024

We enrich lives through lifelong learning

Sue Forster - Community Education Director

CENTRAL
PUBLIC SCHOOLS

COMMUNITY ED.

Community Education Goals

1. By the end of the 2024/2025 fiscal year, I will develop a comprehensive marketing plan for Central Community Education programs that targets local residents, improves outreach to underserved groups, and highlights available courses, which will result in a 15% increase in enrollments and 20% increase in website traffic and social media engagement.

Action

- Collaborate with internal stakeholders
- Allocate resources
- Assign roles for outreach, content creation, and data tracking
- Execute with timebound touch points





THE PYRAMID MODEL CONSORTIUM
Supporting Early Childhood PBIS

2. By the end of the fiscal year 2024/2025, our preschool program teachers will implement Pyramid Model and be assessed using the Teaching Practice Observation Tool(TPOT)with scores increasing in two areas from fall to spring.

Actions

- Teacher will complete 3 Tiers (Pyramid MTSS) of training through Brightworks
- TPOTS(Teaching Practice Observation Tools) will be performed twice a year, once in the fall and once in the spring
- Teachers will participate in coaching cycles twice a month to create action plans to improve TPOT scores
- Success will be measured with improved TPOT scores for all coached teachers in two areas



Central Elementary School Goals

Monday, October 28, 2024

We collaborate and communicate to build a supportive community.

Ron Erpenbach



Goal:

1. The percentage of all students in grades 2-5 at Central Elementary who are in the “low risk” or “advanced” category on the FastBridge aReading standardized assessment will increase from 57% in the fall of 2024 to 65% in the spring of 2025.
2. The focus will be on fluency.
 - A. Automaticity
 - B. Accuracy
 - C. Phrasing

K-5 Plan

- Built on the FastBridge data from CES
- Our data suggests our accuracy is at level to promote true reading comprehension
- Research based materials and strategies essential to increased automaticity.
- Goal setting and weekly discussion in our PLCs
- Biweekly conversations and check-ins from building administrator and curriculum leader
- Weekly support for our PLCs from MDE

Central Secondary School Goals

Monday, October 28, 2024

Rich Larson



Hamburg • Norwood Young America • Cologne

Secondary Guiding Document

Mission Statement (Why): Educate, Inspire, Empower - Every Student, Every Day

Vision (What): Ensuring the next generation will identify ways to positively impact our communities

2023-2024 Theme: Purpose

Belief Statement around PLC Work:

PLC Mission:

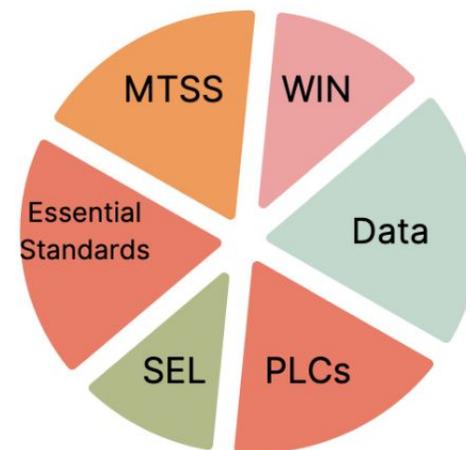
As Central MS/HS PLCs, we believe that standards provide the framework for guiding and measuring student learning. We are committed to purposefully and actively engaging our students in meaningful learning experiences that inspire and promote a love for learning.

PLC Action Steps:

We use data to inform our instructional practices, identifying areas of growth and tailoring our approaches to meet the diverse needs of our students. Through intentional use of norms, we maintain a solution-focused mindset that prioritizes continuous improvement and finding effective strategies to support student success.

SMART Goal (both HS and MS):

The percentage of students who measured Low Risk/Advanced in Reading on the FastBridge (aReading) test in the fall of 2023 will increase by 3% on the spring FastBridge test.



Math Goal

- **The percentage of students who measured Low Risk/Advanced in Math on the FastBridge test in the fall of 2024 will increase by 3% on the spring FastBridge test.**
 - **CMS Baseline - Fall Fastbridge aMath: 73%**
 - **CHS Baseline - Fall Fastbridge aMath: 71%**

Math Action Steps

- **Building Thinking Classroom Implementation**
- **PLC Standards Work.**
- **HS Math Support Model**
- **MTSS Team**
 - **Math Intervention**
 - **In class support**
 - **After school math support**
- **Scope and Sequence work with Unit Pacing Guides to ensure standard connection.**

Reading Goal

- **The percentage of students who measured Low Risk/Advanced in Reading on the FastBridge (aReading) test in the fall of 2024 will increase by 3% on the spring FastBridge test.**
 - **CMS Baseline - Fall Fastbridge aReading: 71%**
 - **CHS Baseline - Fall Fastbridge aReading: 70%**

Reading Action Steps

- **PLC Standards Work.**
- **Study Sync curriculum adoption continued**
- **MTSS Team**
 - **Reading Intervention at both MS and HS**
- **Cross curricular literacy strategies shared**
- **Scope and Sequence work with Unit Pacing Guides to ensure standard connection.**

Culture/Climate Goal

- **CMS & CHS: Of the 437 students who completed the Culture and Climate Survey on Sept 23, 2024, 88.1% of students answered the question, “I feel there is at least one adult in the building who knows me well. (An adult has made an attempt to connect with me),” with “agree,” or “strongly Agree.” By May, 2025, 3% more of the students who complete this survey will answer this question with “agree” or “strongly agree.**
- **Survey results found [here](#).**

Culture/Climate Action Steps

- **Culture/Climate results shared with grade level PLCs**
 - **Staff identify who lacks connection and commit to reaching out to students.**
- **Clear expectations delivered to students.**
- **Monthly Assemblies: Recognition, Celebration, Reminders**
- **Principal's Advisory Leadership Council**

Central Special Education Goals

Monday, October 28, 2024

Becca Braun



Reading Goal

The percentage of all special education students in grades 2-11 at Central Public Schools who meet their growth goal on FAST aReading will increase from 67% in spring 2024 to 70% in spring 2025.

Action Steps for Reading Goals

- All special education staff are using Fastbridge progress monitoring to collect data to determine effective instruction.
- Use PLC meetings to analyze data and develop appropriate interventions for students- *(SPED PLC Leaders involved with ILT Retreat at all levels)*
- Continued work with Foundations keyword cards and Heggerty used pk-1 in Tier 1 instruction. Bridge the Gap from Heggerty, West Virginia Phonics
- Sondag implemented K-8 *(phonics program- multi-modes of learning)*
- Utilizing Raider Time to implement interventions for students needing more intense instruction
- Collaborate with general education teachers when identifying Essential Standards- *continued work happening during 24/25 school year*

Math Goal

The percentage of all special education students in grades 2-11 at Central Public Schools who meet their growth goal on FAST aMath will increase from 67% in spring 2024 to 70% in spring 2025.

Action Steps for Math Goal

- All special education staff are using Fastbridge progress monitoring to collect data to determine effective instruction.
- Use PLC meetings to analyze data and develop appropriate interventions for student- *using this time to understand which students know the content vs. those that continue to need reinforcement*
- Continued work on using/understanding FastBridge interventions for students
- Collaborate with general education teachers when identifying Essential Standards-
- New math resource implementation, Bridges Intervention at elementary level Transmath at middle school.

**Central Public Schools
District VISIONCARD**

	Measure	Level 01 Intervention Required	Level 02 High Concern	Level 03 Minimally Acceptable	Level 04 Progress	Level 05 Vision	Wt %	Scor e
1	K-Readiness Level IGID	< 60 % of students are at or above K Readiness level	60 – 65 % of students are at or above K Readiness level	65 – 69 % of students are at or above K Readiness level	70 – 75 % of students are at or above K Readiness level	> 75 % of students are at or above K Readiness level	5%	4
2	K-3 Grade Reading Levels	<55 % of students are at or above grade level norm	55 - 59 % of students are at or above grade level norm	60 - 64 % of students are at or above grade level norm	65 - 70 % of students are at or above grade level norm	> 70 % of students are at or above grade level norm	20%	16
3	K-8 Reading Growth	<60 % of students meet or exceed grade level growth targets annually	60-69 % of students meet or exceed grade level growth targets annually	70-79 % of students meet or exceed grade level growth targets annually	80-90 % of students meet or exceed grade level growth targets annually	>90 % of students meet or exceed grade level growth targets annually	15%	12
4	Gr 9-12 Graduation Credit Attainment (per grading period)	<80 % of students are on-track to graduation per grading period	80-85 % of students are on-track to graduation per grading period	86-89 % of students are on-track to graduation per grading period	90-93 % of students are on-track to graduation per grading period	>93 % of students are on-track to graduation per grading period	20 %	20
5	Market Share of Students Living in District	<70 % of students living in district are enrolled by grade level	70-74 % of students living in district are enrolled by grade level	75-79 % of students living in district are enrolled by grade level	80-85 % of students living in district are enrolled by grade level	> 85 % of students living in district are enrolled by grade level	10 %	2
6	District Total Revenue	>80% mark of Conference Districts in locally funded revenue / student	Top 80% of Conference Districts in locally funded revenue / student	Top 70% of Conference Districts in locally funded revenue / student	Top 60% of Conference Districts in locally funded revenue / student	Top 50% of Conference Districts in locally funded revenue / student	5 %	4
7	Parent and Staff Support	<75 % of parents and staff surveyed are satisfied to highly satisfied with district overall	75-79 % of parents and staff surveyed are satisfied to highly satisfied with district overall	80-84 % of parents and staff surveyed are satisfied to highly satisfied with district overall	85-90 % of parents and staff surveyed are satisfied to highly satisfied with district overall	>90 % of parents and staff surveyed are satisfied to highly satisfied with district overall	10 %	10
8	3-11 Grade Math Levels (MCA)	<55 % of students are at or above grade level norm	55 - 59 % of students are at or above grade level norm	60 - 64 % of students are at or above grade level norm	65 - 69 % of students are at or above grade level norm	> 70 % of students are at or above grade level norm	10%	2
9	8th Grade Science Level (8th grade science MCA)	<55 % of students are at or above grade level norm	55 - 59 % of students are at or above grade level norm	60 - 64 % of students are at or above grade level norm	65 - 69 % of students are at or above grade level norm	> 70 % of students are at or above grade level norm	5%	1
Vision Card Score							71%	

2026-27

Central Public Schools

	Students	Teachers
1st Qtr	42	46
2nd Qtr	43	45
3rd Qtr	40	41
4th Qtr	42	44
Total	167	176

July

S	M	T	W	T	F	S
			1	2	3	
6	7	8	9	10		
13	14	15	16	17		
20	21	22	23	24		
27	28	29	30	31		

Jan. 4: School Resumes

Jan. 18: No School; Staff Development

Jan. 22: End of 2nd Qtr. Early Release

January

S	M	T	W	T	F	S
					1	
4	5	6	7	8		
11	12	13	14	15		
18	19	20	21	22		
25	26	27	28	29		

August

S	M	T	W	T	F	S
3	4	5	6	7		
10	11	12	13	14		
17	18	19	20	21		
24	25	26	27	28		
31						

Aug. 27: New Teacher Workshop

Aug. 31-Sept 3 : Teacher Work-

Feb. 15: No School Staff or Students

February

S	M	T	W	T	F	S
1	2	3	4	5		
8	9	10	11	12		
15	16	17	18	19		
22	23	24	25	26		

September

S	M	T	W	T	F	S
	1	2	3	4		
7	8	9	10	11		
14	15	16	17	18		
21	22	23	24	25		
28	29	30				

Sept. 2 & 3: Transition Day E-5 (Conferences and open house individualized by appointment)

Sept. 3: Open House 6-12

Sept. 7: Labor Day No School

Sept. 8: Transition Day 6th & 9th grades at school. Bussing provided.

Sept. 9: K-12 First Day of School

Sept. 14: Pre-K First Day of School

Mar. 19: End of 3rd Qtr. Early Release

March 22 - March 26: No School Spring Break

March 29: No School; Staff Development

March

S	M	T	W	T	F	S
1	2	3	4	5		
8	9	10	11	12		
15	16	17	18	19		
22	23	24	25	26		
29	30	31				

October

S	M	T	W	T	F	S
				1	2	
5	6	7	8	9		
12	13	14	15	16		
19	20	21	22	23		
26	27	28	29	30		

Oct. 15-16: No School; Fall Recess

April 23: No School Staff or Students

April

S	M	T	W	T	F	S
				1	2	
5	6	7	8	9		
12	13	14	15	16		
19	20	21	22	23		
26	27	28	29	30		

November

S	M	T	W	T	F	S
2	3	4	5	6		
9	10	11	12	13		
16	17	18	19	20		
23	24	25	26	27		
30						

Nov 6: End of 1st Qtr. Early Release

Nov. 9: No School; Staff Development

Nov. 25-27: No School Teacher Comp. & Thanksgiving Break

May 28: Last Day of School, 1/2 day, students released after lunch

May 28: Graduation

Snow Day Procedure:
On the first snow/cold weather day class will be cancelled and the following 5 snow/cold weather days will be "e-learning days"

May

S	M	T	W	T	F	S
3	4	5	6	7		
10	11	12	13	14		
17	18	19	20	21		
24	25	26	27	28		
31						

December

S	M	T	W	T	F	S
	1	2	3	4		
7	8	9	10	11		
14	15	16	17	18		
21	22	23	24	25		
28	29	30	31			

Dec. 24 - Jan. 3 : No School; Winter Break

June

S	M	T	W	T	F	S
	1	2	3	4		
7	8	9	10	11		
14	15	16	17	18		
21	22	23	24	25		
28	29					

2025-26

Central Public Schools

	Students	Teachers
1st Qtr	42	46
2nd Qtr	41	43
3rd Qtr	42	44
4th Qtr	42	43
Total	167	176

July

S	M	T	W	T	F	S
		1	2	3	4	
	7	8	9	10	11	
	14	15	16	17	18	
	21	22	23	24	25	
	28	29	30	31		

Jan. 5: School Resumes

January

S	M	T	W	T	F	S
					1	2
	5	6	7	8	9	
	12	13	14	15	16	
	19	20	21	22	23	
	26	27	28	29	30	

Jan 16: End of 2nd Qtr. Early Release
 Jan. 19: No School; Staff Development

August

S	M	T	W	T	F	S
					1	
	4	5	6	7	8	
	11	12	13	14	15	
	18	19	20	21	22	
	25	26	27	28	29	

Aug. 21: New Teacher Workshop
 Aug. 25-28: Teacher Workshop
 Aug. 27-28: Transition Day E-5 (Conferences and open house individualized by appointment)
 Aug. 27: Open House 6-12

Feb 13: No School; Staff Development
 Feb 16: No School Staff or Students
 Feb. 19 & 24: Elementary Conferences
 Feb. 23 & 26: Secondary Conferences

February

S	M	T	W	T	F	S
	2	3	4	5	6	
	9	10	11	12	13	
	16	17	18	19	20	
	23	24	25	26	27	

September

S	M	T	W	T	F	S
	1	2	3	4	5	
	8	9	10	11	12	
	15	16	17	18	19	
	22	23	24	25	26	
	29	30				

Sept. 1: Labor Day No School
 Sept. 2: Transition Day 6th & 9th grades at school. Bussing provided.
 Sept. 3: K-12 First Day of School
 Sept. 8: Pre-K First Day of School

Mar. 20: End of 3rd Qtr. Early Release
 March 23: Teacher Comp
 March 24 - March 27: No School Spring Break

March

S	M	T	W	T	F	S
	2	3	4	5	6	
	9	10	11	12	13	
	16	17	18	19	20	
	23	24	25	26	27	
	30	31				

October

S	M	T	W	T	F	S
			1	2	3	
	6	7	8	9	10	
	13	14	15	16	17	
	20	21	22	23	24	
	27	28	29	30	31	

Oct. 16-17: No School; Fall Recess
 Oct. 31: End of 1st Qtr. Early Release

April 3: No School Staff or Students
 April 24: No School Staff or Students

April

S	M	T	W	T	F	S
					1	2
	6	7	8	9	10	
	13	14	15	16	17	
	20	21	22	23	24	
	27	28	29	30		

November

S	M	T	W	T	F	S
	3	4	5	6	7	
	10	11	12	13	14	
	17	18	19	20	21	
	24	25	26	27	28	

Nov. 3: No School; Staff Development
 Nov. 3 & 6: Secondary Conferences
 Nov. 4 & 6: Elementary Conferences
 Nov. 26, 27 & 28: No School Teacher Comp. & Thanksgiving Break

May 29: Last Day of School, 1/2 day, students released after lunch
 May 29: Graduation

May

S	M	T	W	T	F	S
						1
	4	5	6	7	8	
	11	12	13	14	15	
	18	19	20	21	22	
	25	26	27	28	29	

December

S	M	T	W	T	F	S
	1	2	3	4	5	
	8	9	10	11	12	
	15	16	17	18	19	
	22	23	24	25	26	
	29	30	31			

Dec. 22- Jan. 4 : No School; Winter Break

Snow Day Procedure:
 On the first snow/cold weather day class will be cancelled and the following 5 snow/cold weather days will be "e-learning days"

June

S	M	T	W	T	F	S
	1	2	3	4	5	
	8	9	10	11	12	
	15	16	17	18	19	
	22	23	24	25	26	
	29	30				

NEW BOARD MEMBER ORIENTATION

Purpose: Provide necessary information and support for each Board member to be successful

Outcomes:

- support and facilitate a positive transition for each school board member
- establish and foster relationships, while building trust
- communicate adopted policies, procedures, and protocols
- ensure that each school board member has necessary information to make decisions
- help board members feel connected, supported and affirmed
- support and ensure personal and professional growth

Roles of the School Board:

- Vision
- Structure
- Accountability
- Advocacy
- Conduct and Ethics

Link: [Role of the School Board](#)

Characteristics of a Successful Board Member (MSBA): A successful Board member is:

- motivated by the best interest of students
- able to make difficult decisions
- passionate about public education
- able to function as part of a team
- collaborative
- trusted

Board Member Expectations:

- Understand the various components that make up District 108
- Be positive advocate for the betterment and growth of District 108
- Understand the policies that are already a part of District 108
- Listen to all stakeholder perspectives with an open mind
- Act in a professional manner when representing District 108 school board
- Treat private conversations with confidentiality and respond to public decisions with positivity
- Assume positive intent for others around you - board member, staff and community members
- Communicate about board business with the superintendent or in a board meeting
- Research every aspect of an issue and see if policy needs to be changed
- Communicate with others in accordance to protocol established
- Act with integrity at all times

- Support Board final decisions, even if you voted against a particular item
- Create an environment that is constructive, and positive; while still upholding your own values and perspectives
- Work with and rely on the Board Chair and Superintendent when communicating “as a Board”

Board Meeting and Member Logistics:

- Board Members (Sara Eischens, Shelby Erickson, Connor Smith, Kyle Strickfaden, Sarah Lehrke, Emily Perlbachs, Josh Kroells)
- [School Board Meeting Agendas](#), including dates, and minutes.
- Board meetings begin at 6:00 p.m., Work Sessions, if needed, will be the 2nd Monday of each month.
- All Board meetings are held at the High School
- Agendas and Board packets are typically sent to Board members on Wednesday afternoons through their ISD 108 email address.
- Board members are expected to talk with the Board Chair or Superintendent by Friday afternoon, prior to a meeting, if he/she needs additional information or plans to vote no on any agenda item so they are aware and can ensure the Board member has accurate and complete information to make a decision.
- Board member primary contacts include Superintendent Schochenmaier, Coordinator Groschen, Coordinator Peterson, and/or Board Chair Eischens.
- Board members will be given a District email account to utilize for School Board Business

Tim Schochenmaier (Cell): (651) 815-7788;

Amy Groschen (Cell):

Lynn Peterson (Cell):

Board Meeting Etiquette Reminders (Board Chair):

As elected officials, what we say and how we act matters and sets a precedent for others (including employees) to follow.

As I think about our roles and professionalism, I would like each of us to consider the following five items:

1. **Use titles** at the Board table when speaking. For example, saying “Ms. Chair, Superintendent Schochenmaier, Director ...” when asking a question or making a comment. This would include when we are addressing School Staff members too (i.e. Principal, Director, etc.).
2. **Refrain from making comments** that may be perceived as unprofessional or irrelevant to the topic being discussed. I find keeping a script and bullet points help me. This would include not using slang.
3. **Avoid body language** that shows emotional responses. This is especially important because we are on video.
4. **Raise our hand and avoid interrupting others** when we have something to say and/or to get the Chair’s attention.
5. **Recognize** that we are under the spotlight at all times (prior to meetings, during meetings, and after meetings). What we say and how we act have an impact. People are watching us closely.

Current Superintendent and Board Goals:

- Superintendent Goals are attached
- School Board Goals are attached
- [Board Meeting Yearly Plan](#)

Resources and Information:

- [Letter from Tim Schochenmaier](#)
- [MSBA Brochure - Running for School Board](#)
- [MSBA Presentation - Tips and Timelines for School Board Candidates](#)
- [MSBA Document - Legal Requirements for School Board Members](#)

Policies Specific to School Board Members:

201 Legal Status of the School Board 202 School Board Officers 203 Operation of the School Board - Governing Rules
203.1 School Board Procedures: Rules of Order 203.2 Order of the Regular School Board Meeting 203.5 School Board Meeting Agenda
203.6 Consent Agenda 204 School Board Meeting Minutes 205 Open Meetings and Closed Meetings
206 Public Participation in School Board Meetings/Complaints about Persons at School Board Meetings and Data Privacy Considerations 207 Public Hearings 208 Development, Adoption and Implementation of Policies
209 Code of Ethics 210 Conflict of Interest - School Board Members 211 Criminal or Civil Action Against School District, School Board Member, Employee or Student
212 School Board Member Development 214 Out-of-State Travel by School Board Members

Policies Review Cycle:

- The following policies need to be reviewed and approved annually:

410 Family and Medical Leave Policy;
413 Harassment and Violence;
414 Mandated Reporting of Child Neglect or Physical or Sexual Abuse;
415 Mandated Reporting of Maltreatment of Vulnerable Adults;
506 Student Discipline;
514 Bullying Prohibition Policy;
522 Student Sex Nondiscrimination;
524 Internet Acceptable Use and Safety Policy;
616 School District System Accountability; and
806 Crisis Management Policy.

- All other policies are reviewed within a three year time period

Superintendent Competencies:

- Leadership
- Organizational Management
- Policy and Law
- Political Influence and Governance
- Communication
- Community Relations
- Curriculum Planning and Development
- Instructional Management
- Values and Ethics of Leadership
- Judgment and Problem Analysis

Link: [Leadership and the Role of the Superintendent](#)

Communication:

with superintendent

- Any time and at all times
- semi-annual individual meetings (December/June)
- regular phone calls
- weekly written updates
- communication protocol

with leadership team and principals

- orientation notebook
- communication protocol
- encourage site visits with superintendent
- communication protocol

with community members

- email protocol established by superintendent and Board chair
- communication with community member protocol
- encourage problem solving at lowest possible level (state policy)

with other district staff

- encourage problem solving at lowest possible level

requests for information from staff

- contact superintendent directly for information
- guidance provided by Superintendent or Leadership Team
- information shared with all board members

Mentor / Mentee Meetings: Mentors will be assigned to each new member and suggested topics include, but are not limited to:

- December 2024: (Welcome; Communication; Curiosities; Upcoming Agenda Items of Importance; Roles (Superintendent, Board, Leadership Team) and MSBA Training).
- January 2025: Meet with Superintendent
- February 2025: (Expectations versus Reality; New Learnings; Curiosities; Upcoming Agenda Items of Importance; Working with Community Members)
- April 2025: (Comfort with Serving on the Board, Curiosities; Upcoming Agenda Items of Importance; MSBA; New Learnings; Site Visits)
- May 2025: (Change in School Seasons (i.e. end of year, limited students, etc.); Graduation Ceremony; Prepare for Start of Year (transportation, anxiety, excitement, etc.); Curiosities; Schedule Time with Superintendent; Upcoming Agenda Items of Importance.
- July 2025: Meet with Superintendent
- August 2025: (Staff return..all hands on deck); Prepare for Welcome Back Event; Upcoming Agenda Items of Importance; Enrollment/Staffing; New Learnings; Board and Superintendent Goals)
- September 2025: (Honeymoon is Over; Curiosities; Prepare for Levy and LTFM discussions; **Progress on Strategic Plan**; Board Development)
- December 2025: (First Year Complete; Reflect on Year 1 (things I learned, would repeat, and/or do differently); Dreams and Curiosities; Support I Need?)

Important dates

- MSBA Phase I and II Training (December or January)*
- Term Begins for Newly Elected School Board Members - **Monday, January 9, 2025**

- MSBA Conference January 16-17, 2025
(<https://mnmsba.org/workshops-events/msba-leadership-conference/>)
- School Board Recognition Month is September 2025

Note: Talk with Tim if you want to go to the MSBA conference.

Recommended Professional Development:

Annually

- 2 Site visits with Superintendent

Year One:

- MSBA Phase I Learning to Lead - School Board Basics
- MSBA Phase II Leadership Foundations - School Finance and Management
- MSBA Conference and/or National Conference
- Two additional, individual meetings with Superintendent (i.e. Check-In: January and July)

Year Two:

- MSBA Phase III Building a High-Performance School Board Team
- MSBA Conference
- Two individual meetings with Superintendent (November and May)

Year Three:

- MSBA Phase IV Representing Your Community Through Policy and Engagement
- MSBA Conference and/or National Conference
- Serve as a “Board Mentor” for a new board member
- Two individual meetings with Superintendent (November and May)

Resources:

- NSBA – The Key Work of School Boards
- David Horsager’s book, "The Trust Edge"
- [MN School Board Association](#)
- Leadership Choices

Norwood-Young America School Payment Reg by Bank and Check

Bank	Batch	Pmt No	Check No	Pay Type	Grp Code	Rcd	Vendor	Tax Class	Pay/Void				Amount
									Print	Recon	Void	Date	
GEN1	P50426	58782		Wire	1	2468	R2 MASTERCARD - HARRIS BANK		No	No	No	10/28/2024	2,924.27
GEN1	P50426	58783		Wire	1	4091	MASTERCARD - HARRIS BANK		No	No	No	10/28/2024	3,275.35
GEN1	P50426	58784		Wire	1	00061	CITY OF NORWOOD YOUNG AMERICA		No	Yes	No	10/30/2024	2,530.89
GEN1	P50426	58785		Wire	1	00604	CARVER COUNTY TREASURER		No	Yes	No	10/30/2024	3,358.15
GEN1	P50426	58786		Wire	1	01606	CENTERPOINT ENERGY		No	No	No	10/30/2024	1,579.57
GEN1	P50426	58787		Wire	1	04035	TEACHERS RETIREMENT ASSOC		Yes	No	Yes	10/30/2024	3,684.01
GEN1	P50426	58787		Wire	1	04035	TEACHERS RETIREMENT ASSOC		Yes	No	Yes	11/01/2024	(3,684.01)
GEN1	P50426	58788		Wire	1	09609	XCEL ENERGY		No	No	No	10/30/2024	30,470.72
GEN1	P50426	58789		Wire	1	2728	BREMER BANK, NA28		No	Yes	No	10/30/2024	58.70
GEN1	P50426	58790		Wire	1	5002	WASTE MANAGEMENT OF WI-MN		No	No	No	10/30/2024	87.72
GEN1	P50426	58791		Wire	1	7133	METRONET		No	No	No	10/30/2024	69.95
GEN1	p50531	58852		Wire	1	04034	PERA		No	No	No	11/05/2024	9,766.25
GEN1	p50531	58853		Wire	1	04035	TEACHERS RETIREMENT ASSOC		No	No	No	11/05/2024	37,850.92
GEN1	p50531	58854		Wire	1	05255	DEPARTMENT OF THE TREASURY		No	No	No	11/05/2024	66,176.99
GEN1	p50531	58855		Wire	1	06027	COMMISSIONER OF REVENUE		No	No	No	11/05/2024	10,622.10
GEN1	p50531	58856		Wire	1	3785	EDUCATORS FINANCIAL SERVICES		No	No	No	11/05/2024	13,217.35
GEN1	p50531	58857		Wire	1	6821	WEX Health Inc.		No	No	No	11/05/2024	37.85
GEN1	P50526	58926		Wire	1	00061	CITY OF NORWOOD YOUNG AMERICA		No	No	No	11/15/2024	2,474.80
GEN1	P50526	58927		Wire	1	6821	WEX Health Inc.		No	No	No	11/15/2024	240.75
GEN1	p50532	58928		Wire	1	04034	PERA		No	No	No	11/20/2024	7,689.83
GEN1	p50532	58929		Wire	1	04035	TEACHERS RETIREMENT ASSOC		No	No	No	11/20/2024	39,016.37
GEN1	p50532	58930		Wire	1	05255	DEPARTMENT OF THE TREASURY		No	No	No	11/20/2024	63,697.93
GEN1	p50532	58931		Wire	1	06027	COMMISSIONER OF REVENUE		No	No	No	11/20/2024	10,143.48
GEN1	p50532	58932		Wire	1	1439	DELTA DENTAL PLAN OF MN		No	No	No	11/20/2024	6,261.51
GEN1	p50532	58933		Wire	1	2260	AFLAC		No	No	No	11/20/2024	100.29
GEN1	p50532	58934		Wire	1	3785	EDUCATORS FINANCIAL SERVICES		No	No	No	11/20/2024	12,793.03
GEN1	p50532	58935		Wire	1	5699	MN PUBLIC EMPLOYEES INSURANCE PF		No	No	No	11/20/2024	74,054.78
GEN1	p50532	58936		Wire	1	6821	WEX Health Inc.		No	No	No	11/20/2024	1,237.85
GEN1	P30626	55115	40890	Check	1	6875	GRATZ, TREY		Yes	Yes	Yes	10/22/2024	(19.47)
GEN1	P30626	55177	40973	Check	1	6888	JENS, BRAELYN		Yes	Yes	Yes	10/22/2024	(40.00)
GEN1	P30826	55411	41173	Check	1	5490	HUTCHINSON YOUTH BASKETBALL ASSC		Yes	Yes	Yes	10/22/2024	(50.00)
GEN1	P31025	55683	41418	Check	1	2624	ISD #881 - MAPLE LAKE PUBLIC		Yes	Yes	Yes	10/22/2024	(100.00)
GEN1	P31226	56063	41760	Check	1	4550	SCHAAF, MELISSA		Yes	Yes	Yes	10/22/2024	(11.35)
GEN1	P40326	56462	42029	Check	1	7021	HANISH, LINDSAY		Yes	Yes	Yes	10/22/2024	(20.00)
GEN1	P40326	56429	42032	Check	1	4882	HOFFMAN, REBECCA		Yes	Yes	Yes	10/22/2024	(20.00)
GEN1	P41126	57327	42818	Check	1	7151	STUMBO, ANDREW		Yes	Yes	Yes	10/22/2024	(35.11)
GEN1	P41126	58035	43359	Check	1	7233	BROWN, KATE		Yes	Yes	Yes	10/22/2024	(90.00)
GEN1	P41226	58193	43531	Check	1	7247	CUTEAN, EMILY		Yes	Yes	Yes	10/22/2024	(120.00)
GEN1	P50426	58851	44057	Check	1	7322	AED BRANDS		Yes	No	No	10/30/2024	193.17
GEN1	P50426	58843	44058	Check	1	7270	ATMOSPHERE COMMERCIAL INTERIORS		Yes	No	No	10/30/2024	8,938.44
GEN1	P50426	58849	44059	Check	1	7320	BENEKE, MARLENA		Yes	No	No	10/30/2024	217.04
GEN1	P50426	58831	44060	Check	1	6728	BLUUM OF MINNESOTA, LLC	LLC - C Corp	Yes	No	No	10/30/2024	228.00
GEN1	P50426	58822	44061	Check	1	5087	BODEKER, RANDY		Yes	No	No	10/30/2024	160.00
GEN1	P50426	58812	44062	Check	1	3620	BRAUN, REBECCA		Yes	No	No	10/30/2024	182.24
GEN1	P50426	58821	44063	Check	1	4946	BSN SPORTS LLC		Yes	No	No	10/30/2024	866.31
GEN1	P50426	58799	44064	Check	1	01698	CARVER COUNTY PARKS		Yes	No	No	10/30/2024	2,256.75
GEN1	P50426	58798	44065	Check	1	01606	CENTERPOINT ENERGY		Yes	No	No	10/30/2024	3,290.18
GEN1	P50426	58801	44066	Check	1	1118	CENTRAL BOOSTER CLUB		Yes	No	No	10/30/2024	216.00
GEN1	P50426	58810	44067	Check	1	3213	CENTURYLINK		Yes	No	No	10/30/2024	138.81
GEN1	P50426	58807	44068	Check	1	2721	DASHIR MANAGEMENT SERVICES INC		Yes	No	No	10/30/2024	49,343.24
GEN1	P50426	58842	44069	Check	1	7204	DEJUTE, SUSAN	Ind/Sole Proprietor	Yes	No	No	10/30/2024	12.00
GEN1	P50426	58818	44070	Check	1	4717	ECM PUBLISHERS, INC.		Yes	No	No	10/30/2024	146.00
GEN1	P50426	58819	44071	Check	1	4873	EMC INSURANCE COMPANIES		Yes	No	No	10/30/2024	90,225.32
GEN1	P50426	58826	44072	Check	1	5964	ENVIRONMENTAL TESTING & INSPECTIO		Yes	No	No	10/30/2024	3,055.00
GEN1	P50426	58834	44073	Check	1	6822	FLORAL DEFINED		Yes	No	No	10/30/2024	333.00
GEN1	P50426	58838	44074	Check	1	7067	FORD, TONIA	Ind/Sole Proprietor	Yes	No	No	10/30/2024	100.00
GEN1	P50426	58840	44075	Check	1	7099	FULLER, ANDREA	Ind/Sole Proprietor	Yes	No	No	10/30/2024	50.00
GEN1	P50426	58850	44076	Check	1	7321	GAME ONE		Yes	No	No	10/30/2024	278.25
GEN1	P50426	58824	44077	Check	1	5274	GRAMS, RYAN	Ind/Sole Proprietor	Yes	No	No	10/30/2024	100.00
GEN1	P50426	58847	44078	Check	1	7318	GSL COMMUNITY EDUCATION		Yes	No	No	10/30/2024	300.00
GEN1	P50426	58820	44079	Check	1	4930	HANSON, RANDY		Yes	No	No	10/30/2024	150.00
GEN1	P50426	58830	44080	Check	1	6722	HEARTLAND BUSINESS SYSTEMS, LLC.		Yes	No	No	10/30/2024	2,970.13
GEN1	P50426	58828	44081	Check	1	6620	IDEAL ENERGIES SOLAR LEASING 2021 LLC - Partnership		Yes	No	No	10/30/2024	450.75
GEN1	P50426	58804	44082	Check	1	1442	IMPERIAL DADE		Yes	No	No	10/30/2024	1,936.68
GEN1	P50426	58795	44083	Check	1	00838	JOSTENS INC		Yes	No	No	10/30/2024	255.95
GEN1	P50426	58833	44084	Check	1	6816	KEES, ED		Yes	No	No	10/30/2024	160.00
GEN1	P50426	58846	44085	Check	1	7317	KEES, RYAN	Ind/Sole Proprietor	Yes	No	No	10/30/2024	150.00
GEN1	P50426	58813	44086	Check	1	3782	KIEWATT, FRED		Yes	No	No	10/30/2024	160.00
GEN1	P50426	58808	44087	Check	1	3009	KLIMA, MIKE		Yes	No	No	10/30/2024	100.00
GEN1	P50426	58848	44088	Check	1	7319	KNOPIK, CHLOE		Yes	No	No	10/30/2024	72.11
GEN1	P50426	58815	44089	Check	1	4559	LAGERGREN, CHRIS	Ind/Sole Proprietor	Yes	No	No	10/30/2024	125.00
GEN1	P50426	58800	44090	Check	1	03166	LAGERGREN, MARK		Yes	No	No	10/30/2024	702.57

Norwood-Young America School Payment Reg by Bank and Check

Bank	Batch	Pmt No	Check No	Pay Type	Grp Code	Rcd	Vendor	Tax Class	Print	Recon	Pay/Void		Amount
											Void	Date	
GEN1	P50426	58839	44091	Check	1	7085	M & D SPORTS SERVICES		Yes	No	No	10/30/2024	168.00
GEN1	P50426	58817	44092	Check	1	4711	MAGID GLOVE & SAFETY MANUFACTURI		Yes	No	No	10/30/2024	247.29
GEN1	P50426	58827	44093	Check	1	6545	MARCO TECHNOLOGIES LLC	LLC - Partnership	Yes	No	No	10/30/2024	4,511.08
GEN1	P50426	58809	44094	Check	1	3185	MARCO TECHNOLOGIES, LLC	LLC - Partnership	Yes	No	No	10/30/2024	417.00
GEN1	P50426	58796	44095	Check	1	00954	MASTER TEACHER		Yes	No	No	10/30/2024	660.00
GEN1	P50426	58793	44096	Check	1	00572	MENARDS INC		Yes	No	No	10/30/2024	597.45
GEN1	P50426	58806	44097	Check	1	1982	MN CLAY USA		Yes	No	No	10/30/2024	603.05
GEN1	P50426	58797	44098	Check	1	01530	MUSIC MART		Yes	No	No	10/30/2024	275.25
GEN1	P50426	58832	44099	Check	1	6768	NATIONAL INSURANCE SERVICES OF WI		Yes	No	No	10/30/2024	1,250.00
GEN1	P50426	58823	44100	Check	1	5263	ORONO BASKETBALL ASSOCIATION		Yes	No	No	10/30/2024	450.00
GEN1	P50426	58841	44101	Check	1	7203	PARTY CRASHERS RC RACING		Yes	No	No	10/30/2024	190.00
GEN1	P50426	58803	44102	Check	1	1313	POHLMEIER, RICH		Yes	No	No	10/30/2024	150.00
GEN1	P50426	58802	44103	Check	1	1267	READ NATURALLY		Yes	No	No	10/30/2024	384.00
GEN1	P50426	58792	44104	Check	1	00122	REGION V COMPUTER SERVICES		Yes	No	No	10/30/2024	4,193.25
GEN1	P50426	58844	44105	Check	1	7303	SAY IT RIGHT		Yes	No	No	10/30/2024	271.98
GEN1	P50426	58825	44106	Check	1	5287	SOUTHWEST METRO INTERMEDIATE DIS		Yes	No	No	10/30/2024	8,320.59
GEN1	P50426	58816	44107	Check	1	4571	SOUTHWEST MN STATE UNIVERSITY		Yes	No	No	10/30/2024	26,620.00
GEN1	P50426	58835	44108	Check	1	6869	STARRY'S EMBROIDERY & MORE		Yes	No	No	10/30/2024	696.00
GEN1	P50426	58829	44109	Check	1	6654	SUMMIT FIRE PROTECTION		Yes	No	No	10/30/2024	836.00
GEN1	P50426	58794	44110	Check	1	00732	SUPER DUPER SCHOOL CO.		Yes	No	No	10/30/2024	79.90
GEN1	P50426	58845	44111	Check	1	7304	THE DISCOVERY SOURCE, INC.		Yes	No	No	10/30/2024	829.17
GEN1	P50426	58811	44112	Check	1	3272	1099A THIEL, CHARLES A.		Yes	No	No	10/30/2024	186.00
GEN1	P50426	58805	44113	Check	1	1572	THUNSTROM, LEE		Yes	No	No	10/30/2024	150.00
GEN1	P50426	58837	44114	Check	1	7009	WACTOWN PROPERTIES		Yes	No	No	10/30/2024	1,989.39
GEN1	P50426	58814	44115	Check	1	4372	WARD'S SCIENCE		Yes	No	No	10/30/2024	66.00
GEN1	P50426	58836	44116	Check	1	6913	WINONA STATE UNIVERSITY		Yes	No	No	10/30/2024	120.00
GEN1	p50531	58858	44117	Check	1	06032	MINNESOTA SCHOOL EMP ASSOC		Yes	No	No	11/05/2024	874.50
GEN1	P50526	58864	44118	Check	1	7003	ACRE		Yes	No	No	11/12/2024	2,987.77
GEN1	P50526	58862	44119	Check	1	6928	DAVIS MECHANICAL SYSTEMS, INC.		Yes	No	No	11/12/2024	6,163.92
GEN1	P50526	58865	44120	Check	1	7254	JACKSON & ASSOCIATES, LLC		Yes	No	No	11/12/2024	48,275.18
GEN1	P50526	58861	44121	Check	1	6704	NEXUS SOLUTIONS LLC	LLC - S Corp	Yes	No	No	11/12/2024	407,585.06
GEN1	P50526	58860	44122	Check	1	4284	ROCHON CORPORATION		Yes	No	No	11/12/2024	92,452.67
GEN1	P50526	58863	44123	Check	1	6991	TITAN ENVIRONMENTAL, INC.		Yes	No	No	11/12/2024	9,450.00
GEN1	P50526	58859	44124	Check	1	1157	UHL COMPANY		Yes	No	No	11/12/2024	11,720.63
GEN1	P50526	58890	44125	Check	1	5123	ANDERSON, STEVEN		Yes	No	No	11/15/2024	240.00
GEN1	P50526	58917	44126	Check	1	7300	APPLIANCE REPAIR CENTER INC.		Yes	No	No	11/15/2024	1,338.90
GEN1	P50526	58899	44127	Check	1	6412	AVIBEN		Yes	No	No	11/15/2024	138.40
GEN1	P50526	58884	44128	Check	1	3626	BATTERIES PLUS BULBS		Yes	No	No	11/15/2024	344.52
GEN1	P50526	58900	44129	Check	1	6461	BEHRENS, CHUCK		Yes	No	No	11/15/2024	50.00
GEN1	P50526	58909	44130	Check	1	6973	BIFFS, INC.		Yes	No	No	11/15/2024	712.00
GEN1	P50526	58883	44131	Check	1	3620	BRAUN, REBECCA		Yes	No	No	11/15/2024	551.07
GEN1	P50526	58871	44132	Check	1	01698	CARVER COUNTY PARKS		Yes	No	No	11/15/2024	105.00
GEN1	P50526	58887	44133	Check	1	4459	CENTRAL GIRLS BASKETBALL BOOSTEF		Yes	No	No	11/15/2024	2,184.00
GEN1	P50526	58914	44134	Check	1	7150	CESO COMMUNICATIONS, LLC		Yes	No	No	11/15/2024	1,950.00
GEN1	P50526	58879	44135	Check	1	2597	cmERDC		Yes	No	No	11/15/2024	1,474.93
GEN1	P50526	58921	44136	Check	1	7324	CREEKVIEW IMAGES		Yes	No	No	11/15/2024	60.00
GEN1	P50526	58888	44137	Check	1	4874	EGGERS, MARK		Yes	No	No	11/15/2024	55.00
GEN1	P50526	58867	44138	Check	1	00112	ERPENBACH, RON		Yes	No	No	11/15/2024	360.00
GEN1	P50526	58919	44139	Check	1	7315	eSPECIAL NEEDS		Yes	No	No	11/15/2024	593.95
GEN1	P50526	58908	44140	Check	1	6910	FASCHING, JANE	Ind/Sole Proprietor	Yes	No	No	11/15/2024	1,364.00
GEN1	P50526	58910	44141	Check	1	6998	FORSTER, SUE		Yes	No	No	11/15/2024	360.00
GEN1	P50526	58901	44142	Check	1	6468	GARCIA-SANCHEZ, FLORMIRA	Ind/Sole Proprietor	Yes	No	No	11/15/2024	555.00
GEN1	P50526	58891	44143	Check	1	5274	GRAMS, RYAN	Ind/Sole Proprietor	Yes	No	No	11/15/2024	55.00
GEN1	P50526	58906	44144	Check	1	6796	GREATER MN COMMUNICATIONS		Yes	No	No	11/15/2024	343.60
GEN1	P50526	58907	44145	Check	1	6850	GROSCHEN, AMY		Yes	No	No	11/15/2024	360.00
GEN1	P50526	58866	44146	Check	1	00086	GRUENHAGEN, JEREMY		Yes	No	No	11/15/2024	55.00
GEN1	P50526	58904	44147	Check	1	6722	HEARTLAND BUSINESS SYSTEMS, LLC.		Yes	No	No	11/15/2024	354.60
GEN1	P50526	58878	44148	Check	1	2439	HENDRYCKS, PHIL		Yes	No	No	11/15/2024	360.00
GEN1	P50526	58925	44149	Check	1	7328	HOLLAND, LILY		Yes	No	No	11/15/2024	12.70
GEN1	P50526	58868	44150	Check	1	00182	HOME SOLUTIONS UNLIMITED		Yes	No	No	11/15/2024	652.64
GEN1	P50526	58918	44151	Check	1	7305	ID WHOLESALER		Yes	No	No	11/15/2024	850.00
GEN1	P50526	58892	44152	Check	1	5858	IMPACT APPLICATIONS, INC.		Yes	No	No	11/15/2024	520.00
GEN1	P50526	58874	44153	Check	1	1442	IMPERIAL DADE		Yes	No	No	11/15/2024	2,038.40
GEN1	P50526	58873	44154	Check	1	01819	ISD #111- WATERTOWN-MAYER SCHO		Yes	No	No	11/15/2024	100.00
GEN1	P50526	58905	44155	Check	1	6774	LARSON, RICHARD		Yes	No	No	11/15/2024	360.00
GEN1	P50526	58902	44156	Check	1	6545	MARCO TECHNOLOGIES LLC	LLC - Partnership	Yes	No	No	11/15/2024	3,523.18
GEN1	P50526	58875	44157	Check	1	1606	MAYER LUMBER CO, INC		Yes	No	No	11/15/2024	978.17
GEN1	P50526	58885	44158	Check	1	4316	MCDOWELL AGENCY, INC.		Yes	No	No	11/15/2024	70.40
GEN1	P50526	58876	44159	Check	1	1982	MN CLAY USA		Yes	No	No	11/15/2024	247.50
GEN1	P50526	58872	44160	Check	1	01767	MN COMMUNITY ED ASSOCIATION		Yes	No	No	11/15/2024	379.00
GEN1	P50526	58897	44161	Check	1	6388	MN DEPT OF HEALTH		Yes	No	No	11/15/2024	290.00
GEN1	P50526	58903	44162	Check	1	6560	MN HIGHWAY SAFETY & RESEARCH CEN		Yes	No	No	11/15/2024	276.00

Norwood-Young America School Payment Reg by Bank and Check

Bank	Batch	Pmt No	Check No	Pay Type	Grp Code	Rcd	Vendor	Tax Class	Pay/Void			Amount	
									Print	Recon	Void		Date
GEN1	P50526	58870	44163	Check	1	01530	MUSIC MART		Yes	No	No	11/15/2024	141.20
GEN1	P50526	58924	44164	Check	1	7327	NORTHBOUND M.C.	Ind/Sole Proprietor	Yes	No	No	11/15/2024	400.00
GEN1	P50526	58889	44165	Check	1	5082	NYA FIRE DEPARTMENT RELIEF ASSOCI/		Yes	No	No	11/15/2024	300.00
GEN1	P50526	58882	44166	Check	1	3468	PETERSON, LYNN		Yes	No	No	11/15/2024	360.00
GEN1	P50526	58915	44167	Check	1	7170	POLAR ELECTRO INC.		Yes	No	No	11/15/2024	650.00
GEN1	P50526	58922	44168	Check	1	7325	PREP TIME PRINTING		Yes	No	No	11/15/2024	800.00
GEN1	P50526	58913	44169	Check	1	7149	PURKAT, JENNIFER	Ind/Sole Proprietor	Yes	No	No	11/15/2024	700.00
GEN1	P50526	58881	44170	Check	1	3068	RAIDER TOUCHDOWN CLUB		Yes	No	No	11/15/2024	4,132.46
GEN1	P50526	58895	44171	Check	1	5987	RIVERSIDE INSIGHTS		Yes	No	No	11/15/2024	953.00
GEN1	P50526	58898	44172	Check	1	6406	SAVVAS LEARNING COMPANY LLC		Yes	No	No	11/15/2024	252.00
GEN1	P50526	58923	44173	Check	1	7326	SCHERER, LAUREN		Yes	No	No	11/15/2024	180.41
GEN1	P50526	58893	44174	Check	1	5927	SCHOCHENMAIER, TIM		Yes	No	No	11/15/2024	360.00
GEN1	P50526	58912	44175	Check	1	7083	SCHOLASTIC BOOK FAIRS		Yes	No	No	11/15/2024	927.48
GEN1	P50526	58869	44176	Check	1	00374	SMITH OIL CO.		Yes	No	No	11/15/2024	101.80
GEN1	P50526	58886	44177	Check	1	4380	STACKEN, REID		Yes	No	No	11/15/2024	360.00
GEN1	P50526	58880	44178	Check	1	2656	STEP SAVER INC.		Yes	No	No	11/15/2024	539.90
GEN1	P50526	58920	44179	Check	1	7323	SVOBODA, DANIEL		Yes	No	No	11/15/2024	100.00
GEN1	P50526	58877	44180	Check	1	2325	TAHER, INC. - BIN# 135092		Yes	No	No	11/15/2024	83,360.89
GEN1	P50526	58894	44181	Check	1	5953	TEAMWORKS INTERNATIONAL		Yes	No	No	11/15/2024	2,018.80
GEN1	P50526	58896	44182	Check	1	6252	T-MOBILE		Yes	No	No	11/15/2024	263.35
GEN1	P50526	58916	44183	Check	1	7214	TOP NOTCH TURF		Yes	No	No	11/15/2024	3,270.14
GEN1	P50526	58911	44184	Check	1	7009	WACTOWN PROPERTIES		Yes	No	No	11/15/2024	1,989.39
GEN1	p50532	58940	44185	Check	1	07999	C.E.A.		Yes	No	No	11/20/2024	8,237.66
GEN1	p50532	58938	44186	Check	1	01140	MADISON NAT'L LIFE INS CO INC.		Yes	No	No	11/20/2024	1,391.67
GEN1	p50532	58939	44187	Check	1	06032	MINNESOTA SCHOOL EMP ASSOC		Yes	No	No	11/20/2024	423.70
GEN1	p50532	58941	44188	Check	1	3796	NATIONAL INSURANCE SERVICES OF WI		Yes	No	No	11/20/2024	360.36
GEN1	p50532	58937	44189	Check	1	00808	NCPERS Group Life Ins.		Yes	No	No	11/20/2024	16.00

Bank Total: \$1,337,718.71

Report Total: \$1,337,718.71

November 5-2024 PAYROLL

GROSS PAY	\$308,648.54
FEDERAL TAX	(21,580.89)
MN STATE TAX	(10,622.10)
OASDI	(18,071.57)
MEDICARE	(4,226.48)
PERA	(3,782.14)
TRA	(17,778.50)
ANNUITIES	(8,605.92)
FLEX	(17,170.08)
VOLUNTARIES	(6,305.65)
NET PAYROLL	<u><u>\$200,505.21</u></u>

November 20-2024 PAYROLL

GROSS PAY	\$301,819.86
FEDERAL TAX	(20,146.41)
MN STATE TAX	(10,143.48)
OASDI	(17,648.33)
MEDICARE	(4,127.43)
PERA	(3,570.28)
TRA	(18,325.89)
ANNUITIES	(8,504.25)
FLEX	(17,170.08)
VOLUNTARIES	(5,851.73)
NET PAYROLL	<u><u>\$196,331.98</u></u>



**December 20, 2024
Secondary School
All Day Event Schedule**



A detailed overview of the day's activities.

1st Hour Attendance



Students will receive a number in their 1st-hour class.

White numbers for Middle School and Maroon for High School.

At 8:15, after announcements, odd-numbered students will meet in the main gym, while even-numbered students will gather in the Field House to find their partners.



Get to Know You Activity

Engage in a fun scavenger hunt around the school.

This activity encourages students to interact and learn more about each other.



2nd Hour & Raider Time Activities

Tournament 1 will take place during this hour.

- **Kickball**
- **Dodgeball**
- **Pickleball**

***Students will vote for tournament**

Top two will be chosen

Teachers will lead various classroom activities,
including:

- Crafts, Cards, Board games, Button Making,
Bracelet Making, Bingo



3rd Hour Activities



STEM/STEAM activities will be conducted, matching up students from High School Raider Time group with a Middles School group.

This hour focuses on mentoring and collaboration.



Lunch Break

A well-deserved break for students to relax and recharge before the next activities.



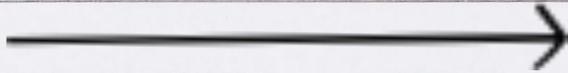
4th & 5th Hour Activities

Tournament 2 will be held during these hours.

Teachers will continue to facilitate engaging classroom activities.



6th & 7th Hour Talent Show



A showcase of student talents, including:

- Lip Sync Battle
- Dancing
- Singing
- Comedy
- Christmas Sweater Contest during intermission or at the end.





Key Activities Overview



1

- 1st Hour: Number distribution and partner finding.

4

- 4th & 5th Hour: Tournament 2 and engaging activities.

2

- 2nd Hour: Tournament and classroom activities.

5

- 6th & 7th Hour: Talent show and contests.

3

- 3rd Hour: STEM/STEAM activities and mentoring.

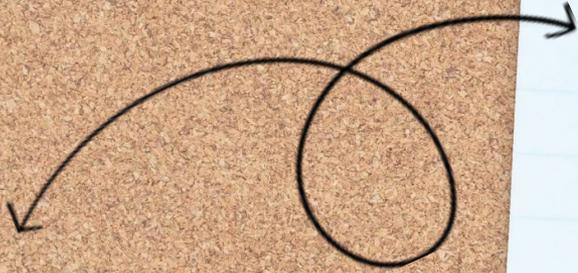


Event Highlights

Goal is promoting more mentorship activities between the High School and Middle School. Allow students who do not usually get to interact a chance to learn with and from each other.



Thanks!



Finance Committee Report



November 25, 2024

Purpose

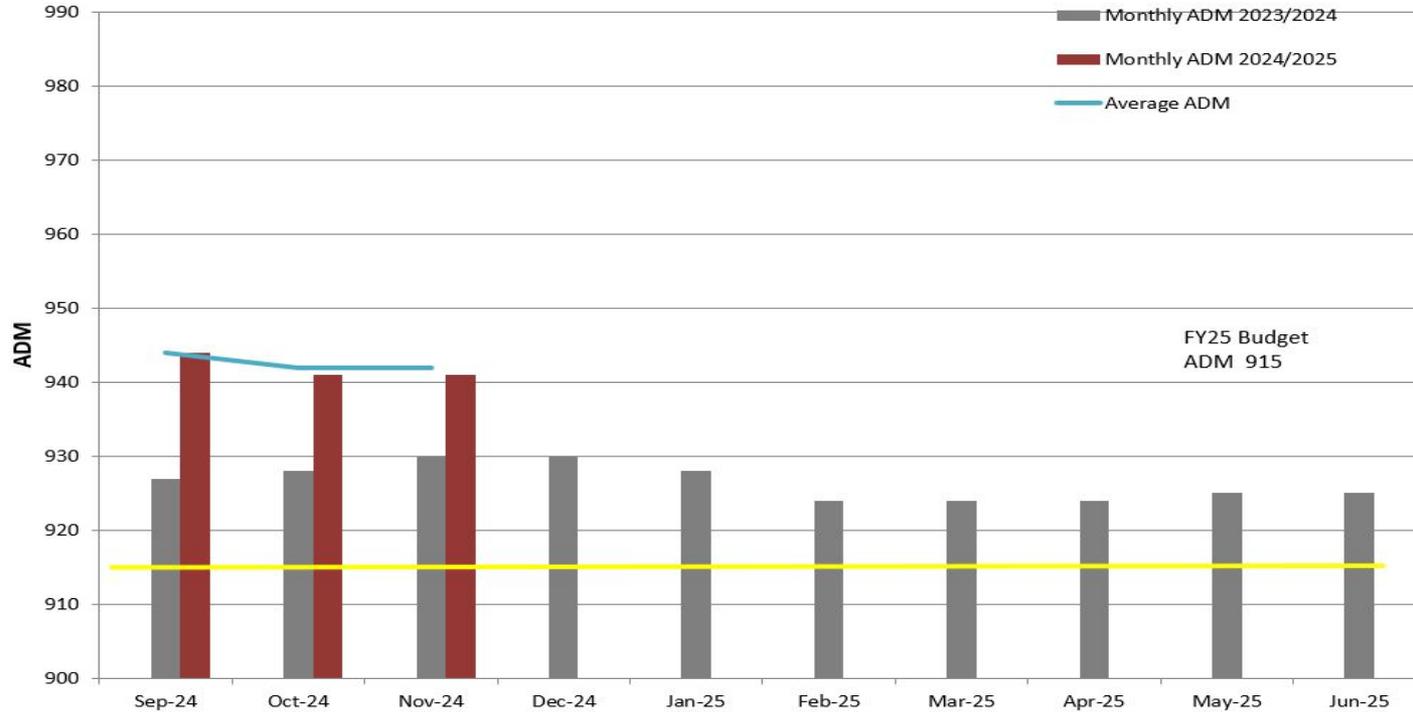


- Provide an overview of the previous months revenue, expense, and enrollment.
- Review significant changes

Enrollment by Month



24-25 Monthly, Average, and Budgeted Daily Membership



Monthly Revenue/Expense



October 2024 Data

Using FY25 Budget

YTD Revenues						
	24-25 Revenue Budget	24-25 Revenue to Date	% of Budget	23-24 Revenue Budget	23-24 Revenue to Date	% of Budget
General Fund	\$ 13,403,756	\$ 3,207,786	23.9%	\$ 13,617,282	\$ 2,757,176	20.2%
Food Services	\$ 675,200	\$ 110,514	16.4%	\$ 670,550	\$ 27,297	4.1%
Community Services	\$ 930,717	\$ 355,169	38.2%	\$ 880,913	\$ 236,140	26.8%
Debt Services	\$ 3,297,170	\$ 961,777	29.2%	\$ 2,930,801	\$ 851,716	29.1%
Scholarships	\$ 6,000	\$ 2,000	33.3%	\$ 6,000	\$ 2,700	45.0%
Student Activities	\$ 66,150	\$ 27,659	41.8%	\$ 69,775	\$ 25,646	36.8%
Total Revenue	\$ 18,378,993	\$ 4,664,905	25.4%	\$ 18,175,321	\$ 3,900,675	21.5%
YTD Expenses						
	24-25 Expense Budget	24-25 Expenses to Date	% of Budget	23-24 Expense Budget	23-24 Expenses to Date	% of Budget
General Fund	\$ 13,294,106	\$ 3,054,221	23.0%	\$ 14,211,210	\$ 2,951,575	20.8%
Food Services	\$ 638,700	\$ 109,636	17.2%	\$ 629,400	\$ 127,536	20.3%
Community Services	\$ 923,519	\$ 285,147	30.9%	\$ 1,106,479	\$ 296,754	26.8%
Debt Services	\$ 3,187,213	\$ 802,357	25.2%	\$ 2,538,762	\$ 595,658	23.5%
Scholarships	\$ 6,000	\$ -	0.0%	\$ 6,000	\$ -	0.0%
Student Activities	\$ 71,948	\$ 19,589	27.2%	\$ 80,165	\$ 26,603	33.2%
Total Expenses	\$ 18,049,538	\$ 4,270,950	23.7%	\$ 18,491,851	\$ 3,998,125	21.6%
Favorable/(Unfavorable)	\$ 329,455	\$ 393,955	119.58%	\$ (316,530)	\$ (97,451)	30.8%

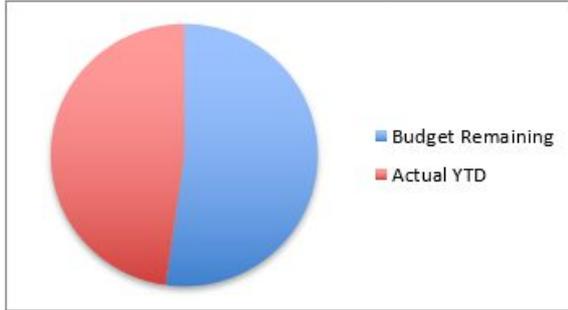
24-25 Fund Balance					
	Audited Fund Balance 7/1/24	24-25 Revenues to Date	24-25 Expenses to Date	Fund Balance 6/30/24	Favorable/(Unfavorable)
General Fund	\$ 2,480,135	\$ 3,207,786	\$ 3,054,221	\$ 2,633,701	\$ 153,566
Food Services	\$ 152,611	\$ 110,514	\$ 109,636	\$ 153,488	\$ 877
Community Services	\$ 5,857	\$ 355,169	\$ 285,147	\$ 75,879	\$ 70,022
Debt Services	\$ 460,627	\$ 961,777	\$ 802,357	\$ 620,047	\$ 159,420
Scholarships	\$ 31,211	\$ 2,000	\$ -	\$ 33,211	\$ 2,000
Student Activities	\$ 65,973	\$ 27,659	\$ 19,589	\$ 74,042	\$ 8,069
Total Fund Balance	\$ 3,196,415	\$ 4,664,905	\$ 4,270,950	\$ 3,590,369	\$ 393,955

ISD 108 Promise to Voters



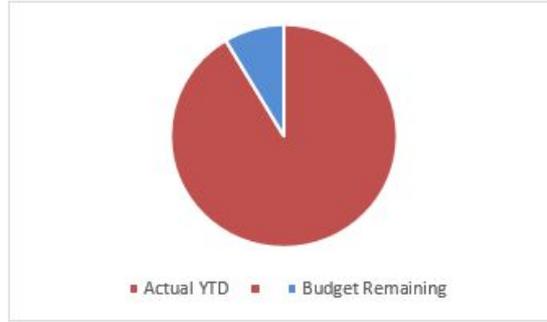
Q1 Curriculum

Budget Remaining 82,000
Actual YTD 75,000



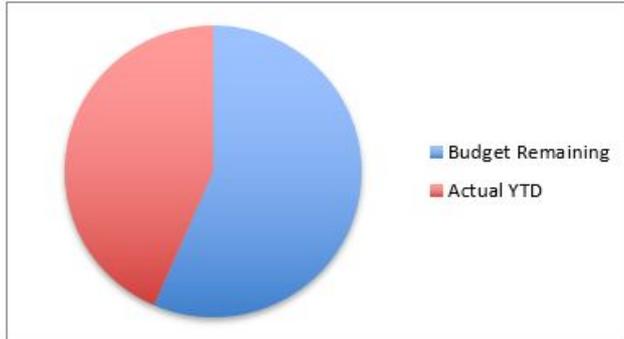
Q1 Staff Development

Actual YTD 73929
Budget Remaining -6,929



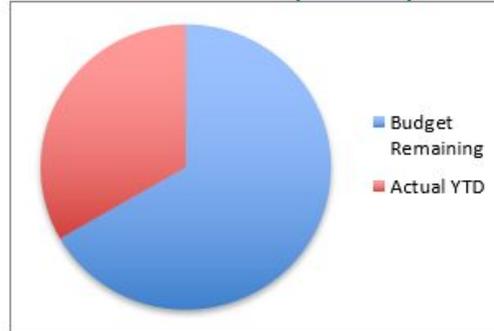
Q2 Tech Levy

Budget Remaining 299,000
Actual YTD 230,000



Q1 Maintain Class Size

Budget Remaining 231,848
Actual YTD 115,924





**Independent School District No. 108
Norwood Young America, Minnesota**

Communications Letter

June 30, 2024

**Independent School District No. 108
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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. 108
Norwood Young America, 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. 108, Norwood Young America, 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 audit 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 certain deficiency in internal control that we consider to be a material weakness.

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.

The material weakness identified is stated within this letter.

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 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 15, 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 District 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.

Bergan KDV, Ltd.

Minneapolis, Minnesota
November 15, 2024

Independent School District No. 108 Material Weakness

Lack of Segregation of Accounting Duties

The District has a lack of segregation of accounting duties due to a limited number of office employees. 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 financial statements. As a result of this condition, material audit adjustments were required for contracts payable and construction in progress.

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. However, management and the School Board must remain aware of this situation and should continually monitor the accounting system, including changes that occur.

Segregation of accounting duties relates to four key areas: initiation/authorization, processing/recording, reconciling/reporting of financial data, and custody of assets. This lack of segregation can be demonstrated in the following areas, which is not intended to be an all-inclusive list:

- ◆ The Finance Coordinator has access to various areas of the accounting system and can initiate, record, process, and report financial information. The Finance Coordinator also has access to District bank accounts.
- ◆ The Payroll Coordinator enters payroll information and processes payroll.
- ◆ The Finance Coordinator records and maintains all capital asset records.
- ◆ Cash payments can be received at various locations and there are instances where the individual collecting payment can also record and process receipts in the accounting system.

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

**Independent School District No. 108
Required Communication**

We have audited the basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District 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 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 taken 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. 108
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:

- ◆ Management Override of Controls - Management override of internal control is considered a risk in substantially all engagements as management may be incentivized to produce better results.
- ◆ Misappropriation of Assets - If duties cannot be appropriately segregated, there is a risk of unauthorized transactions being made by the District. In addition, generally this results in less review taking place as transactions are recorded in the financial statements.
- ◆ Improper Revenue Recognition - Revenue recognition is considered a fraud risk on substantially all engagements as it generally has a significant impact on the results of the governments operations. In addition, complexities exist surrounding the calculation and recording of various revenue sources.
- ◆ 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. 108
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 dependent on the availability of monies 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 Related to Pensions and Deferred Inflows of Resources Related 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.

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.

Significant Difficulties Encountered during the Audit

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

Independent School District No. 108 Required Communication

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. Management has corrected all such misstatements.

The following bullet point summarizes the uncorrected financial statement misstatement whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole and each applicable opinion unit. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit.

- ◆ Prior period addition of a grouped asset with a net book value of \$26,700.

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. The following material misstatements that were identified as a result of our audit procedures were brought to the attention of and corrected by management.

- ◆ Contracts payable and construction in progress balances were understated.

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.

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. 108
Required Communication**

Other Significant Matters, Findings, or Issues (Continued)

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 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. 108
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.

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.

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.

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. 108 Financial Analysis

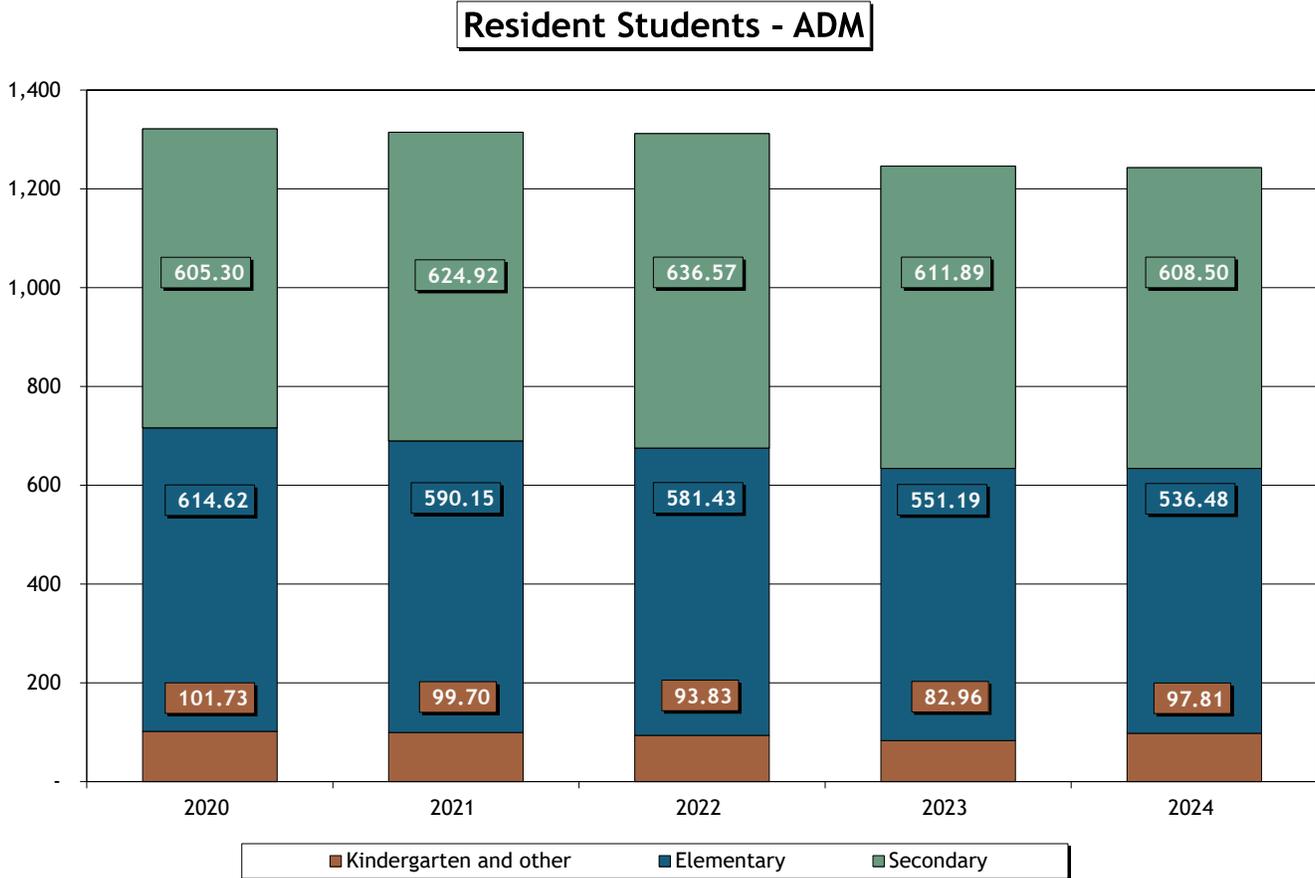
Average Daily Membership and Pupil Units (Continued)

The following chart and graph summarizes resident ADM of the District over the past five years.

Resident ADM	2020	2021	2022	2023	2024
Kindergarten and other	101.73	99.70	93.83	82.96	97.81
Elementary	614.62	590.15	581.43	551.19	536.48
Secondary	605.30	624.92	636.57	611.89	608.50
Total Resident ADM	1,321.65	1,314.77	1,311.83	1,246.04	1,242.79

* Estimate as of November 12, 2024

The chart and graph above provides resident ADM over the past five years. Total resident ADM has decreased in each of the last four years. Resident ADM ended 2024 with a total of 1,242.79, a decrease of 3.25 ADM compared to 2023.



Independent School District No. 108 Financial Analysis

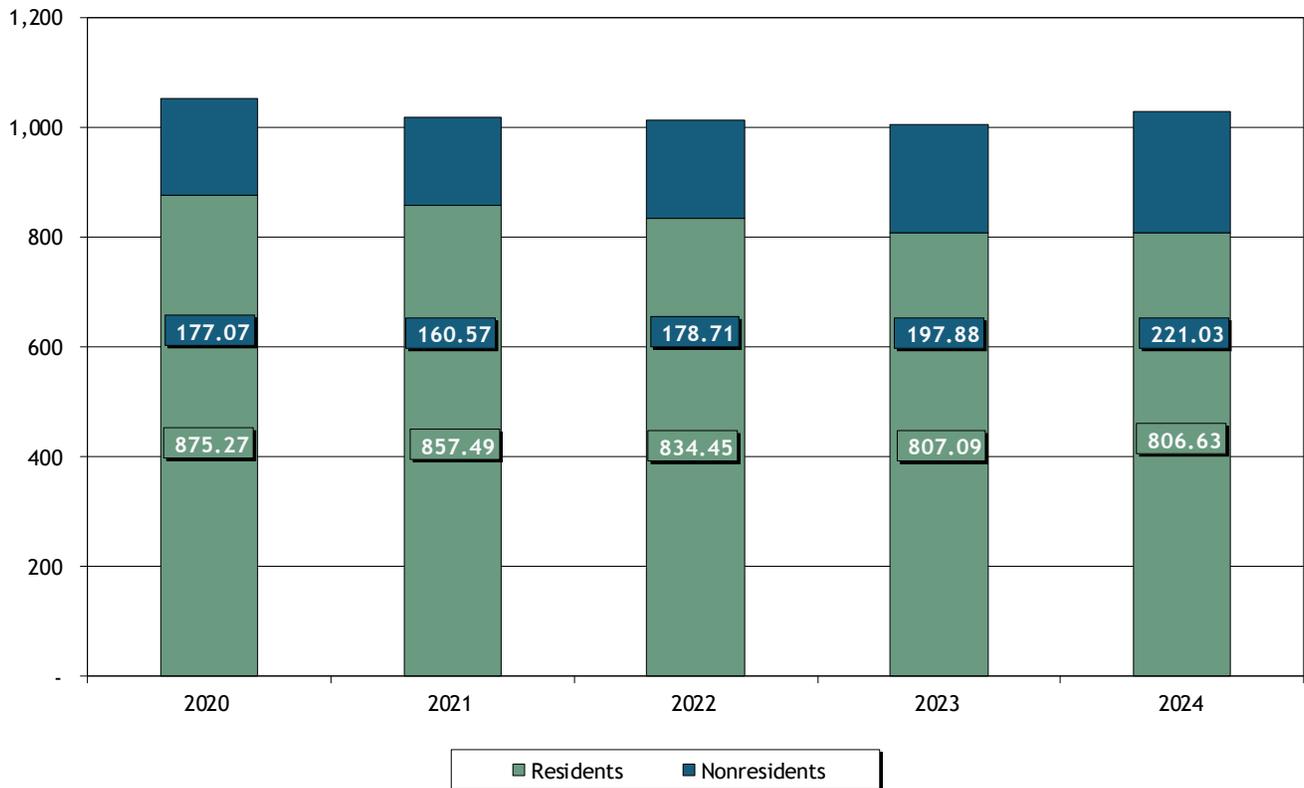
Average Daily Membership and Pupil Units (Continued)

Pupil Units Weighting	Pre-Kindergarten	Handicapped Kindergarten	Kindergarten	Elementary Grades 1-3	Elementary Grades 4-6	Secondary
Fiscal Years 2019-2023	1.000	1.000	1.000	1.000	1.000	1.200

Pupil units are computed by weighting ADM (PUN) using the factors on the table above. The PUN served table, and graph below converts resident ADM into weighted or adjusted pupil unit data for the past five years taking into consideration the above weighting factors and open enrollment.

	2020	2021	2022	2023	2024
Residents	1,442.73	1,439.77	1,439.14	1,368.42	1,364.41
Residents going elsewhere	(567.46)	(582.28)	(604.69)	(561.33)	(557.78)
Nonresidents coming in	177.07	160.57	178.71	197.88	221.03
Total Adjusted PUN	1,052.34	1,018.06	1,013.16	1,004.97	1,027.66

Students Served - PUN



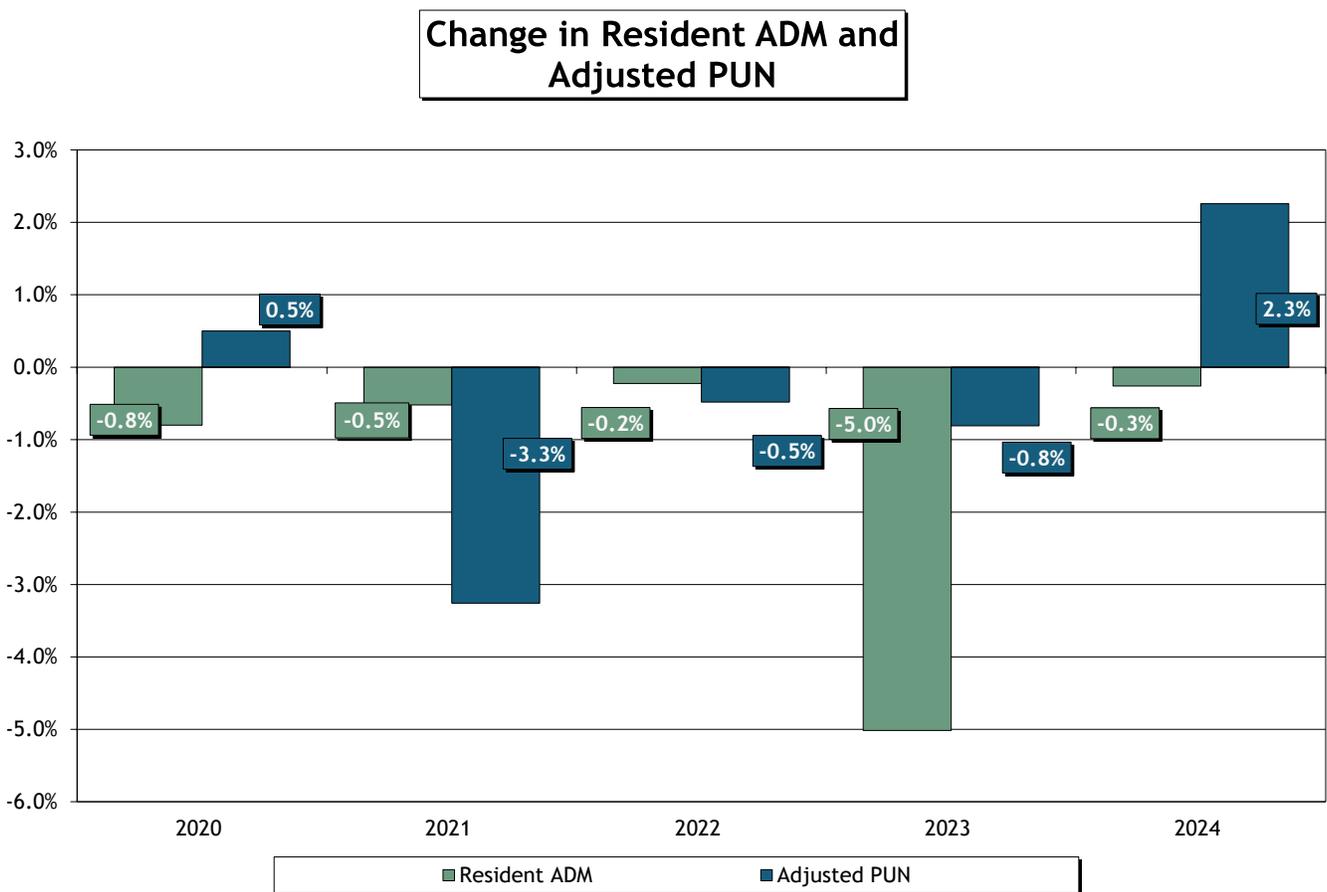
* Estimate as of November 12, 2024

Independent School District No. 108 Financial Analysis

Average Daily Membership and Pupil Units (Continued)

Adjusted PUN increased from 2023 to 2024 was 2.3%. Open enrollment is a factor in the District's student count fluctuation. For the past five years, the District has experienced a net loss due to open enrollment. In 2020, the net loss was 390.39 and in 2024 the net loss dropped to 336.75. These losses are due to resident students leaving the District through open enrollment and the growing number of students attending charter schools. The number of residents going elsewhere decreased by 3.55 adjusted PUN. The number of nonresidents coming into the District increased by 23.15.

The following graph illustrates the percentage change from year-to-year in resident ADM and PUN served.



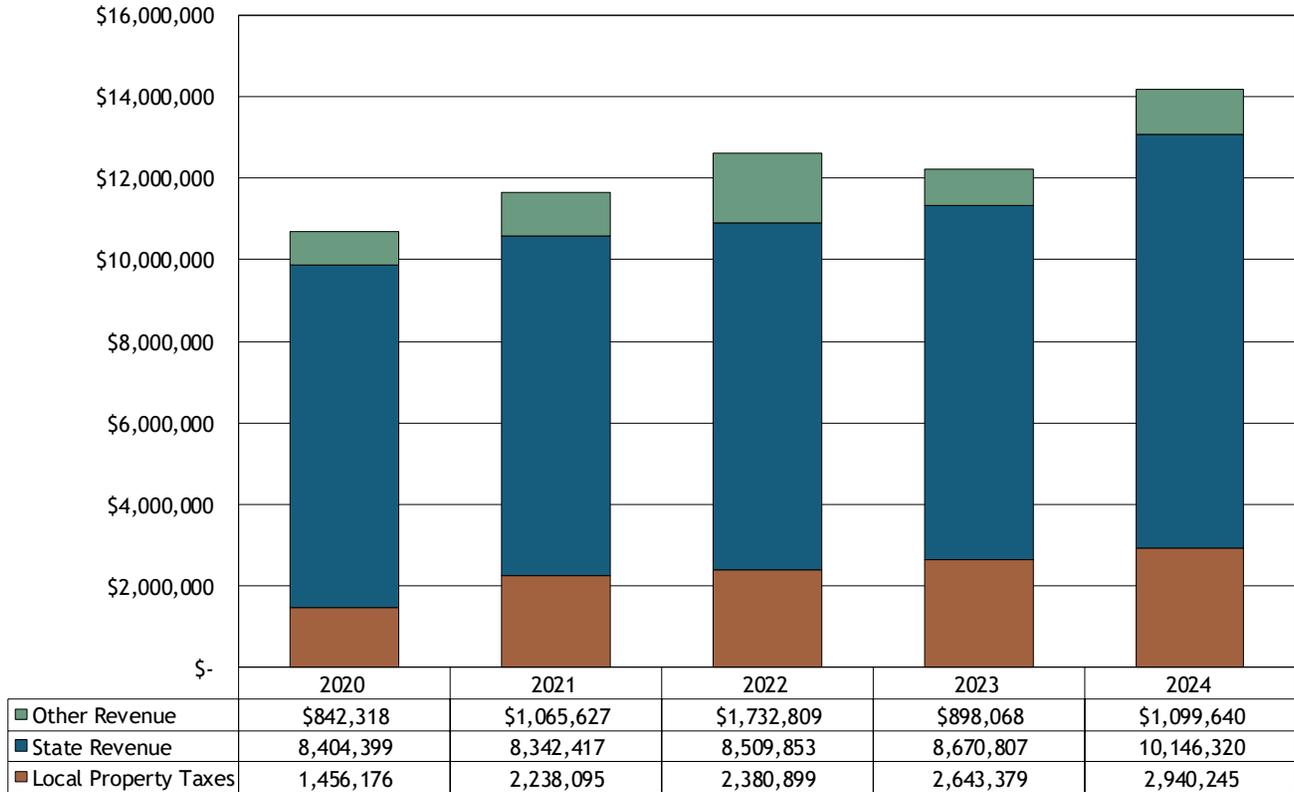
* Estimate as of November 12, 2024

**Independent School District No. 108
Financial Analysis**

General Fund Sources of Revenue

The following table displays the sources of revenue for the General Fund.

General Fund Sources of Revenue



Total General Fund revenues of \$14,186,205 was an increase of 1,973,951, or 16.16%, from 2023 to 2024 and increased \$3,483,312, or 32.55% over the course of the five years presented.

State revenue, which makes up the largest percentage of the District’s revenue at 71.52%, increased by \$1,475,513 in 2024 due to an increase in general education aid and special education funding. Local property tax revenue increased \$296,866 due primarily to an increase in the tax levy for the General Fund. Other revenue sources increased \$201,572 compared to 2023 primarily due to an increase in interest earnings.

**Independent School District No. 108
Financial Analysis**

General Fund Budget and Actual

The chart below highlights 2024 General Fund budget and actual results. Originally, in June 2023, the District budgeted for a deficit of \$522,913 for 2024. Budget revisions increased the projected deficit to \$604,318. The District ended 2024 with an actual surplus of \$338,846 for the General Fund.

Overall, General Fund revenues were over budget by \$493,148, or 3.6%. Revenues from state sources were over budget by \$261,072 due to more students than anticipated resulting in more General Education Aid than budgeted. Other local and county revenues were \$161,386 over budget with better investment performance and greater medical assistance revenue than anticipated.

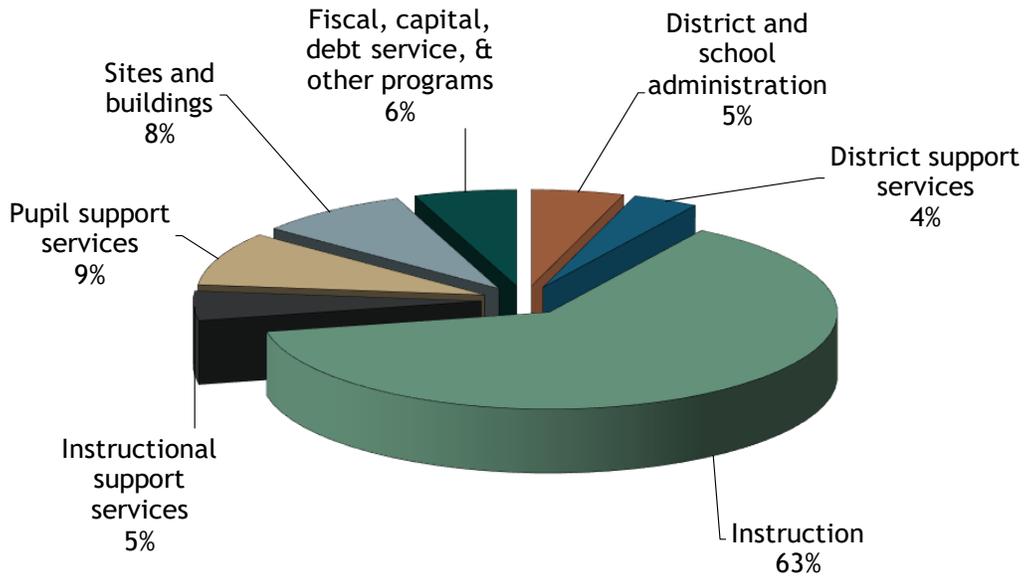
General Fund expenditures were under budget by \$450,016 in total. District support services expenditures came in under budgeted amounts by \$140,605 due to less legal costs than anticipated. Capital outlay expenditures were \$538,087 under budget due to timing of construction projects.

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Local property taxes	\$ 2,919,439	\$ 2,906,755	\$ 2,940,245	\$ 33,490
Other local and county revenues	191,700	274,479	435,865	161,386
Revenue from state sources	9,771,338	9,885,248	10,146,320	261,072
Revenue from federal sources	134,000	626,575	663,775	37,200
Total revenues	13,016,477	13,693,057	14,186,205	493,148
Expenditures				
Administration	749,806	682,896	714,356	31,460
District support services	670,309	648,680	508,075	(140,605)
Regular instruction	5,600,804	5,904,059	5,941,923	37,864
Vocational education instruction	184,307	188,044	217,239	29,195
Special education instruction	2,163,810	2,461,796	2,501,296	39,500
Instructional support services	554,590	706,681	677,311	(29,370)
Pupil support services	1,072,998	1,107,370	1,241,824	134,454
Sites and buildings	1,324,393	1,188,196	1,175,988	(12,208)
Fiscal and other fixed cost programs	86,000	96,000	94,390	(1,610)
Capital outlay	983,781	1,088,203	550,116	(538,087)
Debt service	148,592	148,592	147,983	(609)
Total expenditures	13,539,390	14,220,517	13,770,501	(450,016)
Excess of revenues over (under) expenditures	(522,913)	(527,460)	415,704	943,164
Other Financing Uses				
Transfers Out	-	(76,858)	(76,858)	-
Net Change in Fund Balances	\$ (522,913)	\$ (604,318)	\$ 338,846	\$ 943,164

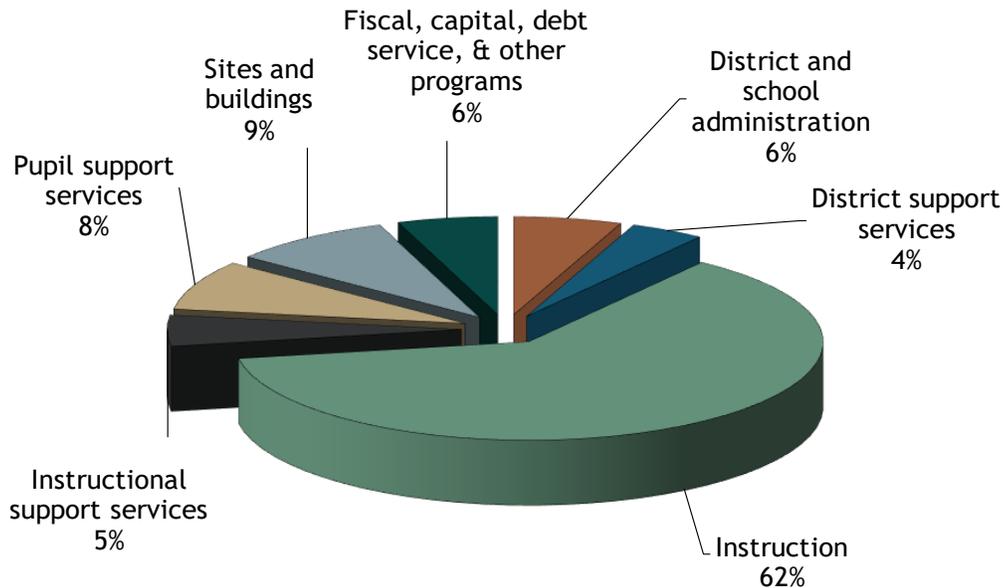
Independent School District No. 108 Financial Analysis

General Fund Expenditure Allocation

2024 General Fund Expenditure Allocation



2023 General Fund Expenditure Allocation



Total instruction expenditures (regular, special education and vocational) represents approximately 63% of total General Fund expenditures for 2024 and approximately 62% for 2023. Expenditures related to instruction programs increased \$729,123, pupil support services increased \$197,192, while District and school administration costs decreased \$42,858 during 2024.

**Independent School District No. 108
Financial Analysis**

General Fund Operations

The chart below illustrates the General Fund revenue, expenditures, and fund balances for the past five years.

Year Ended June 30,	2020	2021	2022	2023	2024
Revenues	\$ 10,702,893	\$ 11,646,139	\$ 12,623,561	\$ 12,212,254	\$ 14,186,205
Expenditures	10,710,634	11,270,964	12,366,777	12,745,071	13,770,501
Excess of revenues over (under) expenditures	(7,741)	375,175	256,784	(532,817)	415,704
Add other sources	173,988	-	-	-	-
Add transfers in	536,455	-	-	-	-
Less transfers out	(290,455)	-	-	-	(76,858)
Fund balance, July 1	1,590,233	2,139,331	2,514,506	2,771,290	2,238,473
Change in accounting principle	136,851	-	-	-	-
Fund Balance, June 30	\$ 2,139,331	\$ 2,514,506	\$ 2,771,290	\$ 2,238,473	\$ 2,577,319
Nonspendable for					
Prepays	\$ 4,431	\$ 65,776	\$ 55,979	\$ 14,007	\$ 43,766
Restricted/reserved for					
Student Activities	109,199	109,590	103,059	81,865	65,973
Scholarships	34,705	33,584	31,777	31,492	31,211
Capital Projects Levy	-	77,282	95,954	221,264	168,786
Basic Skills	-	-	-	-	216,903
Operating Capital	-	113,666	61,353	2,027	116,172
Basic Skills Extended Time	-	-	43,341	77,220	-
Safe schools	-	-	-	-	2,334
Long Term Facilities Maintenance	100,000	220,739	295,600	301,495	492,371
Medical Assistance	70,832	63,891	109,326	135,225	65,822
Committed for					
Assigned	-	607,182	624,624	417,589	387,077
Unassigned	1,820,164	1,222,796	1,350,277	956,289	986,904
Fund Balance, June 30	\$ 2,139,331	\$ 2,514,506	\$ 2,771,290	\$ 2,238,473	\$ 2,577,319

At June 30, 2024, the District has 7% of actual expenditures (based on 2024 levels) in the unassigned fund balance. The District has a fund balance policy to maintain an unassigned fund balance of no less than 7% of budgeted general fund expenditures.

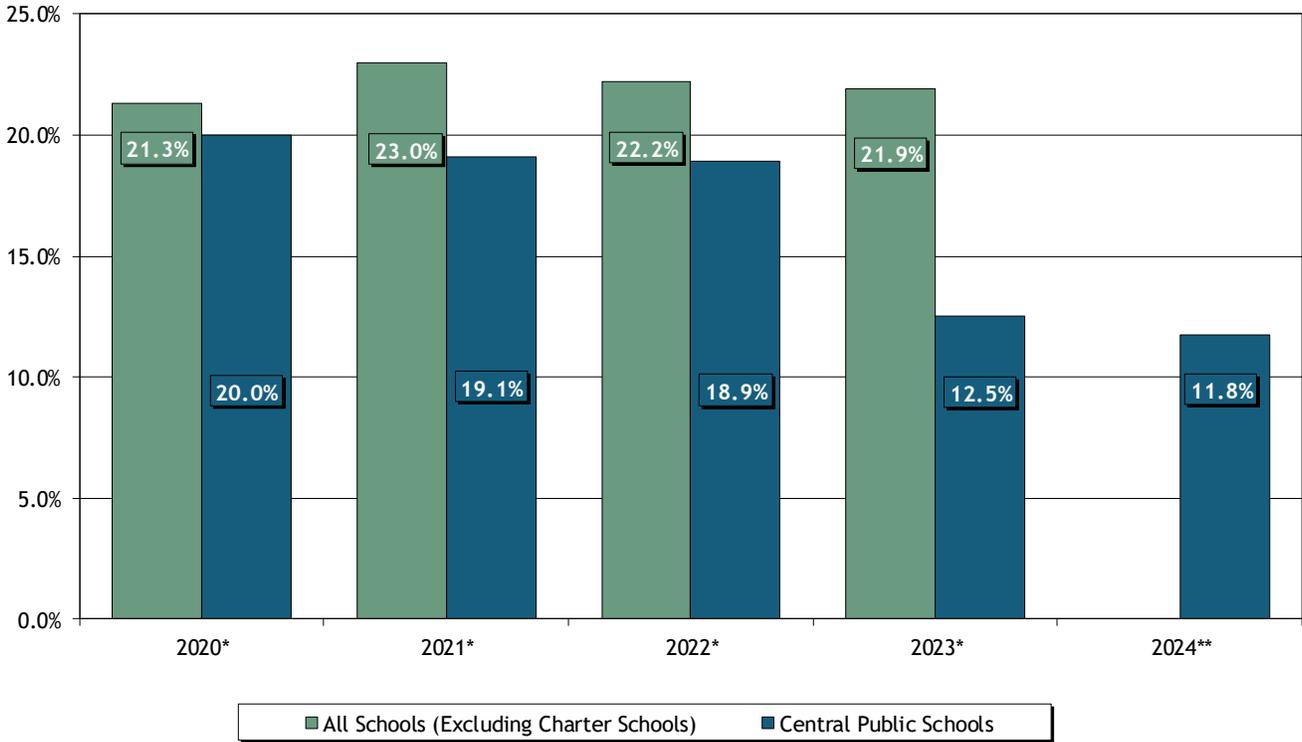
From 2023 to 2024, revenues increased 16% and expenditures increased 8%. Included in the illustration above are all the general activities of the District, including all categorical or reserved programs. All of these activities comprise the General Fund, per the Uniform Financial Accounting and Reporting Standards (UFARS) definition. Overall, the General Fund balance increased \$338,846 while the unassigned portion increased by \$30,615.

Independent School District No. 108
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.

Unrestricted Fund Balance as a Percentage of Unrestricted Expenditures



* Information was obtained from the Minnesota Department of Education (MDE) web site report *General Fund Unreserved Balance for Fiscal Years 2020-2023*. Fiscal year 2024 information is not available.

** MDE 2024 UFARS Turnaround Compliance Report

**Independent School District No. 108
Financial Analysis**

Revenues Per Student

Revenues per student (ADM served) are summarized as follows:

Independent School District No. 108*	2020	2021	2022	2023	2024**
General Fund	\$ 11,062	\$ 12,565	\$ 13,609	\$ 13,194	\$ 14,756
Food Service Fund	487	466	712	619	741
Community Service Fund	857	837	951	1,075	964
Building Construction Fund	-	-	(390)	1,109	1,557
Debt Service Fund	1,035	1,071	1,053	1,900	3,016
Total Revenues Per Student	\$ 13,441	\$ 14,939	\$ 15,935	\$ 17,897	\$ 21,033

State Average*	2020	2021	2022	2023	2024
General Fund	\$ 13,628	\$ 14,612	\$ 15,166	\$ 15,727	N/A
Food Service Fund	548	569	791	667	N/A
Community Service Fund	595	571	685	745	N/A
Building Construction Fund	134	82	35	104	N/A
Debt Service Fund	1,307	1,466	1,447	1,456	N/A
Total Revenues Per Student	\$ 16,212	\$ 17,300	\$ 18,124	\$ 18,699	N/A

Districts with 500 to 999 ADM Served*	2020	2021	2022	2023	2024
General Fund	\$ 13,102	\$ 14,113	\$ 14,598	\$ 16,398	N/A
Food Service Fund	576	623	856	680	N/A
Community Service Fund	362	364	428	521	N/A
Building Construction Fund	122	106	106	103	N/A
Debt Service Fund	958	1,189	1,204	1,070	N/A
Total Revenues Per Student	\$ 15,120	\$ 16,395	\$ 17,192	\$ 18,772	N/A

* Source: *School District Profiles*; year 2024 is not yet available.

** Estimate as of November 12, 2024

Independent School District No. 108 Financial Analysis

Expenditures Per Student

Expenditures per student (ADM served) are summarized as follows:

Independent School District No. 108*	2020	2021	2022	2023	2024**
General Fund	\$ 10,889	\$ 12,159	\$ 13,331	\$ 13,772	\$ 14,324
Food Service Fund	488	441	583	718	744
Community Service Fund	1,138	813	1,028	1,172	1,138
Building Construction Fund	-	-	3,987	19,497	28,343
Debt Service Funds	1,023	1,073	1,068	2,335	2,638
Total Expenditures Per Student	\$ 13,538	\$ 14,486	\$ 19,997	\$ 37,494	\$ 47,187

State Average*	2020	2021	2022	2023	2024
General Fund	\$ 13,313	\$ 14,167	\$ 15,010	\$ 15,730	N/A
Food Service Fund	554	529	666	702	N/A
Community Service Fund	622	571	646	715	N/A
Building Construction Fund	2,085	2,008	1,773	1,513	N/A
Debt Service Funds	1,345	1,522	1,531	1,499	N/A
Total Expenditures Per Student	\$ 17,919	\$ 18,797	\$ 19,626	\$ 20,159	N/A

Districts with 500 to 999 ADM Served*	2020	2021	2022	2023	2024
General Fund	\$ 12,440	\$ 13,295	\$ 14,015	\$ 14,577	N/A
Food Service Fund	608	615	769	810	N/A
Community Service Fund	465	477	539	599	N/A
Building Construction Fund	2,745	3,602	2,787	2,437	N/A
Debt Service Funds	1,289	1,737	2,097	1,725	N/A
Total Expenditures Per Student	\$ 17,547	\$ 19,726	\$ 20,207	\$ 20,148	N/A

* Source: *School District Profiles*; year 2024 is not yet available.

** Estimate as of November 12, 2024

**Independent School District No. 108
Financial Analysis**

Food Service Fund

The following table presents five years of comparative operating results for the Food Service Fund.

Year Ended June 30,	2020	2021	2022	2023	2024
Revenues	\$ 469,034	\$ 429,806	\$ 658,692	\$ 570,845	\$ 712,041
Expenditures	470,784	407,380	538,953	662,448	715,733
Excess of revenues over (under) expenditures	(1,750)	22,426	\$ 119,739	\$ (91,603)	(3,692)
Fund balance, July 1	107,491	105,741	128,167	247,906	156,303
Fund Balance, June 30	\$ 105,741	\$ 128,167	\$ 247,906	\$ 156,303	\$ 152,611

Overall, food service revenues increased \$141,196 from 2023 to 2024, and expenditures increased \$53,285. The increase in revenue was the result of more state funding related to meal reimbursements. The increase in expenditures primarily was related to the increase in costs and number of meals served, as well as an increase in the cost of contracted services. The fund finished the year with a 21% fund balance based on 2024 spending levels.

Community Service Fund

The following table presents five years of comparative operating results for the Community Service Fund.

Year Ended June 30,	2020	2021	2022	2023	2024
Revenues	\$ 826,130	\$ 772,202	\$ 879,859	\$ 992,485	\$ 926,831
Expenditures	850,599	750,670	950,826	1,081,440	1,093,892
Excess of revenues over (under) expenditures	(24,469)	21,532	(70,967)	(88,955)	(167,061)
Other financing sources (uses)	(246,000)	-	-	-	-
Fund balance, July 1	581,777	311,308	332,840	261,873	172,918
Fund Balance, June 30	\$ 311,308	\$ 332,840	\$ 261,873	\$ 172,918	\$ 5,857

As the table indicates, Community Service Fund expenditures exceeded revenues in 2024 by \$167,061 dropping fund balance to \$5,857 at the end of the year. Revenues decreased by 6.62% while expenditures increased by 1.15% based on increased community service programming fees and costs.

Due to MDE regulations, the total Community Service Fund is segregated, or restricted, as follows: restricted for early childhood and family education \$50,242, and restricted for school readiness \$1,506 and restricted for community education (\$39,526) - classified as unassigned due to negative balance. The remainder is a negative unassigned balance of \$6,365.

Independent School District No. 108 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. 108 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. 108
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. 108 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 includes:

- ◆ **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. 108
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. 108
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. 108
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.

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

**Independent School District No. 108
Norwood Young America, Minnesota**

Basic Financial Statements

June 30, 2024

**Independent School District No. 108
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**Independent School District No. 108
Board of Education and Administration
June 30, 2024**

<u>Board of Education</u>	<u>Position</u>
Sara Eischens	Chair
Shelby Erickson	Vice Chair
Connor Smith	Clerk
Kyle Strickfaden	Treasurer
Josh Kroells	Director
Emily Perlbachs	Director
Sarah Lehrke	Director
 <u>Administration</u> 	
Timothy Schochenmaier	Superintendent
Amy Groschen	Finance Coodinator

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Independent Auditor's Report

To the School Board
Independent School District No. 108
Norwood Young America, Minnesota

Report on the Audit of the Financial Statements

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 108, Norwood Young America, Minnesota, as of and for the year ended June 30, 2024, and the related notes to the 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. 108, as of June 30, 2024, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 Independent School District No. 108 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.

Responsibilities of Management for the Financial Statements

The management of Independent School District No. 108 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 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 15, 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.

BerganKDV, Ltd.

Minneapolis, Minnesota
November 15, 2024

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**Independent School District No. 108
Management Discussion and Analysis
June 30, 2024**

This section of Independent School District No. 108's annual financial report presents our 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 fiscal year 2023-2024 include the following:

- ◆ Total General Fund revenues were \$14,186,205 and total General Fund expenditures were \$13,770,501 for the fiscal year ended June 30, 2024. Total revenues and expenditures for all governmental funds combined were \$20,221,296 and \$45,365,252 respectively.
- ◆ The total fund balance in the General Fund increased by \$338,846 to \$2,577,319. The Unassigned fund balance in the General Fund increased by \$30,615 to \$986,904. Total General Fund revenues were 3.5% higher than the final budget, and total General Fund expenditures were 3.2% less than the final budget.
- ◆ The total fund balance in the Food Services fund decreased by \$3,692 to \$152,611, with revenue of \$712,041 and expenditures of \$715,733.
- ◆ The total fund balance in the Community Service fund decreased by \$167,061 to \$5,857 with revenue of \$926,831 and expenditures of \$1,093,892.
- ◆ The long-term liability for compensated absences amounts to \$36,372 at June 30, 2024. This is a decrease of \$12,210. The total long-term liability for other postemployment benefits is \$1,209,907 at June 30, 2024. This total liability increased by \$114,299 in 2023-2024.
- ◆ The District has general obligation bonded debt principal outstanding in the amount of \$51,264,917 as of June 30, 2024. This is a decrease of \$1,070,000 from the previous fiscal year end due to principal payments made in 2023-2024.
- ◆ Net position of governmental activities increased by \$2,670,892 for the fiscal year. The total expense of governmental activities was \$17,603,405. Program revenues totaled \$5,215,522 and general revenues totaled \$15,058,775

**Independent School District No. 108
Management Discussion and Analysis
June 30, 2024**

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts - Independent Auditors' Report, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, and single audit and other required reports. 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.

DISTRICT-WIDE STATEMENTS

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

The two district-wide statements report the District's net position and how they have 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 is 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.

**Independent School District No. 108
Management Discussion and Analysis
June 30, 2024**

DISTRICT-WIDE STATEMENTS (CONTINUED)

In the district-wide financial statements the District's activities are shown as Governmental activities:

- ◆ Governmental activities - Most 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.

Governmental funds - The District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps 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 at the bottom of the governmental funds statements that explain the relationship (or differences) between them.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position

The District's combined net position from Governmental activities was \$4,532,331 on June 30, 2024. (See Table A-1) This represents an increase of \$2,670,892 in net position. Total assets decreased by approximately \$3.5 million or -4.42% based on current year capital projects. Total liabilities decreased by approximately \$5.7 million or -7.67% with long-term liabilities decreasing by \$1.2 million primarily due to bond payments.

**Independent School District No. 108
Management Discussion and Analysis
June 30, 2024**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

**Table A-1
Net Position - Governmental Activities**

	Year Ended 2024	Year Ended 2023	Percentage Change
Assets			
Current and other assets	\$ 16,882,831	\$ 46,383,670	-63.60%
Capital assets	60,542,222	34,621,869	74.87%
Total assets	<u>77,425,053</u>	<u>81,005,539</u>	<u>-4.42%</u>
Deferred Outflows of Resources			
	<u>2,594,050</u>	<u>3,271,290</u>	<u>-20.70%</u>
Total assets and deferred outflows of resources	<u>\$ 80,019,103</u>	<u>\$ 84,276,829</u>	<u>-5.05%</u>
Liabilities			
Other liabilities	\$ 5,015,794	\$ 9,456,558	-46.96%
Long-term liabilities	63,650,896	64,911,870	-1.94%
Total liabilities	<u>\$ 68,666,690</u>	<u>\$ 74,368,428</u>	<u>-7.67%</u>
Deferred Inflows of Resources			
	<u>\$ 6,820,082</u>	<u>\$ 8,046,962</u>	<u>-15.25%</u>
Net Position			
Net investment in capital assets	\$ 7,789,118	\$ 7,736,493	0.68%
Restricted	3,298,000	1,614,339	104.29%
Unrestricted	<u>(6,554,787)</u>	<u>(7,489,393)</u>	<u>12.48%</u>
Total net position	<u>\$ 4,532,331</u>	<u>\$ 1,861,439</u>	<u>-143.49%</u>

Changes in net position

The District's total revenues were \$20,274,297 for the year ended June 30, 2024. Property taxes and state formula aid accounted for 70% of total revenue for the year (See Figure A-1). 30% of total revenue came from program revenues and investment earnings.

The total cost of all programs and services was \$17,603,405. The District's expenses are predominantly related to educating and caring for students, approximately 51% (See Figure A-2). The purely administrative activities of the District accounted for just 4% of total costs.

**Independent School District No. 108
Management Discussion and Analysis
June 30, 2024**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

Changes in net position (Continued)

Total revenues exceeded expenditures, increasing net position by \$2,670,892.

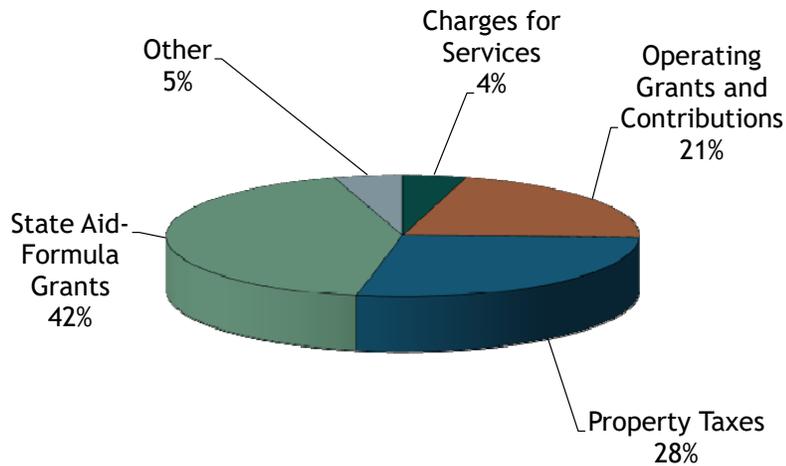
**Table A-2
Change in Net Position**

	Year Ended 2024	Year Ended 2023	Percentage Change
Revenues			
Program revenues			
Charges for services	\$ 883,116	\$ 1,099,692	-19.69%
Operating grants and contributions	4,293,688	2,245,691	91.20%
Capital grants and contributions	38,718	37,940	2.05%
General revenues			
Property taxes	5,561,311	4,308,614	29.07%
General grants and aids	8,548,683	7,793,999	9.68%
Investment earnings	948,781	1,111,998	-14.68%
Miscellaneous	-	-	N/A
Total revenues	<u>20,274,297</u>	<u>16,597,934</u>	<u>22.15%</u>
Expenses			
Administration	\$677,786	\$612,127	10.73%
District support services	488,553	518,735	-5.82%
Elementary and secondary regular instruction	5,709,797	4,419,326	29.20%
Vocational education instruction	221,024	173,276	27.56%
Special education instruction	2,414,735	1,832,316	31.79%
Instructional support services	657,249	557,567	17.88%
Pupil support services	1,244,633	1,017,456	22.33%
Sites and buildings	2,705,418	1,816,656	48.92%
Fiscal and other fixed cost programs	94,390	79,507	18.72%
Food service	800,114	575,106	N/A
Community education and services	1,066,421	981,167	8.69%
Unallocated depreciation	73,809	73,213	N/A
Interest and fiscal charges on long-term debt	1,449,476	1,172,021	N/A
Total expenses	<u>17,603,405</u>	<u>13,828,473</u>	<u>27.30%</u>
Increase (decrease) in net position	2,670,892	2,769,461	-3.56%
Net Position			
Net position - beginning	<u>1,861,439</u>	<u>(908,022)</u>	<u>-305.00%</u>
End of year	<u>\$ 4,532,331</u>	<u>\$ 1,861,439</u>	<u>-143.49%</u>

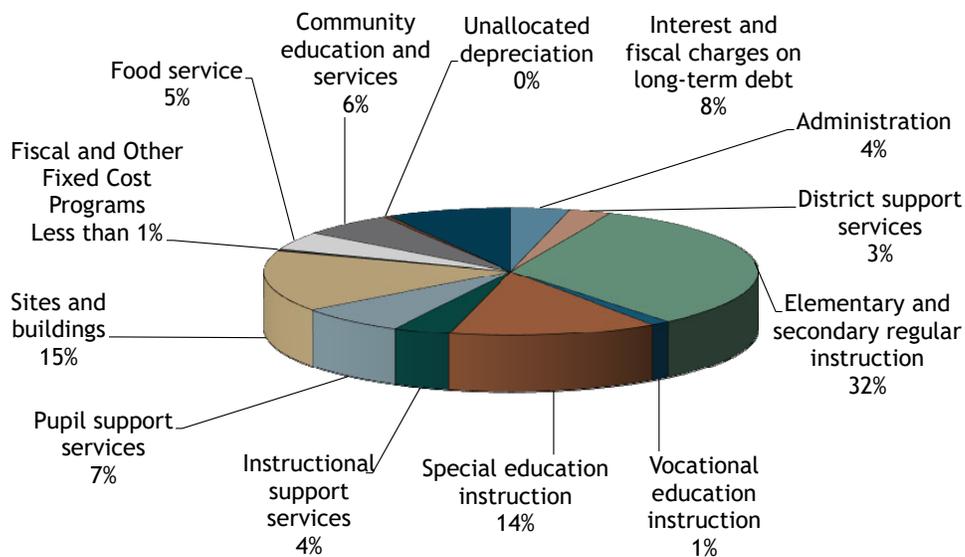
**Independent School District No. 108
Management Discussion and Analysis
June 30, 2024**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

**Figure A-1
Source of Revenues for Fiscal Year 2024**



**Figure A-2
Expenses for Fiscal Year 2024**



The cost of all governmental activities was \$17,603,405, which is an increase of 27.3% from the previous year.

- ◆ Some of the cost was paid by the users of the District's programs (\$883,166).

**Independent School District No. 108
Management Discussion and Analysis
June 30, 2024**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

The federal and state governments subsidized certain programs with grants and contributions (\$4,332,406).

- ◆ Most of the District's costs (\$12,387,883), however, were paid for by District taxpayers and the taxpayers of the State of Minnesota.
- ◆ The net expense of governmental activities in excess of program revenue was paid for with \$5,561,311 in property taxes and \$8,548,683 of state aid based on the statewide education aid formula. Investments earnings were \$948,791 as a result of fair value adjustments for the year ended June 30, 2024.

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

	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	2024	2023		2024	2023	
Administrative	\$ 677,786	\$ 612,127	10.73%	\$ 677,786	\$ 612,137	10.72%
District support services	488,553	518,735	-5.82%	476,022	504,983	-5.74%
Elementary and secondary regular instruc	5,709,797	4,419,326	29.20%	4,952,446	3,812,566	29.90%
Vocational education instruction	221,024	173,276	27.56%	221,024	166,280	32.92%
Special education instruction	2,414,735	1,832,316	31.79%	263,211	557,874	-52.82%
Instructional support services	657,249	557,567	17.88%	657,249	557,567	17.88%
Pupil support services	1,244,633	1,017,456	22.33%	1,210,985	969,753	24.88%
Sites and buildings	2,705,418	1,816,656	48.92%	1,953,200	1,778,716	9.81%
Fiscal and other fixed cost programs	94,390	79,507	18.72%	89,040	79,507	11.99%
Food service	800,114	575,106	N/A	92,803	10,704	N/A
Community education and services	1,066,421	981,167	8.69%	270,832	149,839	80.75%
Unallocated depreciation	73,809	73,213	N/A	73,809	73,213	N/A
Interest and fiscal charges on long-term del	1,449,476	1,172,021	N/A	1,449,476	1,172,021	N/A
Total	\$ 17,603,405	\$ 13,828,473	27.30%	\$ 12,387,883	\$ 10,445,160	18.60%

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a combined fund balance of \$6,567,234, which is a decrease of \$25,143,956 from the prior year ending fund balance. Revenues for the District's governmental funds were \$20,221,296, total expenditures were \$45,365,252.

The Capital Projects Fund balance decreased by \$25,751,697 in the current fiscal year. The Debt Service Fund balance increased by \$439,648. The fund balance of the General Fund increased by \$338,846. The operations of the other governmental funds resulted in the fund balance of the Food Service Fund decreasing by \$3,692 and the fund balance of the Community Service fund decreasing \$167,061.

**Independent School District No. 108
Management Discussion and Analysis
June 30, 2024**

GENERAL FUND

The following schedule presents a summary of General Fund Revenues.

**Table A-4
General Fund Revenues**

	Year Ended		Change	
	June 30, 2024	June 30, 2023	Increase (Decrease)	Percent Change
Local property taxes	\$ 2,940,245	\$ 2,643,379	\$ 296,866	11.2%
Revenue from state sources	10,146,320	8,670,807	1,475,513	17.0%
Revenue from federal sources	663,775	528,278	135,497	25.6%
Other	435,865	369,790	66,075	17.9%
Total	\$ 14,186,205	\$ 12,212,254	\$ 1,973,951	16.2%

Total General Fund revenue of \$14,186,205 increased by \$1,973,951 or 16.2% compared to the previous year. The biggest increase was from Federal sources due to allowed carryover and timing of expenditures using these funds. In 2023-2024 there were also increases in local, state and other sources. Basic general education revenue is determined by the state per student funding formula and consists of state aid revenue. Other state-authorized revenue including excess levy referendum and operating capital involve an equalized mix of property tax and state aid revenue. The mix of property tax and state aid can change significantly from year to year without any net change of revenue.

The following schedule presents a summary of General Fund expenditures.

**Table A-5
General Fund Expenditures**

	Year Ended		Change	
	June 30, 2024	June 30, 2023	Increase (Decrease)	Percent Change
Salaries	\$ 6,951,914	\$ 6,454,250	\$ 497,664	7.7%
Employee benefits	2,133,718	2,064,445	69,273	3.4%
Purchased services	2,935,224	2,651,132	284,092	10.7%
Supplies and materials	946,630	808,541	138,089	17.1%
Capital expenditures	550,116	490,345	59,771	12.2%
Debt service expenditures	147,983	182,404	(34,421)	-18.9%
Other expenditures	104,916	93,954	10,962	11.7%
Total	\$ 13,770,501	\$ 12,745,071	\$ 1,025,430	8.0%

**Independent School District No. 108
Management Discussion and Analysis
June 30, 2024**

GENERAL FUND (CONTINUED)

The total General Fund expenditures of \$13,770,501 was an increase of \$1,025,430 or 8% over the prior year. Salaries and benefits increased by \$566,937 combined. Salaries increased 7.7% and employee benefits increased by 3.4%. Purchased services expenditures increased \$284,092 or 10.7%, from the prior year. The remaining categories of supplies and materials, capital expenditures, debt service and other expenditures net to an overall cost increase of \$174,401 this fiscal year.

In 2023-2024, General Fund expenditures exceed revenues by \$415,704 which was \$943,164 lower than budget. General Fund revenue was \$493,148 higher than budgeted and expenditures were \$450,016 less than budgeted. The unassigned fund balance increased from \$956,289 at June 30, 2023 to \$986,904 at June 30, 2024. Although the District's revenue was higher than budget and expenditures were lower than budget, much of the funds are restricted and the District remains at 7% unassigned fund balance which is the Board policy minimum.

FOOD SERVICE FUND

The Food Service Fund accounts for the activities related to providing nutrition services to the K-12 academic program. The fund operates on the principle of revenues exceeding expenditures on day-to-day operations so that the excess can be used to systematically replace and upgrade kitchen equipment around the District. By operating in this manner, the Student Nutrition Services program is self-contained and does not pull resources away from direct K-12 instruction.

The fund balance decreased by \$3,692 in 2023-2024. Food Service Fund revenue for 2023-2024 totaled \$712,041, which is an increase \$141,196 or 19.8% from 2022-2023. Food Service Fund expenditures for 2023-2024 totaled \$715,733, an increase of \$53,285,71, or 7.5% from 2022-2023. The District did purchase some new kitchen equipment which attributed to this reduction in fund balance in 2023-2024.

COMMUNITY SERVICE FUND

The Community Service Fund accounts for the activities related to providing education services for Pre-Kindergarten and Post-Grade 12 students. The fund operates on a principle of breaking even on a year-to-year basis so that it does not pull resources away from K-12 instruction.

The fund balance decreased by \$167,061 in 2023-2024. Community Service Fund revenues for 2023-2024 totaled \$926,831. This was a decrease of \$65,654 or 6.6% from 2022-2023. Community Service Fund expenditures for 2023-2024 totaled \$1,093,892. This was an increase of \$12,452 or 1.1% from 2022-2023.

The entire fund balance is restricted to be used for specific purposes based on state requirements.

CAPITAL PROJECTS FUND

The Capital Projects Fund accounts for the costs of school construction, addition, and renovation projects. Bond proceeds are deposited in the Capital Projects Fund and are then drawn down as the payments are made for work completed on the various building projects. The proceeds of bonds can only be used for the purpose for which the bonds were issued.

**Independent School District No. 108
Management Discussion and Analysis
June 30, 2024**

CAPITAL PROJECTS FUND (CONTINUED)

In 2023-2024 the District had local revenues totaling \$1,497,143 related to investment performance.

The District expended \$27,248,840 on capital projects during the year. The fund balance decreased by \$25,751,697 in 2023-2024. Several projects are in process at the end of the fiscal year. At such time that the District has completed all construction projects in process, the fund balance of this fund should end up at \$0 as long as no further construction or renovation is approved.

DEBT SERVICE FUND

The Debt Service Fund exists to service the principal and interest payments on long-term debt issued by the District to construct school facilities or acquire school equipment. Annual levies will provide revenue at a rate of 105% of pending debt service payments for a fiscal year. This rate is specified in statute to ensure that principal and interest payments can be made as scheduled even if there are late property tax payments or delinquencies that may arise.

Debt service revenue was \$2,899,076 for 2023-2024, 85.6% of which came from property tax revenue. Debt service expenditures were \$2,536,286. The District made principal payments in the amount of \$1,070,000 and interest and other payments of \$1,466,286. The Debt Service Fund has a fund balance of \$460,628 as of June 30, 2024, which is restricted to be used for future debt payments.

The Minnesota Department of Education monitors fund balances in the Debt Service Fund and limits the amount of funds that can be carried forward. If the fund balance gets too high, future levy authority will be reduced in order to reduce the debt service fund balance to a reasonable level. Fund balance and collection of tax levies will provide adequate cash flow for timely payment of principal and interest.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

By the end of 2024, the District had invested \$77,387,874 in a broad range of capital assets including: school buildings, land, and other equipment for various instructional programs (see Table A-6). Accumulated depreciation/amortization as of June 30, 2024, was \$16,845,652, with current year depreciation/amortization expense for governmental activities totaling \$1,909,975. More detailed information about capital assets can be found in Note 3 to the basic financial statements.

**Independent School District No. 108
Management Discussion and Analysis
June 30, 2024**

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

Capital Assets (Continued)

**Table A-7
Long-Term Liabilities**

	Year Ended 2024	Year Ended 2023	Percent Change
General obligation bonds	\$ 51,264,917	\$ 52,334,917	-2.0%
Net bond premium and discount	2,694,610	2,861,527	-5.8%
Lease liability	231,624	267,014	N/A
Finance purchases payable	-	108,805	-100.0%
Net pension liability	8,213,466	8,195,417	0.2%
Total OPEB liability	1,209,907	1,095,608	10.4%
Compensated absences payable	36,372	48,582	-25.1%
Total long-term liabilities	<u>\$ 63,650,896</u>	<u>\$ 64,911,870</u>	<u>-1.9%</u>
Long-term liabilities			
Due within one year	\$ 1,630,917	\$ 1,238,486	
Due in more than one year	<u>62,019,979</u>	<u>63,673,384</u>	
Total	<u>\$ 63,650,896</u>	<u>\$ 64,911,870</u>	

Long-Term Liabilities

For the fiscal year ended June 30, 2024, the District had \$63,650,896 in long-term liabilities outstanding, including \$51,264,917 in General Obligation Bonds. More detailed information about the long-term liabilities is presented in Note 4 of the financial statements.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District Office, ISD No. 108, 531 Morse Street, Norwood Young America, MN 55368.

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BASIC FINANCIAL STATEMENTS

Independent School District No. 535
Statement of Net Position
June 30, 2024

	Governmental Activities
Assets	
Cash and investments	\$ 11,947,576
Current property taxes receivable	3,420,468
Delinquent property taxes receivable	20,511
Due from Department of Education	1,139,686
Due from Federal Government through Department of Education	283,526
Due from other governmental units	16,858
Inventory	10,440
Prepaid items	43,766
Capital assets not being depreciated	
Land	25,000
Construction in progress	1,082,658
Capital assets net of accumulated depreciation	
Land improvements	7,570,144
Buildings and improvements	48,204,952
Equipment	3,450,277
Leased assets net of accumulated amortization	
Leased buildings and improvements	179,718
Leased equipment	29,473
Total assets	77,425,053
Deferred Outflows of Resources	
Deferred outflows related to OPEB	348,083
Deferred outflows related to pensions	2,245,967
Total deferred outflows of resources	2,594,050
 Total assets and deferred outflows of resources	 \$ 80,019,103
Liabilities	
Accounts and contracts payable	\$ 2,716,045
Salaries and benefits payable	1,245,616
Interest payable	661,395
Due to other Minnesota school districts	326,485
Due to other governmental units	2,297
Unearned revenue	63,956
Net bond principal payable	
Payable within one year	1,575,000
Payable after one year	52,384,527
Lease liability	
Payable within one year	37,731
Payable after one year	193,893
Compensated absences payable	
Payable within one year	18,186
Payable after one year	18,186
Total OPEB liability	1,209,907
Net pension liability	8,213,466
Total liabilities	68,666,690
Deferred Inflows of Resources	
Property taxes levied for subsequent year's expenditures	5,940,687
Deferred inflows related to OPEB	120,957
Deferred inflows related to pensions	758,438
Total deferred inflows of resources	6,820,082
Net Position	
Net investment in capital assets	7,789,118
Restricted for	
General purposes	1,170,789
Capital projects	1,932,772
Food service	142,171
Community service	52,268
Unrestricted	(6,554,787)
Total net position	4,532,331
 Total liabilities, deferred inflows of resources, and net position	 \$ 80,019,103

Independent School District No. 108
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	\$ 677,786	\$ -	\$ -	\$ -	\$ (677,786)
District support services	488,553	-	12,531	-	(476,022)
Elementary and secondary regular instruction	5,709,797	191,570	565,781	-	(4,952,446)
Vocational education instruction	221,024	-	-	-	(221,024)
Special education instruction	2,414,735	-	2,151,524	-	(263,211)
Instructional support services	657,249	-	-	-	(657,249)
Pupil support services	1,244,633	-	33,648	-	(1,210,985)
Sites and buildings	2,705,418	-	713,500	38,718	(1,953,200)
Fiscal and other fixed cost programs	94,390	-	5,350	-	(89,040)
Food service	800,114	78,486	628,825	-	(92,803)
Community education and services	1,066,421	613,060	182,529	-	(270,832)
Unallocated depreciation	73,809	-	-	-	(73,809)
Interest and fiscal charges on long-term debt	1,449,476	-	-	-	(1,449,476)
Total governmental activities	\$ 17,603,405	\$ 883,116	\$ 4,293,688	\$ 38,718	(12,387,883)
General revenues					
Taxes					
					2,948,511
					2,488,967
					123,833
					8,548,683
					948,781
					<u>15,058,775</u>
					2,670,892
					<u>1,861,439</u>
					\$ 4,532,331

Independent School District No. 108
Balance Sheet - Governmental Funds
June 30, 2024

	General	Debt Service	Capital Projects
Assets			
Cash and Investments			
Cash and investments	\$ 3,981,427	\$ 1,670,773	\$ 5,929,281
Current property taxes receivable	1,501,864	1,828,510	-
Delinquent property taxes receivable	11,217	8,774	-
Due from Department of Education	1,088,910	37,726	-
Due from Federal Government through Department of Education	283,526	-	-
Due from other governmental units	16,858	-	-
Inventory	-	-	-
Prepaid items	43,766	-	-
Total assets	<u>\$ 6,927,568</u>	<u>\$ 3,545,783</u>	<u>\$ 5,929,281</u>
Liabilities			
Accounts payable	\$ 132,390	\$ 2,900	\$ 2,558,462
Salaries and benefits payable	1,171,330	-	-
Due to other Minnesota school districts	326,485	-	-
Due to other governmental units	2,246	-	-
Unearned revenue	7,596	-	-
Total liabilities	<u>1,640,047</u>	<u>2,900</u>	<u>2,558,462</u>
Deferred inflows of resources			
Property tax levied for subsequent year's expenditures	2,698,985	3,073,481	-
Unavailable revenue - delinquent property taxes	11,217	8,774	-
Total deferred inflows of resources	<u>2,710,202</u>	<u>3,082,255</u>	<u>-</u>
Fund Balances			
Nonspendable for			
Inventory	-	-	-
Prepaid items	43,766	-	-
Restricted for			
Student activities	65,973	-	-
Scholarships	31,211	-	-
Capital projects levy	168,786	-	-
Projects funded by certificates of participation	-	-	501,901
Operating capital	116,172	-	-
Basic skills	216,903	-	-
Safe schools	2,334	-	-
Long-term facilities maintenance	492,371	-	60,704
Medical assistance	65,822	-	-
Debt service	-	460,628	-
Food service	-	-	-
Early childhood family and education programs	-	-	-
School readiness	-	-	-
Capital projects	-	-	2,808,214
Assigned	387,077	-	-
Unassigned	986,904	-	-
Total fund balances	<u>2,577,319</u>	<u>460,628</u>	<u>3,370,819</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 6,927,568</u>	<u>\$ 3,545,783</u>	<u>\$ 5,929,281</u>

Nonmajor Funds	Total Governmental Funds
\$ 366,095	\$ 11,947,576
90,094	3,420,468
520	20,511
13,050	1,139,686
-	283,526
-	16,858
10,440	10,440
-	43,766
<u>\$ 480,199</u>	<u>\$ 16,882,831</u>
\$ 22,293	\$ 2,716,045
74,286	1,245,616
-	326,485
51	2,297
56,360	63,956
<u>152,990</u>	<u>4,354,399</u>
168,221	5,940,687
520	20,511
<u>168,741</u>	<u>5,961,198</u>
10,440	10,440
-	43,766
-	65,973
-	31,211
-	168,786
-	501,901
-	116,172
-	216,903
-	2,334
-	553,075
-	65,822
-	460,628
142,171	142,171
50,242	50,242
1,506	1,506
-	2,808,214
-	387,077
(45,891)	941,013
<u>158,468</u>	<u>6,567,234</u>
<u>\$ 480,199</u>	<u>\$ 16,882,831</u>

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Independent School District No. 108
Reconciliation of the Balance Sheet to
the Statement of Net Position - Governmental Funds
June 30, 2024

Total fund balances - governmental funds	\$ 6,567,234
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	77,055,323
Less accumulated depreciation	(16,722,292)
Leased assets	332,551
Less accumulated amortization	(123,360)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.	
Long-term liabilities at year-end consist of:	
Bond principal payable	(51,264,917)
Bond premiums	(2,694,610)
Lease liability	(231,624)
Compensated absences payable	(36,372)
Total OPEB liability	(1,209,907)
Net pension liability	(8,213,466)
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 related to pensions	2,245,967
Deferred inflows related to pensions	(758,438)
Deferred outflows of resources and deferred inflows of resources are created as a result of various differences related to OPEB that are not recognized in the governmental funds.	
Deferred outflows related to OPEB	348,083
Deferred inflows related to OPEB	(120,957)
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.	
	20,511
Governmental funds do not report a liability for accrued interest on bonds and finance purchases until due and payable.	
	<u>(661,395)</u>
Total net position - governmental activities	<u>\$ 4,532,331</u>

Independent School District No. 108
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds
Year Ended June 30, 2024

	General	Debt Service	Capital Projects
Revenues			
Local property taxes	\$ 2,940,245	\$ 2,481,399	\$ -
Other local and county revenues	435,865	40,411	1,497,143
Revenue from state sources	10,146,320	377,266	-
Revenue from federal sources	663,775	-	-
Sales and other conversion of assets	-	-	-
Total revenues	14,186,205	2,899,076	1,497,143
Expenditures			
Current			
Administration	714,356	-	-
District support services	508,075	-	-
Elementary and secondary regular instruction	5,941,923	-	-
Vocational education instruction	217,239	-	-
Special education instruction	2,501,296	-	-
Instructional support services	677,311	-	-
Pupil support services	1,241,824	-	-
Sites and buildings	1,175,988	-	93,035
Fiscal and other fixed cost programs	94,390	-	-
Food service	-	-	-
Community education and services	-	-	-
Capital outlay			
District support services	1,370	-	-
Elementary and secondary regular instruction	2,350	-	-
Vocational education instruction	7,258	-	-
Special education instruction	331,867	-	-
Pupil support services	4,338	-	-
Sites and buildings	202,933	-	27,155,805
Food service	-	-	-
Community education and services	-	-	-
Debt service			
Principal	144,195	1,070,000	-
Interest and fiscal charges	3,788	1,466,286	-
Total expenditures	13,770,501	2,536,286	27,248,840
Excess of revenues over (under) expenditures	415,704	362,790	(25,751,697)
Other Financing Sources (Uses)			
Transfers in	-	76,858	-
Transfers out	(76,858)	-	-
Total other financing sources (uses)	(76,858)	76,858	-
Net change in fund balances	338,846	439,648	(25,751,697)
Fund Balances			
Beginning of year	2,238,473	20,980	29,122,516
End of year	\$ 2,577,319	\$ 460,628	\$ 3,370,819

See notes to basic financial statements.

Nonmajor Funds	Total Governmental Funds
\$ 123,475	\$ 5,545,119
647,614	2,621,033
548,846	11,072,432
240,499	904,274
78,438	78,438
<u>1,638,872</u>	<u>20,221,296</u>
-	714,356
-	508,075
-	5,941,923
-	217,239
-	2,501,296
-	677,311
-	1,241,824
-	1,269,023
-	94,390
678,264	678,264
1,085,121	1,085,121
-	1,370
-	2,350
-	7,258
-	331,867
-	4,338
-	27,358,738
37,469	37,469
8,771	8,771
-	1,214,195
-	1,470,074
<u>1,809,625</u>	<u>45,365,252</u>
(170,753)	(25,143,956)
-	76,858
-	(76,858)
-	-
(170,753)	(25,143,956)
<u>329,221</u>	<u>31,711,190</u>
<u>\$ 158,468</u>	<u>\$ 6,567,234</u>

Independent School District No. 108
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 \$ (25,143,956)

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 useful lives as depreciation expense.

Capital outlays	27,899,922
Depreciation/amortization expense	(1,909,975)
Disposal of capital assets	(69,594)

Compensated absences and severance are recognized as paid in the governmental funds but recognized as the expense is incurred in the Statement of Activities.

12,211

OPEB contributions are recognized as paid in the governmental funds but recognized as the expense is incurred in the Statement of Activities.

(813)

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

1,214,195

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

631,452

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.

(145,659)

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

166,917

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.

16,192

Change in net position - governmental activities \$ 2,670,892

Independent School District No. 108
Statement of Revenues, Expenditures, and
Changes in Fund Balance -
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	\$ 2,919,439	\$ 2,906,755	\$ 2,940,245	\$ 33,490
Other local and county revenues	191,700	274,479	435,865	161,386
Revenue from state sources	9,771,338	9,885,248	10,146,320	261,072
Revenue from federal sources	134,000	626,575	663,775	37,200
Total revenues	<u>13,016,477</u>	<u>13,693,057</u>	<u>14,186,205</u>	<u>493,148</u>
Expenditures				
Current				
Administration	749,806	682,896	714,356	31,460
District support services	670,309	648,680	508,075	(140,605)
Elementary and secondary regular instruction	5,600,804	5,904,059	5,941,923	37,864
Vocational education instruction	184,307	188,044	217,239	29,195
Special education instruction	2,163,810	2,461,796	2,501,296	39,500
Instructional support services	554,590	706,681	677,311	(29,370)
Pupil support services	1,072,998	1,107,370	1,241,824	134,454
Sites and buildings	1,324,393	1,188,196	1,175,988	(12,208)
Fiscal and other fixed cost programs	86,000	96,000	94,390	(1,610)
Capital outlay				
District support services	-	112,000	1,370	(110,630)
Elementary and secondary regular instruction	10,000	12,500	2,350	(10,150)
Vocational education instruction	-	8,015	7,258	(757)
Special education instruction	-	201,867	331,867	130,000
Pupil support services	-	-	4,338	4,338
Sites and buildings	973,781	753,821	202,933	(550,888)
Debt service				
Principal	144,077	144,077	144,195	118
Interest and fiscal charges	4,515	4,515	3,788	(727)
Total expenditures	<u>13,539,390</u>	<u>14,220,517</u>	<u>13,770,501</u>	<u>(450,016)</u>
Excess of revenues over (under) expenditures	(522,913)	(527,460)	415,704	943,164
Other Financing Uses				
Transfers out	-	(76,858)	(76,858)	-
Net change in fund balance	<u>\$ (522,913)</u>	<u>\$ (604,318)</u>	338,846	<u>\$ 943,164</u>
Fund Balance				
Beginning of year			<u>2,238,473</u>	
End of year			<u>\$ 2,577,319</u>	

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Independent School District No. 108
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 seven member board elected by the voters of the District to serve four-year terms.

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

A. Reporting Entity

The 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 and amortization expense that can be specifically identified by function is included in the direct expenses of that function. 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. Major individual governmental funds are reported as separate columns in the fund financial statements.

Independent School District No. 108
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. 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 as follows:

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 fiscal years. Federal revenue is recorded in the year in which the related expenditure is made. Food service sales, community education tuition, and other miscellaneous revenue (except investment earnings) are recorded as revenues when received because they are generally not measurable until then. Investment earnings are recorded when earned because they are measurable and available. Other revenue is considered available if collected within 60 days of the end of the current fiscal period.

2. Recording of Expenditures

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

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. If resources from more than one fund balance classification could be spent, the school will follow the approved District plan for each of the areas. If there is no plan, the District will strive to spend resources from fund balance classifications in the following order: restricted, committed, assigned, and unassigned.

Proprietary funds distinguish 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 is 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. Amounts reported as program revenues include charges to customers or applicants for goods, services or privileges provided, operating grants and contributions, and capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

**Independent School District No. 108
Notes to Basic Financial Statements**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

Description of Funds:

Major Funds:

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

Capital Projects - Building Construction Fund - This fund is used to account for financial resources used for the acquisition or construction of major capital facilities funded with bond issues or special levies.

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

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, or other similar services.

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 cash and investment balances of each fund.

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

Cash and investments at June 30, 2024, were comprised of demand deposits, certificates of deposit, money market funds, and U.S. Treasury Notes. Investments are reported at fair value as disclosed in Note 2.

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.

**Independent School District No. 108
Notes to Basic Financial Statements**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Deposits and Investments (Continued)

In accordance with GASB Statement No. 79, the various MNTrust securities, and money market funds are valued at amortized cost, which approximates fair value. There are no restrictions or limitations on withdrawals from the MNTrust Investment Shares. Seven days' notice of redemption is required for withdrawals of investments in the MNTrust Term Series withdrawn prior to the maturity date of that series. A penalty could be assessed as necessary to recoup the Series for any charges, losses, and other costs attributable to the early redemption. 30-day advance notice is required for withdrawals from the MNTrust Limited Term Duration Series.

E. Property Tax Receivable

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

F. Property Taxes Levied for Subsequent Year's Expenditures

Property taxes levied for subsequent year's expenditures consist principally of property taxes levied in the current year which will be collected and recognized as revenue in the District's following fiscal 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 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 expenditures 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. Olmsted and Wabasha Counties are the collecting agencies for the levy and remit the collections to the District three times a year. The Tax levy notice is mailed in March with the first half of the payment due on May 15 and the second half due on October 15. Delinquent collections for November and December are received the following January.

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

**Independent School District No. 108
Notes to Basic Financial Statements**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Capital Assets

Capital assets are capitalized at historical cost or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their acquisition value at the date of donation. Capital assets are defined by the District as assets and grouped assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are recorded in the District-wide basic financial statement but are not reported in the fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purpose by the District, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 25 to 50 years for improvements and buildings, and 5 to 20 years for equipment and furnishings.

Capital assets not being depreciated include land and construction in progress.

The District does not possess any material amounts of infrastructure capital assets. Items such as sidewalks and other land improvements are considered to be part of the cost of buildings or other improvable property.

K. Right-to-Use Lease Assets/Lease Liabilities

The District recorded right-to-use lease assets as a result of implementing GASB Statement No. 87, Leases. The right-to-use lease assets are initially measured at an amount equal to the initial measurement of the lease liability plus any payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right-to-use assets are amortized on a straight-line basis over the life of the related lease.

Key estimates and judgments related to leases include (1) the discount rate, (2) lease term, and (3) lease payments.

The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District determines its estimated borrowing rate based on the applicable State and Local Government Securities rate. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a re-measurement of the leases and will remeasure the right-to-use lease assets and liabilities if certain changes occur that are expected to significantly affect the amount of the lease liability.

Independent School District No. 108
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. 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 basic 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) until that time. The District has two items that qualify for reporting in this category. Deferred outflows of resources related to pensions and deferred outflows of resources related to OPEB are reported in the government-wide Statement of Net Position. Deferred outflows of resources related to pensions are recorded for various estimate differences that will be amortized and recognized over future years. Deferred outflows of resources related to OPEB are recorded for various estimate differences that will be amortized and recognized over future years.

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 is 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.

Deferred inflows of resources related to pensions are recorded on the government-wide statements for various estimate differences that will be amortized and recognized over future years. Deferred inflows of resources related to OPEB are recorded on the government-wide statements for various estimate differences that will be amortized and recognized over future years.

M. Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing 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.

**Independent School District No. 108
Notes to Basic Financial Statements**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused vacation benefits. Vacation leave is accrued as a liability and recorded as an expense of those funds as the benefits are earned by the employees.

O. Pensions

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

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

P. Postemployment Benefits Other than Pensions

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District and additions to/deductions from the District's fiduciary net position have been determined on the same basis as they are reported by the District.

For this purpose, the District recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments, which are reported at amortized cost, which approximates fair value.

Q. Fund Equity

1. Classification

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 constraints on the specific purpose for which amounts in those funds can be spent.

- ◆ Nonspendable Fund Balances - These are amounts that cannot be spent because they are either not in spendable form or they are legally or contractually required to be maintained intact and include inventory and prepaid items.
- ◆ Restricted Fund Balances - These are amounts that are restricted to specific purposes either by constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through 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) by majority vote.

**Independent School District No. 108
Notes to Basic Financial Statements**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Fund Equity (Continued)

1. Classification (Continued)

- ◆ Assigned Fund Balances - These are unrestricted funds constrained by the District's intent that they be used for specific purposes, but that do not meet the criteria to be classified as restricted or committed. The School Board delegates to the Superintendent, and Executive Director of Business and Operations, the authority to assign fund balances for specific purposes.
- ◆ Unassigned fund balance represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to a specific purpose in the General Fund.

If resources from more than one fund balance classification could be spent, the District will strive to spend resources from fund balance classifications in the following order: restricted, committed, assigned, and unassigned.

2. Minimum Fund Balance Policy

The District will strive to maintain a minimum unassigned general fund balance of seven percent of the annual budget.

R. Net Position

Net Position represents the difference between assets and deferred outflows of resource; and liabilities and deferred inflows of resources in the government-wide financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets.

Net position is reported as restricted in the government-wide financial statement when there are limitations on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

S. Use of Estimates

The preparation of 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.

T. 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 in any of the past three years.

**Independent School District No. 108
Notes to Basic Financial Statements**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

U. Budgetary Information

The District adopts an annual budget for all funds in accordance with Minnesota State Statutes. The budget is prepared on the modified accrual basis of accounting. Before July 1, the proposed budget is presented to the School Board for review. The School Board holds public hearings, and a final budget must be prepared and adopted no later than one week after the School Board approves the audited financial statements and has published the final budget in the local newspaper. Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal yearend. The actual revenues, expenditures, and transfers for the year ended June 30, 2024, have been compared to the District's budget for the year where applicable. Variances in parentheses are unfavorable and indicate revenues are less than budget or expenditures are greater than budget. The budget is adopted through passage of a resolution. Any revisions that alter total expenditures of any fund must be approved by the School Board.

Budgetary control is maintained by fund, at the object of expenditure category level within each program, and in compliance with State requirements. Also inherent in this controlling function is the management philosophy that the existence of a particular item or appropriation in the approved budget does not automatically mean that it will be spent. Therefore, there is a constant review process and expenditures are not approved until it has been determined that (1) adequate funds were appropriated; (2) the expenditure is still necessary; and (3) funds are available. Budgeted amounts are as originally adopted or as amended by the School Board. Budgeted expenditure appropriations lapse at year end. The School Board made several supplemental budgetary appropriations throughout the year.

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.

Checking accounts	\$ 55,890
Savings and money market accounts	43,481
Certificates of deposit	<u>1,175,100</u>
Total deposits	<u><u>\$ 1,274,471</u></u>

Custodial Credit Risk - Deposits: Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of June 30, 2024, none of the District's bank balances were exposed to custodial credit risk.

Independent School District No. 108
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	Total	12 Months or Less	13 to 24 Months	More than 24 Months
District Investments				
Brokered Certificates of Deposit	\$ 972,195	\$ 728,552	\$ 243,643	\$ -
MN Trust Investment Shares	7,926,239	7,926,239	-	-
MN Trust Series Flex	509,298	509,298	-	-
US Treasury Notes	1,264,373	-	-	1,264,373
Total investments	\$ 10,672,105	\$ 9,164,089	\$ 243,643	\$ 1,264,373

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

Credit Risk: The District may invest funds as authorized by *Minnesota Statutes* § 118A.04. All funds in MNTrust are invested in accordance with *Minnesota Statutes* § 475.66. Each Minnesota School District owns a pro-rata share of each investment which is held in the name of the Funds. The District has no investment policy that would further limit its investment choices. The District's MNTrust accounts were rated AAA by S&P.

Concentration of Credit Risk: This is the risk of loss attributed to the magnitude of an investment in a single issuer. The District places no limit on the amount the District may invest in any one issuer.

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 does not have an investment policy for custodial credit risk.

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

- ◆ Investments of \$1,264,373 are valued using a quoted market prices (Level 1 inputs).
- ◆ Investments of \$972,195 are valued using a matrix pricing model (Level 2 inputs).
- ◆ Investments of \$8,435,537 are valued using amortized cost.

C. Deposits and Investments

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

Deposits (Note 2.A.)	\$ 1,274,471
Investments (Note 2.B.)	10,672,105
Petty cash	1,000
Total deposits and investments	\$ 11,947,576

Independent School District No. 108
Notes to Basic Financial Statements

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

C. Deposits and Investments (Continued)

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

Statement of Net Position	
Cash and investments	<u><u>\$ 11,947,576</u></u>

NOTE 3 - INTERFUND ACTIVITY

A. Interfund Transfers

The General Fund transferred \$76,858 to the Debt Service Fund for debt service payments on certificate of participation debt.

NOTE 4 - CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 25,000	\$ -	\$ -	\$ 25,000
Construction in progress	21,277,172	27,806,500	48,001,014	1,082,658
Total capital assets not being depreciated	21,302,172	27,806,500	48,001,014	1,107,658
Capital assets being depreciated				
Land improvements	140,214	7,738,510	22,523	7,856,201
Buildings and improvements	25,366,391	37,363,429	67,073	62,662,747
Equipment	2,539,758	2,992,496	103,537	5,428,717
Total capital assets being depreciated	28,046,363	48,094,435	193,133	75,947,665
Less accumulated Depreciation for				
Land improvements	103,039	199,910	16,892	286,057
Buildings and improvements	13,044,338	1,452,267	38,810	14,457,795
Equipment	1,829,600	216,678	67,838	1,978,440
Total accumulated depreciation	14,976,977	1,868,855	123,540	16,722,292
Total capital assets being depreciated, net	13,069,386	46,225,580	69,593	59,225,373
Governmental activities, capital assets, net	\$ 34,371,558	\$ 74,032,080	\$ 48,070,607	\$ 60,333,031

**Independent School District No. 108
Notes to Basic Financial Statements**

NOTE 4 - CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Leased assets being amortized				
Buildings and improvements	\$ 227,289	\$ -	\$ -	\$ 227,289
Equipment	105,262	-	-	105,262
Total capital assets being amortized	<u>332,551</u>	<u>-</u>	<u>-</u>	<u>332,551</u>
Less accumulated amortization for				
Buildings and improvements	31,714	15,857	-	47,571
Equipment	50,526	25,263	-	75,789
Total accumulated amortization	<u>82,240</u>	<u>41,120</u>	<u>-</u>	<u>123,360</u>
Total capital assets being amortized, net	<u>250,311</u>	<u>(41,120)</u>	<u>-</u>	<u>209,191</u>
Governmental activities, leased assets, net	<u>\$ 250,311</u>	<u>\$ (41,120)</u>	<u>\$ -</u>	<u>\$ 209,191</u>

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

District support services	\$ 330
Regular instruction	228,651
Vocational instruction	847
Special education instruction	12,155
Instructional support	75
Pupil support	9,264
Sites, Building and Equipment	1,585,440
Unallocated	<u>73,213</u>
Total depreciation/amortization expense	<u>\$ 1,909,975</u>

**Independent School District No. 108
Notes to Basic Financial Statements**

NOTE 5 - 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						
2010A School Building Bonds	01/19/10	1.26%	\$ 10,200,000	01/15/26	\$ 1,570,000	\$ 780,000
2014A School Building Bonds	03/19/14	2.0%-3.13%	3,330,000	02/01/29	2,720,000	60,000
2021A School Building Bonds	12/30/21	2.0%-3.0%	9,375,000	02/01/37	9,375,000	-
2022A School Building Bonds	02/01/22	1.0%-5.0%	27,675,000	02/01/45	27,435,000	250,000
2023A General Obligation Bonds	06/14/23	4.0%-6.0%	9,054,917	02/01/43	9,054,917	330,000
2023B Certificates of Participation	06/14/23	6.00%	1,140,000	02/01/30	1,110,000	155,000
Total G.O. bonds					51,264,917	1,575,000
Bond premiums					2,694,610	-
Lease liability					231,624	37,731
Compensated absences payable					36,372	18,186
Total long-term liabilities					\$ 54,227,523	\$ 1,630,917

The long-term bond liabilities listed above were issued to finance the acquisition, construction, and refurbishing of School facilities. Bonds will be retired with assets from the Debt Service Funds while the compensated absences will be liquidated by the General Fund.

The District entered into various purchase agreements for the purchase of equipment.

B. Minimum Debt Payments

Year Ending June 30,	G.O. Bonds		
	Principal	Interest	Total
2025	\$ 1,575,000	\$ 1,604,713	\$ 3,179,713
2026	1,760,000	1,559,485	3,319,485
2027	1,950,000	1,496,681	3,446,681
2028	2,110,000	1,409,481	3,519,481
2029	2,180,000	1,314,381	3,494,381
2030-2034	12,085,000	5,119,013	17,204,013
2035-2039	14,857,591	3,078,422	17,936,013
2040-2044	13,772,326	3,182,423	16,954,749
2045	975,000	21,938	996,938
Total	\$ 51,264,917	\$ 18,786,537	\$ 70,051,454

Independent School District No. 108
Notes to Basic Financial Statements

NOTE 5 - LONG-TERM DEBT (CONTINUED)

B. Minimum Debt Payments (Continued)

Year Ending June 30,	Lease Liability		
	Principal	Interest	Total
2025	\$ 37,731	\$ 9,751	\$ 47,482
2026	16,496	8,306	24,802
2027	13,033	7,719	20,752
2028	14,267	7,108	21,375
2029	15,577	6,439	22,016
2030-2034	100,482	19,910	120,392
2034-2035	34,038	1,100	35,138
Total	<u>\$ 231,624</u>	<u>\$ 60,334</u>	<u>\$ 291,958</u>

C. Lease Liability

The District entered into lease agreements for buildings and equipment. The lease agreements include annual principal and interest payments that are shown above. The discount rate for the lease liabilities is 5.0%.

D. Changes in Long-Term Liabilities

	Beginning Balance	Additions	Reductions	Ending Balance
Long-term liabilities				
G.O. Bonds	\$ 52,334,917	\$ -	\$ 1,070,000	\$ 51,264,917
Bond premiums	2,861,527	-	166,917	2,694,610
Finance purchases from				
direct borrowing	108,805	-	108,805	-
Lease liability	267,014	-	35,390	231,624
Compensated absences payable	48,582	113,918	126,128	36,372
Total long-term liabilities	<u>\$ 55,620,845</u>	<u>\$ 113,918</u>	<u>\$ 1,507,240</u>	<u>\$ 54,227,523</u>

NOTE 6 - FUND BALANCES

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

A. Restricted/Reserved Fund Equity

Fund equity balances are classified as follows to reflect the limitations and restrictions of the respective funds.

**Independent School District No. 108
Notes to Basic Financial Statements**

NOTE 6 - FUND BALANCES (CONTINUED)

A. Restricted/Reserved Fund Equity (Continued)

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

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

Restricted/Reserved for Capital Projects Levy - This balance represents available resources from the capital projects levy to be used for building construction and other projects under *Minnesota Statutes* 126C.10, subd. 14. All interest income attributable to the capital projects levy must be credited to this account.

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 Basic Skills Programs - This balance represents resources available for the basic skills uses listed in *Minnesota Statute* § 126C.15, subd. 1.

Restricted/Reserved for Safe Schools Revenue - The unspent resources available from the Safe Schools revenue must be restricted in this account for future use.

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 Medical Assistance - This balance represents available resources to be used for medical assistance expenditures (*Minnesota Statutes* § 125A.21, subd. 3).

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

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

Restricted/Reserved for Building Projects Funded by Certificates of Participation/Financed Purchase Agreement with Related Lease Levy Authority - This balance represents the June 30 balance in the Building Construction Fund for projects funded by certificates of participation/financed purchase agreements with related lease levy authority under *Minnesota Statutes 2023* § 126C.40.

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).

**Independent School District No. 108
Notes to Basic Financial Statements**

NOTE 6 - FUND BALANCES (CONTINUED)

A. Restricted/Reserved Fund Equity (Continued)

Restricted for Capital Projects - This balance represents the remaining positive fund balance of the Capital Projects Fund.

B. Assigned Fund Equity

Assignment of the fund balance indicates that portion of the fund balance that reflects a tentative plan for future use of the funds. The following is a summary of the assigned fund balances:

Staff development and teacher training	\$ 51,876
Curriculum	75,980
Fund balance transfers	<u>259,221</u>
 Total	 <u><u>\$ 387,077</u></u>

C. Government-Wide Restrictions

Net position restricted for "General Purposes" are comprised of the total General Fund restricted fund balances.

NOTE 7 - DEFINED BENEFIT PENSION PLANS - STATE-WIDE

The District participates in various pension plans. Total pension expense for the year ended June 30, 2024, was \$71,705. The components of pension expense are noted in the following plan summaries.

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

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.

**Independent School District No. 108
Notes to Basic Financial Statements**

NOTE 7 - DEFINED BENEFIT PENSION PLANS - STATE-WIDE (CONTINUED)

Teachers' Retirement Association (Continued)

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).

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.

**Independent School District No. 108
Notes to Basic Financial Statements**

NOTE 7 - DEFINED BENEFIT PENSION PLANS - STATE-WIDE (CONTINUED)

Teachers' Retirement Association (Continued)

B. Benefits Provided (Continued)

Tier II Benefits (Continued)

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 %	12.55 %	11.3 %	12.75 %
Coordinated	7.5	8.34	7.5	8.55	7.8	8.75

Independent School District No. 108
Notes to Basic Financial Statements

NOTE 7 - 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	\$ 508,764
Add employer contributions not related to future contribution efforts	(87)
Deduct TRA's contributions not included in allocation	<u>(643)</u>
Total employer contributions	508,034
Total non-employer contributions	<u>35,587</u>
Total contributions reported in <i>Schedule of Employer and Non-Employer Allocations</i>	<u><u>\$ 543,621</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. 108
Notes to Basic Financial Statements**

NOTE 7 - 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 the MP 2015 scale.
Post-disability	RP 2014 disabled retiree mortality table, without adjustment.

**Independent School District No. 108
Notes to Basic Financial Statements**

NOTE 7 - 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. 108
Notes to Basic Financial Statements**

NOTE 7 - 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 \$7,430,602 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 0.0900% at the end of the measurement period and 0.0885% 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	\$ 7,430,602
State's proportionate share of the net pension liability associated with the district	520,480

For the year ended June 30, 2024, the District recognized pension expense of (\$44,676). Included in this amount, the District recognized \$73,288 as pension expense for the support provided by direct aid.

**Independent School District No. 108
Notes to Basic Financial Statements**

NOTE 7 - 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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 70,302	\$ 103,439
Net difference between projected and actual earnings on plan investments	202,937	-
Changes of assumptions	735,968	-
Changes in proportion	450,197	380,106
Contributions to TRA subsequent to the measurement date	<u>542,522</u>	<u>-</u>
Total	<u>\$ 2,001,926</u>	<u>\$ 483,545</u>

**Independent School District No. 108
Notes to Basic Financial Statements**

NOTE 7 - DEFINED BENEFIT PENSION PLANS - STATE-WIDE (CONTINUED)

Teachers' Retirement Association (Continued)

F. Net Pension Liability (Continued)

The \$542,522 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	\$ 124,885
2026	31,065
2027	797,076
2028	16,413
2029	6,420
Total	\$ 975,859

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%)
\$ 11,851,263	\$ 7,430,602	\$ 3,811,752

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.

**Independent School District No. 108
Notes to Basic Financial Statements**

NOTE 7 - DEFINED BENEFIT PENSION PLANS - STATE-WIDE (CONTINUED)

Teachers' Retirement Association (Continued)

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 plans are 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.

General Employees Plan Benefits

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

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

**Independent School District No. 108
Notes to Basic Financial Statements**

NOTE 7 - DEFINED BENEFIT PENSION PLANS - STATE-WIDE (CONTINUED)

Public Employees' Retirement Association (Continued)

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 \$87,251. 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 \$782,864 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 \$21,602.

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 0.0140% at the end of the measurement period and 0.0140% for the beginning of the period.

District's proportionate share of net pension liability	\$	782,864
State's proportionate share of the net pension liability associated with the District		21,602
Total	\$	804,466

For the year ended June 30, 2024, the District recognized pension expense of \$116,381 for its proportionate share of the General Employees Plan's pension expense. Included in this amount, the District recognized \$97 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.

**Independent School District No. 108
Notes to Basic Financial Statements**

NOTE 7 - DEFINED BENEFIT PENSION PLANS - STATE-WIDE (CONTINUED)

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

General Employees Fund Pension Costs (Continued)

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	\$ 25,710	\$ 5,585
Changes in actuarial assumptions	131,080	214,576
Difference between projected and actual investments earnings	-	38,061
Change in proportion	-	16,671
Contributions paid to PERA subsequent to the measurement date	87,251	-
Total	\$ 244,041	\$ 274,893

The \$87,251 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 Amount
2025	\$ 8,315
2026	(127,713)
2027	18,278
2028	(16,983)
Total	\$ (118,103)

**Independent School District No. 108
Notes to Basic Financial Statements**

NOTE 7 - DEFINED BENEFIT PENSION PLANS - STATE-WIDE (CONTINUED)

Public Employees' Retirement Association (Continued)

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:

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

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.

**Independent School District No. 108
Notes to Basic Financial Statements**

NOTE 7 - DEFINED BENEFIT PENSION PLANS - STATE-WIDE (CONTINUED)

Public Employees' Retirement Association (Continued)

F. Actuarial Methods and Assumptions (Continued)

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 Jun 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.

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	\$ 1,384,950	\$ 782,864	\$ 287,626

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.

**Independent School District No. 108
Notes to Basic Financial Statements**

NOTE 8 - POST EMPLOYMENT HEALTH CARE PLAN

A. Plan Description

The District's defined benefit OPEB plan provides a single-employer defined benefit health care plan to eligible retirees. The plan health insurance plan after retirement. This plan covers active and retired employees who have reached age 55 with three years of service. Benefit provisions are established through negotiations between the District and the union representing District employees and are renegotiated at the end of each contract period. The implicit rate subsidy is only until Medicare eligibility. The Plan does not issue a publicly available financial report. No assets are acclimated in a trust.

B. Benefits Provided

The District provides benefits to certain employees and retirees based on different bargaining groups. The General Fund, Food Service Fund, and Community Service Fund typically liquidate the liability related to OPEB.

C. Members

As of July 1, 2023, the following were covered by the benefit terms:

Active employees	116
Retirees receiving benefits	10
	10
Total	126

D. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2023, 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%
20-Year Municipal Bond Yield	3.90%
Inflation	2.50%
Healthcare cost trend increases	6.5% decreasing to 5.00% over 5 years then to 4.00% over the next 48 years.
Mortality Assumption	Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2020 Generational Improvement Scale.
Salary increases	Service graded table.

The actuarial assumptions used in the July 1, 2023, valuation were based on the results of an actuarial experience study for the period July 1, 2022 through June 30, 2023.

**Independent School District No. 108
Notes to Basic Financial Statements**

NOTE 8 - POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

D. Actuarial Assumptions (Continued)

Actuary's Assumption Changes:

- ◆ The health care trend rates were changed to better anticipate short term and long-term medical increases.
- ◆ The mortality tables were updated from the PUB-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2020 Generational Improvement Scale to the Pub-2010 Public Retirement Headcount-Weighted Mortality Tables (General, Teachers) with MP-2021 Generational Improvement Scale.
- ◆ The discount rate was changed from 3.80% to 3.90%.

E. Discount Rate

The discount rate used to measure the total OPEB liability was 3.90% based on the 20-year municipal bond yield.

F. Changes in Total OPEB Liability

Changes in the total OPEB liability are as follows:

	<u>Total OPEB Liability</u>
Balances at July 1, 2023	\$ 1,095,608
Changes for the year	
Service cost	55,570
Interest	42,301
Differences between expected and actual economic experience	36,426
Changes in assumptions	7,073
Plan changes	49,618
Benefit payments	<u>(76,689)</u>
Net changes	<u>114,299</u>
Balances at June 30, 2024	<u><u>\$ 1,209,907</u></u>

G. OPEB Liability Sensitivity

The following presents the District's total OPEB liability calculated using the discount rate of 3.90% 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 (2.90%)</u>	<u>Current Discount Rate (3.90%)</u>	<u>1% Increase in Discount Rate (4.90%)</u>
Total OPEB liability	\$ 1,271,713	\$ 1,209,907	\$ 1,149,720

**Independent School District No. 108
Notes to Basic Financial Statements**

NOTE 8 - 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 percentage point lower and 1 percentage point higher than the current healthcare cost trend rates.

	1% Decrease in Trend Rate (5.50% Decreasing to 4.00% then 3.00%)	Current Trend Rate (6.50% Decreasing to 5.00% then 4.00%)	1% Increase in Trend Rate (7.50% Decreasing to 6.00% then 5.00%)
Total OPEB liability	\$ 1,155,308	\$ 1,209,907	\$ 1,273,403

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 \$122,205. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Liability gains and losses	\$ 179,289	\$ 44,291
Changes of assumptions	47,402	76,666
Contributions made subsequent to measurement date	121,392	-
Total	\$ 348,083	\$ 120,957

**Independent School District No. 108
Notes to Basic Financial Statements**

NOTE 8 - POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

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

The \$121,392 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. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	Total
2025	\$ (25,277)
2026	21,904
2027	21,904
2028	21,904
2029	21,904
Thereafter	43,395
Total	\$ 105,734

NOTE 9 - COMMITMENTS

At June 30, 2024, the District had various construction contract commitments for projects outstanding totaling \$4,832,400 that are expected to be paid from the Capital Projects Fund.

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REQUIRED SUPPLEMENTARY INFORMATION

Independent School District No. 108
Schedule of Changes in Total OPEB Liability
and Related Ratios

	<u>June 30, 2018</u>	<u>June 30, 2019</u>	<u>June 30, 2020</u>
Total OPEB Liability			
Service cost	\$ 54,658	\$ 56,298	\$ 43,046
Interest	56,000	51,383	47,415
Plan changes	-	-	(199,334)
Differences between expected and actual experience	-	-	(265,771)
Changes of assumptions	-	-	(17,350)
Benefit payments	(264,959)	(230,934)	(190,995)
Net change in total OPEB liability	<u>(154,301)</u>	<u>(123,253)</u>	<u>(582,989)</u>
Beginning of year	<u>1,723,757</u>	<u>1,569,456</u>	<u>1,446,203</u>
End of year	<u>\$ 1,569,456</u>	<u>\$ 1,446,203</u>	<u>\$ 863,214</u>
Covered-employee payroll	\$ 5,455,389	\$ 5,619,051	\$ 5,488,512
Total OPEB liability as a percentage of covered-employee payroll	28.77%	25.74%	15.73%

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

<u>June 30, 2021</u>	<u>June 30, 2022</u>	<u>June 30, 2023</u>	<u>June 30, 2024</u>
\$ 63,883	\$ 74,233	\$ 59,683	\$ 55,570
27,223	27,054	26,887	42,301
232,633	9,487	-	49,618
-	208,824	-	36,426
30,321	32,548	(92,220)	7,073
(98,652)	(131,966)	(237,544)	(76,689)
<u>255,408</u>	<u>220,180</u>	<u>(243,194)</u>	<u>114,299</u>
<u>863,214</u>	<u>1,118,622</u>	<u>1,338,802</u>	<u>1,095,608</u>
<u>\$ 1,118,622</u>	<u>\$ 1,338,802</u>	<u>\$ 1,095,608</u>	<u>\$ 1,209,907</u>
\$ 5,653,167	\$ 5,606,627	\$ 5,774,826	\$ 6,483,042
19.79%	23.88%	18.97%	18.66%

Independent School District No. 108
Schedule of District's and Non-Employer Proportionate Share
(if Applicable) of Net Pension Liability
Last Ten Years General Employees Retirement Fund

For Plan's 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 Share of State of Minnesota's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability and District's Share of the State of Minnesota's Share of the Net Pension 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	0.0197%	\$ 925,407	\$ -	\$ 925,407	\$ 1,036,762	89.3%	78.7%
2015	0.0176%	912,123	-	912,123	1,015,987	89.8%	78.2%
2016	0.0166%	1,347,838	17,586	1,365,424	958,440	142.5%	68.9%
2017	0.0155%	989,510	12,419	1,001,929	954,333	105.0%	75.9%
2018	0.0151%	837,686	27,486	865,172	951,120	91.0%	79.5%
2019	0.0141%	779,557	24,166	803,723	919,853	87.4%	80.2%
2020	0.0149%	893,323	27,620	920,943	998,480	92.2%	79.1%
2021	0.0145%	619,215	18,855	638,070	1,041,213	61.3%	87.0%
2022	0.0140%	1,108,805	32,483	1,141,288	1,045,240	109.2%	76.7%
2023	0.0140%	782,864	21,602	804,466	1,110,800	72.4%	83.1%

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

For Plan's 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 Share of State of Minnesota's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability and District's Share of the State of Minnesota's Share of the Net Pension 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	0.0994%	\$ 4,580,280	\$ 322,239	\$ 4,902,519	\$ 4,625,216	99.0%	81.5%
2015	0.0915%	5,660,180	694,117	6,354,297	4,646,493	121.8%	76.8%
2016	0.0905%	21,586,409	2,167,064	23,753,473	4,707,533	458.6%	44.9%
2017	0.0877%	17,506,511	1,692,691	19,199,202	4,719,227	371.0%	51.6%
2018	0.0892%	5,601,813	526,486	6,128,299	4,925,947	113.7%	78.1%
2019	0.0872%	5,558,146	491,791	6,049,937	4,949,883	112.3%	78.2%
2020	0.0849%	6,272,526	525,571	6,798,097	4,935,038	127.1%	75.5%
2021	0.0765%	3,347,869	282,519	3,630,388	5,276,310	63.5%	86.6%
2022	0.0885%	7,086,612	525,413	7,612,025	5,469,185	129.6%	76.2%
2023	0.0900%	7,430,602	520,480	7,951,082	5,722,304	129.9%	76.4%

See notes to required supplementary information.

**Independent School District No. 108
Schedule of District Contributions
General Employees Retirement Fund
Last Ten Years**

Fiscal Year Ending June 30,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 76,199	\$ 76,199	\$ -	\$ 1,015,987	7.50%
2016	71,883	71,883	-	958,440	7.50%
2017	71,575	71,575	-	954,333	7.50%
2018	71,334	71,334	-	951,120	7.50%
2019	68,989	68,989	-	919,853	7.50%
2020	74,886	74,886	-	998,480	7.50%
2021	78,091	78,091	-	1,041,213	7.50%
2022	78,393	78,393	-	1,045,240	7.50%
2023	83,310	83,310	-	1,110,800	7.50%
2024	87,251	87,251	-	1,163,347	7.50%

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

Fiscal Year Ending June 30,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 348,487	\$ 348,487	\$ -	\$ 4,646,493	7.50%
2016	353,065	353,065	-	4,707,533	7.50%
2017	353,942	353,942	-	4,719,227	7.50%
2018	369,446	369,446	-	4,925,947	7.50%
2019	381,636	381,636	-	4,949,883	7.71%
2020	390,855	390,855	-	4,935,038	7.92%
2021	428,964	428,964	-	5,276,310	8.13%
2022	456,130	456,130	-	5,469,185	8.34%
2023	489,257	489,257	-	5,722,304	8.55%
2024	542,522	542,522	-	6,200,251	8.75%

Independent School District No. 108
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. 108
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% 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. 108
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. 108
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. 108
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. 108
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 changes 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. 108
Notes to the Required Supplementary Information

Post Employment Health Care Plan

2024 Changes

Actuary's assumption changes:

- ◆ The health care trend rates were changed to better anticipate short term and long term medical increases.
- ◆ The mortality tables were updated from the PUB-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2020 Generational Improvement Scale to the Pub-2010 Public Retirement Headcount-Weighted Mortality Tables (General, Teachers) with MP-2021 Generational Improvement Scale.
- ◆ The discount rate was changed from 3.80% to 3.90%.

2023 Changes

Changes in Actuarial Assumptions

- ◆ The inflation rate was changed from 2.00% to 2.50%.
- ◆ The discount rate was changed from 2.10% to 3.80%.

2022 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 Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2018 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2020 Generational Improvement Scale.
- ◆ The salary increase rates for non-teachers were updated to reflect the latest experience study.
- ◆ The withdrawal rates were updated to reflect the latest experience study.
- ◆ The inflation rate was changed from 2.50% to 2.00%.
- ◆ The discount rate was changed from 2.40% to 2.10%.

Changes in Plan Provisions

- ◆ The percentages of annual salary used to determine the GASB 75 subsidized benefits for District Office employees were updated.
- ◆ Per an early retirement agreement, one Teacher received an additional lump sum payment of \$6,500 payable to a Health Care Savings Plan during the fiscal year ending June 30, 2021.
- ◆ Effective July 1, 2020, the Teacher's ERI benefit that was previously paid monthly over two years (included in GASB 73) is now paid in one single lump sum to an HRA (included in GASB 75).

2021 Changes

Changes in Actuarial Assumptions

- ◆ The discount rate was changed from 3.10% to 2.40%.

Changes in Plan Provisions

- ◆ The teacher's ERI benefit that was previously paid monthly over 2 years (included in GASB 73) is now paid in one single lump sum to an HRA (included in GASB 75).

SUPPLEMENTARY INFORMATION

Independent School District No. 108
Combining Balance Sheet -
Nonmajor Governmental Funds
June 30, 2024

	Special Revenue Funds		Total Nonmajor Funds
	Food Service	Community Service	
Assets			
Cash and investments	\$ 170,588	\$ 195,507	\$ 366,095
Current property taxes receivable	-	90,094	90,094
Delinquent property taxes receivable	-	520	520
Due from Department of Education	-	13,050	13,050
Inventory	10,440	-	10,440
	<u>10,440</u>	<u>-</u>	<u>10,440</u>
Total assets	<u>\$ 181,028</u>	<u>\$ 299,171</u>	<u>\$ 480,199</u>
Liabilities			
Accounts payable	\$ 17,170	\$ 5,123	\$ 22,293
Salaries and benefits payable	-	74,286	74,286
Due to other governmental units	-	51	51
Unearned revenue	11,247	45,113	56,360
	<u>11,247</u>	<u>45,113</u>	<u>56,360</u>
Total liabilities	<u>28,417</u>	<u>124,573</u>	<u>152,990</u>
Deferred Inflows of Resources			
Property taxes levied for subsequent year's expenditures	-	168,221	168,221
Unavailable revenue - delinquent property taxes	-	520	520
	<u>-</u>	<u>520</u>	<u>520</u>
Total deferred inflows of resources	<u>-</u>	<u>168,741</u>	<u>168,741</u>
Fund Balances			
Nonspendable			
Inventory	10,440	-	10,440
Restricted			
Early childhood family and education programs	-	50,242	50,242
School readiness	-	1,506	1,506
Fund purpose	142,171	-	142,171
Unassigned		(45,891)	(45,891)
	<u>142,171</u>	<u>(45,891)</u>	<u>(45,891)</u>
Total fund balances	<u>152,611</u>	<u>5,857</u>	<u>158,468</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 181,028</u>	<u>\$ 299,171</u>	<u>\$ 480,199</u>

Independent School District No. 108
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances - Nonmajor Governmental Funds
Year Ended June 30, 2024

	Special Revenue Funds		Total Nonmajor Funds
	Food Service	Community Service	
Revenues			
Local property taxes	\$ -	\$ 123,475	\$ 123,475
Other local and county revenues	14,722	632,892	647,614
Revenue from state sources	378,382	170,464	548,846
Revenue from federal sources	240,499	-	240,499
Sales and other conversion of assets	78,438	-	78,438
Total revenues	712,041	926,831	1,638,872
Expenditures			
Current			
Food service	678,264	-	678,264
Community education and services	-	1,085,121	1,085,121
Capital outlay			
Food service	37,469	-	37,469
Community education and services	-	8,771	8,771
Total expenditures	715,733	1,093,892	1,809,625
Net change in fund balances	(3,692)	(167,061)	(170,753)
Fund Balances			
Beginning of year	156,303	172,918	329,221
End of year	\$ 152,611	\$ 5,857	\$ 158,468

Independent School District No. 108
Uniform Financial Accounting and Reporting Standards
Compliance Table
Year Ended June 30, 2024

	Audit	UFARS	Audit-UFARS		Audit	UFARS	Audit-UFARS
01 General Fund				06 Building Construction Fund			
Total revenue	\$ 14,186,205	\$ 14,186,210	\$ (5)	Total revenue	\$ 1,497,143	\$ 1,497,144	\$ (1)
Total expenditures	13,770,501	13,770,503	(2)	Total expenditures	27,248,840	27,248,841	(1)
<i>Nonspendable:</i>				<i>Nonspendable:</i>			
4.60 Nonspendable fund balance	43,766	43,766	-	4.60 Nonspendable fund balance	-	-	-
<i>Restricted/reserved:</i>				<i>Restricted/reserved:</i>			
4.01 Student Activities	65,973	65,973	-	4.07 Capital Projects Levy	-	-	-
4.02 Scholarships	31,211	31,211	-	4.09 Alternative Facility Program	-	-	-
4.03 Staff Development	-	-	-	4.13 Building Projects Funded by COP/LP	501,901	501,901	-
4.07 Capital Projects Levy	168,786	168,786	-	4.67 Long-term Facilities Maintenance	60,704	60,704	-
4.08 Cooperative Programs	-	-	-	<i>Restricted:</i>			
4.09 Alternative Facility Program	-	-	-	4.64 Restricted fund balance	2,808,214	2,808,214	-
4.12 Literacy Incentive Aid	-	-	-	<i>Unassigned:</i>			
4.13 Building Projects Funded by COP/LP	-	-	-	4.63 Unassigned fund balance	-	-	-
4.14 Operating Debt	-	-	-				
4.16 Levy Reduction	-	-	-	07 Debt Service Fund			
4.17 Taconite Building Maintenance	-	-	-	Total revenue	\$ 2,899,076	\$ 2,899,077	\$ (1)
4.20 American Indian Education Aid	-	-	-	Total expenditures	2,536,286	2,536,287	(1)
4.24 Operating Capital	116,172	116,172	-	<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 refunding	-	-	-
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	460,628	460,627	1
4.40 Teacher Development and Evaluation	-	-	-	<i>Unassigned:</i>			
4.41 Basic Skills Programs	216,903	216,903	-	4.63 Unassigned fund balance	-	-	-
4.43 School Library Aid	-	-	-				
4.45 Career Technical Programs	-	-	-	08 Trust Fund			
4.48 Achievement and Integration Revenue	-	-	-	Total revenue	\$ -	\$ -	\$ -
4.49 Safe Schools Revenue	2,334	2,334	-	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 Net position	-	-	-
4.67 Long-term Facilities Maintenance	492,371	492,371	-	18 Custodial Fund			
4.71 Student Support Personnel Aid	-	-	-	Total expenditures	-	-	-
4.75 Title VII - Impact Aid	-	-	-	<i>Unassigned:</i>			
4.76 Payments in Lieu of Taxes	-	-	-	4.01 Student Activities	-	-	-
<i>Restricted:</i>				4.02 Scholarships	-	-	-
4.72 Medical Assistance	65,822	65,822	-	4.48 Achievement and Integration	-	-	-
4.64 Restricted fund balance	-	-	-	4.64 Restricted	-	-	-
4.75 Title VII - Impact Aid	-	-	-				
4.76 Payments in Lieu of Taxes	-	-	-	20 Internal Service Fund			
<i>Committed:</i>				Total revenue	\$ -	\$ -	\$ -
4.18 Committed for separation	-	-	-	Total expenditures	-	-	-
4.61 Committed fund balance	-	-	-	<i>Unassigned:</i>			
<i>Assigned:</i>				4.22 Net position	-	-	-
4.62 Assigned fund balance	387,077	387,077	-				
<i>Unassigned:</i>				25 OPEB Revocable Trust			
4.22 Unassigned fund balance	986,904	986,904	-	Total revenue	\$ -	\$ -	\$ -
				Total expenditures	-	-	-
02 Food Services Fund				<i>Unassigned:</i>			
Total revenue	\$ 712,041	\$ 712,041	\$ -	4.22 Net position	-	-	-
Total expenditures	715,733	715,735	(2)				
<i>Nonspendable:</i>				45 OPEB Irrevocable Trust			
4.60 Nonspendable fund balance	10,440	10,439	1	Total revenue	\$ -	\$ -	\$ -
<i>Restricted/reserved:</i>				Total expenditures	-	-	-
4.52 OPEB liabilities not held in trust	-	-	-	<i>Unassigned:</i>			
<i>Restricted:</i>				4.22 Net position	-	-	-
4.64 Restricted fund balance	142,171	142,171	-				
<i>Unassigned:</i>				47 OPEB Debt Service			
4.63 Unassigned fund balance	-	-	-	Total revenue	\$ -	\$ -	\$ -
				Total expenditures	-	-	-
04 Community Service Fund				<i>Nonspendable:</i>			
Total revenue	\$ 926,831	\$ 926,832	\$ (1)	4.60 Nonspendable fund balance	-	-	-
Total expenditures	1,093,892	1,093,893	(1)	<i>Restricted:</i>			
<i>Nonspendable:</i>				4.25 Bond refundings	-	-	-
4.60 Nonspendable fund balance	-	-	-	4.64 Restricted fund balance	-	-	-
<i>Restricted/reserved:</i>				<i>Unassigned:</i>			
4.26 \$25 Taconite	-	-	-	4.63 Unassigned fund balance	-	-	-
4.31 Community Education	(39,526)	(39,526)	-				
4.32 ECFE	50,242	50,242	-				
4.40 Teacher Development and Evaluation	-	-	-				
4.44 School Readiness	1,506	1,506	-				
4.47 Adult Basic Education	-	-	-				
4.52 OPEB Liabilities not Held in Trust	-	-	-				
<i>Restricted:</i>							
4.64 Restricted fund balance	-	-	-				
<i>Unassigned:</i>							
4.63 Unassigned fund balance	(6,365)	(6,365)	-				

Independent School District No. 108
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Federal Agency/Pass Through Agency/Program Title	Federal Assistance Listing Number	Expenditures
U.S. Department of Agriculture		
Through Minnesota Department of Education		
Child nutrition cluster		
School Breakfast Program	10.553	\$ 47,151
National School Lunch Program	10.555	147,089
Commodities programs (noncash assistance)	10.555	46,259
Total child nutrition cluster		<u>240,499</u>
U.S. Department of Education		
Through Minnesota Department of Education		
Title I, Part A - Grants to Local Educational Agencies	84.010	95,124
Special education cluster		
Through Minnesota Department of Education:		
Special Education Grants to States	84.027	451,663
IDEA Part B Section 611 Mandatory Coordinated Early Intervening Services	84.027	23,498
Special Education Preschool Grants	84.173	13,070
Total special education cluster		<u>488,231</u>
Carl Perkins, Vocational and Applied Technology	84.048A	12,530
Special Education - Grants for Infants and Families	84.181	8,782
Title II, Part A - Supporting Effective Instruction State Grants	84.367	19,033
Title IV, Part A - Student Support and Academic Enrichment Program	84.424A	8,969
Education Stabilization Fund		
COVID - ARP - Learning Recovery and Emergency Relief	84.425U	31,123
Total U.S. Department of Education		<u>663,792</u>
Total Federal Expenditures		<u>\$ 904,291</u>

Independent School District No. 108
Notes to the Schedule of Expenditures of Federal Awards
June 30, 2024

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 Basic Financial Statements Performed in Accordance
with *Government Auditing Standards***

Independent Auditor's Report

To the School Board
Independent School District No. 108
Norwood Young America, 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 basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 108, Norwood Young America, 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 15, 2024.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs in Accordance with the Uniform Guidance as item 2024-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

District's Response to the Finding

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the finding 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 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 results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bergan KDV, Ltd.

Minneapolis, Minnesota
November 15, 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. 108
Norwood Young America, Minnesota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the District's compliance 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 the District's major federal program for the year ended June 30, 2024. The District's major federal program is 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 its major federal program 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.

Report on Internal Control over Compliance (Continued)

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.

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.

Bergan KDV, Ltd.

Minneapolis, Minnesota
November 15, 2024

**Independent School District No. 108
Schedule of Findings and Questioned Costs
in Accordance with the Uniform Guidance**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Internal control over financial reporting:

- ◆ Material weakness(es) identified? Yes, Audit Finding 2024-001
- ◆ Significant deficiency(ies) identified that are not considered to be material weakness(es)? None reported

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.: 84.027/84.173
Name of Federal Program or Cluster: Special Education Cluster

Auditee qualified as low risk auditee? No

**Independent School District No. 108
Schedule of Findings and Questioned Costs
in Accordance with the Uniform Guidance**

SECTION II - FINANCIAL STATEMENT FINDINGS

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 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.

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 financial statements. As a result of this condition, material audit adjustments were required for contracts payable and construction in progress.

Cause:

There are a limited number of office employees.

Recommendation:

Continue to review the accounting system and year-end closing process, including changes that may occur. Implement segregation whenever practical.

**Independent School District No. 108
Schedule of Findings and Questioned Costs
in Accordance with the Uniform Guidance**

SECTION II - 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
Administration will review current segregation of accounting duties to determine if further segregation is possible.
3. Official Responsible for Ensuring CAP
Tim Schochenmaier, Superintendent, is the official responsible for ensuring corrective action of the deficiency.
4. Planned Completion Date for CAP
The planned completion date for the CAP is June 30, 2025.
5. Plan to Monitor Completion of CAP
The School Board will be monitoring this CAP.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no findings or questioned costs noted.

SECTION IV - PRIOR YEAR FINDINGS AND QUESTIONED COSTS

None



Minnesota Legal Compliance

Independent Auditor's Report

To the School Board
Independent School District No. 108
Norwood Young America, 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 basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 108, Norwood Young America, Minnesota, as of and for the year ended June 30, 2024, and the related notes to basic financial statements, and have issued our report thereon dated November 15, 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 as not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the District's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

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

BerganKDV, Ltd.

Minneapolis, Minnesota
November 15, 2024

Independent School District No. 108 Central Public Schools

Audit Presentation



The Audit

Independent Auditor's Report

- ◆ Independent Auditor's Report - Unmodified opinion
- ◆ Single Audit in Accordance with Uniform Guidance - Unmodified opinion on one major federal program - No findings reported
- ◆ Government Auditing Standards Report - Lack of Segregation of Accounting Duties
- ◆ Minnesota Legal Compliance - No findings reported
- ◆ Communications Letter - Required Communication, Financial Analysis, Legislative Update and Emerging Issues

Financial Communications

General Education Aid – Formula Allowance

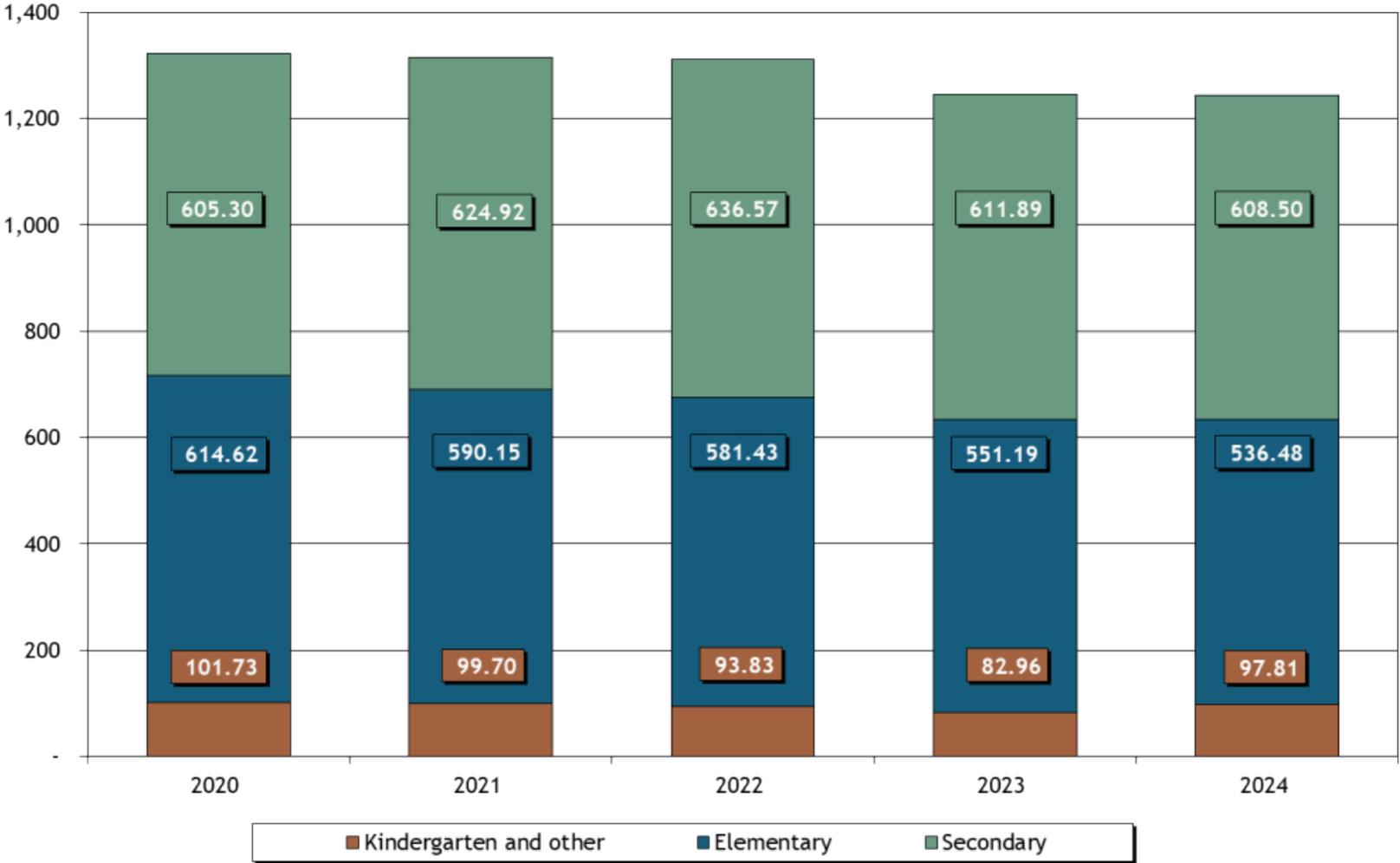
Year	General Education Aid Formula Allowance	
	Amount	Percent Increase
2014	\$ 5,302	1.5%
2015*	5,831	1.9%
2016	5,948	2.0%
2017	6,067	2.0%
2018	6,188	2.0%
2019	6,312	2.0%
2020	6,438	2.0%
2021	6,567	2.0%
2022	6,728	2.5%
2023	6,863	2.0%
2024	7,138	4.0%
2025	7,281	2.0%

* 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 and Pupil Units - Resident ADM

Resident ADM	2020	2021	2022	2023	2024
Kindergarten and other	101.73	99.70	93.83	82.96	97.81
Elementary	614.62	590.15	581.43	551.19	536.48
Secondary	605.30	624.92	636.57	611.89	608.50
Total Resident ADM	1,321.65	1,314.77	1,311.83	1,246.04	1,242.79

Average Daily Membership and Pupil Units - Resident Students ADM

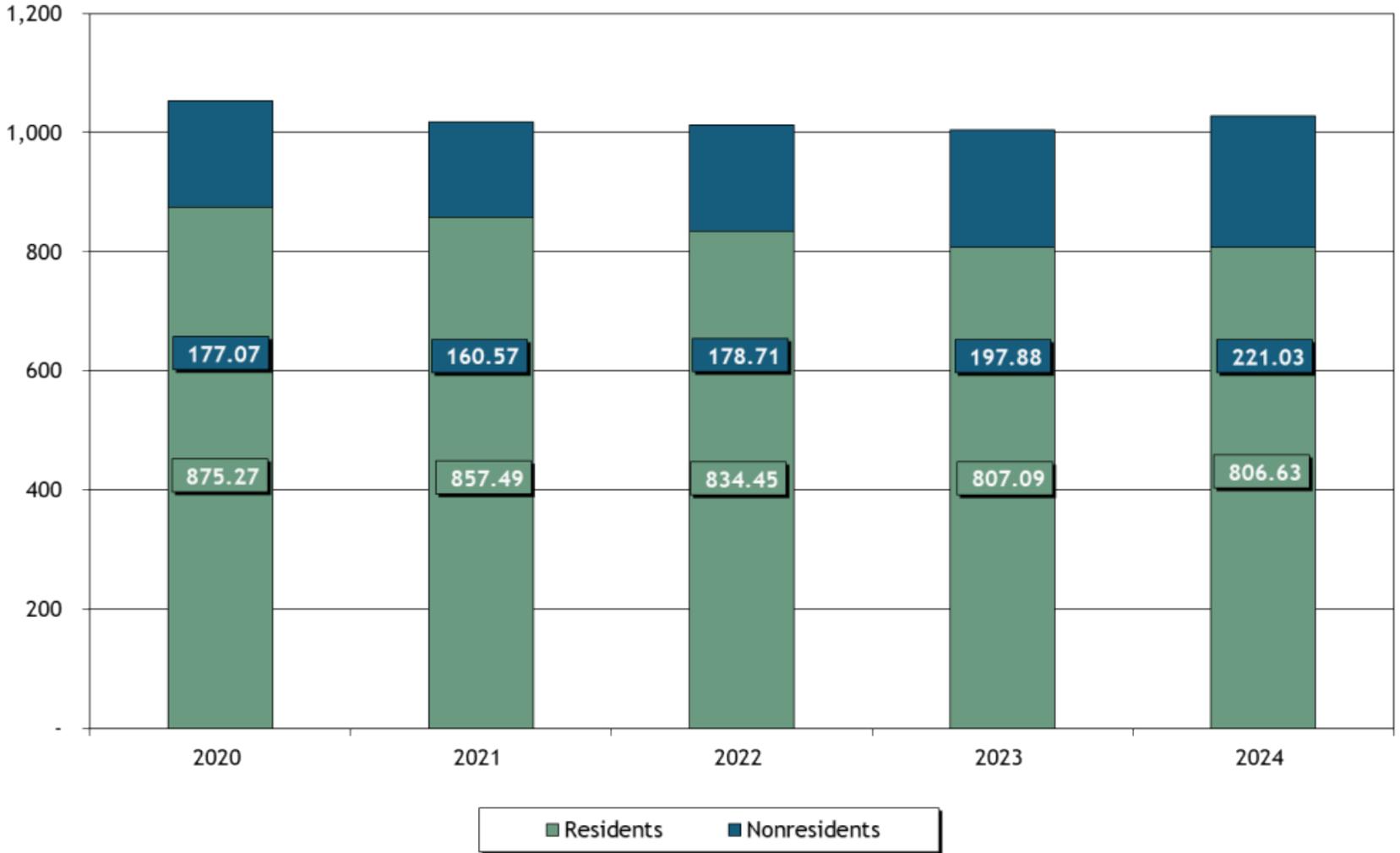


Average Daily Membership and Pupil Units - Weighting & Adjusted PUN

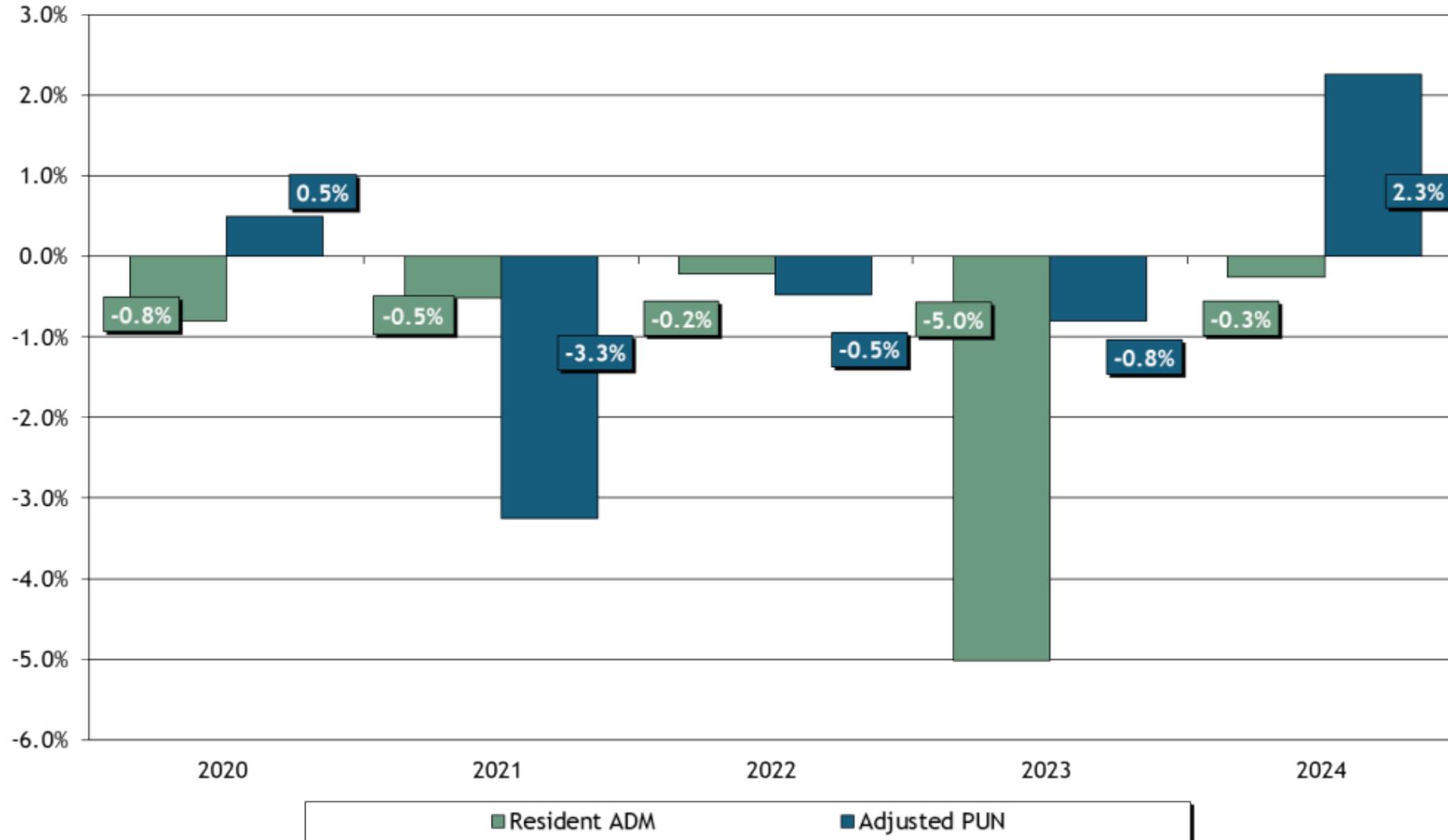
Pupil Units Weighting	Pre- Kindergarten	Handicapped Kindergarten	Kindergarten	Elementary Grades 1-3	Elementary Grades 4-6	Secondary
Fiscal Years 2019-2023	1.000	1.000	1.000	1.000	1.000	1.200

	2020	2021	2022	2023	2024
Residents	1,442.73	1,439.77	1,439.14	1,368.42	1,364.41
Residents going elsewhere	(567.46)	(582.28)	(604.69)	(561.33)	(557.78)
Nonresidents coming in	177.07	160.57	178.71	197.88	221.03
Total Adjusted PUN	1,052.34	1,018.06	1,013.16	1,004.97	1,027.66

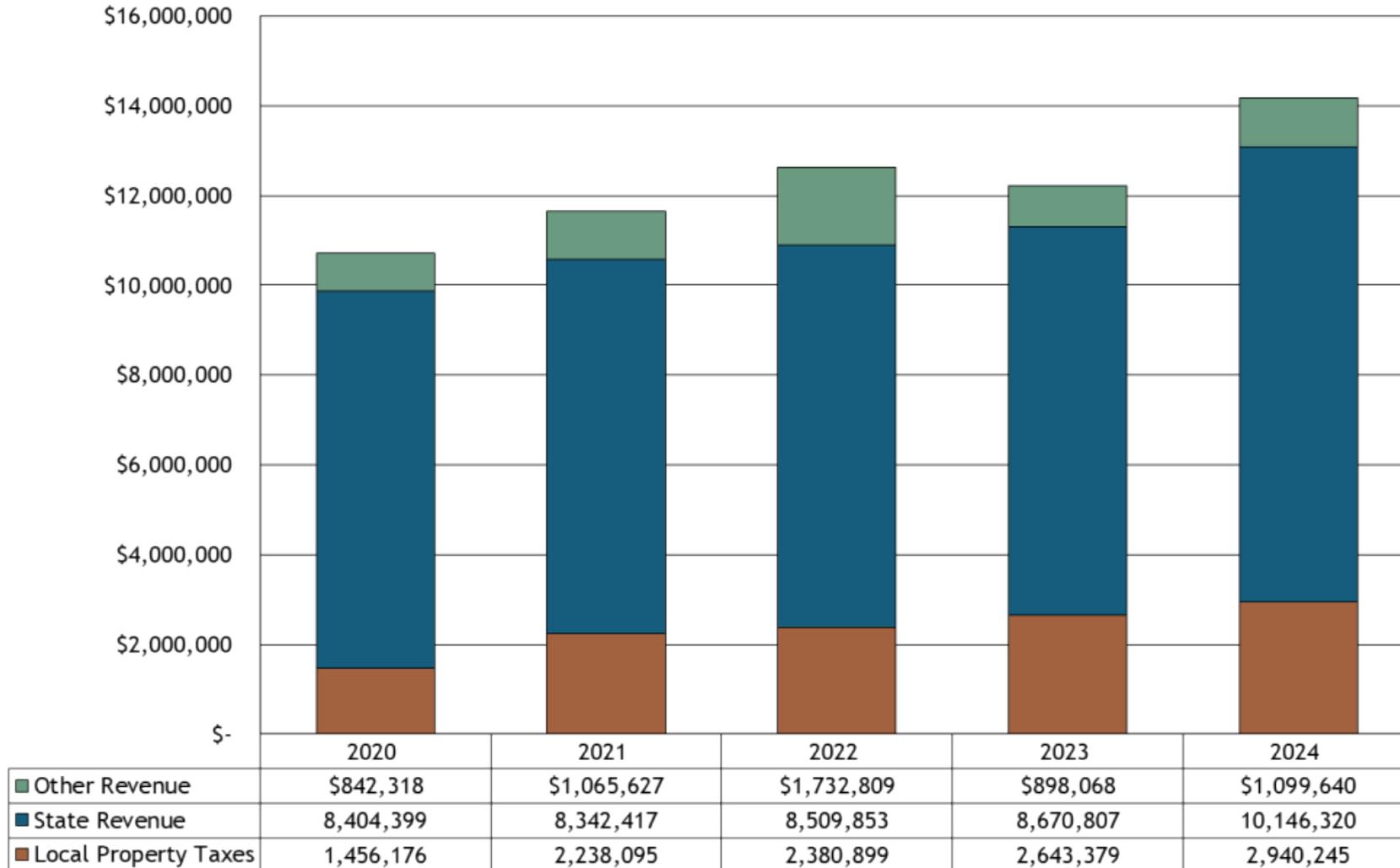
Average Daily Membership and Pupil Units - Students Served - PUN



Change in Resident ADM and Adjusted PUN



General Fund Sources of Revenue

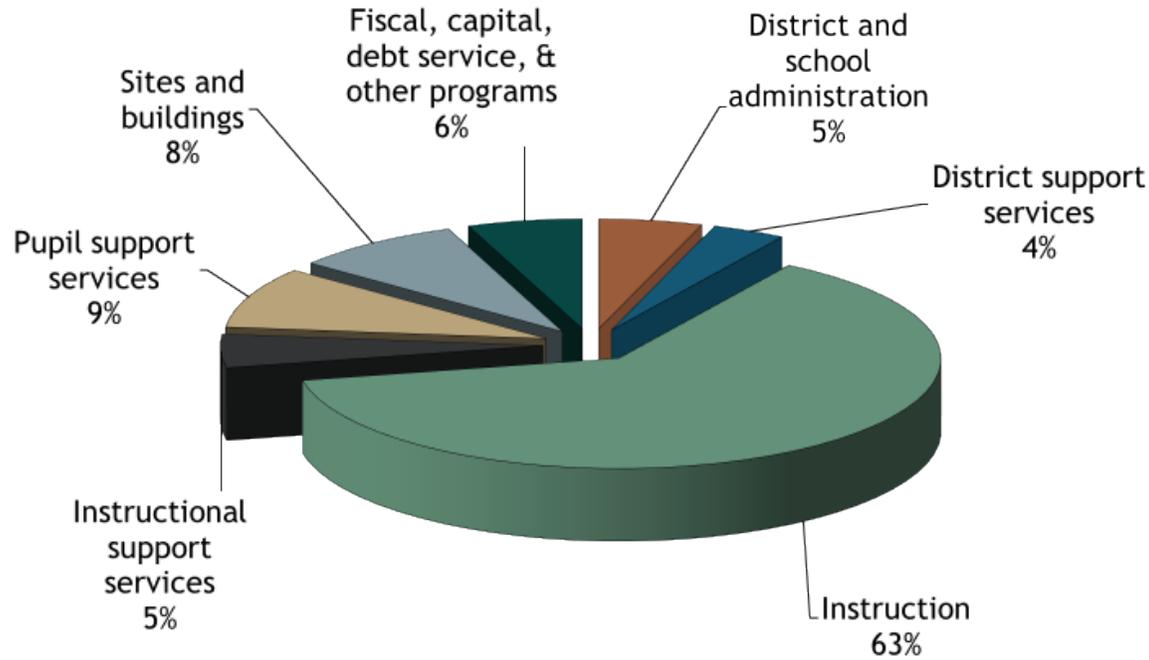


General Fund Budget and Actual

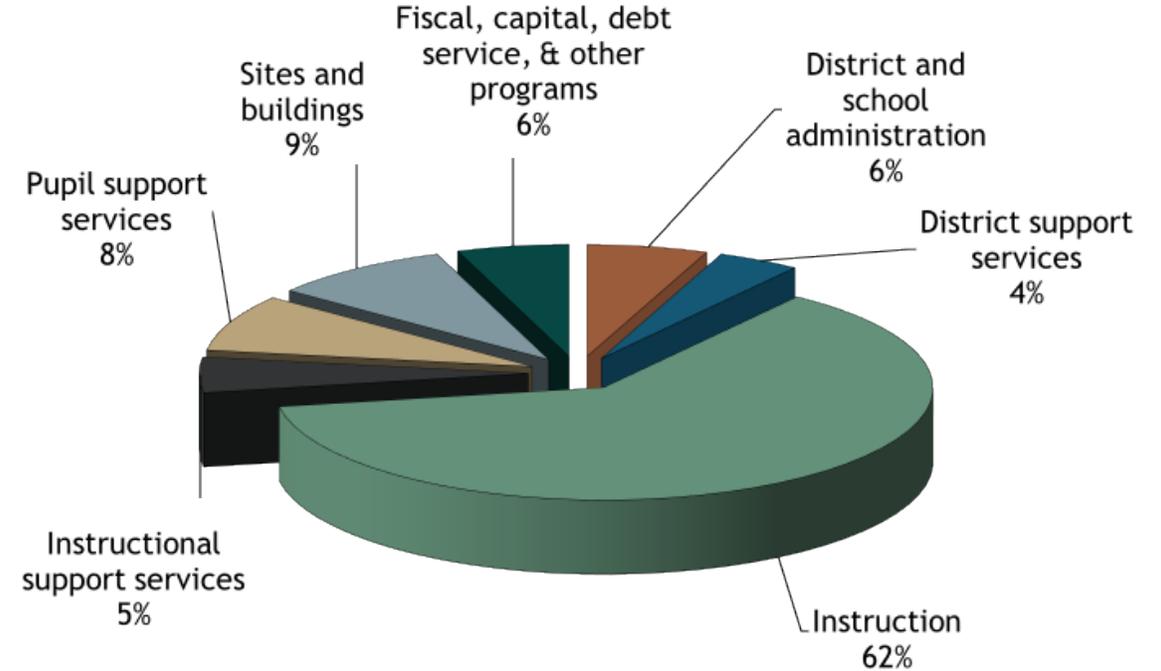
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Local property taxes	\$ 2,919,439	\$ 2,906,755	\$ 2,940,245	\$ 33,490
Other local and county revenues	191,700	274,479	435,865	161,386
Revenue from state sources	9,771,338	9,885,248	10,146,320	261,072
Revenue from federal sources	134,000	626,575	663,775	37,200
Total revenues	<u>13,016,477</u>	<u>13,693,057</u>	<u>14,186,205</u>	<u>493,148</u>
Expenditures				
Administration	749,806	682,896	714,356	31,460
District support services	670,309	648,680	508,075	(140,605)
Regular instruction	5,600,804	5,904,059	5,941,923	37,864
Vocational education instruction	184,307	188,044	217,239	29,195
Special education instruction	2,163,810	2,461,796	2,501,296	39,500
Instructional support services	554,590	706,681	677,311	(29,370)
Pupil support services	1,072,998	1,107,370	1,241,824	134,454
Sites and buildings	1,324,393	1,188,196	1,175,988	(12,208)
Fiscal and other fixed cost programs	86,000	96,000	94,390	(1,610)
Capital outlay	983,781	1,088,203	550,116	(538,087)
Debt service	148,592	148,592	147,983	(609)
Total expenditures	<u>13,539,390</u>	<u>14,220,517</u>	<u>13,770,501</u>	<u>(450,016)</u>
Excess of revenues over (under) expenditures	<u>(522,913)</u>	<u>(527,460)</u>	<u>415,704</u>	<u>943,164</u>
Other Financing Uses				
Transfers Out	-	(76,858)	(76,858)	-
Net Change in Fund Balances	<u>\$ (522,913)</u>	<u>\$ (604,318)</u>	<u>\$ 338,846</u>	<u>\$ 943,164</u>

General Fund Expenditures

2024 General Fund Expenditure Allocation



2023 General Fund Expenditure Allocation

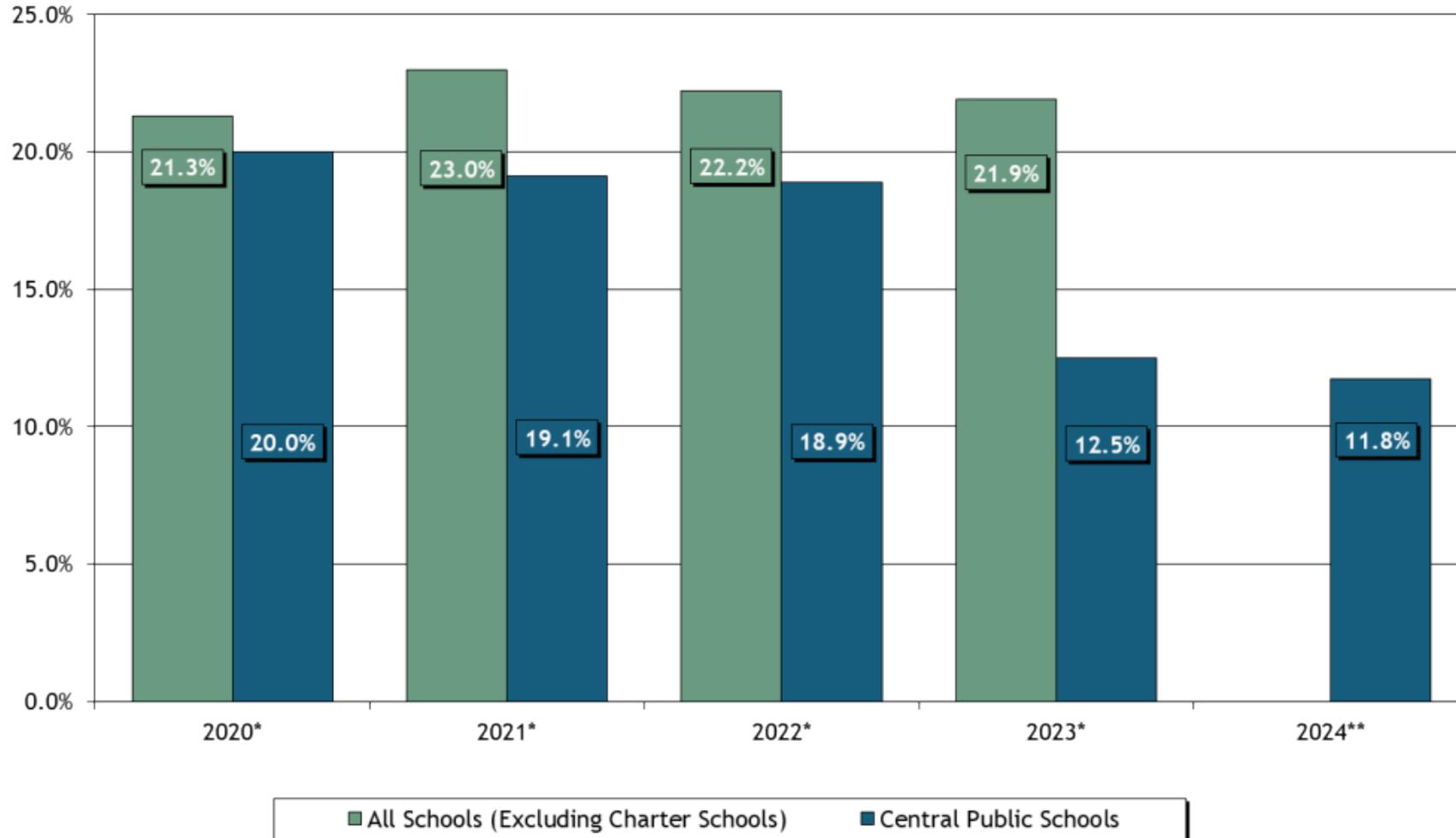


General Fund Operations

Year Ended June 30,	2020	2021	2022	2023	2024
Revenues	\$ 10,702,893	\$ 11,646,139	\$ 12,623,561	\$ 12,212,254	\$ 14,186,205
Expenditures	10,710,634	11,270,964	12,366,777	12,745,071	13,770,501
Excess of revenues over (under) expenditures	(7,741)	375,175	256,784	(532,817)	415,704
Add other sources	173,988	-	-	-	-
Add transfers in	536,455	-	-	-	-
Less transfers out	(290,455)	-	-	-	(76,858)
Fund balance, July 1	1,590,233	2,139,331	2,514,506	2,771,290	2,238,473
Change in accounting principle	136,851	-	-	-	-
Fund Balance, June 30	\$ 2,139,331	\$ 2,514,506	\$ 2,771,290	\$ 2,238,473	\$ 2,577,319
Nonspendable for					
Prepays	\$ 4,431	\$ 65,776	\$ 55,979	\$ 14,007	\$ 43,766
Restricted/reserved for					
Student Activities	109,199	109,590	103,059	81,865	65,973
Scholarships	34,705	33,584	31,777	31,492	31,211
Capital Projects Levy	-	77,282	95,954	221,264	168,786
Basic Skills	-	-	-	-	216,903
Operating Capital	-	113,666	61,353	2,027	116,172
Basic Skills Extended Time	-	-	43,341	77,220	-
Safe schools	-	-	-	-	2,334
Long Term Facilities Maintenance	100,000	220,739	295,600	301,495	492,371
Medical Assistance	70,832	63,891	109,326	135,225	65,822
Committed for					
Assigned	-	607,182	624,624	417,589	387,077
Unassigned	1,820,164	1,222,796	1,350,277	956,289	986,904
Fund Balance, June 30	\$ 2,139,331	\$ 2,514,506	\$ 2,771,290	\$ 2,238,473	\$ 2,577,319

General Fund

Unrestricted Fund Balance as a Percentage of Unrestricted Expenditures



Revenues Per Student

Independent School District No. 108*	2020	2021	2022	2023	2024**
General Fund	\$ 11,062	\$ 12,565	\$ 13,609	\$ 13,194	\$ 14,756
Food Service Fund	487	466	712	619	741
Community Service Fund	857	837	951	1,075	964
Building Construction Fund	-	-	(390)	1,109	1,557
Debt Service Fund	1,035	1,071	1,053	1,900	3,016
Total Revenues Per Student	\$ 13,441	\$ 14,939	\$ 15,935	\$ 17,897	\$ 21,033

State Average*	2020	2021	2022	2023	2024
General Fund	\$ 13,628	\$ 14,612	\$ 15,166	\$ 15,727	N/A
Food Service Fund	548	569	791	667	N/A
Community Service Fund	595	571	685	745	N/A
Building Construction Fund	134	82	35	104	N/A
Debt Service Fund	1,307	1,466	1,447	1,456	N/A
Total Revenues Per Student	\$ 16,212	\$ 17,300	\$ 18,124	\$ 18,699	N/A

Districts with 500 to 999 ADM Served*	2020	2021	2022	2023	2024
General Fund	\$ 13,102	\$ 14,113	\$ 14,598	\$ 16,398	N/A
Food Service Fund	576	623	856	680	N/A
Community Service Fund	362	364	428	521	N/A
Building Construction Fund	122	106	106	103	N/A
Debt Service Fund	958	1,189	1,204	1,070	N/A
Total Revenues Per Student	\$ 15,120	\$ 16,395	\$ 17,192	\$ 18,772	N/A

Expenditures Per Student

Independent School District No. 108*	2020	2021	2022	2023	2024**
General Fund	\$ 10,889	\$ 12,159	\$ 13,331	\$ 13,772	\$ 14,324
Food Service Fund	488	441	583	718	744
Community Service Fund	1,138	813	1,028	1,172	1,138
Building Construction Fund	-	-	3,987	19,497	28,343
Debt Service Funds	1,023	1,073	1,068	2,335	2,638
Total Expenditures Per Student	\$ 13,538	\$ 14,486	\$ 19,997	\$ 37,494	\$ 47,187

State Average*	2020	2021	2022	2023	2024
General Fund	\$ 13,313	\$ 14,167	\$ 15,010	\$ 15,730	N/A
Food Service Fund	554	529	666	702	N/A
Community Service Fund	622	571	646	715	N/A
Building Construction Fund	2,085	2,008	1,773	1,513	N/A
Debt Service Funds	1,345	1,522	1,531	1,499	N/A
Total Expenditures Per Student	\$ 17,919	\$ 18,797	\$ 19,626	\$ 20,159	N/A

Districts with 500 to 999 ADM Served*	2020	2021	2022	2023	2024
General Fund	\$ 12,440	\$ 13,295	\$ 14,015	\$ 14,577	N/A
Food Service Fund	608	615	769	810	N/A
Community Service Fund	465	477	539	599	N/A
Building Construction Fund	2,745	3,602	2,787	2,437	N/A
Debt Service Funds	1,289	1,737	2,097	1,725	N/A
Total Expenditures Per Student	\$ 17,547	\$ 19,726	\$ 20,207	\$ 20,148	N/A

Food Service Fund

Year Ended June 30,	2020	2021	2022	2023	2024
Revenues	\$ 469,034	\$ 429,806	\$ 658,692	\$ 570,845	\$ 712,041
Expenditures	470,784	407,380	538,953	662,448	715,733
Excess of revenues over (under) expenditures	(1,750)	22,426	\$ 119,739	\$ (91,603)	(3,692)
Fund balance, July 1	107,491	105,741	128,167	247,906	156,303
Fund Balance, June 30	\$ 105,741	\$ 128,167	\$ 247,906	\$ 156,303	\$ 152,611

Community Service Fund

Year Ended June 30,	2020	2021	2022	2023	2024
Revenues	\$ 826,130	\$ 772,202	\$ 879,859	\$ 992,485	\$ 926,831
Expenditures	850,599	750,670	950,826	1,081,440	1,093,892
Excess of revenues over (under) expenditures	(24,469)	21,532	(70,967)	(88,955)	(167,061)
Other financing sources (uses)	(246,000)	-	-	-	-
Fund balance, July 1	581,777	311,308	332,840	261,873	172,918
Fund Balance, June 30	\$ 311,308	\$ 332,840	\$ 261,873	\$ 172,918	\$ 5,857

Auditor



Andrew Grice

AUDIT SHAREHOLDER

952-563-6862

ANDY.GRICE@CREATIVEPLANNING.COM

Thank You



This commentary is provided for general information purposes only, should not be construed as investment, tax or legal advice, and does not constitute an attorney/client relationship. Past performance of any market results is no assurance of future performance. The information contained herein has been obtained from sources deemed reliable but is not guaranteed.

Calendar Development Feedback



November 2024

Purpose



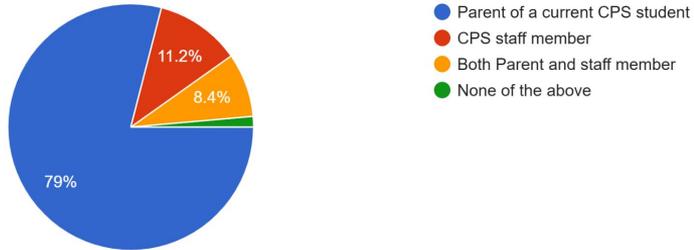
- The school board sought public feedback about the development of the school calendar for 2026-27.

Survey Results



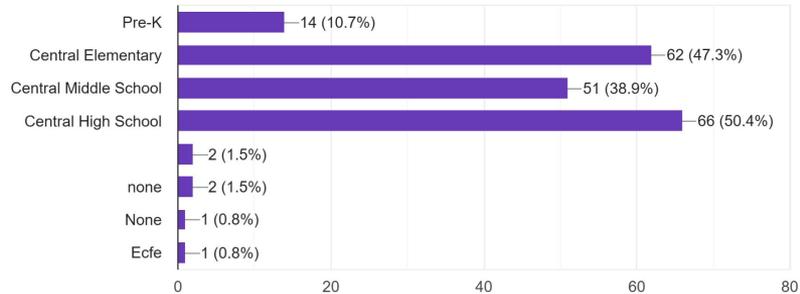
Which of the following best describes your affiliation with Central Public Schools?

143 responses



What school types do your children attend? Please select all that apply.

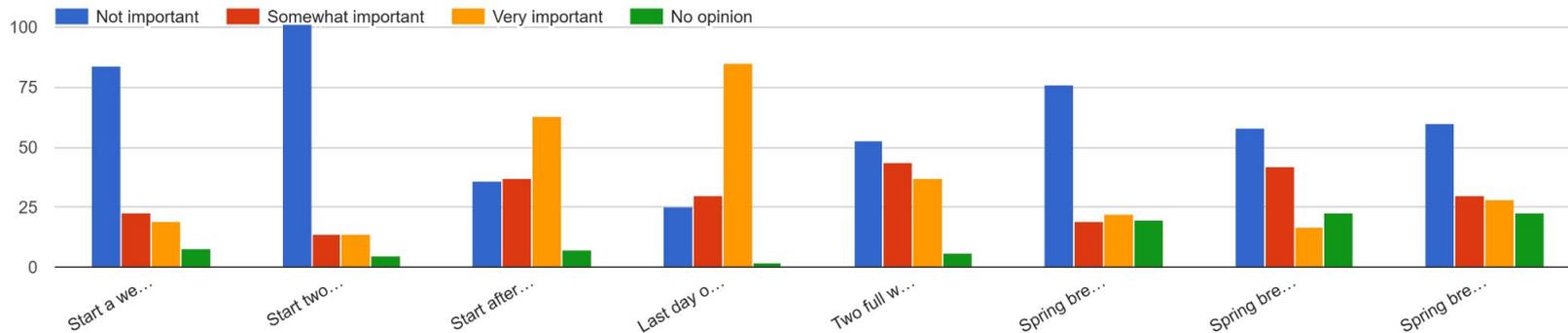
131 responses



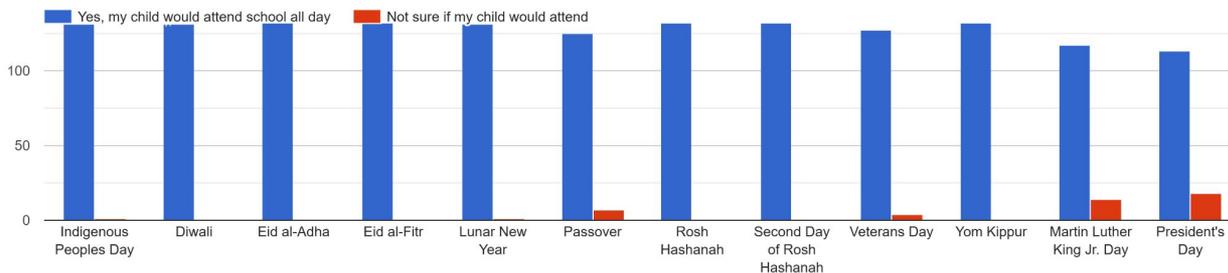
Survey Results



How important are these items to you?



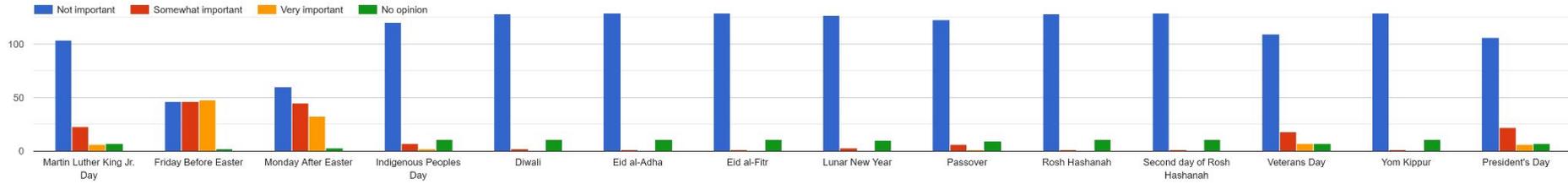
If CPS schools stayed open on the following days, please indicate whether you or your child would or would not attend school for the entire school day?



Survey Results



How important is it to you that school is closed on each of the following days?



Overarching Themes from Stakeholder Feedback on the School Calendar



Preference for a Post-Labor Day Start

- Many families value starting the school year after Labor Day, citing its alignment with summer activities, family traditions, and events like the Minnesota State Fair. Concerns include shortened summer breaks, challenges with late sunsets, and potential heat during early bus rides.

Support for a Balanced Calendar

- Stakeholders appreciate a calendar that ends before Memorial Day, provides consistency in instructional days, and minimizes disruptions like half-days and study days that lack structured learning. There's also a desire for fewer fragmented schedules and a strong focus on maximizing instructional time.

Concerns About Half-Days and Early Releases

- Early-release days are seen as disruptive, creating childcare challenges and limiting their utility for families. Suggestions include using these times for teacher grading or parent-teacher conferences during the day instead of removing instructional time.

Alignment of Breaks with Broader Needs

Opinions vary on the ideal structure of breaks:

- Thanksgiving: Support for a longer break of three days.
- Spring Break: A preference for it to align with neighboring districts and to fall between the third and fourth quarters for better instructional flow.
- MEA Break: Suggestions to eliminate or rethink its value.
- Other breaks: Requests to consider diverse religious and cultural observances in scheduling non-instructional days.

Other minor feedback (5 or less, but more than 1)



Desire for Improved Communication and Planning

- Families request more comprehensive and earlier notification of school events, including concerts and plays, to accommodate work schedules and planning needs.

Commitment to Meaningful Traditions and Events

- Strong support for maintaining significant events like the Veterans Day program and exploring opportunities such as service projects on Martin Luther King Jr. Day.

Focus on Academic Excellence and Accountability

- Concerns were raised about declining academic standards and the need to ensure instructional rigor throughout the entire school year.

Graduation Timing and Considerations

- A handful of respondents express a desire to hold graduation before Memorial Day and avoid scheduling it during Memorial Day weekend.

Appreciation for Past Practices

- Some stakeholders expressed satisfaction with the current calendar structure and its ability to balance instructional time with family needs.

2026-27

Central Public Schools

	Students	Teachers
1st Qtr	42	46
2nd Qtr	43	45
3rd Qtr	40	41
4th Qtr	42	44
Total	167	176

July

S	M	T	W	T	F	S
			1	2	3	
6	7	8	9	10		
13	14	15	16	17		
20	21	22	23	24		
27	28	29	30	31		

Jan. 4: School Resumes

Jan. 18: No School; Staff Development

Jan. 22: End of 2nd Qtr. Early Release

January

S	M	T	W	T	F	S
					1	
4	5	6	7	8		
11	12	13	14	15		
18	19	20	21	22		
25	26	27	28	29		

August

S	M	T	W	T	F	S
3	4	5	6	7		
10	11	12	13	14		
17	18	19	20	21		
24	25	26	27	28		
31						

Aug. 27: New Teacher Workshop

Aug. 31-Sept 3 : Teacher Work-

Feb. 15: No School Staff or Students

February

S	M	T	W	T	F	S
1	2	3	4	5		
8	9	10	11	12		
15	16	17	18	19		
22	23	24	25	26		

September

S	M	T	W	T	F	S
	1	2	3	4		
7	8	9	10	11		
14	15	16	17	18		
21	22	23	24	25		
28	29	30				

Sept. 2 & 3: Transition Day E-5 (Conferences and open house individualized by appointment)

Sept. 3: Open House 6-12

Sept. 7: Labor Day No School

Sept. 8: Transition Day 6th & 9th grades at school. Bussing provided.

Sept. 9: K-12 First Day of School

Sept. 14: Pre-K First Day of School

Mar. 19: End of 3rd Qtr. Early Release

March 22 - March 26: No School Spring Break

March 29: No School; Staff Development

March

S	M	T	W	T	F	S
1	2	3	4	5		
8	9	10	11	12		
15	16	17	18	19		
22	23	24	25	26		
29	30	31				

October

S	M	T	W	T	F	S
				1	2	
5	6	7	8	9		
12	13	14	15	16		
19	20	21	22	23		
26	27	28	29	30		

Oct. 15-16: No School; Fall Recess

April 23: No School Staff or Students

April

S	M	T	W	T	F	S
				1	2	
5	6	7	8	9		
12	13	14	15	16		
19	20	21	22	23		
26	27	28	29	30		

November

S	M	T	W	T	F	S
2	3	4	5	6		
9	10	11	12	13		
16	17	18	19	20		
23	24	25	26	27		
30						

Nov 6: End of 1st Qtr. Early Release

Nov. 9: No School; Staff Development

Nov. 25-27: No School Teacher Comp. & Thanksgiving Break

May 28: Last Day of School, 1/2 day, students released after lunch

May 28: Graduation

Snow Day Procedure:
On the first snow/cold weather day class will be cancelled and the following 5 snow/cold weather days will be "e-learning days"

May

S	M	T	W	T	F	S
3	4	5	6	7		
10	11	12	13	14		
17	18	19	20	21		
24	25	26	27	28		
31						

December

S	M	T	W	T	F	S
	1	2	3	4		
7	8	9	10	11		
14	15	16	17	18		
21	22	23	24	25		
28	29	30	31			

Dec. 24 - Jan. 3 : No School; Winter Break

June

S	M	T	W	T	F	S
	1	2	3	4		
7	8	9	10	11		
14	15	16	17	18		
21	22	23	24	25		
28	29					

School Board Vacancy Process Timeline

Our community's school board is preparing to fill a vacancy. This presentation outlines the timeline and process for selecting a new board member. We encourage all interested community members to participate in this important civic duty.

T by Timothy Schochenmaier





Key Steps in the Vacancy Process

1

Vacancy Announcement

On January 1, 2025, the school board vacancy becomes official. The board meets to create a timeline and process.

2

Application Period

A 10-day filing period opens in late January/Early February. Community members can submit their applications to serve.

3

Candidate Selection

In February, the board holds a special meeting to interview, review, and rank candidates. They vote to appoint the new member.

4

New Director Takes Office

After a 30-day waiting period, the new director takes the oath of office in March 2025.

101 LEGAL STATUS OF THE SCHOOL DISTRICT

I. PURPOSE

A primary principle of this nation is that the public welfare demands an educated and informed citizenry. The power to provide for public education is a state function vested in the state legislature and delegated to local school districts. The purpose of this policy is to clarify the legal status of the school district.

II. GENERAL STATEMENT OF POLICY

- A. The school district is a public corporation subject to the control of the legislature, limited only by constitutional restrictions. The school district has been created for educational purposes.
- B. The legislature has authority to prescribe the school district's powers and privileges, its boundaries and territorial jurisdictions.
- C. The school district has only the powers conferred on it by the legislature; however, the school board's authority to govern, manage, and control the school district, to carry out its duties and responsibilities, and to conduct the business of the school district includes implied powers in addition to any specific powers granted by the legislature.

III. RELATIONSHIP TO OTHER ENTITIES

- A. The school district is a separate legal entity.
- B. The school district is coordinate with and not subordinate to the county in which it is situated.
- C. The school district is not subservient to municipalities within its territory.

IV. POWERS AND AUTHORITY OF THE SCHOOL DISTRICT

- A. Funds
 - 1. The school district, through its school board, has authority to raise funds for the operation and maintenance of its schools and authority to manage and expend such funds, subject to applicable law.
 - 2. The school district has wide discretion over the expenditure of funds under its control for public purposes, subject to the limitations provided by law.
 - 3. School district officials occupy a fiduciary position in the management and expenditure of funds entrusted to them.
- B. Raising Funds
 - 1. The school district shall, within the limitations specified by law, provide by levy

of tax necessary funds for the conduct of schools, payment of indebtedness, and all proper expenses.

2. The school district may issue bonds in accordance with the provisions of Minnesota Statutes chapter 475, or other applicable law.
3. The school district has authority to accept gifts and donations for school purposes, subject to applicable law.

C. Property

1. The school district may acquire property for school purposes. It may sell, exchange, or otherwise dispose of property which is no longer needed for school purposes, subject to applicable law.
2. The school district shall manage its property in a manner consistent with the educational functions of the district.
3. The school district may permit the use of its facilities for community purposes which are not inconsistent with, nor disruptive of, its educational mission.
4. School district officials hold school property as trustees for the use and benefit of students, taxpayers, and the community.

D. Contracts

1. The school district is empowered to enter into contracts in the manner provided by law.
2. The school district has authority to enter into installment purchases and leases with an option to purchase, pursuant to Minnesota Statutes section 465.71 or other applicable law.
3. The school district has authority to make contracts with other governmental agencies and units for the purchase, lease or other acquisition of equipment, supplies, materials, or other property, including real property.
4. The school district has authority to enter into employment contracts. As a public employer, the school district, through its designated representatives, shall meet and negotiate with public employees in an appropriate bargaining unit and enter into written collective bargaining agreements with such employees, subject to applicable law.

E. Textbooks, Educational Materials, and Studies

1. The school district, through its school board and administrators, has the authority to determine what textbooks, educational materials, and studies should be pursued.
2. The school district shall establish and apply the school curriculum.

F. Actions and Suits

The school district has authority to sue and to be sued.

Legal References: Minn. Const. art. 13, § 1
Minn. Stat. Ch. 123B (School District Powers and Duties)
Minn. Stat. Ch. 179A (Public Employment Labor Relations)
Minn. Stat. § 465.035 (Public Corporation, Conveyance or Lease of Land)
Minn. Stat. §§ 465.71; 471.345; 471.6161; 471.6175; 471.64 (Rights, Powers, Duties; Municipalities)
Minnesota Association of Public Schools v. Hanson, 287 Minn. 415, 178 N.W.2d 846 (1970)
Independent School District No. 581 v. Mattheis, 275 Minn. 383, 147 N.W.2d 374 (1966)
Village of Blaine v. Independent School District No. 12, 272 Minn. 343, 138 N.W.2d 32 (1965)
Huffman v. School Board, 230 Minn. 289, 41 N.W.2d 455 (1950)
State v. Lakeside Land Co., 71 Minn. 283, 73 N.W.970 (1898)

Cross References: MSBA/MASA Model Policy 201 (Legal Status of School Board)
MSBA/MASA Model Policy 603 (Curriculum Development)
MSBA/MASA Model Policy 604 (Instructional Curriculum)
MSBA/MASA Model Policy 606 (Textbooks and Instructional Materials)
MSBA/MASA Model Policy 704 (Development and Maintenance of an Inventory of Fixed Assets and a Fixed Asset Accounting System)
MSBA/MASA Model Policy 705 (Investments)
MSBA/MASA Model Policy 706 (Acceptance of Gifts)
MSBA/MASA Model Policy 801 (Equal Access to School Facilities)
MSBA School Law Bulletin "F" (School District Contract and Bidding Procedures)

101.1 NAME OF THE SCHOOL DISTRICT

I. PURPOSE

The purpose of this policy is to clarify the name of the school district.

II. GENERAL STATEMENT OF POLICY

Pursuant to statute, the official name of the school district is Independent School District No. 0108. However, the school district is often referred to by other informal names. In order to avoid confusion and to encourage consistency in school district letterheads, signage, publications and other materials, the school board intends to establish a uniform name for the school district.

III. UNIFORM NAME

- A. The name of the school district shall be Central Public Schools.
- B. The name specified above may be used to refer to the school district and may be shown on school district letterheads, signage, publications and other materials.
- C. In official communications and on school district ballots, the school district shall be referred to as Independent School District No.0108 (Central Public Schools), but inadvertent failure to use the correct name shall not invalidate any legal proceeding or matter or affect the validity of any document.

Legal References: Minn. Stat. § 123A.55 (Classes, Number)

Cross References: None

102 EQUAL EDUCATIONAL OPPORTUNITY

I. PURPOSE

The purpose of this policy is to ensure that equal educational opportunity is provided for all students of the school district.

II. GENERAL STATEMENT OF POLICY

- A. The policy of the school district is to provide equal educational opportunity for all students. The school district does not discriminate on the basis of one or more of the following: race, color, creed, religion, national origin, sex, marital status, parental status, status with regard to public assistance, disability, sexual orientation, including gender identity and expression, or age. The school district also makes reasonable accommodation for students with disabilities.
- B. The school district prohibits harassment and discrimination of any individual based on any of the protected classifications listed above. For information about the types of conduct that constitute violation of the school district's policy on harassment and violence and the school district's procedures for addressing such complaints, refer to the school district's policy on harassment and violence (Policy 413).
- C. The school district prohibits discrimination of students with a disability, within the intent of Section 504 of the Rehabilitation Act of 1973 ("Section 504"), who need services, accommodations, or programs in order to receive a free appropriate public education. For information as to protections that may apply pursuant to Section 504 and the school district's corresponding procedures for addressing disability discrimination complaints, refer to the school district's policy on student disability nondiscrimination (Policy 521).
- D. The school district prohibits sexual harassment discrimination of any individual on the basis of sex in its education programs or activities. For information as to the protections that apply pursuant to Title IX and school district's corresponding procedures and processes for addressing sexual harassment and discrimination, refer to the school district's policy on Title IX sex nondiscrimination (Policy 522).
- E. The school district shall provide equal opportunity for members of each sex and to members of all races and ethnicities to participate in its athletic program. In determining whether equal opportunity to participate in athletic programs is available for the purposes of this law, at least the following factors shall be considered to the extent that they are applicable to a given situation: whether the opportunity for males and females to participate in the athletic program reflects the demonstrated interest in athletics of the males and females in the student body of the educational institution; whether the opportunity for members of all races and ethnicities to participate in the athletic program reflects the demonstrated interest in athletics of members of all races and ethnicities in the student body of the educational institution; whether the variety and selection of sports and levels of competition effectively accommodate the demonstrated interests of members of each sex; whether the variety and selection of sports and levels of competition effectively accommodate the demonstrated interests of members of all races and ethnicities; the provision of equipment and supplies;

scheduling of games and practice times; assignment of coaches; provision of locker rooms; practice and competitive facilities; and the provision of necessary funds for teams of one sex.

- F. This policy applies to all areas of education including academics, coursework, co-curricular and extracurricular activities, or other rights or privileges of enrollment.
- G. Every school district employee shall be responsible for complying with this policy.
- H. Any student, parent, or guardian having a question regarding this policy should discuss it with the appropriate school district official as provided by policy. In the absence of a specific designee, an inquiry or a complaint should be referred to the superintendent.

Legal References: Minn. Stat. § 121A.03, Subd. 2 (Sexual, Religious, and Racial Harassment and Violence Policy)
Minn. Stat. § 121A.04 (Athletic Programs; Sex Discrimination)
Minn. Stat. Ch. 363A (Minnesota Human Rights Act)
20 U.S.C. § 1681 *et seq.* (Title IX of the Education Amendments of 1972)
42 U.S.C. § 2000d *et seq.* (Title VI of the Civil Rights Act of 1964)
42 U.S.C. § 12101 *et seq.* (Americans with Disabilities Act)

Cross References: MSBA/MASA Model Policy 413 (Harassment and Violence)
MSBA/MASA Model Policy 521 (Student Disability Nondiscrimination)
MSBA/MASA Model Policy 522 (Title IX Sex Nondiscrimination Policy, Grievance Procedure and Process)

103 COMPLAINTS – STUDENTS, EMPLOYEES, PARENTS, OTHER PERSONS

I. PURPOSE

The school district takes seriously all concerns or complaints by students, employees, parents or other persons. If a specific complaint procedure is provided within any other policy of the school district, the specific procedure shall be followed in reference to such a complaint. If a specific complaint procedure is not provided, the purpose of this policy is to provide a procedure that may be used.

II. GENERAL STATEMENT OF POLICY

- A. Students, parents, employees, or other persons may report concerns or complaints to the school district. While written reports are encouraged, a complaint may be made orally. Any employee receiving a complaint shall advise the principal or immediate supervisor of the receipt of the complaint. The supervisor shall make an initial determination as to the seriousness of the complaint and whether the matter should be referred to the superintendent. A person may file a complaint at any level of the school district; i.e., principal, superintendent or school board. However, persons are encouraged to file a complaint at the building level when appropriate.
- B. Depending upon the nature and seriousness of the complaint, the supervisor or other administrator receiving the complaint shall determine the nature and scope of the investigation or follow-up procedures. If the complaint involves serious allegations, the matter shall promptly be referred to the superintendent, who shall determine whether an internal or external investigation should be conducted. In either case, the superintendent shall determine the nature and scope of the investigation and designate the person responsible for investigation or follow-up relating to the complaint. The designated investigator shall ascertain details concerning the complaint and respond promptly to the appropriate administrator concerning the status or outcome of the matter.
- C. The appropriate administrator shall respond in writing to the complaining party concerning the outcome of the investigation or follow up, including any appropriate action or corrective measure that was taken. The superintendent shall be copied on the correspondence and consulted in advance of the written response when appropriate. The response to the complaining party shall be consistent with the rights of others pursuant to the applicable provisions of Minnesota Statutes chapter 13 (Minnesota Government Data Practices Act) or other law.

Legal References: Minn. Stat. Ch. 13 (Minnesota Government Data Practices Act)

Cross References: MSBA/MASA Model Policy 206 (Public Participation in School Board Meetings/Complaints about Persons at School Board Meetings and Data Privacy Considerations)
MSBA/MASA Model Policy 403 (Discipline, Suspension, and Dismissal of School District Employees)
MSBA/MASA Model Policy 413 (Harassment and Violence)

MSBA/MASA Model Policy 514 (Bullying Prohibition)
MSBA School Law Bulletin "I" (School Records – Privacy – Access to Data)

104 SCHOOL DISTRICT MISSION STATEMENT

I. PURPOSE

The purpose of this policy is to establish a clear statement of the purpose for which the school district exists.

II. GENERAL STATEMENT OF POLICY

The school board believes that a mission statement should be adopted. The mission statement should be based on the beliefs and values of the community, should direct any change effort and should be the basis on which decisions are made. The school board, on behalf of and with extensive participation by the community, should develop a consensus among its members regarding the nature of the enterprise the school board governs, the purposes it serves, the constituencies it should consider, including student representation, and the results it intends to produce.

III. MISSION STATEMENT

Vision: Ensuring the next generation will identify ways to positively impact our communities.

Mission: Educate, Inspire, Empower - Every Student, Every Day

Values:

Community- Collaborating together to share our success and accomplish our goals.

Kindness- Genuine effort to show compassion for others and realize the value and potential of all

Integrity- Promoting the highest standards of ethical behaviour, fairness and honesty with ourselves and others.

Innovation- discovering creative opportunities and solutions for purposeful improvement.

Relationships- Creating positive connections that last a lifetime.

IV. REVIEW

The school board will review the school district's mission every two years, especially when members of the board change. The school board will conduct a comprehensive review of the mission, including the beliefs and values of the community, every five to seven years.

Legal References: Minn. Stat. § 120B.11 (School District Process for Reviewing Curriculum, Instruction, and Student Achievement)

Minn. Rule Parts 3501.0010-3501.0180

Minn. Rule Parts 3501.0200-3501.0270

Cross References:

202 SCHOOL BOARD OFFICERS

I. PURPOSE

School board officers are charged with the duty of carrying out the responsibilities entrusted to them for the care, management, and control of the public schools of the school district. The purpose of this policy is to delineate those responsibilities.

II. GENERAL STATEMENT OF POLICY

- A. The school board shall meet annually and organize by selecting a chair, a clerk, a treasurer, and such other officers as determined by the school board. At its option, the school board may appoint a vice-chair to serve in the temporary absence of the chair.
- B. The school board shall appoint a superintendent who shall be an ex officio, nonvoting member of the school board.

III. ORGANIZATION

The school board shall meet annually on the first Monday in January, or as soon thereafter as practicable, and organize by selecting a chair, a clerk, a treasurer, and such other officers as determined by the school board. These officers shall hold office for one year and until their successors are elected and qualify.

- A. The persons who perform the duties of clerk and treasurer need not be members of the school board.
- B. The school board by resolution may combine the duties of the offices of clerk and treasurer in a single person in the office of business affairs.

IV. OFFICER'S RESPONSIBILITIES

A. Chair

- 1. The chair when present shall preside at all meetings of the school board, countersign all orders upon the treasurer for claims allowed by the school board, represent the school district in all actions, and perform all duties a chair usually performs.
- 2. In case of absence, inability, or refusal of the clerk to draw orders for the payment of money authorized by a vote of the majority of the school board to be paid, the chair may draw the orders, or the office of the clerk may be declared vacant by the chair and treasurer and filled by appointment.

B. Treasurer

- 1. The treasurer shall deposit the funds of the school district in the official depository.
- 2. The treasurer shall make all reports which may be called for by the school board

and perform all duties a treasurer usually performs.

3. In the event there are insufficient funds on hand to pay valid orders presented to the treasurer, the treasurer shall receive, endorse, and process the orders in accordance with Minnesota Statutes section 123B.12.

C. Clerk

1. The clerk shall keep a record of all meetings in the books provided.
2. Within three days after an election, the clerk shall notify all persons elected of their election.
3. On or before September 15 of each year, the clerk shall:
 - a. file with the school board a report of the revenues, expenditures, and balances in each fund for the preceding fiscal year.
 - b. make and transmit to the Commissioner of the Minnesota Department of Education (Commissioner) certified reports, showing:
 - (1) revenues and expenditures in detail, and such other financial information required by law, rule, or as may be called for by the Commissioner;
 - (2) length of school term and enrollment and attendance by grades; and
 - (3) other items of information as called for by the commissioner.
4. The clerk shall enter into the clerk's record book copies of all reports and of the teachers' term reports, and of the proceedings of any meeting, and keep an itemized account of all expenses of the school district.
5. The clerk shall furnish to the county auditor, on or before September 30 of each year, an attested copy of the clerk's record, showing the amount of proposed property tax voted by the school district or the school board for school purposes.
6. The clerk shall draw and sign all orders upon the treasurer for the payment of money for bills allowed by the school board for salaries of officers and for teachers' wages and all claims, to be countersigned by the chair.
7. The clerk shall perform such duties as required by the Minnesota Election Law or other applicable laws relating to the conduct of elections.
8. The clerk shall perform the duties of the chair in the event of the chair's and the vice-chair's temporary absences.

E. Superintendent

1. The superintendent shall be an ex officio, nonvoting member of the school board.
2. The superintendent shall perform the following:

- a. visit and supervise the schools in the school district, report and make recommendations about their condition when advisable or on request by the school board;
- b. recommend to the school board employment and dismissal of teachers;
- c. annually evaluate each school principal assigned responsibility for supervising a school building within the district;
- d. superintend school grading practices and examinations for promotions;
- e. make reports required by the commissioner; and
- f. perform other duties prescribed by the school board.

Legal References:

Minn. Stat. § 123B.12 (Insufficient Funds to Pay Orders)
Minn. Stat. § 123B.14 (Officers of Independent School Districts)
Minn. Stat. § 123B.143 (Superintendent)
Minn. Stat. § 126C.17 (Referendum Revenue)
Minn. Stat. Ch. 205A (School District Elections)

Cross References:

MSBA/MASA Model Policy 101 (Legal Status of the School District)
MSBA/MASA Model Policy 201 (Legal Status of the School Board)
MSBA/MASA Model Policy 203 (Operation of the School Board – Governing Rules)

203 OPERATION OF THE SCHOOL BOARD – GOVERNING RULES

I. PURPOSE

The purpose of this policy is to provide governing rules for the conduct of meetings of the school board.

II. GENERAL STATEMENT OF POLICY

An orderly school board meeting allows school board members to participate in discussion and decision of school district issues. Rules of order allow school board members the opportunity to review school-related topics, discuss school business items, and bring matters to conclusion in a timely and consistent manner.

III. RULES OF ORDER

Rules of order for school board meetings shall be as follows:

- A. Minnesota statutes where specified;
- B. Specific rules of order as provided by the school board consistent with Minnesota statutes; and
- C. *Robert's Rules of Order* (latest edition) where not inconsistent with A. and B., above.

Legal References: Minn. Stat. Ch. 13D (Open Meeting Law)
Minn. Stat. § 123B.09, Subds. 6, 7, and 10 (Boards of Independent School Districts)
Minn. Stat. § 123B.14 (Officers of Independent School Districts)

Cross References: None

203.1 SCHOOL BOARD PROCEDURES; RULES OF ORDER

I. PURPOSE

The purpose of this policy is to provide specific rules of order to conduct meetings of the school board.

II. GENERAL STATEMENT OF POLICY

To ensure that school board meetings are conducted in an orderly fashion, the school board will follow rules of order which will allow the school board:

- A. To establish guidelines by which the business of the school board can be conducted in a regular and internally consistent manner;
- B. To organize the meetings so all necessary matters can be brought to the school board and decisions of the school board can be made in an orderly and reasonable manner;
- C. To insure that members of the school board have the necessary information to make decisions on substantive issues and to insure adequate discussion of decisions to be made; and
- D. To insure that meetings and actions of the school board are conducted so as to be informative to the staff and the public, and to produce a clear record of actions taken and decisions made.

III. RULES OF ORDER

- A. School board members need not rise to gain the recognition of the chair.
- B. A motion will be adopted or carried if it receives the affirmative votes of a majority of those actually voting on the matter. Abstentions are considered to be acquiescence to the vote of the majority. It should be noted that some motions by statute or Robert's Rules of Order require larger numbers of affirmative votes.
- C. All motions that require a second shall receive a second prior to opening the issue for discussion of the school board. If a motion that requires a second does not receive a second, the chair may declare that the motion fails for lack of a second or may provide the second. The names of the members making and seconding a motion shall be recorded in the minutes.
- D. The chair shall decide the order in which school board members will be recognized to address an issue. An attempt should be made to alternate between pro and con positions if appropriate to the discussion. A member shall only speak to an issue after the member is recognized by the chair.
- E. The chair shall rule on all questions relating to motions and points of order brought before the school board.

- F. A ruling by the chair is subject to appeal to the full school board pursuant to Robert's Rules of Order.
- G. The school board shall have authority to recognize any member of the audience regarding a request to be heard at the school board meeting. Members of the public who wish to be heard shall follow school board procedures.
- H. The chair has the authority to declare a recess at any time for the purpose of restoring decorum to the meeting or for any other necessary purpose.
- I. The chair shall repeat a motion or the substance of a motion prior to the vote. The chair shall call for an affirmative and a negative vote on all motions.
- J. The order in which names will be called for roll call votes will be determined by the school board.
- K. The chair has the same right and responsibility as each school board member to vote on all issues.
- L. The chair shall announce the result of each vote. The vote of each member, including abstentions, shall be recorded in the minutes. If the vote is unanimous, it may be reflected as unanimous in the minutes if the minutes also reflect the members present.
- M. A majority of the voting members of the school board constitute a quorum. The absence of a quorum may be raised by the chair or any member. Generally, any action taken in the absence of a quorum is null and void. The only legal actions the school board may take in the absence of a quorum are to fix the time at which to adjourn, to adjourn, to recess or to take measures to obtain a quorum.

Legal References: Minn. Stat. § 13D.01, Subd. 4 (Open Meeting Law)
Minn. Stat. § 122A.40 (Employment; Contracts; Termination)
Minn. Stat. § 123B.09, Subds. 6 and 7 (Boards of Independent School Districts)
Minn. Stat. § 126C.53 (Enabling Resolution; Form of Certificates of Indebtedness)
Minn. Stat. § 331A.01, Subd. 6 (Newspapers; Definitions)
Minn. Stat. § 331A.04, Subd. 6 (Newspapers; Exception to Designation Priority)
Minn. Stat. § 471.88 (Exceptions)

Cross References: MSBA/MASA Model Policy 203 (Operation of the School Board – Governing Rules)
MSBA/MASA Model Policy 204 (School Board Meeting Minutes)
MSBA/MASA Model Policy 206 (Public Participation in School Board Meetings/Complaints about Persons at School Board Meetings and Data Privacy Considerations)
MSBA/MASA Model Policy 207 (Public Hearings)

203.2 ORDER OF THE REGULAR SCHOOL BOARD MEETING

I. PURPOSE

The purpose of this policy is to ensure consistency in the order of business at regular school board meetings.

II. GENERAL STATEMENT OF POLICY

It is the policy of the school board to consider matters that come before it in a consistent and orderly manner.

III. ORDER

- A. The school board shall conduct an orderly school board meeting. The school board will, at all regular school board meetings, follow an agenda order similar to:
1. Call to order.
 2. Approval of agenda.
 3. Recognition of visitors.
 4. Approval of prior meeting minutes.
 5. Consent agenda.
 6. Presentation of additional bills for payment.
 7. Reports.
 8. Written communications.
 9. Superintendent's announcements.
 10. Other old or unfinished business.
 11. New business.
 12. Adjournment.
- B. Items in this order may be considered as part of a consent agenda.
- C. The school board may depart from the order of business with the consent of the majority of members present.

Legal References: Minn. Stat. § 123B.09, Subd. 7 (Boards of Independent School Districts)

Cross References: MSBA/MASA Model Policy 203 (Operation of the School Board – Governing

Rules)

MSBA/MASA Model Policy 203.5 (School Board Meeting Agenda)

MSBA/MASA Model Policy 203.6 (Consent Agendas)

203.5 SCHOOL BOARD MEETING AGENDA

I. PURPOSE

The purpose of this policy is to provide procedures for the preparation of the school board meeting agenda to ensure that the school board can accomplish its business as efficiently and expeditiously as possible.

II. GENERAL STATEMENT OF POLICY

The policy of the school board is that school board meetings shall be conducted in a manner to allow the school board to accomplish its business while allowing reasoned debate and discussion of each matter to be acted upon.

III. PROCEDURES

- A. While all school board members may provide input, it shall be the responsibility of the school board chair and superintendent to develop, prepare, and arrange the order of items for the tentative school board meeting agenda for each school board meeting.
- B. Persons wishing to place an item on the agenda must make a request to the school board chair or superintendent in a timely manner. The person making the request is encouraged to state the person's name, address, purpose of the item, action desired, and pertinent background information. The chair and superintendent shall determine whether to place the matter on the tentative agenda.
- C. The tentative agenda and supporting documents shall be sent to the school board chair 5 days prior to the scheduled school board meeting.
- D. Items may only be added to the agenda by a motion adopted at the meeting. If an added item is acted upon, the minutes of the school board meeting shall include a description of the matter.
- E. At least one copy of any printed materials, including electronic communications, relating to the agenda items of the meeting prepared or distributed by or at the direction of the school board or its employees and: (i) distributed at the meeting to all members of the governing body; (ii) distributed before the meeting to all members; or (iii) available in the meeting room to all members shall be available in the meeting room for inspection by the public while the school board considers their subject matter. This does not apply to materials classified by law as other than public or to materials relating to the agenda items of a closed meeting.

Legal References: Minn. Stat. § 13D.01, Subd. 6 (Open Meeting Law)
Minn. Stat. § 123B.09, Subd. 7 (Boards of Independent School Districts)
Dept. of Admin. Advisory Op. No. 10-013 (April 29, 2010)
Dept. of Admin. Advisory Op. No. 08-015 (July 9, 2008)
Dept. of Admin. Advisory Op. No. 13-015 (December 23, 2013)

Cross References: MSBA/MASA Model Policy 203 (Operation of the School Board – Governing Rules)
MSBA/MASA Model Policy 203.2 (Order of the Regular School Board Meeting)
MSBA/MASA Model Policy 203.6 (Consent Agendas)
MSBA/MASA Model Policy 204 (School Board Meeting Minutes)
MSBA/MASA Model Policy 207 (Public Hearings)

203.6 CONSENT AGENDAS

I. PURPOSE

The purpose of this policy is to allow the use of a consent agenda.

II. GENERAL STATEMENT OF POLICY

In order for a more efficient administration of school board meetings, the school board may elect to use a consent agenda for the passage of noncontroversial items or items of a similar nature.

III. CONSENT AGENDAS

- A. The superintendent, in consultation with the school board chair, may place items on the consent agenda. By using a consent agenda, the school board has consented to the consideration of certain items as a group under one motion. Should a consent agenda be used, an appropriate amount of discussion time will be allowed to review any item upon request.
- B. Consent items are those which usually do not require discussion or explanation prior to school board action, are noncontroversial and/or similar in content, or are those items which have already been discussed and/or explained and do not require further discussion or explanation. Such agenda items might include ministerial tasks such as, but not limited to, the approval of the agenda, approval of previous minutes, approval of bills, approval of reports, etc. These items might also include similar groups of decisions such as, but not limited to, approval of staff contracts, approval of maintenance details for the school district buildings and grounds or approval of various schedules.
- C. Items shall be removed from the consent agenda by a timely request by an individual school board member for independent consideration. A request is timely if made prior to the vote on the consent agenda. The request does not require a second or a vote by the school board. An item removed from the consent agenda will then be discussed and acted on separately immediately following the consideration of the consent agenda.
- D. Consent agenda items are approved en masse by one vote of the school board. The consent agenda items shall be separately recorded in the minutes.

Legal References: Minn. Stat. § 123B.09, Subd. 7 (Boards of Independent School Districts)

Cross References: MSBA/MASA Model Policy 203.2 (Order of the Regular School Board Meeting)
MSBA/MASA Model Policy 203.5 (School Board Meeting Agenda)
MSBA/MASA Model Policy 204 (School Board Meeting Minutes)

204 SCHOOL BOARD MEETING MINUTES

I. PURPOSE

The purpose of this policy is to establish procedures relating to the maintenance of records of the school board and the publication of its official proceedings.

II. GENERAL STATEMENT OF POLICY

It is the policy of the school district to maintain its records so that they will be available for inspection by members of the general public and to provide for the publication of its official proceedings in compliance with law.

III. MAINTENANCE OF MINUTES AND RECORDS

A. The clerk shall keep and maintain permanent records of the school board, including records of the minutes of school board meetings and other required records of the school board. All votes taken at meetings required to be open to the public pursuant to the Minnesota Open Meeting Law must be recorded in a journal or minutes kept for that purpose. Public records maintained by the school district must be available for inspection by members of the public during the regular business hours of the school district. Minutes of meetings shall be available for inspection at the administrative offices of the school district after they have been prepared. Minutes of a school board meeting shall be approved or modified by the school board at a subsequent meeting, which action shall be reflected in the official proceedings of that subsequent meeting.

B. Recordings of Closed Meetings

1. All closed meetings, except those closed as permitted by the attorney-client privilege, must be electronically recorded at the school district's expense. Recordings of closed meetings shall be made separately from the recordings of an open meeting to the extent such meetings are recorded. If a meeting is closed to discuss more than one (1) matter, each matter shall be separately recorded.
2. Recordings of closed meetings shall be preserved by the school district for the following time periods:
 - a. Meetings closed to discuss labor negotiations strategy shall be preserved for two (2) years after the contract is signed.
 - b. Meetings closed to discuss security matters shall be preserved for at least four (4) years.
 - c. Meetings closed to discuss the purchase or sale of property shall be preserved for at least eight (8) years after the date of the meeting.
 - d. All other closed meetings shall be preserved by the school district for at least three (3) years after the date of the meeting.
 - e. Following the expiration of the above time periods, recordings of closed

meetings shall be maintained as set forth in the school district's Records Retention Schedule.

3. Recordings of closed meetings shall be classified by the school district as protected non-public data that is not accessible by the public or any subject of the data, with the following exceptions:
 - a. Recordings of labor negotiations strategy meetings shall be classified as public data and made available to the public after all labor contracts are signed by the school district for the current budget period.
 - b. Recordings of meetings related to the purchase or sale of property shall be classified as public data and made available to the public after all real or personal property discussed at the meeting has been purchased or sold or the school district has abandoned the purchase or sale.
 - c. Recordings of any other closed meetings shall be classified and/or released as required by court order.
4. Recordings of closed meetings shall be maintained separately from recordings of open meetings, to the extent recordings of open meetings are maintained by the school district, with the exception of recordings that have been classified as public data as set forth in Section III.B.3. above. Recordings of closed meetings classified as non-public data also shall be maintained in a secure location, separate from recordings classified as public data.
5. Recordings of closed meetings shall be maintained in a manner to easily identify the data classification of the recording. The recordings shall be identified with at least the following information:
 - a. The date of the closed meeting;
 - b. The basis upon which the meeting was closed (i.e.: labor negotiations strategy, purchase or sale of real property, educational data, etc.); and
 - c. The classification of the data.
6. Recordings of closed meetings related to labor negotiations strategy and the purchase or sale of property shall be maintained and monitored in a manner that reclassifies the recording as public upon the occurrence of an event reclassifying that data as set forth in Section III.B.3. above.

IV. PUBLICATION OF OFFICIAL PROCEEDINGS

- A. The school board shall cause its official proceedings to be published once in the official newspaper of the school district within thirty (30) days of the meeting at which the proceedings occurred; however, if the school board conducts regular meetings not more than once every thirty (30) days, the school board need not publish the minutes until ten (10) days after they have been approved by the school board.
- B. The proceedings to be published shall be sufficiently full to fairly set forth the proceedings. They must include the substance of all official actions taken by the school board at any regular or special meeting, and at minimum must include the subject matter of a motion, the persons making and seconding the motion, a listing of how each member present voted on the motion, the character of resolutions offered including a brief description of their subject matter and whether adopted or defeated. The minutes and permanent records of the school board may include more detail than is required to be published with the official proceedings. If the proceedings have not yet been

approved by the school board, the proceedings to be published may reflect that fact.

- C. The proceedings to be published may be a summary of the essential elements of the proceedings, and/or of resolutions and other official actions of the school board. Such a summary shall be written in a clear and coherent manner and shall, to the extent possible, avoid the use of technical or legal terms not generally familiar to the public. When a summary is published, the publication shall clearly indicate that the published material is only a summary and that the full text is available for public inspection at the administrative offices of the school district and that a copy of the proceedings, other than attachments to the minutes, is available without cost at the offices of the school district or by means of standard or electronic mail.

Legal References: Minn. Stat. § 13D.01, Subds. 4-6 (Meetings Must be Open to the Public; Exceptions)
Minn. Stat. § 123B.09, Subd. 10 (Boards of Independent School Districts)
Minn. Stat. § 123B.14, Subd. 7 (Officers of Independent School Districts)
Minn. Stat. § 331A.01 (Definitions)
Minn. Stat. § 331A.05, Subd. 8 (Form of Public Notices)
Minn. Stat. § 331A.08, Subd. 3 (Computation of Time)
Op. Atty. Gen. 161-a-20, December 17, 1970
Ketterer v. Independent School District No. 1, 248 Minn. 212, 79 N.W.2d 428 (1956)

Cross References: MSBA/MASA Model Policy 205 (Open Meetings and Closed Meetings)

205 OPEN MEETINGS AND CLOSED MEETINGS

I. PURPOSE

- A. The school board embraces accountability and transparency in the conduct of its business, in the belief that openness produces better programs, more efficient administration of programs, and an organization more responsive to public interest and less susceptible to private interest. The school board shall conduct its business under a presumption of openness. At the same time, the school board recognizes and respects the privacy rights of individuals as provided by law. The school board also recognizes that there are certain exceptions to the Minnesota Open Meeting Law as recognized in statute where it has been determined that, in limited circumstances, the public interest is best served by closing a meeting of the school board.
- B. The purpose of this policy is to provide guidelines to assure the rights of the public to be present at school board meetings, while also protecting an individual's rights to privacy under law, and to close meetings when the public interest so requires as recognized by law.

II. GENERAL STATEMENT OF POLICY

- A. Except as otherwise expressly provided by statute, all meetings of the school board, including executive sessions, shall be open to the public.
- B. Meetings shall be closed only when expressly authorized by law.

III. DEFINITION

"Meeting" means a gathering of at least a quorum of school board members—or quorum of a committee or subcommittee of school board members, at which members discuss, decide, or receive information as a group on issues relating to the official business of the school board. The term does not include a chance or social gathering or the use of social media by members of a public body so long as the social media use is limited to exchanges with all members of the general public. For purposes of the Open Meeting Law, social media does not include e-mail.

IV. PROCEDURES

- A. Meetings
 - 1. Regular Meetings

A schedule of the regular meetings of the school board shall be kept on file at the school district office. If the school board decides to hold a regular meeting at a time or place different from the time or place stated in its regular meeting schedule, it shall give the same notice of the meeting as for a special meeting.
 - 2. Special Meetings
 - a. For a special meeting, the school board shall post written notice of the

date, time, place, and purpose of the meeting on the principal bulletin board of the school district or on the door of the school board's usual meeting room if there is no principal bulletin board. The school board's actions at the special meeting are limited to those topics included in the notice.

- b. The notice shall also be mailed or otherwise delivered to each person who has filed a written request for notice of special meetings. This notice shall be posted and mailed or delivered at least three days before the date of the meeting.
- c. As an alternative to mailing or otherwise delivering notice to persons who have filed a written request, the school board may publish the notice once, at least three days before the meeting, in the official newspaper of the school district or, if none, in a qualified newspaper of general circulation within the area of the school district.
- d. A person filing a request for notice of special meetings may limit the request to particular subjects, in which case the school board is required to send notice to that person only concerning those particular subjects.
- e. The school board will establish an expiration date on requests for notice of special meetings and require refiling once each year. Not more than sixty (60) days before the expiration date of request for notice, the school board shall send notice of the refiling requirement to each person who filed during the preceding year.

3. Emergency Meetings

- a. An emergency meeting is a special meeting called because of circumstances that, in the school board's judgment, require immediate consideration.
- b. If matters not directly related to the emergency are discussed or acted upon, the minutes of the meeting shall include a specific description of those matters.
- c. The school board shall make good faith efforts to provide notice of the emergency meeting to each news medium that has filed a written request for notice if the request includes the news medium's telephone number.
- d. Notice of the emergency meeting shall be given by telephone or any other method used to notify the members of the school board.
- e. Notice shall be provided to each news medium which has filed a written request for notice as soon as reasonably practicable after notice has been given to the school board members.
- f. Notice shall include the subject of the meeting.
- g. Posted or published notice of an emergency meeting shall not be required.

h. The notice requirements for an emergency meeting as set forth in this policy shall supersede any other statutory notice requirement for a special meeting that is an emergency meeting.

4. Recessed or Continued Meetings

If a meeting is a recessed or continued session of a previous meeting, and the time and place of the meeting was established during the previous meeting and recorded in the minutes of that meeting, then no further published or mailed notice is necessary.

5. Closed Meetings

The notice requirements of the Minnesota Open Meeting Law apply to closed meetings.

6. Actual Notice

If a person receives actual notice of a meeting of the school board at least twenty-four (24) hours before the meeting, all notice requirements are satisfied with respect to that person, regardless of the method of receipt of notice.

7. Meetings during Pandemic or Chapter 12 Emergency

In the event of a health pandemic or an emergency declared under Minnesota Statutes chapter 12, a meeting may be conducted by telephone or interactive technology in compliance with Minnesota Statutes section 13D.021.

8. Meetings by Interactive Technology

A meeting may be conducted by interactive technology, Zoom, Skype, or other similar electronic means in compliance with Minnesota Statutes section 13D.02.

B. Votes

The votes of school board members shall be recorded in a journal or minutes kept for that purpose. The journal or any minutes used to record votes of a meeting must be open to the public during all normal business hours at the school district's administrative offices.

C. Written Materials

1. In any open meeting, a copy of any printed materials, including electronic communications, relating to the agenda items of the meeting prepared or distributed by or at the direction of the school board or its employees and distributed to or available to all school board members shall be available in the meeting room for inspection by the public while the school board considers their subject matter.

2. This provision does not apply to materials not classified by law as public, or to materials relating to the agenda items of a closed meeting.

D. Open Meetings and Data

1. Meetings may not be closed to discuss data that are not public data, except as

provided under Minnesota law.

2. Data that are not public data may be discussed at an open meeting if the disclosure relates to a matter within the scope of the school board's authority and is reasonably necessary to conduct the business or agenda item before the school board.
3. Data discussed at an open meeting retain the data's original classification; however, a record of the meeting, regardless of form, shall be public.

E. Closed Meetings

1. Labor Negotiations Strategy

- a. The school board may, by a majority vote in a public meeting, decide to hold a closed meeting to consider strategy for labor negotiations, including negotiation strategies or developments or discussion and review of labor negotiation proposals, conducted pursuant to Minnesota's Public Employment Labor Relations Act (PELRA)
- b. The time and place of the closed meeting shall be announced at the public meeting. A written roll of school board members and all other persons present at the closed meeting shall be made available to the public after the closed meeting. The proceedings of a closed meeting to discuss negotiation strategies shall be tape recorded, and the tape recording shall be preserved for two years after the contract discussed at the meeting is signed. The recording shall be made available to the public after all labor contracts are signed by the school board for the current budget period.

2. Sessions Closed by Bureau of Mediation Services

All negotiations, mediation meetings, and hearings between the school board and its employees or their respective representatives are public meetings. Mediation meetings may be closed only by the Commissioner of the Bureau of Mediation Services (BMS). The use of recording devices, stenographic records, or other recording methods is prohibited in mediation meetings closed by the BMS.

3. Preliminary Consideration of Allegations or Charges

The school board shall close one or more meetings for preliminary consideration of allegations or charges against an individual subject to its authority. If the school board members conclude that discipline of any nature may be warranted as a result of those specific charges or allegations, further meetings or hearings relating to those specific charges or allegations held after that conclusion is reached must be open. A meeting must also be open at the request of the individual who is the subject of the meeting. A closed meeting for this purpose must be electronically recorded at the expense of the school district, and the recording must be preserved for at least three years after the date of the meeting. The recording is not available to the public.

4. Performance Evaluations

The school board may close a meeting to evaluate the performance of an

individual who is subject to its authority. The school board shall identify the individual to be evaluated prior to closing a meeting. At its next open meeting, the school board shall summarize its conclusions regarding the evaluation. A meeting must be open at the request of the individual who is the subject of the meeting. A closed meeting for this purpose must be electronically recorded at the expense of the school district, and the recording must be preserved for at least three years after the date of the meeting. The recording is not available to the public.

5. Attorney-Client Privilege Meeting

A meeting may be closed if permitted by the attorney-client privilege. Attorney-client privilege applies when litigation is imminent or threatened, or when the school board needs advice above the level of general legal advice, for example, regarding specific acts and their legal consequences. A meeting may be closed to seek legal advice concerning litigation strategy, but the mere threat that litigation might be a consequence of deciding a matter one way or another does not, by itself, justify closing the meeting. The motion to close the meeting must specifically describe the matter to be discussed at the closed meeting, subject to relevant privacy and confidentiality considerations under state and federal law. The law does not require that such a meeting be recorded.

6. Dismissal Hearing

- a. A hearing on dismissal of a licensed teacher shall be public or private at the teacher's discretion. A hearing regarding placement of teachers on unrequested leave of absence shall be public.
- b. A hearing on dismissal of a student pursuant to the Pupil Fair Dismissal Act shall be closed unless the pupil, parent, or guardian requests an open hearing.
- c. To the extent a teacher or student dismissal hearing is held before the school board and is closed, the closed meeting must be electronically recorded at the expense of the school district, and the recording must be preserved for at least three years after the date of the meeting. The recording is not available to the public.

7. Coaches; Opportunity to Respond

- a. If the school board has declined to renew the coaching contract of a licensed or nonlicensed head varsity coach, it must notify the coach within fourteen (14) days of that decision.
- b. If the coach requests the reasons for the nonrenewal, the school board must give the coach its reasons in writing within ten (10) days of receiving the request. The existence of parent complaints must not be the sole reason for the school board not to renew a coaching contract.
- c. On the request of the coach, the school board must provide the coach with a reasonable opportunity to respond to the reasons at a school board meeting.
- d. The meeting may be open or closed at the election of the coach unless the meeting is closed as required by Minnesota Statutes section 13D.05

to discuss educational or certain other nonpublic data.

- e. A meeting closed for this purpose must be electronically recorded at the expense of the school district, and the recording must be preserved for at least three years after the date of the meeting. The recording is not available to the public.

8. Meetings to Discuss Certain Not Public Data

- a. Any portion of a meeting must be closed if the following types of data are discussed:

- (1) data that would identify alleged victims or reporters of criminal sexual conduct, domestic abuse, or maltreatment of minors or vulnerable adults;

- (2) active investigative data collected or created by a law enforcement agency;

- (3) educational data, health data, medical data, welfare data, or mental health data that are not public data; or

- (4) an individual's personal medical records.

- b. A closed meeting must be electronically recorded at the expense of the school district, and the recording must be preserved for at least three years after the date of the meeting. The recording is not available to the public.

9. Purchase and Sale of Property

- a. The school board may close a meeting:

- (1) to determine the asking price for real or personal property to be sold by the school district;

- (2) to review confidential or nonpublic appraisal data; and

- (3) to develop or consider offers or counteroffers for the purchase or sale of real or personal property.

- b. Before closing the meeting, the school board must identify on the record the particular real or personal property that is the subject of the closed meeting.

- c. The closed meeting must be tape recorded at the expense of the school district. The tape must be preserved for eight years after the date of the meeting and be made available to the public after all real or personal property discussed at the meeting has been purchased or sold or the school board has abandoned the purchase or sale. The real or personal property that is the subject of the closed meeting must be specifically identified on the tape. A list of school board members and all other persons present at the closed meeting must be made available to the public after the closed meeting.

- d. An agreement reached that is based on an offer considered at a closed meeting is contingent on its approval by the school board at an open meeting. The actual purchase or sale must be approved at an open meeting and the purchase price or sale price is public data.

10. Security Matters

- a. The school board may close a meeting to receive security briefings and reports, to discuss issues related to security systems, to discuss emergency response procedures, and to discuss security deficiencies in or recommendations regarding public services, infrastructure, and facilities, if disclosure of the information discussed would pose a danger to public safety or compromise security procedures or responses.
- b. Financial issues related to security matters must be discussed and all related financial decisions must be made at an open meeting.
- c. Before closing a meeting, the school board must refer to the facilities, systems, procedures, services, or infrastructures to be considered during the closed meeting.
- d. The closed meeting must be tape recorded at the expense of the school district and the recording must be preserved for at least four years.

11. Other Meetings

Other meetings shall be closed as provided by law, except as provided above. A closed meeting must be electronically recorded at the expense of the school district, and the recording must be preserved for at least three years after the date of the meeting. The recording is not available to the public.

F. Procedures for Closing a Meeting

The school board shall provide notice of a closed meeting just as for an open meeting. A school board meeting may be closed only after a majority vote at a public meeting. Before closing a meeting, the school board shall state on the record the specific authority permitting the meeting to be closed and shall describe the subject to be discussed.

Legal References: Minn. Stat. Ch. 13 (Minnesota Government Data Practices Act)
Minn. Stat. Ch. 13D (Open Meeting Law)
Minn. Stat. § 121A.47, Subd. 5 (Exclusion and Expulsion Procedures)
Minn. Stat. § 122A.33, Subd. 3 (License and Degree Exemption for Head Coach)
Minn. Stat. § 122A.40, Subd. 14 (Employment; Contracts; Termination)
Minn. Stat. § 179A.14, Subd. 3 (Negotiation Procedures)
Minn. Rules Part 5510.2810 (Petition for Mediation)
Brown v. Cannon Falls Township, 723 N.W.2d 31 (Minn. App. 2006)
Brainerd Daily Dispatch v. Dehen, 693 N.W.2d 435 (Minn. App. 2005)
The Free Press v. County of Blue Earth, 677 N.W.2d 471 (Minn. App. 2004)
Prior Lake American v. Mader, 642 N.W.2d 729 (Minn. 2002)
Star Tribune v. Board of Education, Special School District No. 1, 507 N.W.2d 869 (Minn. App. 1993)
Minnesota Daily v. University of Minnesota, 432 N.W.2d 189 (Minn. App. 1988)
Moberg v. Independent School District No. 281, 336 N.W.2d 510 (Minn. 1983)

Sovereign v. Dunn, 498 N.W.2d 62 (Minn. App. 1993), *rev. denied.* (Minn. 1993)
Dept. of Admin. Advisory Op. No. 21-003 (April 19, 2021)
Dept. of Admin. Advisory Op. No. 21-002 (January 13, 2021)
Dept. of Admin. Advisory Op. No. 19-012 (October 24, 2019)
Dept. of Admin. Advisory Op. No. 19-008 (May 22, 2019)
Dept. of Admin. Advisory Op. No. 19-006 (April 9, 2019)
Dept. of Admin. Advisory Op. No. 18-019 (December 28, 2018)
Dept. of Admin. Advisory Op. No. 17-005 (June 22, 2017)
Dept. of Admin. Advisory Op. No. 13-009 (March 19, 2013)
Dept. of Admin. Advisory Op. No. 12-004 (March 8, 2012)
Dept. of Admin. Advisory Op. No. 11-004 (April 18, 2011)
Dept. of Admin. Advisory Op. No. 10-020 (September 23, 2010)
Dept. of Admin. Advisory Op. No. 09-020 (September 8, 2009)
Dept. of Admin. Advisory Op. No. 08-015 (July 9, 2008)
Dept. of Admin. Advisory Op. No. 06-027 (September 28, 2006)
Dept. of Admin. Advisory Op. No. 04-004 (February 3, 2004)

Cross References:

MSBA/MASA Model Policy 204 (School Board Meeting Minutes)
MSBA/MASA Model Policy 206 (Public Participation in School Board Meetings/Complaints about Persons at School Board Meetings and Data Privacy Considerations)
MSBA/MASA Model Policy 207 (Public Hearings)
MSBA/MASA Model Policy 406 (Public and Private Personnel Data)
MSBA/MASA Model Policy 515 (Protection and Privacy of Pupil Records)
MSBA Law Bulletin "C" (Minnesota's Open Meeting Law)

206 PUBLIC PARTICIPATION IN SCHOOL BOARD MEETINGS/COMPLAINTS ABOUT PERSONS AT SCHOOL BOARD MEETINGS AND DATA PRIVACY CONSIDERATIONS

I. PURPOSE

- A. The school board recognizes the value of participation by the public in deliberations and decisions on school district matters. At the same time, the school board recognizes the importance of conducting orderly and efficient proceedings, with opportunity for expression of all participants' respective views.
- B. The purpose of this policy is to provide procedures to assure open and orderly public discussion as well as to protect the due process and privacy rights of individuals under the law.

II. GENERAL STATEMENT OF POLICY

- A. The policy of the school board is to encourage discussion by persons of subjects related to the management of the school district at school board meetings. The school board may adopt reasonable time, place, and manner restrictions on public expression in order to facilitate free discussion by all interested parties.
- B. The school board shall, as a matter of policy, protect the legal rights to privacy and due process of employees and students.

III. DEFINITIONS

- A. "Personnel data" means government data on individuals maintained because the individual is or was an employee or applicant for employment. For purposes of this policy, "employee" includes a volunteer or an independent contractor.
- B. Personnel data on current and former employees that is "public" includes:

Name; employee identification number, which must not be the employee's social security number; actual gross salary; salary range; terms and conditions of employment relationship; contract fees; actual gross pension; the value and nature of employer paid fringe benefits; the basis for and the amount of any added remuneration, including expense reimbursement, in addition to salary; bargaining unit; job title; job description; education and training background; previous work experience; date of first and last employment; the existence and status of any complaints or charges against the employee, regardless of whether the complaint or charge resulted in a disciplinary action; the final disposition of any disciplinary action as defined in Minnesota Statutes, section 13.43, subdivision 2(b), together with the specific reasons for the action and data documenting the basis of the action, excluding data that would identify confidential sources who are employees of the public body; the complete terms of any agreement settling any dispute arising out of the employment relationship, including a buyout agreement as defined in Minnesota Statutes, section 123B.143, subdivision 2, except that the agreement must include specific reasons for the agreement if it involves the payment of more than \$10,000 of public money; work location; work telephone number; badge number; work-related continuing education; honors and awards received; and

payroll time sheets or other comparable data that are only used to account for employee's work time for payroll purposes, except to the extent that release of time sheet data would reveal the employee's reasons for the use of sick or other medical leave or other not public data.

- C. Personnel data on current and former applicants for employment that is "public" includes:

Veteran status; relevant test scores; rank on eligible list; job history; education and training; and work availability. Names of applicants shall be private data except when certified as eligible for appointment to a vacancy or when applicants are considered by the appointing authority to be finalists for a position in public employment. For purposes of this subdivision, "finalist" means an individual who is selected to be interviewed by the appointing authority prior to selection.

- D. "Educational data" means data maintained by the school district which relates to a student.

- E. "Student" means an individual currently or formerly enrolled or registered in the school district, or applicants for enrollment, or individuals who receive shared time services.

- F. Data about applicants for appointments to a public body, including a school board, collected by the school district as a result of the applicant's application for appointment to the public body are private data on individuals, except that the following are public: name; city of residence, except where the appointment has a residency requirement that requires the entire address to be public; education and training; employment history; volunteer work; awards and honors; prior government service; any data required to be provided or that is voluntarily provided in an application to a multimember agency pursuant to Minnesota Statutes, section 15.0597; and veteran status. Once an individual has been appointed to a public body, the following additional items of data are public: residential address; either a telephone number or electronic mail address where the appointee can be reached, or both at the request of the appointee; the first and last dates of service on the public body; the existence and status of any complaints or charges against an appointee; and, upon completion of an investigation of a complaint or charge against an appointee, the final investigative report unless access to the data would jeopardize an active investigation. Any electronic mail address or telephone number provided by a public body for use by an appointee shall be public. An appointee may use an electronic mail address or telephone number provided by the public body as the designated electronic mail address or telephone number at which the appointee can be reached.

IV. RIGHTS TO PRIVACY

- A. School district employees have a legal right to privacy related to matters which may come before the school board, including, but not limited to, the following:

1. right to a private hearing for teachers, pursuant to Minnesota Statutes, section 122A.40, subdivision 14 (Teachers Discharge Hearing);
2. right to privacy of personnel data as provided by Minnesota Statutes, section 13.43 (Personnel Data);
3. right to consideration by the school board of certain data treated as not public as provided in Minnesota Statutes, section 13D.05 (Not Public Data);

4. right to a private hearing for licensed or nonlicensed head varsity coaches to discuss reasons for nonrenewal of a coaching contract pursuant to Minnesota Statutes, section 122A.33, subdivision 3.
- B. School district students have a legal right to privacy related to matters which may come before the school board, including, but not limited to, the following:
1. right to a private hearing, Minnesota Statutes, section 121A.47, subdivision 5 (Student Dismissal Hearing);
 2. right to privacy of educational data (Minnesota Statutes, section 13.32 (Educational Data); 20 United States Code, section 1232g (FERPA));
 3. right to privacy of complaints as provided by child abuse reporting and discrimination laws, Minnesota Statutes, chapter 260E (Reporting of Maltreatment of Minors) and Minnesota Statutes, section 363A (Minnesota Human Rights Act).

V. THE PUBLIC'S OPPORTUNITY TO BE HEARD

The school board will strive to give all persons an opportunity to be heard and to have complaints considered and evaluated, within the limits of the law and this policy and subject to reasonable time, place, and manner restrictions. Among the rights available to the public is the right to access public data as provided by Minnesota Statutes, section 13.43, subdivision 2 (Public Data).

VI. PROCEDURES

A. Agenda Items

1. Persons who wish to have a subject discussed at a public school board meeting are encouraged to notify the superintendent's office in advance of the school board meeting. The person should provide his or her name, the name of group represented (if any), and the subject to be covered or the issue to be addressed.
2. Persons who wish to address the school board on a particular subject should identify the subject and identify agenda item(s) to which their comments pertain.
3. The school board chair will recognize one speaker at a time and will rule out of order other speakers who are not recognized. Only those speakers recognized by the chair will be allowed to speak. Comments by others are out of order. Individuals who interfere with or interrupt speakers, the school board, or the proceedings may be directed to leave.
4. The school board retains the discretion to limit discussion of any agenda item to a reasonable period of time as determined by the school board. If a group or organization wishes to address the school board on a topic, the school board reserves the right to require designation of one or more representatives or spokespersons to speak on behalf of the group or organization.
5. Matters proposed for placement on the agenda which may involve data privacy concerns, which may involve preliminary allegations, or which may be potentially libelous or slanderous in nature shall not be considered in public, but shall be processed as determined by the school board in accordance with governing law.

6. The school board chair shall promptly rule out of order any discussion by any person, including school board members, that would violate the provisions of state or federal law, this policy or the statutory rights of privacy of an individual.
7. Personal attacks by anyone addressing the school board are unacceptable. Persistence in such remarks by an individual shall terminate that person's privilege to address the school board.
8. Depending upon the number of persons in attendance seeking to be heard, the school board reserves the right to impose such other limitations and restrictions as necessary in order to provide an orderly, efficient, and fair opportunity for those present to be heard.

B. Complaints

1. Routine complaints about a teacher or other employee should first be directed to that teacher or employee or to the employee's immediate supervisor.
2. If the complaint is against an employee relating to child abuse, discrimination, racial, religious, or sexual harassment, or other activities involving an intimidating atmosphere, the complaint should be directed to the employee's supervisor or other official as designated in the school district policy governing that kind of complaint. In the absence of a designated person, the matter should be referred to the superintendent.
3. Unresolved complaints from Paragraph 1. of this section or problems concerning the school district should be directed to the superintendent's office.
4. Complaints which are unresolved at the superintendent's level may be brought before the school board by notifying the school board in writing.

C. Open Forum

The school board shall normally provide a specified period of time when persons may address the school board on any topic, subject to the limitations of this policy. The school board reserves the right to allocate a specific period of time for this purpose and limit time for speakers accordingly.

The school board may decide to hold certain types of public meetings where the public will not be invited to address the school board. Possible examples are work sessions and board retreats. The public will still be entitled to notice of these meetings and will be allowed to attend these meetings, but the public will not be allotted time during the meeting to address the board.

D. No Board Action at Same Meeting

Except as determined by the school board to be necessary or in an emergency, the school board will not take action at the same meeting on an item raised for the first time by the public.

VII. PENALTIES FOR VIOLATION OF DATA PRIVACY

- A. The school district is liable for damages, costs and attorneys' fees, and, in the event of a willful violation, punitive damages for violation of state data privacy laws. (Minnesota

Statutes, section 13.08, subdivision 1)

- B. A person who willfully violates data privacy or whose conduct constitutes the knowing unauthorized acquisition of not public data is guilty of a misdemeanor. (Minnesota Statutes, section 13.09)
- C. In the case of an employee, willful violation of the Minnesota data practices law (Minnesota Statutes, chapter 13), and any rules adopted thereunder, including any action subject to a criminal penalty, constitutes just cause for suspension without pay or dismissal. (Minnesota Statutes, section 13.09)

Legal References: Minn. Stat. Ch. 13 (Minnesota Government Data Practices Act)
Minn. Stat. § 13.43 (Personnel Data)
Minn. Stat. § 13.601, Subd. 3 (Applicants for Appointment)
Minn. Stat. § 13D.05 (Meetings Having Data Classified as Public)
Minn. Stat. § 121A.47, Subd. 5 (Exclusion and Expulsion Procedures; Closed or Open Meeting)
Minn. Stat. § 122A.33, Subd. 3 (License and Degree Exemption for Head Coach; Notice of Nonrenewal; Opportunity to Respond)
Minn. Stat. § 122A.40, Subd. 14 (Employment; Contracts; Termination; Hearing Procedures)
Minn. Stat. § 122A.44 (Contracting with Teachers; Substitute Teachers)
Minn. Stat. § 123B.02, Subd. 14 (General Powers of Independent School Districts; Employees; Contracts for Services)
Minn. Stat. § 123B.143, Subd. 2 (Superintendents; Disclose Past Buyouts or Contract is Void)
Minn. Stat. Ch. 363A (Minnesota Human Rights Act)
Minn. Stat. Ch. 260E (Reporting of Maltreatment of Minors)
20 U.S.C. § 1232g (Family Educational Rights and Privacy Act)
Minn. Op. Atty. Gen. 852 (July 14, 2006)

Cross References: MSBA/MASA Model Policy 205 (Open Meetings and Closed Meetings)
MSBA/MASA Model Policy 207 (Public Hearings)
MSBA/MASA Model Policy 406 (Public and Private Personnel Data)
MSBA/MASA Model Policy 515 (Protection and Privacy of Pupil Records)
MSBA School Law Bulletin "C" (Minnesota's Open Meeting Law)
MSBA School Law Bulletin "I" (School Records – Privacy – Access to Data)

207 PUBLIC HEARINGS

I. PURPOSE

The school board recognizes the importance of obtaining public input on matters properly before the school board during a public hearing. The purpose of this policy is to establish procedures to efficiently receive public input.

II. GENERAL STATEMENT OF POLICY

For the school board to efficiently receive public input on matters properly before the school board, the school board establishes the procedures set forth in this policy are established.

III. PROCEDURES

A. Public Hearings

Public hearings are required by law concerning certain issues, including but not limited to, school closings (Minnesota Statutes, section 123B.51), education district establishment (Minnesota Statutes, section 123A.15), and agreements for secondary education (Minnesota Statutes, section 123A.30). Additionally, other public hearings may be held by the school board on school district matters at the school board's discretion.

B. Notice of Public Hearings

Public notice of a public hearing required by law shall be given as provided by the enabling legislation. Public notice of other hearings shall be given in the manner required for a regular meeting if held in conjunction with a regular meeting, in the manner required for a special meeting if held in conjunction with a special meeting, or as otherwise determined by the school board.

C. Public Participation

The school board retains the right to require that those in attendance at a public hearing indicate their desire to address the school board and complete and file with the clerk of the school board an appropriate request card prior to commencement of the hearing if the school board utilizes this procedure. In that case, any request to address the school board after the commencement of the hearing will be granted only at the school board's discretion.

1. **Format of Request:** If required by the school board, a written request of an individual or a group to address the school board shall contain the name of the person or group seeking to address the school board. It shall also contain the name of the group represented, if any, and a brief statement of the subject to be covered or the issue to be addressed.
2. **Time Limitation:** The school board retains the discretion to limit the time for each presentation as needs dictate.

3. Groups: The school board retains the discretion to require that any group of persons who desire to address the school board designate one representative or spokesperson. If the school board requires designation of a representative or spokesperson, no other person in the group will be recognized to address the school board, except as the school board otherwise determines.
4. Privilege to Speak: A school board member should direct remarks or questions through the chair. Only those speakers recognized by the chair will be allowed to speak. Comments by others are out of order. Individuals who interfere with or interrupt speakers, the school board, or the proceedings may be directed to leave.
5. Personal Attacks: Personal attacks by anyone addressing the school board are unacceptable. Persistence in such remarks by an individual shall terminate that person's privilege to address the school board.
6. Limitations on Participation: Depending upon the number of persons in attendance seeking to be heard, the school board reserves the right to impose such other limitations and restrictions as necessary to provide an orderly, efficient, and fair opportunity to be heard.

Legal References: Minn. Stat. § 123A.15 (Establishing Education Districts)
Minn. Stat. § 123A.30 (Agreements for Secondary Education)
Minn. Stat. § 123B.51 (Schoolhouses and Sites; Uses for School and Nonschool Purposes; Closings)

Cross References: MSBA/MASA Model Policy 206 (Public Participation in School Board Meetings/Complaints about Persons at School Board Meetings and Data Privacy Considerations)

208 DEVELOPMENT, ADOPTION, AND IMPLEMENTATION OF POLICIES

I. PURPOSE

The purpose of this policy is to emphasize the importance of the policy-making role of the school board and provide the means for it to be an ongoing effort.

II. GENERAL STATEMENT OF POLICY

Formal guidelines are necessary to ensure the school community that the school system responds to its mission and operates in an effective, efficient, and consistent manner. A set of written policies shall be maintained and modified as needed. Policies should define the desire and intent of the school board and should be in a form that is sufficiently explicit to guide administrative action.

III. DEVELOPMENT OF POLICY

- A. The school board has jurisdiction to legislate policy with the force and effect of law for the school district. School district policy provides the school board's general direction for the school district while delegating policy implementation to the administration.
- B. The school district's policies provide guidelines and goals to the school community. The policies are the basis for guidelines and directives created by the administration. The school board shall determine the effectiveness of policies by evaluating periodic reports from the administration.
- C. Policies may be proposed by a school board member, employee, student, or resident of the school district. Proposed policies or ideas shall be submitted to the superintendent for review prior to possible placement on the school board agenda.

IV. ADOPTION AND REVIEW OF POLICY

- A. The school board shall give notice of proposed policy changes or adoption of new policies by placing the item on the agenda of two school board meetings. The proposals shall be distributed and public comment will be allowed at both meetings.
- B. The final action taken to adopt the proposed policy shall be approved by a simple majority vote of the school board at a meeting after the two meetings at which public input was received. The policy will be effective on the latter of the date of passage or the date stated in the motion.
- C. In an emergency, a new or modified policy may be adopted by a majority vote of a quorum of the school board in a single meeting. A statement regarding the emergency and the need for immediate adoption of the policy shall be included in the minutes. The policy adopted in an emergency shall expire within one year following the emergency action unless the policy adoption procedure stated above is followed and the policy is reaffirmed. The school board shall have discretion to determine what constitutes an emergency.
- D. If a policy is modified with minor changes that do not affect the substance of the policy

or because of a legal change over which the school board has no control, the modified policy may be approved at one meeting at the discretion of the school board.

V. IMPLEMENTATION OF AND ACCESS TO POLICY

- A. The superintendent shall be responsible for implementing school board policies, other than the policies that cover how the school board will operate. The superintendent shall develop administrative guidelines and directives to provide greater specificity and consistency in the process of implementation. These guidelines and directives, including employee and student handbooks, shall be subject to annual review and approval by the school board.
- B. Each school board member shall have access to school district policies. A copy of the school district policies shall be placed in the office of each school attendance center and in the central school district office and shall be available for reference purposes to other interested persons.
- C. The superintendent, employees designated by the superintendent, and individual school board members shall be responsible for keeping the policy current.
- D. The school board shall review policies at least once every three years. The superintendent shall be responsible for developing a system of periodic review, addressing approximately one third of the policies annually. In addition, the school board shall review the following policies annually: 506 Student Discipline; 722 Public Data Requests; and 806 Crisis Management Policy.
- E. When no school board policy exists to provide guidance on a matter, the superintendent is authorized to act appropriately under the circumstances keeping in mind the mission, educational philosophy, and financial condition of the school district. Under such circumstances, the superintendent shall advise the school board of the need for a policy and present a recommended policy to the school board for approval.

Legal References: Minn. Stat. § 123B.02, Subd. 1 (School District Powers)
Minn. Stat. § 123B.09, Subd. 1 (School Board Powers)

Cross References: MSBA/MASA Model Policy 305 (Policy Implementation)

209 CODE OF ETHICS

I. PURPOSE

The purpose of this policy is to assist the individual school board member in understanding his or her role as part of a school board and in recognizing the contribution that each member must make to develop an effective and responsible school board.

II. GENERAL STATEMENT OF POLICY

Each school board member shall follow the code of ethics stated in this policy.

A. AS A MEMBER OF THE SCHOOL BOARD, I WILL:

1. Attend school board meetings.
2. Come to the meetings prepared for discussion of the agenda items.
3. Listen to the opinions and views of others (including, but not limited to, other school board members, administration, staff, students, and community members).
4. Vote my conscience after informed discussion, unless I abstain because a conflict of interest exists.
5. Support the decision of the school board, even if my position concerning the issue was different.
6. Recognize the integrity of my predecessors and associates and appreciate their work.
7. Be primarily motivated by a desire to provide the best possible education for the students of my school district.
8. Inform myself about the proper duties and functions of a school board member.

B. IN PERFORMING THE PROPER FUNCTIONS OF A SCHOOL BOARD MEMBER, I WILL:

1. Focus on education policy as much as possible.
2. Remember my responsibility is to set policy – not to implement policy.
3. Consider myself a trustee of public education and do my best to protect, conserve, and advance its progress.
4. Recognize that my responsibility, exercised through the actions of the school board as a whole, is to see that the schools are properly run – not to run them myself.

5. Work through the superintendent – not over or around the superintendent.
 6. Delegate the implementation of school board decisions to the superintendent.
- C. TO MAINTAIN RELATIONS WITH OTHER MEMBERS OF THE SCHOOL BOARD, I WILL:
1. Respect the rights of others to have and express opinions.
 2. Recognize that authority rests with the school board in legal session – not with the individual members of the school board except as authorized by law.
 3. Make no disparaging remarks, in or out of school board meetings, about other members of the school board or their opinions.
 4. Keep an open mind about how I will vote on any proposition until the board has met and fully discussed the issue.
 5. Make decisions by voting in school board meetings after all sides of debatable questions have been presented.
 6. Insist that committees be appointed to serve only in an advisory capacity to the school board.
- D. IN MEETING MY RESPONSIBILITIES TO MY COMMUNITY, I WILL:
1. Attempt to appraise and plan for both the present and future educational needs of the school district and community.
 2. Attempt to obtain adequate financial support for the school district's programs.
 3. Insist that business transactions of the school district be ethical and open.
 4. Strive to uphold my responsibilities and accountability to the taxpayers in my school district.
- E. IN WORKING WITH THE SUPERINTENDENT OF SCHOOLS AND STAFF, I WILL:
1. Hold the superintendent responsible for the administration of the school district.
 2. Give the superintendent authority commensurate with his or her responsibilities.
 3. Assure that the school district will be administered by the best professional personnel available.
 4. Consider the recommendation of the superintendent in hiring all employees.
 5. Participate in school board action after considering the recommendation of the superintendent and only after the superintendent has furnished adequate information supporting the recommendation.
 6. Insist the superintendent keep the school board adequately informed at all times.
 7. Offer the superintendent counsel and advice.

8. Recognize the status of the superintendent as the chief executive officer and a non-voting, ex officio member of the school board.
9. Refer all complaints to the proper administrative officer or insist that they be presented in writing to the whole school board for proper referral according to the chain of command.
10. Present any personal criticisms of employees to the superintendent.
11. Provide support for the superintendent and employees of the school district so they may perform their proper functions on a professional level.

F. IN FULFILLING MY LEGAL OBLIGATIONS AS A SCHOOL BOARD MEMBER, I WILL:

1. Comply with all federal, state, and local laws relating to my work as a school board member.
2. Comply with all school district policies as adopted by the school board.
3. Abide by all rules and regulations as promulgated by the Minnesota Department of Education and other state and federal agencies with jurisdiction over school districts.
4. Recognize that school district business may be legally transacted only in an open meeting of the school board.
5. Avoid conflicts of interest and refrain from using my school board position for personal gain.
6. Take no private action that will compromise the school board or administration.
7. Guard the confidentiality of information that is protected under applicable law.

Legal References: Minn. Stat. § 123B.02, Subd. 1 (General Powers of Independent School Districts)
Minn. Stat. § 123B.09 (Boards of Independent School Districts)
Minn. Stat. § 123B.143, Subd. 1 (Superintendent)

Cross References: None

210 CONFLICT OF INTEREST – SCHOOL BOARD MEMBERS

I. PURPOSE

The purpose of this policy is to observe state statutes regarding conflicts of interest and to engage in school district business activities in a fashion designed to avoid any conflict of interest or the appearance of impropriety.

II. GENERAL STATEMENT OF POLICY

It is the policy of the school board to contract for goods and services in conformance with statutory conflict of interest laws and in a manner that will avoid any conflict of interest or the appearance thereof. Accordingly, the school board will contract under the statutory exception provisions only when it is clearly in the best interest of the school district because of limitations that may exist on goods or services otherwise available to the school district.

III. GENERAL PROHIBITIONS AND RECOGNIZED STATUTORY EXCEPTIONS

- A. A school board member who is authorized to take part in any manner in making any sale, lease, or contract in his or her official capacity shall not voluntarily have a personal financial interest in that sale, lease, or contract or personally benefit financially therefrom.
- B. In the following circumstances, however, the school board may as an exception, by unanimous vote, contract for goods or services with a school board member of the school district:
 - 1. In the designation of a bank or savings association, in which a school board member is interested, as an authorized depository for school district funds and as a source of borrowing, provided such deposited funds are protected in accordance with Minnesota Statutes chapter 118A. Any school board member having said interest shall disclose that interest and the interest shall be entered upon the school board minutes. Disclosure shall be made when such bank or savings association is first designated as a depository or source of borrowing, or when such school board member is elected, whichever is later. Disclosure serves as notice of the interest and need only be made once;
 - 2. The designation of an official newspaper, or publication of official matters therein, in which the school board member is interested when it is the only newspaper complying with statutory requirements relating to the designation or publication;
 - 3. A contract with a cooperative association of which the school board member is a shareholder or stockholder but not an officer or manager;
 - 4. A contract for which competitive bids are not required by law. A contract made under this exception will be void unless the following procedures are observed:
 - a. The school board shall authorize the contract in advance of its performance by adopting a resolution setting out the essential facts and

determining that the contract price is as low as or lower than the price at which the goods or services could be obtained elsewhere.

- b. In the case of an emergency when the contract cannot be authorized in advance, payment of the claims must be authorized by a like resolution wherein the facts of the emergency are also stated.
- c. Before a claim is paid, the interested school board member shall file with the clerk of the school board an affidavit stating:
 - (1) The name of the school board member and the office held;
 - (2) An itemization of the goods or services furnished;
 - (3) The contract price;
 - (4) The reasonable value;
 - (5) The interest of the school board member in the contract; and
 - (6) That to the best of the school board member's knowledge and belief, the contract price is as low as, or lower than, the price at which the goods or services could be obtained from other sources.
- 5. A school board member may contract with the school district to provide construction materials or services, or both, when the sealed bid process is used. When the contract comes before the school board for consideration, the interested school board member may not vote on the contract. (**Note:** *This section applies only when the school district has a population of 1,000 or less according to the last federal census.*)
- 6. A school board member may rent space in a public facility at a rate commensurate with that paid by other members of the public.
- C. In the following circumstances, the school board may as an exception, by majority vote at a meeting at which all school board members are present, contract for services with a school board member of the school district: A school board member may be newly employed or may continue to be employed by the school district as an employee only if there is a reasonable expectation on July 1, or at the time the contract is entered into or extended, that the amount to be earned by that school board member under that contract or employment relationship, will not exceed \$20,000 in that fiscal year. If the school board member does not receive majority approval to be initially employed or to continue in employment at a meeting at which all school board members are present, that employment is immediately terminated and that school board member has no further rights to employment while serving as a school board member in the school district.
- D. The school board may contract with a class of school district employees, such as teachers or custodians, when the spouse of a school board member is a member of the class of employees contracting with the school board and the employee spouse receives no special monetary or other benefit that is substantially different from the benefits that other members of the class receive under the employment contract. For the school board to invoke this exception, it must have a majority of disinterested school board members vote to approve the contract, direct the school board member spouse to

abstain from voting to approve the contract, and publicly set out the essential facts of the contract at the meeting in which the contract is approved.

IV. LIMITATIONS ON RELATED EMPLOYEES

- A. The school board must hire or dismiss teachers only at duly called meetings. When a husband and wife, brother and sister, or two brothers or sisters, constitute a quorum, no contract employing a teacher may be made or authorized except upon the unanimous vote of the full school board.
- B. The school board may not employ any teacher related by blood or marriage to a school board member, within the fourth degree as computed by the civil law, except by a unanimous vote of the full school board.

V. CONFLICTS PRIOR TO TAKING OFFICE

A school board member with personal financial interest in a sale, lease, or contract with the school district which was entered before the school board member took office and presents an actual or potential conflict of interest, shall immediately notify the school board of such interest. It shall thereafter be the responsibility of the school board member to refrain from participating in any action relating to the sale, lease, or contract. At the time of renewal of any such sale, lease, or contract, the school board may enter into or renew such sale, lease, or contract only if it falls within one of the enumerated exceptions for contracts relating to goods or services provided above and if the procedures provided in this policy are followed.

VI. DETERMINATION AS TO WHETHER A CONFLICT OF INTEREST EXISTS

The determination as to whether a conflict of interest exists is to be made by the school board. Any school board member who has an actual or potential conflict shall notify the school board of such conflict immediately. The school board member shall thereafter cooperate with the school board as necessary for the school board to make its determination.

Legal References: Minn. Stat. § 122A.40, Subd. 3 (Employment; Contracts; Termination)
Minn. Stat. § 123B.195 (Board Member's Right to Employment)
Minn. Stat. § 471.87 (Public Officers, Interest in Contract; Penalty)
Minn. Stat. § 471.88, Subds. 2, 3, 4, 5, 12, 13, and 21 (Exceptions)
Minn. Stat. § 471.89 (Contract, When Void)
Op. Atty. Gen. 437-A-4, March 15, 1935
Op. Atty. Gen. 90-C-5, July 30, 1940
Op. Atty. Gen. 90-A, August 14, 1957

Cross References: MSBA/MASA Model Policy 101 (Legal Status of the School Board)
MSBA/MASA Model Policy 209 (Code of Ethics)

211 CRIMINAL OR CIVIL ACTION AGAINST SCHOOL DISTRICT, SCHOOL BOARD MEMBER, EMPLOYEE, OR STUDENT

I. PURPOSE

The purpose of this policy is to provide guidance about the school district's position, rights, and responsibilities when a civil or criminal action is pending against the school district, or a school board member, school district employee, or student.

II. GENERAL STATEMENT OF POLICY

- A. The school district recognizes that, when civil or criminal actions are pending against a school board member, school district employee, or student, the school district may be requested or required to take action.
- B. In responding to such requests and/or requirements, the school district will take such measures as are appropriate to its primary mission of providing for the education of students in an environment that is safe for staff and students and is conducive to learning.
- C. The school district acknowledges its statutory obligations with respect to providing assistance to school board members and teachers who are sued in connection with performance of school district duties. Collective bargaining agreements and school district policies may also apply.

III. CIVIL ACTIONS

- A. Pursuant to Minnesota Statutes section 466.07, subdivision 1, the school district shall defend and indemnify any school board member or school district employee for damages in school-related litigation, including punitive damages, claimed or levied against the school board member or employee, provided that the school board member or employee was acting in the performance of the duties of the position and was not guilty of malfeasance, willful neglect of duty, or bad faith.
- B. Pursuant to Minnesota Statutes section 123B.25(b), with respect to teachers employed by the school district, upon written request of the teacher involved, the school district must provide legal counsel for any school teacher against whom a claim is made or action is brought for recovery of damages in any tort action involving physical injury to any person or property or for wrongful death arising out of or in connection with the employment of the teacher with the school district. The school district will choose legal counsel after consultation with the teacher.
- C. Data Practices

Educational data and personnel data maintained by the school district may be sought as evidence in a civil proceeding. The school district will release the data only pursuant to the Minnesota Government Data Practices Act, Minnesota Statutes chapter 13 and to the Family Educational Rights and Privacy Act, 20 United States Code section 1232g, and related regulations. When an employee is subpoenaed and is expected to testify regarding educational data or personnel data, the employee will inform the building

administrator or designated supervisor, who shall immediately inform the superintendent or designee. No school board member or employee may release data without consultation in advance with the school district official designated as the responsible authority for the collection, use, and dissemination of data.

D. Service of Subpoenas

School district officers and employees will normally not be involved in providing service of process for third parties in the school setting.

E. Leave to Testify

Leave for employees appearing in court, either when sued or under subpoena to testify, will be considered in accordance with school district personnel policies and applicable collective bargaining agreements.

IV. CRIMINAL CHARGES OR CONDUCT

A. Employees

1. The school district expects that its employees serve as positive role models for students. As role models for students, employees have a duty to conduct themselves in an exemplary manner.
2. If the school district receives information relating to activities of a criminal nature by an employee, the school district will investigate and take appropriate disciplinary action, which may include discharge, subject to school district policies, statutes, and provisions of applicable collective bargaining agreements.
3. Pursuant to Minnesota Statutes section 123B.02, subdivision 20, if reimbursement for a criminal defense is requested by a school district employee, the school board may, after consulting with its legal counsel, reimburse the employee for any costs and reasonable attorney fees incurred by the employee to defend criminal charges brought against the employee arising out of the performance of duties for the school district. The decision whether to reimburse shall be made in the school board's discretion. A school board member who is a witness or an alleged victim in the case may not vote on the reimbursement. If a quorum of the school board is disqualified from voting on the reimbursement, the reimbursement must be approved by a judge of the district court.

B. Students

The school district has an interest in maintaining a safe and healthful environment and in preventing disruption of the educational process. To promote that interest, the school district will take appropriate action regarding students convicted of crimes that relate to the school environment.

C. Criminal Investigations

1. The policy of the school district is to cooperate with law enforcement officials. The school district will make all efforts, however, to encourage law enforcement officials to question students and employees outside of school hours and off school premises unless extenuating circumstances exist, the matter being investigated is school-related, or as otherwise provided by law.

2. If questioning at school is unavoidable, the school district will attempt to maintain confidentiality to avoid embarrassment to students and employees and to avoid disruption of the educational program. The school district will attempt to notify parents of a student under age 18 that police will be questioning their child. Normally, the superintendent, principal, or other appropriate school official will be present during the interview, except as otherwise required by law (Minnesota Statutes section 260E.22), or as otherwise determined in consultation with the parent or guardian.

D. Data Practices

The school district will release to juvenile justice and law enforcement authorities educational and personnel data only in accordance with Minnesota Statutes chapter 13 (Minnesota Government Data Practices Act) and 20 United States Code section 1232g (FERPA).

V. STATEMENTS WHEN LITIGATION IS PENDING

The school district recognizes that when a civil or criminal action is commenced or pending, parties to the lawsuit have particular duties in reference to persons involved or named in the lawsuit, as well as insurance carrier(s). Therefore, school board members or school district employees shall make or release statements in that situation only in consultation with legal counsel.

Legal References: Minn. Stat. Ch. 13 (Minnesota Government Data Practices Act)
Minn. Stat. §§ 121A.40-121A.56 (Pupil Fair Dismissal Act)
Minn. Stat. § 123B.02, Subd. 20 (Legal Counsel; Reimbursement)
Minn. Stat. § 123B.25(b) (Legal Actions Against Districts and Teachers)
Minn. Stat. § 260E.22 (Interviews)
Minn. Stat. § 466.07, Subd. 1 (Indemnification)
20 U.S.C. § 1232g (Family Educational Rights and Privacy Act)
42 U.S.C. § 1983 (Civil Action for Deprivation of Rights)
Minn. Op. Atty. Gen. 169 (Mar. 7, 1963)
Minn. Op. Atty. Gen. 169 (Nov. 3, 1943)
Dyppress v. School Committee of Boston, 446 N.E.2d 1099 (Mass. App. Ct. 1983)
Wood v. Strickland, 420 U.S. 308(1975)

Cross References: MSBA/MASA Model Policy 403 (Discipline, Suspension, and Dismissal of School District Employees)
MSBA/MASA Model Policy 406 (Public and Private Personnel Data)
MSBA/MASA Model Policy 408 (Subpoena of a School District Employee)
MSBA/MASA Model Policy 414 (Mandated Reporting of Child Neglect or Physical or Sexual Abuse)
MSBA/MASA Model Policy 506 (Student Discipline)
MSBA/MASA Model Policy 515 (Protection and Privacy of Pupil Records)

212 SCHOOL BOARD MEMBER DEVELOPMENT

I. PURPOSE

In recognition of the need for continuing in-service training and development for its members, the purpose of this policy is to encourage the members of the school board to participate in professional development activities designed for them so that they may perform their responsibilities.

II. GENERAL STATEMENT OF POLICY

- A. New school board members will be provided the opportunity and encouragement to attend the orientation and training sessions sponsored by the Minnesota School Boards Association (MSBA). School board members shall receive training in school finance and management developed in consultation with MSBA.
- B. All school board members are encouraged to participate in school board and related workshops and activities sponsored by local, state, and national school boards associations, as well as in the activities of other educational groups.
- C. School board members are expected to report back to the school board with materials of interest gathered at the various meetings and workshops.
- D. The school board will reimburse the necessary expenses of all school board members who attend meetings and conventions pertaining to school activities and the objectives of the school board, within the approved policy and budget allocations of the school district relating to the reimbursement of expenses involving the attendance at workshops and conventions.

Legal References: Minn. Stat. § 123B.09, Subd. 2 (Boards of Independent School Districts)

Cross References: MSBA/MASA Model Policy 214 (Out-of-State Travel by School Board Members)
MSBA/MASA Model Policy 412 (Expense Reimbursement)

214 OUT-OF-STATE TRAVEL BY SCHOOL BOARD MEMBERS

I. PURPOSE

The purpose of this policy is to control out-of-state travel by school board members as required by law.

II. GENERAL STATEMENT OF POLICY

School board members have an obligation to become informed on the proper duties and functions of a school board member, to become familiar with issues that may affect the school district, to acquire a basic understanding of school finance and budgeting, and to acquire sufficient knowledge to comply with federal, state, and local laws, rules, regulations, and school district policies that relate to their functions as school board members. Occasionally, it may be appropriate for school board members to travel out of state to fulfill their obligations.

III. APPROPRIATE TRAVEL

Travel outside the state is appropriate when the school board finds it proper for school board members to acquire knowledge and information necessary to allow them to carry out their responsibilities as school board members. Travel to other out-of-state meetings for which the member intends to seek reimbursement from the school district should be preapproved by the school board.

IV. REIMBURSABLE EXPENSES

Expenses to be reimbursed may include transportation, meals, lodging, registration fees, required materials, parking fees, tips, and other reasonable and necessary school district-related expenses.

V. REIMBURSEMENT

- A. Requests for reimbursement must be itemized on the official school district form and are to be submitted to the designated administrator. Receipts for lodging, commercial transportation, registration, and other reasonable and necessary expenses must be attached to the reimbursement form.
- B. Automobile travel shall be reimbursed at the mileage rate set by the school board. Commercial transportation shall reflect economy fares and shall be reimbursed only for the actual cost of the trip.
- C. Amounts to be reimbursed shall be within the school board's approved budget allocations, including attendance at workshops and conventions.

VI. ESTABLISHMENT OF DIRECTIVES AND GUIDELINES

The superintendent shall develop a schedule of reimbursement rates for school district business expenses, including those expenses requiring advance approval and specific rates of reimbursement. The superintendent shall also develop directives and guidelines to address methods and times for submission of requests for reimbursement.

Legal References: Minn. Stat. § 123B.09, Subd. 2 (Boards of Independent School Districts)
Minn. Stat. § 471.661 (Out-of-State Travel)
Minn. Stat. § 471.665 (Mileage Allowances)

Minn. Op. Atty. Gen. 1035 (Aug. 23, 1999) (Retreat Expenses)
Minn. Op. Atty. Gen. 161b-12 (Aug. 4, 1997) (Transportation Expenses)

Cross References: MSBA/MASA Model Policy 212 (School Board Member Development)
MSBA/MASA Model Policy 412 (Expense Reimbursement)

301 SCHOOL DISTRICT ADMINISTRATION

I. PURPOSE

The purpose of this policy is to clarify the role of the school district administration and its relationship with the school board.

II. GENERAL STATEMENT OF POLICY

- A. Effective administration and sound management practices are essential to realizing educational excellence. It is the responsibility of the school district administration to develop a school environment that recognizes the dignity of each student and employee, and the right of each student to access educational programs and services equitably.
- B. The school board expects all activities related to school district operations to be administered in a well-planned manner, conducted in an orderly fashion, and to be consistent with the policies of the school board.
- C. The school board shall seek specific recommendations, background information and professional advice from the school district administration and will hold the administration accountable for sound management of the schools.
- D. Although the school board holds the superintendent ultimately responsible for administration of the school district and annual evaluation of each principal, the school board also recognizes the direct responsibility of principals for educational results and effective administration, supervisory, and instructional leadership at the school building level.
- E. The school board and school administration shall work together to share information and decisions that best serve the needs of school district students within financial and facility constraints that may exist.

Legal References: Minn. Stat. § 123B.143 (Superintendent)
Minn. Stat. § 123B.147 (Principals)

Cross References: None

302 SUPERINTENDENT

I. PURPOSE

The purpose of this policy is to recognize the importance of the role of the superintendent and the overall responsibility of that position within the school district.

II. GENERAL STATEMENT OF POLICY

The school board shall employ a superintendent who shall serve as an ex officio, nonvoting member of the school board and as chief executive officer of the school system.

III. GENERAL RESPONSIBILITIES

- A. The superintendent is responsible for the management of the schools, the administration of all school district policies, and is directly accountable to the school board.
- B. The superintendent shall annually evaluate each principal assigned responsibility for supervising a school building in the district.
- C. The superintendent may delegate responsibilities to other school district personnel, but shall continue to be accountable for actions taken under such delegation.
- D. Where responsibilities are not specifically prescribed, nor school board policy applicable, the superintendent shall use personal and professional judgment, subject to review by the school board.

Legal References: Minn. Stat. § 123B.143 (Superintendent)

Cross References: MSBA/MASA Model Policy 202 (School Board Officers)
MSBA/MASA Model Policy 208 (Development, Adoption, and Implementation of Policies)
MSBA/MASA Model Policy 214 (Out-of-State Travel by School Board Members)
MSBA/MASA Model Policy 301 (School District Administration)
MSBA/MASA Model Policy 303 (Superintendent Selection)
MSBA/MASA Model Policy 304 (Superintendent Contract, Duties, and Evaluation)
MSBA/MASA Model Policy 305 (Policy Implementation)
MSBA/MASA Model Policy 306 (Administrator Code of Ethics)
MSBA/MASA Model Policy 412 (Expense Reimbursement)
MSBA/MASA Model Policy 510 (School Activities)
MSBA/MASA Model Policy 511 (Student Fundraising)
MSBA/MASA Model Policy 513 (Student Promotion, Retention, and Program Design)
MSBA/MASA Model Policy 602 (Organization of School Calendar and School Day)
MSBA/MASA Model Policy 605 (Alternative Programs)
MSBA/MASA Model Policy 701 (Establishment and Adoption of School District Budget)
MSBA/MASA Model Policy 704 (Development and Maintenance of an Inventory)

of Fixed Assets and a Fixed Asset Accounting System)
MSBA/MASA Model Policy 802 (Disposition of Obsolete Equipment and
Material)
MSBA/MASA Model Policy 903 (Visitors to School District Buildings and Sites)
MSBA/MASA Model Policy 905 (Advertising)
MSBA/MASA Model Policy 906 (Community Notification of Predatory Offenders)
MSBA/MASA Model Policy 907 (Rewards)

303 SUPERINTENDENT SELECTION

I. PURPOSE

The purpose of this policy is to convey to the school community that the authority to select and employ a superintendent is vested in the school board.

II. GENERAL STATEMENT OF POLICY

The school board shall employ a superintendent to serve as the chief executive officer of the school district and to conduct the daily operations of the school district.

III. QUALIFICATIONS

- A. The school board shall consider applicants who meet or exceed the licensing standards set by the Minnesota Board of School Administrators and qualifications established in the job description for the superintendent position. State and federal equal employment and nondiscrimination requirements shall be observed throughout the recruitment and selection process.
- B. The school board will consider professional preparation, experience, skill, and demonstrated competence of qualified applicants in making a final decision.

IV. SELECTION

- A. A process for recruitment, screening, and interviewing of candidates shall be developed by the school board.
- B. The school board may contract for assistance in the search for a superintendent.
- C. The school board shall provide the contract for the superintendent and specifically identify all conditions of employment mutually agreed upon with the superintendent. In so doing, the school board shall observe all requirements of state and federal law and school board policy.

Legal References: Minn. Stat. § 123B.143 (Superintendent)
Minn. Rules, Chapter 3512

Cross References: None

304 SUPERINTENDENT CONTRACT, DUTIES, AND EVALUATION

I. PURPOSE

The purpose of this policy is to provide for the use of an employment contract with the superintendent, a position description, and the use of an approved instrument to evaluate performance.

II. GENERAL STATEMENT OF POLICY

- A. The superintendent's contract shall be used to formalize the employment relationship and to specifically identify and clarify all conditions of employment with the superintendent.
- B. The specific duties for which the superintendent is accountable shall be set forth in a position description for the superintendent and shall be measured by a performance appraisal instrument approved by the school board in consultation with the superintendent. The school board shall use this instrument to periodically evaluate the performance of the superintendent.
- C. The school board may use the model contract approved by the boards of the Minnesota School Boards Association and the Minnesota Association of School Administrators as a model instrument.

Legal References: Minn. Stat. § 123B.143 (Superintendent)

Cross References: None

305 POLICY IMPLEMENTATION

I. PURPOSE

The purpose of this policy is to clarify the responsibility of the school administration for implementation of school district policy.

II. GENERAL STATEMENT OF POLICY

- A. It shall be the responsibility of the superintendent to implement school district policy and to recommend additions or modifications thereto. The administration is authorized to develop procedures, guidelines, and directives to effectuate the implementation of school district policies. These procedures, guidelines, and directives shall not be inconsistent with said policies. At least annually, these written procedures, guidelines, and directives shall be presented to the school board for review.
- B. Employee and student handbooks shall be subject to annual review and approval by the school board.
- C. School principals and other administrators who have handbook responsibilities shall present recommended changes necessary to reflect new or modified policies. Changes of substance within handbooks shall be reviewed by the superintendent to assure compliance with school district policy and shall be approved by the school board.

Legal References: Minn. Stat. § 123B.143 (Superintendent)

Cross References: MSBA/MASA Model Policy 208 (Development, Adoption, and Implementation of Policies)

306 ADMINISTRATOR CODE OF ETHICS

I. PURPOSE

The purpose of this policy is to establish the requirements of the school board that school administrators adhere to the standards of ethics and professional conduct in this policy and Minnesota law.

II. GENERAL STATEMENT OF POLICY

- A. An educational administrator's professional behavior must conform to an ethical code. The code must be idealistic and at the same time practical, so that it can apply reasonably to all educational administrators. The administrator acknowledges that the schools belong to the public they serve for the purpose of providing educational opportunities to all. However, the administrator assumes responsibility for providing professional leadership in the school and community. This responsibility requires the administrator to maintain standards of exemplary professional conduct. It must be recognized that the administrator's actions will be viewed and appraised by the community, professional associates, and students. To these ends, the administrator must subscribe to the following standards.
- B. The Educational Administrator:
 - 1. Makes the well-being of students the fundamental value of all decision-making and actions.
 - 2. Fulfills professional responsibilities with honesty and integrity.
 - 3. Supports the principle of due process and protects the civil and human rights of all individuals.
 - 4. Obeys local, state, and national laws and does not knowingly join or support organizations that advocate, directly or indirectly, the overthrow of the government.
 - 5. Implements the school board's policies.
 - 6. Pursues appropriate measures to correct those laws, policies, and regulations that are not consistent with sound educational goals.
 - 7. Avoids using positions for personal gain through political, social, religious, economic, or other influence.
 - 8. Accepts academic degrees or professional certification only from duly accredited institutions.
 - 9. Maintains the standards and seeks to improve the effectiveness of the profession through research and continuing professional development.

10. Honors all contracts until fulfillment, release, or dissolution is mutually agreed upon by all parties to the contract.
11. Adheres to the Code of Ethics for School Administrators in Minnesota Rule.

Legal References: Minn. Stat. § 122A.14, Subd. 4 (Duties of Board of School Administrators)
Minn. Rules Part 3512.5200 (Code of Ethics for School Administrators)

Cross References: None



**Independent School District No. 108
Norwood Young America, Minnesota**

Communications Letter

June 30, 2024

**Independent School District No. 108
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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. 108
Norwood Young America, 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. 108, Norwood Young America, 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 audit 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 certain deficiency in internal control that we consider to be a material weakness.

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.

The material weakness identified is stated within this letter.

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 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 15, 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 District 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.

Bergan KDV, Ltd.

Minneapolis, Minnesota
November 15, 2024

Independent School District No. 108 Material Weakness

Lack of Segregation of Accounting Duties

The District has a lack of segregation of accounting duties due to a limited number of office employees. 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 financial statements. As a result of this condition, material audit adjustments were required for contracts payable and construction in progress.

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. However, management and the School Board must remain aware of this situation and should continually monitor the accounting system, including changes that occur.

Segregation of accounting duties relates to four key areas: initiation/authorization, processing/recording, reconciling/reporting of financial data, and custody of assets. This lack of segregation can be demonstrated in the following areas, which is not intended to be an all-inclusive list:

- ◆ The Finance Coordinator has access to various areas of the accounting system and can initiate, record, process, and report financial information. The Finance Coordinator also has access to District bank accounts.
- ◆ The Payroll Coordinator enters payroll information and processes payroll.
- ◆ The Finance Coordinator records and maintains all capital asset records.
- ◆ Cash payments can be received at various locations and there are instances where the individual collecting payment can also record and process receipts in the accounting system.

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

**Independent School District No. 108
Required Communication**

We have audited the basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District 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 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 taken 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. 108
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:

- ◆ Management Override of Controls - Management override of internal control is considered a risk in substantially all engagements as management may be incentivized to produce better results.
- ◆ Misappropriation of Assets - If duties cannot be appropriately segregated, there is a risk of unauthorized transactions being made by the District. In addition, generally this results in less review taking place as transactions are recorded in the financial statements.
- ◆ Improper Revenue Recognition - Revenue recognition is considered a fraud risk on substantially all engagements as it generally has a significant impact on the results of the governments operations. In addition, complexities exist surrounding the calculation and recording of various revenue sources.
- ◆ 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. 108
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 dependent on the availability of monies 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 Related to Pensions and Deferred Inflows of Resources Related 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.

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.

Significant Difficulties Encountered during the Audit

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

Independent School District No. 108 Required Communication

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. Management has corrected all such misstatements.

The following bullet point summarizes the uncorrected financial statement misstatement whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole and each applicable opinion unit. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit.

- ◆ Prior period addition of a grouped asset with a net book value of \$26,700.

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. The following material misstatements that were identified as a result of our audit procedures were brought to the attention of and corrected by management.

- ◆ Contracts payable and construction in progress balances were understated.

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.

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. 108
Required Communication**

Other Significant Matters, Findings, or Issues (Continued)

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 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. 108
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.

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.

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.

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. 108 Financial Analysis

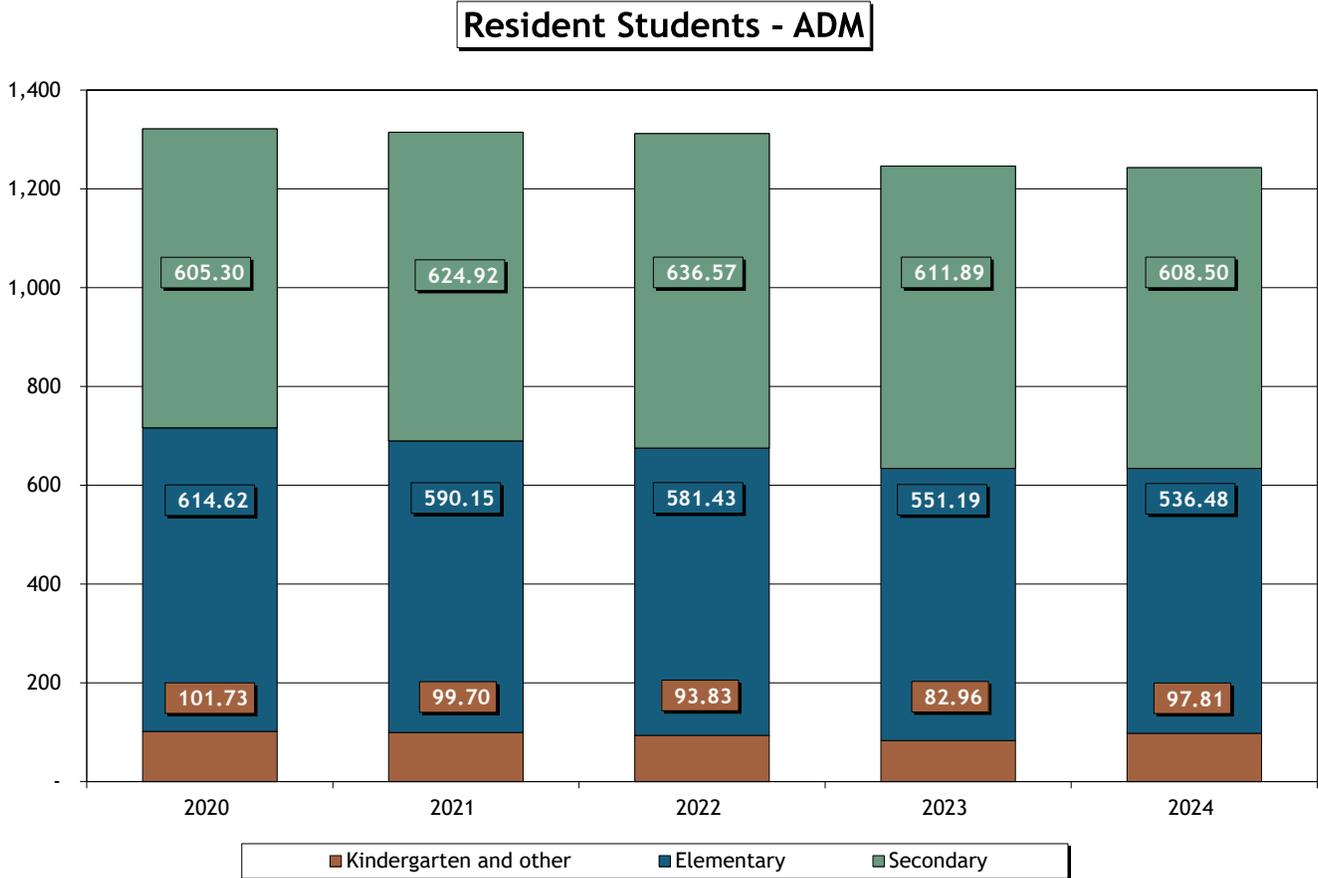
Average Daily Membership and Pupil Units (Continued)

The following chart and graph summarizes resident ADM of the District over the past five years.

Resident ADM	2020	2021	2022	2023	2024
Kindergarten and other	101.73	99.70	93.83	82.96	97.81
Elementary	614.62	590.15	581.43	551.19	536.48
Secondary	605.30	624.92	636.57	611.89	608.50
Total Resident ADM	1,321.65	1,314.77	1,311.83	1,246.04	1,242.79

* Estimate as of November 12, 2024

The chart and graph above provides resident ADM over the past five years. Total resident ADM has decreased in each of the last four years. Resident ADM ended 2024 with a total of 1,242.79, a decrease of 3.25 ADM compared to 2023.



Independent School District No. 108 Financial Analysis

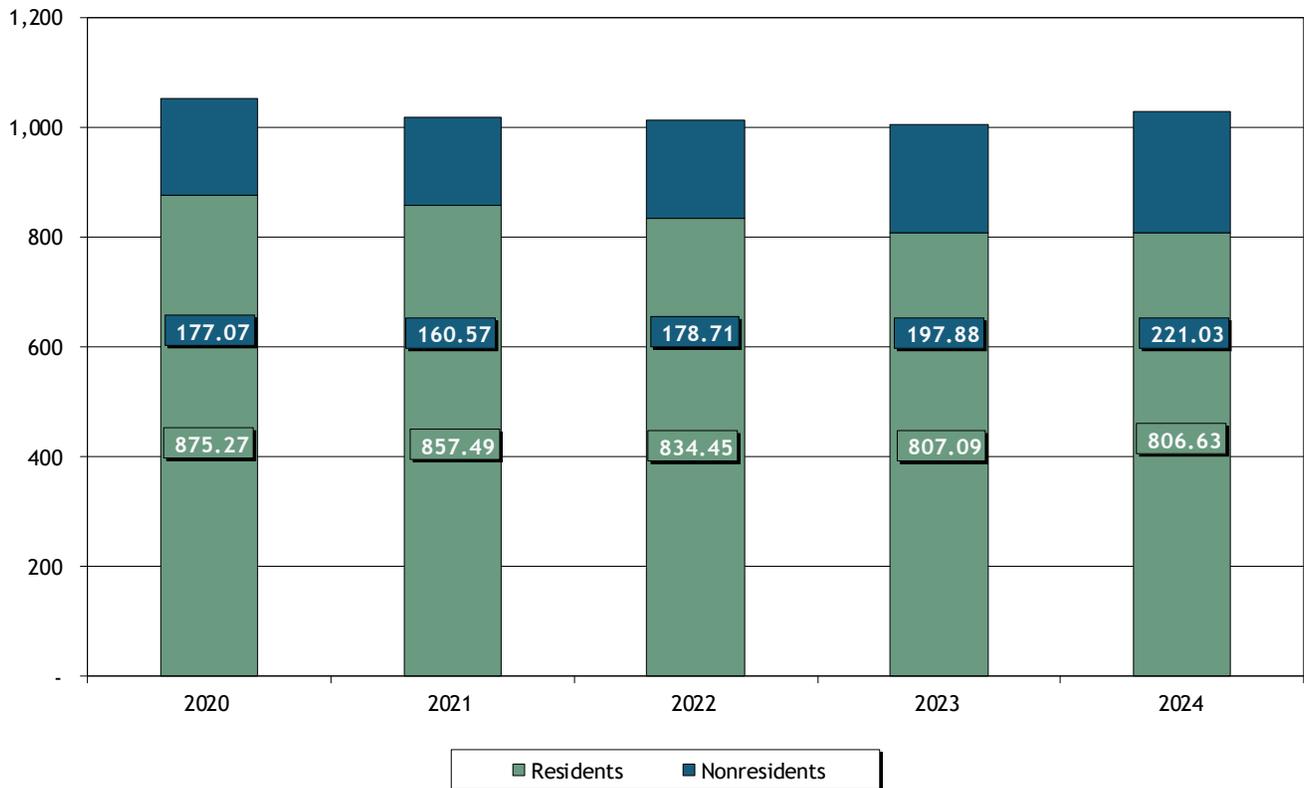
Average Daily Membership and Pupil Units (Continued)

Pupil Units Weighting	Pre-Kindergarten	Handicapped Kindergarten	Kindergarten	Elementary Grades 1-3	Elementary Grades 4-6	Secondary
Fiscal Years 2019-2023	1.000	1.000	1.000	1.000	1.000	1.200

Pupil units are computed by weighting ADM (PUN) using the factors on the table above. The PUN served table, and graph below converts resident ADM into weighted or adjusted pupil unit data for the past five years taking into consideration the above weighting factors and open enrollment.

	2020	2021	2022	2023	2024
Residents	1,442.73	1,439.77	1,439.14	1,368.42	1,364.41
Residents going elsewhere	(567.46)	(582.28)	(604.69)	(561.33)	(557.78)
Nonresidents coming in	177.07	160.57	178.71	197.88	221.03
Total Adjusted PUN	1,052.34	1,018.06	1,013.16	1,004.97	1,027.66

Students Served - PUN



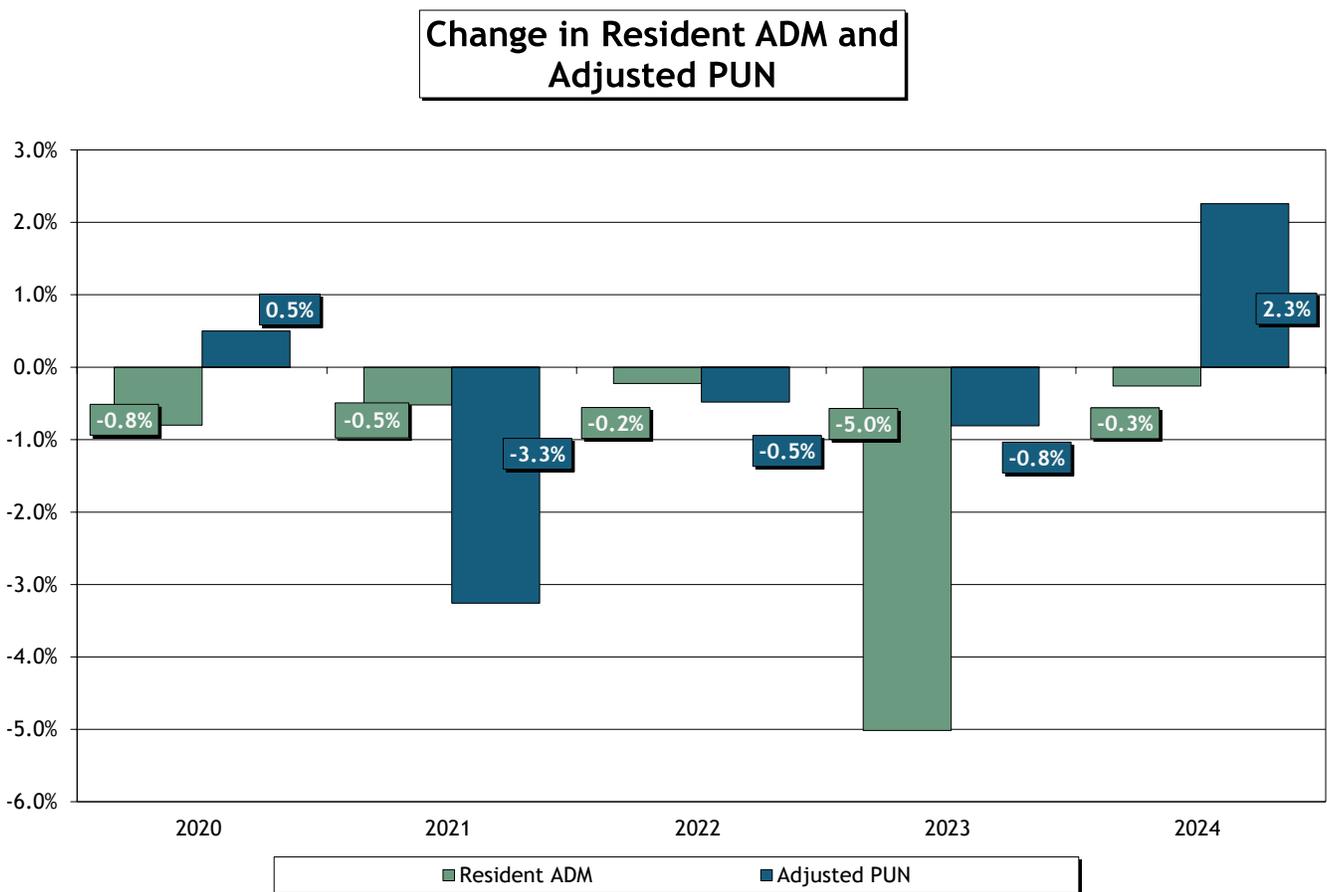
* Estimate as of November 12, 2024

Independent School District No. 108 Financial Analysis

Average Daily Membership and Pupil Units (Continued)

Adjusted PUN increased from 2023 to 2024 was 2.3%. Open enrollment is a factor in the District's student count fluctuation. For the past five years, the District has experienced a net loss due to open enrollment. In 2020, the net loss was 390.39 and in 2024 the net loss dropped to 336.75. These losses are due to resident students leaving the District through open enrollment and the growing number of students attending charter schools. The number of residents going elsewhere decreased by 3.55 adjusted PUN. The number of nonresidents coming into the District increased by 23.15.

The following graph illustrates the percentage change from year-to-year in resident ADM and PUN served.



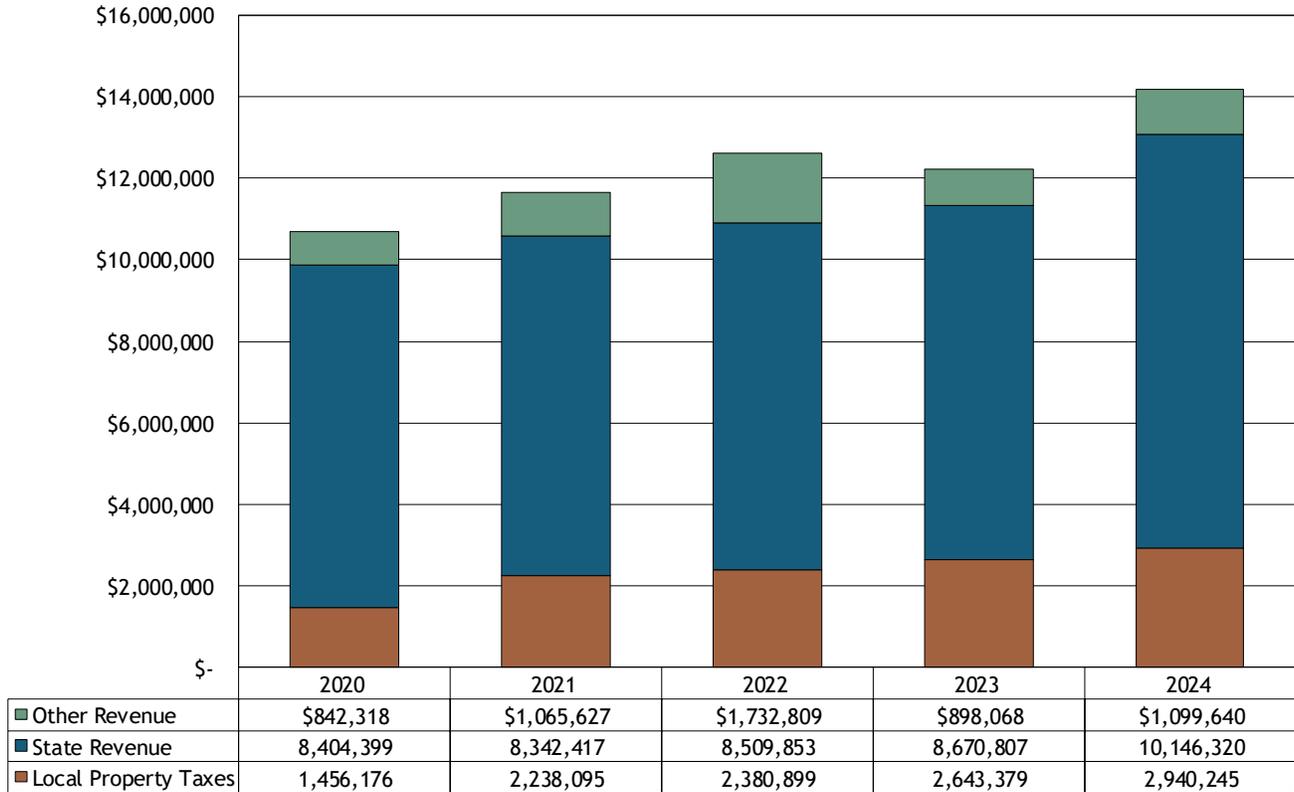
* Estimate as of November 12, 2024

**Independent School District No. 108
Financial Analysis**

General Fund Sources of Revenue

The following table displays the sources of revenue for the General Fund.

General Fund Sources of Revenue



Total General Fund revenues of \$14,186,205 was an increase of 1,973,951, or 16.16%, from 2023 to 2024 and increased \$3,483,312, or 32.55% over the course of the five years presented.

State revenue, which makes up the largest percentage of the District’s revenue at 71.52%, increased by \$1,475,513 in 2024 due to an increase in general education aid and special education funding. Local property tax revenue increased \$296,866 due primarily to an increase in the tax levy for the General Fund. Other revenue sources increased \$201,572 compared to 2023 primarily due to an increase in interest earnings.

**Independent School District No. 108
Financial Analysis**

General Fund Budget and Actual

The chart below highlights 2024 General Fund budget and actual results. Originally, in June 2023, the District budgeted for a deficit of \$522,913 for 2024. Budget revisions increased the projected deficit to \$604,318. The District ended 2024 with an actual surplus of \$338,846 for the General Fund.

Overall, General Fund revenues were over budget by \$493,148, or 3.6%. Revenues from state sources were over budget by \$261,072 due to more students than anticipated resulting in more General Education Aid than budgeted. Other local and county revenues were \$161,386 over budget with better investment performance and greater medical assistance revenue than anticipated.

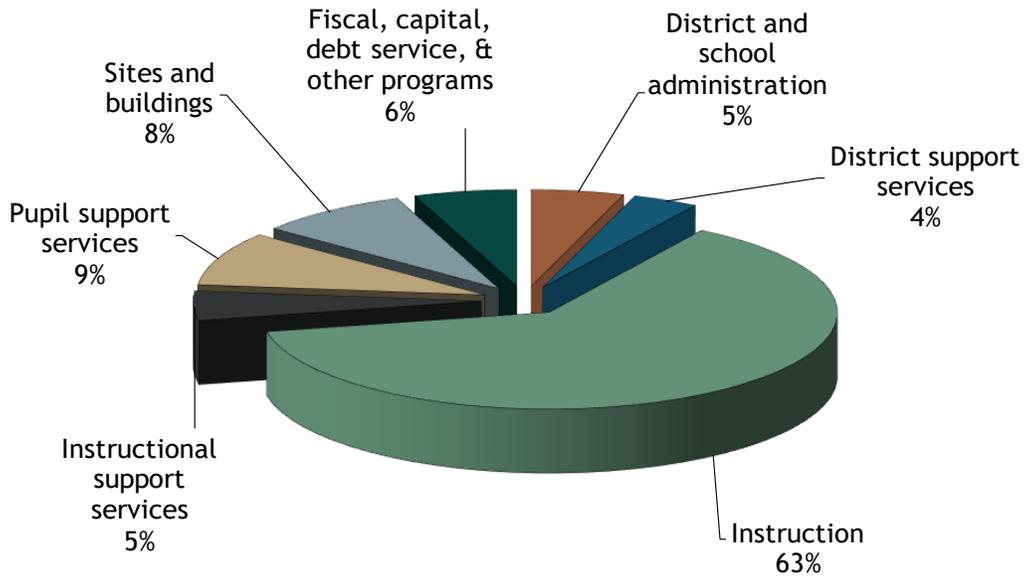
General Fund expenditures were under budget by \$450,016 in total. District support services expenditures came in under budgeted amounts by \$140,605 due to less legal costs than anticipated. Capital outlay expenditures were \$538,087 under budget due to timing of construction projects.

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Local property taxes	\$ 2,919,439	\$ 2,906,755	\$ 2,940,245	\$ 33,490
Other local and county revenues	191,700	274,479	435,865	161,386
Revenue from state sources	9,771,338	9,885,248	10,146,320	261,072
Revenue from federal sources	134,000	626,575	663,775	37,200
Total revenues	13,016,477	13,693,057	14,186,205	493,148
Expenditures				
Administration	749,806	682,896	714,356	31,460
District support services	670,309	648,680	508,075	(140,605)
Regular instruction	5,600,804	5,904,059	5,941,923	37,864
Vocational education instruction	184,307	188,044	217,239	29,195
Special education instruction	2,163,810	2,461,796	2,501,296	39,500
Instructional support services	554,590	706,681	677,311	(29,370)
Pupil support services	1,072,998	1,107,370	1,241,824	134,454
Sites and buildings	1,324,393	1,188,196	1,175,988	(12,208)
Fiscal and other fixed cost programs	86,000	96,000	94,390	(1,610)
Capital outlay	983,781	1,088,203	550,116	(538,087)
Debt service	148,592	148,592	147,983	(609)
Total expenditures	13,539,390	14,220,517	13,770,501	(450,016)
Excess of revenues over (under) expenditures	(522,913)	(527,460)	415,704	943,164
Other Financing Uses				
Transfers Out	-	(76,858)	(76,858)	-
Net Change in Fund Balances	\$ (522,913)	\$ (604,318)	\$ 338,846	\$ 943,164

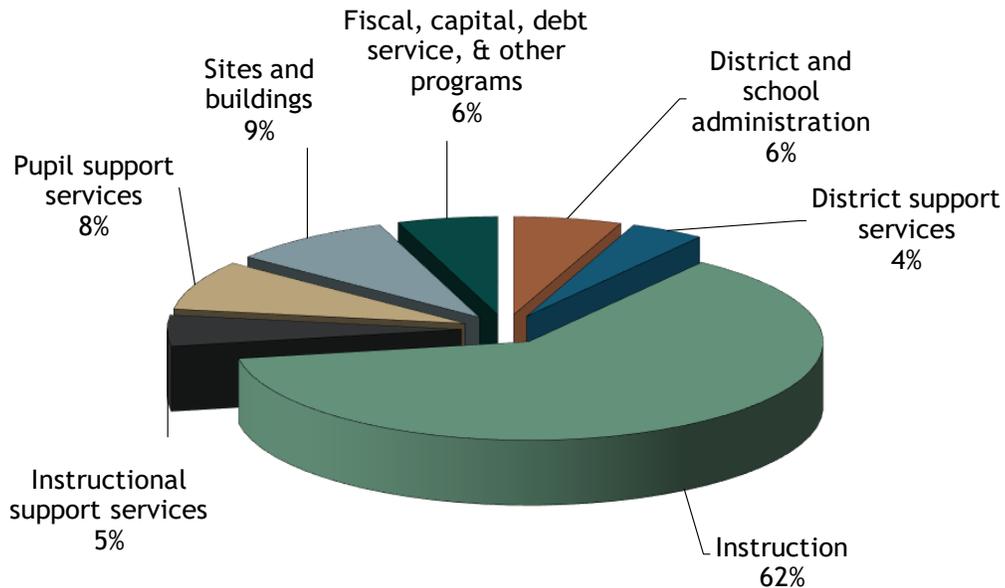
Independent School District No. 108 Financial Analysis

General Fund Expenditure Allocation

2024 General Fund Expenditure Allocation



2023 General Fund Expenditure Allocation



Total instruction expenditures (regular, special education and vocational) represents approximately 63% of total General Fund expenditures for 2024 and approximately 62% for 2023. Expenditures related to instruction programs increased \$729,123, pupil support services increased \$197,192, while District and school administration costs decreased \$42,858 during 2024.

**Independent School District No. 108
Financial Analysis**

General Fund Operations

The chart below illustrates the General Fund revenue, expenditures, and fund balances for the past five years.

Year Ended June 30,	2020	2021	2022	2023	2024
Revenues	\$ 10,702,893	\$ 11,646,139	\$ 12,623,561	\$ 12,212,254	\$ 14,186,205
Expenditures	10,710,634	11,270,964	12,366,777	12,745,071	13,770,501
Excess of revenues over (under) expenditures	(7,741)	375,175	256,784	(532,817)	415,704
Add other sources	173,988	-	-	-	-
Add transfers in	536,455	-	-	-	-
Less transfers out	(290,455)	-	-	-	(76,858)
Fund balance, July 1	1,590,233	2,139,331	2,514,506	2,771,290	2,238,473
Change in accounting principle	136,851	-	-	-	-
Fund Balance, June 30	\$ 2,139,331	\$ 2,514,506	\$ 2,771,290	\$ 2,238,473	\$ 2,577,319
Nonspendable for					
Prepays	\$ 4,431	\$ 65,776	\$ 55,979	\$ 14,007	\$ 43,766
Restricted/reserved for					
Student Activities	109,199	109,590	103,059	81,865	65,973
Scholarships	34,705	33,584	31,777	31,492	31,211
Capital Projects Levy	-	77,282	95,954	221,264	168,786
Basic Skills	-	-	-	-	216,903
Operating Capital	-	113,666	61,353	2,027	116,172
Basic Skills Extended Time	-	-	43,341	77,220	-
Safe schools	-	-	-	-	2,334
Long Term Facilities Maintenance	100,000	220,739	295,600	301,495	492,371
Medical Assistance	70,832	63,891	109,326	135,225	65,822
Committed for					
Assigned	-	607,182	624,624	417,589	387,077
Unassigned	1,820,164	1,222,796	1,350,277	956,289	986,904
Fund Balance, June 30	\$ 2,139,331	\$ 2,514,506	\$ 2,771,290	\$ 2,238,473	\$ 2,577,319

At June 30, 2024, the District has 7% of actual expenditures (based on 2024 levels) in the unassigned fund balance. The District has a fund balance policy to maintain an unassigned fund balance of no less than 7% of budgeted general fund expenditures.

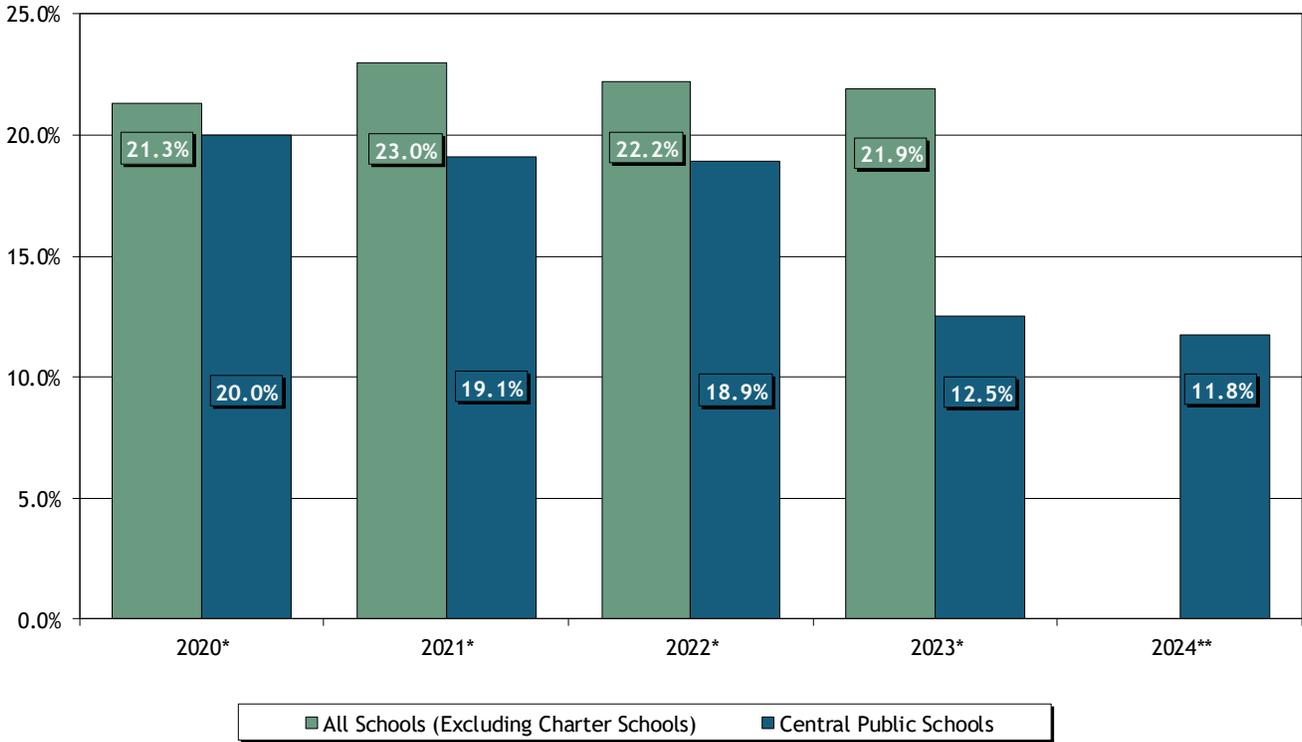
From 2023 to 2024, revenues increased 16% and expenditures increased 8%. Included in the illustration above are all the general activities of the District, including all categorical or reserved programs. All of these activities comprise the General Fund, per the Uniform Financial Accounting and Reporting Standards (UFARS) definition. Overall, the General Fund balance increased \$338,846 while the unassigned portion increased by \$30,615.

Independent School District No. 108
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.

Unrestricted Fund Balance as a Percentage of Unrestricted Expenditures



* Information was obtained from the Minnesota Department of Education (MDE) web site report *General Fund Unreserved Balance for Fiscal Years 2020-2023*. Fiscal year 2024 information is not available.

** MDE 2024 UFARS Turnaround Compliance Report

**Independent School District No. 108
Financial Analysis**

Revenues Per Student

Revenues per student (ADM served) are summarized as follows:

Independent School District No. 108*	2020	2021	2022	2023	2024**
General Fund	\$ 11,062	\$ 12,565	\$ 13,609	\$ 13,194	\$ 14,756
Food Service Fund	487	466	712	619	741
Community Service Fund	857	837	951	1,075	964
Building Construction Fund	-	-	(390)	1,109	1,557
Debt Service Fund	1,035	1,071	1,053	1,900	3,016
Total Revenues Per Student	\$ 13,441	\$ 14,939	\$ 15,935	\$ 17,897	\$ 21,033

State Average*	2020	2021	2022	2023	2024
General Fund	\$ 13,628	\$ 14,612	\$ 15,166	\$ 15,727	N/A
Food Service Fund	548	569	791	667	N/A
Community Service Fund	595	571	685	745	N/A
Building Construction Fund	134	82	35	104	N/A
Debt Service Fund	1,307	1,466	1,447	1,456	N/A
Total Revenues Per Student	\$ 16,212	\$ 17,300	\$ 18,124	\$ 18,699	N/A

Districts with 500 to 999 ADM Served*	2020	2021	2022	2023	2024
General Fund	\$ 13,102	\$ 14,113	\$ 14,598	\$ 16,398	N/A
Food Service Fund	576	623	856	680	N/A
Community Service Fund	362	364	428	521	N/A
Building Construction Fund	122	106	106	103	N/A
Debt Service Fund	958	1,189	1,204	1,070	N/A
Total Revenues Per Student	\$ 15,120	\$ 16,395	\$ 17,192	\$ 18,772	N/A

* Source: *School District Profiles*; year 2024 is not yet available.

** Estimate as of November 12, 2024

Independent School District No. 108 Financial Analysis

Expenditures Per Student

Expenditures per student (ADM served) are summarized as follows:

Independent School District No. 108*	2020	2021	2022	2023	2024**
General Fund	\$ 10,889	\$ 12,159	\$ 13,331	\$ 13,772	\$ 14,324
Food Service Fund	488	441	583	718	744
Community Service Fund	1,138	813	1,028	1,172	1,138
Building Construction Fund	-	-	3,987	19,497	28,343
Debt Service Funds	1,023	1,073	1,068	2,335	2,638
Total Expenditures Per Student	\$ 13,538	\$ 14,486	\$ 19,997	\$ 37,494	\$ 47,187

State Average*	2020	2021	2022	2023	2024
General Fund	\$ 13,313	\$ 14,167	\$ 15,010	\$ 15,730	N/A
Food Service Fund	554	529	666	702	N/A
Community Service Fund	622	571	646	715	N/A
Building Construction Fund	2,085	2,008	1,773	1,513	N/A
Debt Service Funds	1,345	1,522	1,531	1,499	N/A
Total Expenditures Per Student	\$ 17,919	\$ 18,797	\$ 19,626	\$ 20,159	N/A

Districts with 500 to 999 ADM Served*	2020	2021	2022	2023	2024
General Fund	\$ 12,440	\$ 13,295	\$ 14,015	\$ 14,577	N/A
Food Service Fund	608	615	769	810	N/A
Community Service Fund	465	477	539	599	N/A
Building Construction Fund	2,745	3,602	2,787	2,437	N/A
Debt Service Funds	1,289	1,737	2,097	1,725	N/A
Total Expenditures Per Student	\$ 17,547	\$ 19,726	\$ 20,207	\$ 20,148	N/A

* Source: *School District Profiles*; year 2024 is not yet available.

** Estimate as of November 12, 2024

**Independent School District No. 108
Financial Analysis**

Food Service Fund

The following table presents five years of comparative operating results for the Food Service Fund.

Year Ended June 30,	2020	2021	2022	2023	2024
Revenues	\$ 469,034	\$ 429,806	\$ 658,692	\$ 570,845	\$ 712,041
Expenditures	470,784	407,380	538,953	662,448	715,733
Excess of revenues over (under) expenditures	(1,750)	22,426	\$ 119,739	\$ (91,603)	(3,692)
Fund balance, July 1	107,491	105,741	128,167	247,906	156,303
Fund Balance, June 30	\$ 105,741	\$ 128,167	\$ 247,906	\$ 156,303	\$ 152,611

Overall, food service revenues increased \$141,196 from 2023 to 2024, and expenditures increased \$53,285. The increase in revenue was the result of more state funding related to meal reimbursements. The increase in expenditures primarily was related to the increase in costs and number of meals served, as well as an increase in the cost of contracted services. The fund finished the year with a 21% fund balance based on 2024 spending levels.

Community Service Fund

The following table presents five years of comparative operating results for the Community Service Fund.

Year Ended June 30,	2020	2021	2022	2023	2024
Revenues	\$ 826,130	\$ 772,202	\$ 879,859	\$ 992,485	\$ 926,831
Expenditures	850,599	750,670	950,826	1,081,440	1,093,892
Excess of revenues over (under) expenditures	(24,469)	21,532	(70,967)	(88,955)	(167,061)
Other financing sources (uses)	(246,000)	-	-	-	-
Fund balance, July 1	581,777	311,308	332,840	261,873	172,918
Fund Balance, June 30	\$ 311,308	\$ 332,840	\$ 261,873	\$ 172,918	\$ 5,857

As the table indicates, Community Service Fund expenditures exceeded revenues in 2024 by \$167,061 dropping fund balance to \$5,857 at the end of the year. Revenues decreased by 6.62% while expenditures increased by 1.15% based on increased community service programming fees and costs.

Due to MDE regulations, the total Community Service Fund is segregated, or restricted, as follows: restricted for early childhood and family education \$50,242, and restricted for school readiness \$1,506 and restricted for community education (\$39,526) - classified as unassigned due to negative balance. The remainder is a negative unassigned balance of \$6,365.

Independent School District No. 108 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. 108 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. 108
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. 108
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 includes:

- ◆ **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. 108
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. 108
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. 108
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.

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

**Independent School District No. 108
Norwood Young America, Minnesota**

Basic Financial Statements

June 30, 2024

**Independent School District No. 108
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**Independent School District No. 108
Board of Education and Administration
June 30, 2024**

<u>Board of Education</u>	<u>Position</u>
Sara Eischens	Chair
Shelby Erickson	Vice Chair
Connor Smith	Clerk
Kyle Strickfaden	Treasurer
Josh Kroells	Director
Emily Perlbachs	Director
Sarah Lehrke	Director
 <u>Administration</u> 	
Timothy Schochenmaier	Superintendent
Amy Groschen	Finance Coodinator

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Independent Auditor's Report

To the School Board
Independent School District No. 108
Norwood Young America, Minnesota

Report on the Audit of the Financial Statements

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 108, Norwood Young America, Minnesota, as of and for the year ended June 30, 2024, and the related notes to the 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. 108, as of June 30, 2024, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 Independent School District No. 108 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.

Responsibilities of Management for the Financial Statements

The management of Independent School District No. 108 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 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 15, 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.

BerganKDV, Ltd.

Minneapolis, Minnesota
November 15, 2024

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**Independent School District No. 108
Management Discussion and Analysis
June 30, 2024**

This section of Independent School District No. 108's annual financial report presents our 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 fiscal year 2023-2024 include the following:

- ◆ Total General Fund revenues were \$14,186,205 and total General Fund expenditures were \$13,770,501 for the fiscal year ended June 30, 2024. Total revenues and expenditures for all governmental funds combined were \$20,221,296 and \$45,365,252 respectively.
- ◆ The total fund balance in the General Fund increased by \$338,846 to \$2,577,319. The Unassigned fund balance in the General Fund increased by \$30,615 to \$986,904. Total General Fund revenues were 3.5% higher than the final budget, and total General Fund expenditures were 3.2% less than the final budget.
- ◆ The total fund balance in the Food Services fund decreased by \$3,692 to \$152,611, with revenue of \$712,041 and expenditures of \$715,733.
- ◆ The total fund balance in the Community Service fund decreased by \$167,061 to \$5,857 with revenue of \$926,831 and expenditures of \$1,093,892.
- ◆ The long-term liability for compensated absences amounts to \$36,372 at June 30, 2024. This is a decrease of \$12,210. The total long-term liability for other postemployment benefits is \$1,209,907 at June 30, 2024. This total liability increased by \$114,299 in 2023-2024.
- ◆ The District has general obligation bonded debt principal outstanding in the amount of \$51,264,917 as of June 30, 2024. This is a decrease of \$1,070,000 from the previous fiscal year end due to principal payments made in 2023-2024.
- ◆ Net position of governmental activities increased by \$2,670,892 for the fiscal year. The total expense of governmental activities was \$17,603,405. Program revenues totaled \$5,215,522 and general revenues totaled \$15,058,775

**Independent School District No. 108
Management Discussion and Analysis
June 30, 2024**

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts - Independent Auditors' Report, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, and single audit and other required reports. 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.

DISTRICT-WIDE STATEMENTS

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

The two district-wide statements report the District's net position and how they have 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 is 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.

**Independent School District No. 108
Management Discussion and Analysis
June 30, 2024**

DISTRICT-WIDE STATEMENTS (CONTINUED)

In the district-wide financial statements the District's activities are shown as Governmental activities:

- ◆ Governmental activities - Most 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.

Governmental funds - The District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps 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 at the bottom of the governmental funds statements that explain the relationship (or differences) between them.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position

The District's combined net position from Governmental activities was \$4,532,331 on June 30, 2024. (See Table A-1) This represents an increase of \$2,670,892 in net position. Total assets decreased by approximately \$3.5 million or -4.42% based on current year capital projects. Total liabilities decreased by approximately \$5.7 million or -7.67% with long-term liabilities decreasing by \$1.2 million primarily due to bond payments.

**Independent School District No. 108
Management Discussion and Analysis
June 30, 2024**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

**Table A-1
Net Position - Governmental Activities**

	Year Ended 2024	Year Ended 2023	Percentage Change
Assets			
Current and other assets	\$ 16,882,831	\$ 46,383,670	-63.60%
Capital assets	60,542,222	34,621,869	74.87%
Total assets	<u>77,425,053</u>	<u>81,005,539</u>	-4.42%
Deferred Outflows of Resources			
	<u>2,594,050</u>	<u>3,271,290</u>	-20.70%
Total assets and deferred outflows of resources	<u>\$ 80,019,103</u>	<u>\$ 84,276,829</u>	-5.05%
Liabilities			
Other liabilities	\$ 5,015,794	\$ 9,456,558	-46.96%
Long-term liabilities	63,650,896	64,911,870	-1.94%
Total liabilities	<u>\$ 68,666,690</u>	<u>\$ 74,368,428</u>	-7.67%
Deferred Inflows of Resources			
	<u>\$ 6,820,082</u>	<u>\$ 8,046,962</u>	-15.25%
Net Position			
Net investment in capital assets	\$ 7,789,118	\$ 7,736,493	0.68%
Restricted	3,298,000	1,614,339	104.29%
Unrestricted	<u>(6,554,787)</u>	<u>(7,489,393)</u>	12.48%
Total net position	<u>\$ 4,532,331</u>	<u>\$ 1,861,439</u>	-143.49%

Changes in net position

The District's total revenues were \$20,274,297 for the year ended June 30, 2024. Property taxes and state formula aid accounted for 70% of total revenue for the year (See Figure A-1). 30% of total revenue came from program revenues and investment earnings.

The total cost of all programs and services was \$17,603,405. The District's expenses are predominantly related to educating and caring for students, approximately 51% (See Figure A-2). The purely administrative activities of the District accounted for just 4% of total costs.

**Independent School District No. 108
Management Discussion and Analysis
June 30, 2024**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

Changes in net position (Continued)

Total revenues exceeded expenditures, increasing net position by \$2,670,892.

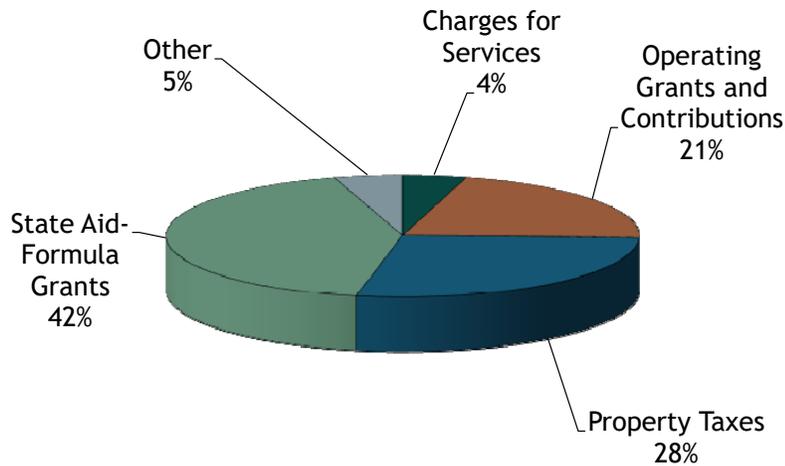
**Table A-2
Change in Net Position**

	Year Ended 2024	Year Ended 2023	Percentage Change
Revenues			
Program revenues			
Charges for services	\$ 883,116	\$ 1,099,692	-19.69%
Operating grants and contributions	4,293,688	2,245,691	91.20%
Capital grants and contributions	38,718	37,940	2.05%
General revenues			
Property taxes	5,561,311	4,308,614	29.07%
General grants and aids	8,548,683	7,793,999	9.68%
Investment earnings	948,781	1,111,998	-14.68%
Miscellaneous	-	-	N/A
Total revenues	<u>20,274,297</u>	<u>16,597,934</u>	<u>22.15%</u>
Expenses			
Administration	\$677,786	\$612,127	10.73%
District support services	488,553	518,735	-5.82%
Elementary and secondary regular instruction	5,709,797	4,419,326	29.20%
Vocational education instruction	221,024	173,276	27.56%
Special education instruction	2,414,735	1,832,316	31.79%
Instructional support services	657,249	557,567	17.88%
Pupil support services	1,244,633	1,017,456	22.33%
Sites and buildings	2,705,418	1,816,656	48.92%
Fiscal and other fixed cost programs	94,390	79,507	18.72%
Food service	800,114	575,106	N/A
Community education and services	1,066,421	981,167	8.69%
Unallocated depreciation	73,809	73,213	N/A
Interest and fiscal charges on long-term debt	1,449,476	1,172,021	N/A
Total expenses	<u>17,603,405</u>	<u>13,828,473</u>	<u>27.30%</u>
Increase (decrease) in net position	2,670,892	2,769,461	-3.56%
Net Position			
Net position - beginning	<u>1,861,439</u>	<u>(908,022)</u>	<u>-305.00%</u>
End of year	<u>\$ 4,532,331</u>	<u>\$ 1,861,439</u>	<u>-143.49%</u>

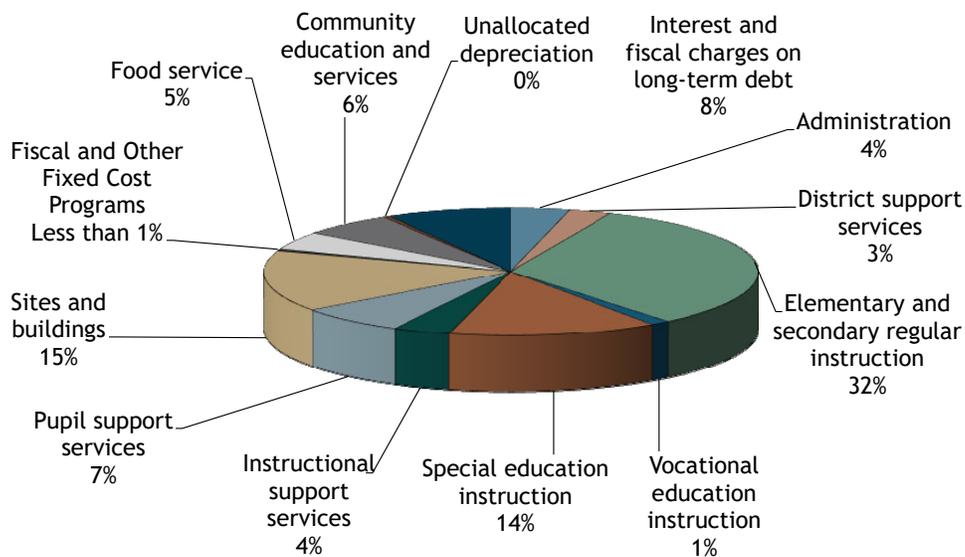
**Independent School District No. 108
Management Discussion and Analysis
June 30, 2024**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

**Figure A-1
Source of Revenues for Fiscal Year 2024**



**Figure A-2
Expenses for Fiscal Year 2024**



The cost of all governmental activities was \$17,603,405, which is an increase of 27.3% from the previous year.

- ◆ Some of the cost was paid by the users of the District's programs (\$883,166).

**Independent School District No. 108
Management Discussion and Analysis
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FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

The federal and state governments subsidized certain programs with grants and contributions (\$4,332,406).

- ◆ Most of the District's costs (\$12,387,883), however, were paid for by District taxpayers and the taxpayers of the State of Minnesota.
- ◆ The net expense of governmental activities in excess of program revenue was paid for with \$5,561,311 in property taxes and \$8,548,683 of state aid based on the statewide education aid formula. Investments earnings were \$948,791 as a result of fair value adjustments for the year ended June 30, 2024.

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

	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	2024	2023		2024	2023	
Administrative	\$ 677,786	\$ 612,127	10.73%	\$ 677,786	\$ 612,137	10.72%
District support services	488,553	518,735	-5.82%	476,022	504,983	-5.74%
Elementary and secondary regular instruc	5,709,797	4,419,326	29.20%	4,952,446	3,812,566	29.90%
Vocational education instruction	221,024	173,276	27.56%	221,024	166,280	32.92%
Special education instruction	2,414,735	1,832,316	31.79%	263,211	557,874	-52.82%
Instructional support services	657,249	557,567	17.88%	657,249	557,567	17.88%
Pupil support services	1,244,633	1,017,456	22.33%	1,210,985	969,753	24.88%
Sites and buildings	2,705,418	1,816,656	48.92%	1,953,200	1,778,716	9.81%
Fiscal and other fixed cost programs	94,390	79,507	18.72%	89,040	79,507	11.99%
Food service	800,114	575,106	N/A	92,803	10,704	N/A
Community education and services	1,066,421	981,167	8.69%	270,832	149,839	80.75%
Unallocated depreciation	73,809	73,213	N/A	73,809	73,213	N/A
Interest and fiscal charges on long-term del	1,449,476	1,172,021	N/A	1,449,476	1,172,021	N/A
Total	<u>\$ 17,603,405</u>	<u>\$ 13,828,473</u>	<u>27.30%</u>	<u>\$ 12,387,883</u>	<u>\$ 10,445,160</u>	<u>18.60%</u>

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a combined fund balance of \$6,567,234, which is a decrease of \$25,143,956 from the prior year ending fund balance. Revenues for the District's governmental funds were \$20,221,296, total expenditures were \$45,365,252.

The Capital Projects Fund balance decreased by \$25,751,697 in the current fiscal year. The Debt Service Fund balance increased by \$439,648. The fund balance of the General Fund increased by \$338,846. The operations of the other governmental funds resulted in the fund balance of the Food Service Fund decreasing by \$3,692 and the fund balance of the Community Service fund decreasing \$167,061.

**Independent School District No. 108
Management Discussion and Analysis
June 30, 2024**

GENERAL FUND

The following schedule presents a summary of General Fund Revenues.

**Table A-4
General Fund Revenues**

	Year Ended		Change	
	June 30, 2024	June 30, 2023	Increase (Decrease)	Percent Change
Local property taxes	\$ 2,940,245	\$ 2,643,379	\$ 296,866	11.2%
Revenue from state sources	10,146,320	8,670,807	1,475,513	17.0%
Revenue from federal sources	663,775	528,278	135,497	25.6%
Other	435,865	369,790	66,075	17.9%
Total	\$ 14,186,205	\$ 12,212,254	\$ 1,973,951	16.2%

Total General Fund revenue of \$14,186,205 increased by \$1,973,951 or 16.2% compared to the previous year. The biggest increase was from Federal sources due to allowed carryover and timing of expenditures using these funds. In 2023-2024 there were also increases in local, state and other sources. Basic general education revenue is determined by the state per student funding formula and consists of state aid revenue. Other state-authorized revenue including excess levy referendum and operating capital involve an equalized mix of property tax and state aid revenue. The mix of property tax and state aid can change significantly from year to year without any net change of revenue.

The following schedule presents a summary of General Fund expenditures.

**Table A-5
General Fund Expenditures**

	Year Ended		Change	
	June 30, 2024	June 30, 2023	Increase (Decrease)	Percent Change
Salaries	\$ 6,951,914	\$ 6,454,250	\$ 497,664	7.7%
Employee benefits	2,133,718	2,064,445	69,273	3.4%
Purchased services	2,935,224	2,651,132	284,092	10.7%
Supplies and materials	946,630	808,541	138,089	17.1%
Capital expenditures	550,116	490,345	59,771	12.2%
Debt service expenditures	147,983	182,404	(34,421)	-18.9%
Other expenditures	104,916	93,954	10,962	11.7%
Total	\$ 13,770,501	\$ 12,745,071	\$ 1,025,430	8.0%

**Independent School District No. 108
Management Discussion and Analysis
June 30, 2024**

GENERAL FUND (CONTINUED)

The total General Fund expenditures of \$13,770,501 was an increase of \$1,025,430 or 8% over the prior year. Salaries and benefits increased by \$566,937 combined. Salaries increased 7.7% and employee benefits increased by 3.4%. Purchased services expenditures increased \$284,092 or 10.7%, from the prior year. The remaining categories of supplies and materials, capital expenditures, debt service and other expenditures net to an overall cost increase of \$174,401 this fiscal year.

In 2023-2024, General Fund expenditures exceed revenues by \$415,704 which was \$943,164 lower than budget. General Fund revenue was \$493,148 higher than budgeted and expenditures were \$450,016 less than budgeted. The unassigned fund balance increased from \$956,289 at June 30, 2023 to \$986,904 at June 30, 2024. Although the District's revenue was higher than budget and expenditures were lower than budget, much of the funds are restricted and the District remains at 7% unassigned fund balance which is the Board policy minimum.

FOOD SERVICE FUND

The Food Service Fund accounts for the activities related to providing nutrition services to the K-12 academic program. The fund operates on the principle of revenues exceeding expenditures on day-to-day operations so that the excess can be used to systematically replace and upgrade kitchen equipment around the District. By operating in this manner, the Student Nutrition Services program is self-contained and does not pull resources away from direct K-12 instruction.

The fund balance decreased by \$3,692 in 2023-2024. Food Service Fund revenue for 2023-2024 totaled \$712,041, which is an increase \$141,196 or 19.8% from 2022-2023. Food Service Fund expenditures for 2023-2024 totaled \$715,733, an increase of \$53,285,71, or 7.5% from 2022-2023. The District did purchase some new kitchen equipment which attributed to this reduction in fund balance in 2023-2024.

COMMUNITY SERVICE FUND

The Community Service Fund accounts for the activities related to providing education services for Pre-Kindergarten and Post-Grade 12 students. The fund operates on a principle of breaking even on a year-to-year basis so that it does not pull resources away from K-12 instruction.

The fund balance decreased by \$167,061 in 2023-2024. Community Service Fund revenues for 2023-2024 totaled \$926,831. This was a decrease of \$65,654 or 6.6% from 2022-2023. Community Service Fund expenditures for 2023-2024 totaled \$1,093,892. This was an increase of \$12,452 or 1.1% from 2022-2023.

The entire fund balance is restricted to be used for specific purposes based on state requirements.

CAPITAL PROJECTS FUND

The Capital Projects Fund accounts for the costs of school construction, addition, and renovation projects. Bond proceeds are deposited in the Capital Projects Fund and are then drawn down as the payments are made for work completed on the various building projects. The proceeds of bonds can only be used for the purpose for which the bonds were issued.

**Independent School District No. 108
Management Discussion and Analysis
June 30, 2024**

CAPITAL PROJECTS FUND (CONTINUED)

In 2023-2024 the District had local revenues totaling \$1,497,143 related to investment performance.

The District expended \$27,248,840 on capital projects during the year. The fund balance decreased by \$25,751,697 in 2023-2024. Several projects are in process at the end of the fiscal year. At such time that the District has completed all construction projects in process, the fund balance of this fund should end up at \$0 as long as no further construction or renovation is approved.

DEBT SERVICE FUND

The Debt Service Fund exists to service the principal and interest payments on long-term debt issued by the District to construct school facilities or acquire school equipment. Annual levies will provide revenue at a rate of 105% of pending debt service payments for a fiscal year. This rate is specified in statute to ensure that principal and interest payments can be made as scheduled even if there are late property tax payments or delinquencies that may arise.

Debt service revenue was \$2,899,076 for 2023-2024, 85.6% of which came from property tax revenue. Debt service expenditures were \$2,536,286. The District made principal payments in the amount of \$1,070,000 and interest and other payments of \$1,466,286. The Debt Service Fund has a fund balance of \$460,628 as of June 30, 2024, which is restricted to be used for future debt payments.

The Minnesota Department of Education monitors fund balances in the Debt Service Fund and limits the amount of funds that can be carried forward. If the fund balance gets too high, future levy authority will be reduced in order to reduce the debt service fund balance to a reasonable level. Fund balance and collection of tax levies will provide adequate cash flow for timely payment of principal and interest.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

By the end of 2024, the District had invested \$77,387,874 in a broad range of capital assets including: school buildings, land, and other equipment for various instructional programs (see Table A-6). Accumulated depreciation/amortization as of June 30, 2024, was \$16,845,652, with current year depreciation/amortization expense for governmental activities totaling \$1,909,975. More detailed information about capital assets can be found in Note 3 to the basic financial statements.

**Independent School District No. 108
Management Discussion and Analysis
June 30, 2024**

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

Capital Assets (Continued)

**Table A-7
Long-Term Liabilities**

	Year Ended 2024	Year Ended 2023	Percent Change
General obligation bonds	\$ 51,264,917	\$ 52,334,917	-2.0%
Net bond premium and discount	2,694,610	2,861,527	-5.8%
Lease liability	231,624	267,014	N/A
Finance purchases payable	-	108,805	-100.0%
Net pension liability	8,213,466	8,195,417	0.2%
Total OPEB liability	1,209,907	1,095,608	10.4%
Compensated absences payable	36,372	48,582	-25.1%
Total long-term liabilities	<u>\$ 63,650,896</u>	<u>\$ 64,911,870</u>	<u>-1.9%</u>
Long-term liabilities			
Due within one year	\$ 1,630,917	\$ 1,238,486	
Due in more than one year	<u>62,019,979</u>	<u>63,673,384</u>	
Total	<u>\$ 63,650,896</u>	<u>\$ 64,911,870</u>	

Long-Term Liabilities

For the fiscal year ended June 30, 2024, the District had \$63,650,896 in long-term liabilities outstanding, including \$51,264,917 in General Obligation Bonds. More detailed information about the long-term liabilities is presented in Note 4 of the financial statements.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District Office, ISD No. 108, 531 Morse Street, Norwood Young America, MN 55368.

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BASIC FINANCIAL STATEMENTS

Independent School District No. 535
Statement of Net Position
June 30, 2024

	Governmental Activities
Assets	
Cash and investments	\$ 11,947,576
Current property taxes receivable	3,420,468
Delinquent property taxes receivable	20,511
Due from Department of Education	1,139,686
Due from Federal Government through Department of Education	283,526
Due from other governmental units	16,858
Inventory	10,440
Prepaid items	43,766
Capital assets not being depreciated	
Land	25,000
Construction in progress	1,082,658
Capital assets net of accumulated depreciation	
Land improvements	7,570,144
Buildings and improvements	48,204,952
Equipment	3,450,277
Leased assets net of accumulated amortization	
Leased buildings and improvements	179,718
Leased equipment	29,473
Total assets	77,425,053
Deferred Outflows of Resources	
Deferred outflows related to OPEB	348,083
Deferred outflows related to pensions	2,245,967
Total deferred outflows of resources	2,594,050
 Total assets and deferred outflows of resources	 \$ 80,019,103
Liabilities	
Accounts and contracts payable	\$ 2,716,045
Salaries and benefits payable	1,245,616
Interest payable	661,395
Due to other Minnesota school districts	326,485
Due to other governmental units	2,297
Unearned revenue	63,956
Net bond principal payable	
Payable within one year	1,575,000
Payable after one year	52,384,527
Lease liability	
Payable within one year	37,731
Payable after one year	193,893
Compensated absences payable	
Payable within one year	18,186
Payable after one year	18,186
Total OPEB liability	1,209,907
Net pension liability	8,213,466
Total liabilities	68,666,690
Deferred Inflows of Resources	
Property taxes levied for subsequent year's expenditures	5,940,687
Deferred inflows related to OPEB	120,957
Deferred inflows related to pensions	758,438
Total deferred inflows of resources	6,820,082
Net Position	
Net investment in capital assets	7,789,118
Restricted for	
General purposes	1,170,789
Capital projects	1,932,772
Food service	142,171
Community service	52,268
Unrestricted	(6,554,787)
Total net position	4,532,331
 Total liabilities, deferred inflows of resources, and net position	 \$ 80,019,103

Independent School District No. 108
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	\$ 677,786	\$ -	\$ -	\$ -	\$ (677,786)
District support services	488,553	-	12,531	-	(476,022)
Elementary and secondary regular instruction	5,709,797	191,570	565,781	-	(4,952,446)
Vocational education instruction	221,024	-	-	-	(221,024)
Special education instruction	2,414,735	-	2,151,524	-	(263,211)
Instructional support services	657,249	-	-	-	(657,249)
Pupil support services	1,244,633	-	33,648	-	(1,210,985)
Sites and buildings	2,705,418	-	713,500	38,718	(1,953,200)
Fiscal and other fixed cost programs	94,390	-	5,350	-	(89,040)
Food service	800,114	78,486	628,825	-	(92,803)
Community education and services	1,066,421	613,060	182,529	-	(270,832)
Unallocated depreciation	73,809	-	-	-	(73,809)
Interest and fiscal charges on long-term debt	1,449,476	-	-	-	(1,449,476)
Total governmental activities	\$ 17,603,405	\$ 883,116	\$ 4,293,688	\$ 38,718	(12,387,883)
General revenues					
Taxes					
					2,948,511
					2,488,967
					123,833
					8,548,683
					948,781
					<u>15,058,775</u>
					2,670,892
					<u>1,861,439</u>
					\$ 4,532,331

Independent School District No. 108
Balance Sheet - Governmental Funds
June 30, 2024

	General	Debt Service	Capital Projects
Assets			
Cash and Investments			
Cash and investments	\$ 3,981,427	\$ 1,670,773	\$ 5,929,281
Current property taxes receivable	1,501,864	1,828,510	-
Delinquent property taxes receivable	11,217	8,774	-
Due from Department of Education	1,088,910	37,726	-
Due from Federal Government through Department of Education	283,526	-	-
Due from other governmental units	16,858	-	-
Inventory	-	-	-
Prepaid items	43,766	-	-
Total assets	<u>\$ 6,927,568</u>	<u>\$ 3,545,783</u>	<u>\$ 5,929,281</u>
Liabilities			
Accounts payable	\$ 132,390	\$ 2,900	\$ 2,558,462
Salaries and benefits payable	1,171,330	-	-
Due to other Minnesota school districts	326,485	-	-
Due to other governmental units	2,246	-	-
Unearned revenue	7,596	-	-
Total liabilities	<u>1,640,047</u>	<u>2,900</u>	<u>2,558,462</u>
Deferred inflows of resources			
Property tax levied for subsequent year's expenditures	2,698,985	3,073,481	-
Unavailable revenue - delinquent property taxes	11,217	8,774	-
Total deferred inflows of resources	<u>2,710,202</u>	<u>3,082,255</u>	<u>-</u>
Fund Balances			
Nonspendable for			
Inventory	-	-	-
Prepaid items	43,766	-	-
Restricted for			
Student activities	65,973	-	-
Scholarships	31,211	-	-
Capital projects levy	168,786	-	-
Projects funded by certificates of participation	-	-	501,901
Operating capital	116,172	-	-
Basic skills	216,903	-	-
Safe schools	2,334	-	-
Long-term facilities maintenance	492,371	-	60,704
Medical assistance	65,822	-	-
Debt service	-	460,628	-
Food service	-	-	-
Early childhood family and education programs	-	-	-
School readiness	-	-	-
Capital projects	-	-	2,808,214
Assigned	387,077	-	-
Unassigned	986,904	-	-
Total fund balances	<u>2,577,319</u>	<u>460,628</u>	<u>3,370,819</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 6,927,568</u>	<u>\$ 3,545,783</u>	<u>\$ 5,929,281</u>

Nonmajor Funds	Total Governmental Funds
\$ 366,095	\$ 11,947,576
90,094	3,420,468
520	20,511
13,050	1,139,686
-	283,526
-	16,858
10,440	10,440
-	43,766
<u>\$ 480,199</u>	<u>\$ 16,882,831</u>
\$ 22,293	\$ 2,716,045
74,286	1,245,616
-	326,485
51	2,297
56,360	63,956
<u>152,990</u>	<u>4,354,399</u>
168,221	5,940,687
520	20,511
<u>168,741</u>	<u>5,961,198</u>
10,440	10,440
-	43,766
-	65,973
-	31,211
-	168,786
-	501,901
-	116,172
-	216,903
-	2,334
-	553,075
-	65,822
-	460,628
142,171	142,171
50,242	50,242
1,506	1,506
-	2,808,214
-	387,077
(45,891)	941,013
<u>158,468</u>	<u>6,567,234</u>
<u>\$ 480,199</u>	<u>\$ 16,882,831</u>

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Independent School District No. 108
Reconciliation of the Balance Sheet to
the Statement of Net Position - Governmental Funds
June 30, 2024

Total fund balances - governmental funds	\$ 6,567,234
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	77,055,323
Less accumulated depreciation	(16,722,292)
Leased assets	332,551
Less accumulated amortization	(123,360)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.	
Long-term liabilities at year-end consist of:	
Bond principal payable	(51,264,917)
Bond premiums	(2,694,610)
Lease liability	(231,624)
Compensated absences payable	(36,372)
Total OPEB liability	(1,209,907)
Net pension liability	(8,213,466)
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 related to pensions	2,245,967
Deferred inflows related to pensions	(758,438)
Deferred outflows of resources and deferred inflows of resources are created as a result of various differences related to OPEB that are not recognized in the governmental funds.	
Deferred outflows related to OPEB	348,083
Deferred inflows related to OPEB	(120,957)
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.	
	20,511
Governmental funds do not report a liability for accrued interest on bonds and finance purchases until due and payable.	
	<u>(661,395)</u>
Total net position - governmental activities	<u>\$ 4,532,331</u>

Independent School District No. 108
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds
Year Ended June 30, 2024

	General	Debt Service	Capital Projects
Revenues			
Local property taxes	\$ 2,940,245	\$ 2,481,399	\$ -
Other local and county revenues	435,865	40,411	1,497,143
Revenue from state sources	10,146,320	377,266	-
Revenue from federal sources	663,775	-	-
Sales and other conversion of assets	-	-	-
Total revenues	<u>14,186,205</u>	<u>2,899,076</u>	<u>1,497,143</u>
Expenditures			
Current			
Administration	714,356	-	-
District support services	508,075	-	-
Elementary and secondary regular instruction	5,941,923	-	-
Vocational education instruction	217,239	-	-
Special education instruction	2,501,296	-	-
Instructional support services	677,311	-	-
Pupil support services	1,241,824	-	-
Sites and buildings	1,175,988	-	93,035
Fiscal and other fixed cost programs	94,390	-	-
Food service	-	-	-
Community education and services	-	-	-
Capital outlay			
District support services	1,370	-	-
Elementary and secondary regular instruction	2,350	-	-
Vocational education instruction	7,258	-	-
Special education instruction	331,867	-	-
Pupil support services	4,338	-	-
Sites and buildings	202,933	-	27,155,805
Food service	-	-	-
Community education and services	-	-	-
Debt service			
Principal	144,195	1,070,000	-
Interest and fiscal charges	3,788	1,466,286	-
Total expenditures	<u>13,770,501</u>	<u>2,536,286</u>	<u>27,248,840</u>
Excess of revenues over (under) expenditures	415,704	362,790	(25,751,697)
Other Financing Sources (Uses)			
Transfers in	-	76,858	-
Transfers out	(76,858)	-	-
Total other financing sources (uses)	<u>(76,858)</u>	<u>76,858</u>	<u>-</u>
Net change in fund balances	338,846	439,648	(25,751,697)
Fund Balances			
Beginning of year	<u>2,238,473</u>	<u>20,980</u>	<u>29,122,516</u>
End of year	<u>\$ 2,577,319</u>	<u>\$ 460,628</u>	<u>\$ 3,370,819</u>

See notes to basic financial statements.

Nonmajor Funds	Total Governmental Funds
\$ 123,475	\$ 5,545,119
647,614	2,621,033
548,846	11,072,432
240,499	904,274
78,438	78,438
<u>1,638,872</u>	<u>20,221,296</u>
-	714,356
-	508,075
-	5,941,923
-	217,239
-	2,501,296
-	677,311
-	1,241,824
-	1,269,023
-	94,390
678,264	678,264
1,085,121	1,085,121
-	1,370
-	2,350
-	7,258
-	331,867
-	4,338
-	27,358,738
37,469	37,469
8,771	8,771
-	1,214,195
-	1,470,074
<u>1,809,625</u>	<u>45,365,252</u>
(170,753)	(25,143,956)
-	76,858
-	(76,858)
-	-
(170,753)	(25,143,956)
<u>329,221</u>	<u>31,711,190</u>
<u>\$ 158,468</u>	<u>\$ 6,567,234</u>

Independent School District No. 108
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 \$ (25,143,956)

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 useful lives as depreciation expense.

Capital outlays	27,899,922
Depreciation/amortization expense	(1,909,975)
Disposal of capital assets	(69,594)

Compensated absences and severance are recognized as paid in the governmental funds but recognized as the expense is incurred in the Statement of Activities.

12,211

OPEB contributions are recognized as paid in the governmental funds but recognized as the expense is incurred in the Statement of Activities.

(813)

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

1,214,195

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

631,452

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.

(145,659)

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

166,917

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.

16,192

Change in net position - governmental activities

\$ 2,670,892

Independent School District No. 108
Statement of Revenues, Expenditures, and
Changes in Fund Balance -
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	\$ 2,919,439	\$ 2,906,755	\$ 2,940,245	\$ 33,490
Other local and county revenues	191,700	274,479	435,865	161,386
Revenue from state sources	9,771,338	9,885,248	10,146,320	261,072
Revenue from federal sources	134,000	626,575	663,775	37,200
Total revenues	<u>13,016,477</u>	<u>13,693,057</u>	<u>14,186,205</u>	<u>493,148</u>
Expenditures				
Current				
Administration	749,806	682,896	714,356	31,460
District support services	670,309	648,680	508,075	(140,605)
Elementary and secondary regular instruction	5,600,804	5,904,059	5,941,923	37,864
Vocational education instruction	184,307	188,044	217,239	29,195
Special education instruction	2,163,810	2,461,796	2,501,296	39,500
Instructional support services	554,590	706,681	677,311	(29,370)
Pupil support services	1,072,998	1,107,370	1,241,824	134,454
Sites and buildings	1,324,393	1,188,196	1,175,988	(12,208)
Fiscal and other fixed cost programs	86,000	96,000	94,390	(1,610)
Capital outlay				
District support services	-	112,000	1,370	(110,630)
Elementary and secondary regular instruction	10,000	12,500	2,350	(10,150)
Vocational education instruction	-	8,015	7,258	(757)
Special education instruction	-	201,867	331,867	130,000
Pupil support services	-	-	4,338	4,338
Sites and buildings	973,781	753,821	202,933	(550,888)
Debt service				
Principal	144,077	144,077	144,195	118
Interest and fiscal charges	4,515	4,515	3,788	(727)
Total expenditures	<u>13,539,390</u>	<u>14,220,517</u>	<u>13,770,501</u>	<u>(450,016)</u>
Excess of revenues over (under) expenditures	(522,913)	(527,460)	415,704	943,164
Other Financing Uses				
Transfers out	-	(76,858)	(76,858)	-
Net change in fund balance	<u>\$ (522,913)</u>	<u>\$ (604,318)</u>	338,846	<u>\$ 943,164</u>
Fund Balance				
Beginning of year			<u>2,238,473</u>	
End of year			<u>\$ 2,577,319</u>	

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Independent School District No. 108
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 seven member board elected by the voters of the District to serve four-year terms.

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

A. Reporting Entity

The 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 and amortization expense that can be specifically identified by function is included in the direct expenses of that function. 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. Major individual governmental funds are reported as separate columns in the fund financial statements.

**Independent School District No. 108
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. 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 as follows:

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 fiscal years. Federal revenue is recorded in the year in which the related expenditure is made. Food service sales, community education tuition, and other miscellaneous revenue (except investment earnings) are recorded as revenues when received because they are generally not measurable until then. Investment earnings are recorded when earned because they are measurable and available. Other revenue is considered available if collected within 60 days of the end of the current fiscal period.

2. Recording of Expenditures

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

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. If resources from more than one fund balance classification could be spent, the school will follow the approved District plan for each of the areas. If there is no plan, the District will strive to spend resources from fund balance classifications in the following order: restricted, committed, assigned, and unassigned.

Proprietary funds distinguish 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 is 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. Amounts reported as program revenues include charges to customers or applicants for goods, services or privileges provided, operating grants and contributions, and capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

**Independent School District No. 108
Notes to Basic Financial Statements**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

Description of Funds:

Major Funds:

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

Capital Projects - Building Construction Fund - This fund is used to account for financial resources used for the acquisition or construction of major capital facilities funded with bond issues or special levies.

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

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, or other similar services.

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 cash and investment balances of each fund.

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

Cash and investments at June 30, 2024, were comprised of demand deposits, certificates of deposit, money market funds, and U.S. Treasury Notes. Investments are reported at fair value as disclosed in Note 2.

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.

**Independent School District No. 108
Notes to Basic Financial Statements**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Deposits and Investments (Continued)

In accordance with GASB Statement No. 79, the various MNTrust securities, and money market funds are valued at amortized cost, which approximates fair value. There are no restrictions or limitations on withdrawals from the MNTrust Investment Shares. Seven days' notice of redemption is required for withdrawals of investments in the MNTrust Term Series withdrawn prior to the maturity date of that series. A penalty could be assessed as necessary to recoup the Series for any charges, losses, and other costs attributable to the early redemption. 30-day advance notice is required for withdrawals from the MNTrust Limited Term Duration Series.

E. Property Tax Receivable

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

F. Property Taxes Levied for Subsequent Year's Expenditures

Property taxes levied for subsequent year's expenditures consist principally of property taxes levied in the current year which will be collected and recognized as revenue in the District's following fiscal 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 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 expenditures 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. Olmsted and Wabasha Counties are the collecting agencies for the levy and remit the collections to the District three times a year. The Tax levy notice is mailed in March with the first half of the payment due on May 15 and the second half due on October 15. Delinquent collections for November and December are received the following January.

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

**Independent School District No. 108
Notes to Basic Financial Statements**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Capital Assets

Capital assets are capitalized at historical cost or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their acquisition value at the date of donation. Capital assets are defined by the District as assets and grouped assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are recorded in the District-wide basic financial statement but are not reported in the fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purpose by the District, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 25 to 50 years for improvements and buildings, and 5 to 20 years for equipment and furnishings.

Capital assets not being depreciated include land and construction in progress.

The District does not possess any material amounts of infrastructure capital assets. Items such as sidewalks and other land improvements are considered to be part of the cost of buildings or other improvable property.

K. Right-to-Use Lease Assets/Lease Liabilities

The District recorded right-to-use lease assets as a result of implementing GASB Statement No. 87, Leases. The right-to-use lease assets are initially measured at an amount equal to the initial measurement of the lease liability plus any payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right-to-use assets are amortized on a straight-line basis over the life of the related lease.

Key estimates and judgments related to leases include (1) the discount rate, (2) lease term, and (3) lease payments.

The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District determines its estimated borrowing rate based on the applicable State and Local Government Securities rate. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a re-measurement of the leases and will remeasure the right-to-use lease assets and liabilities if certain changes occur that are expected to significantly affect the amount of the lease liability.

Independent School District No. 108
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. 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 basic 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) until that time. The District has two items that qualify for reporting in this category. Deferred outflows of resources related to pensions and deferred outflows of resources related to OPEB are reported in the government-wide Statement of Net Position. Deferred outflows of resources related to pensions are recorded for various estimate differences that will be amortized and recognized over future years. Deferred outflows of resources related to OPEB are recorded for various estimate differences that will be amortized and recognized over future years.

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 is 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.

Deferred inflows of resources related to pensions are recorded on the government-wide statements for various estimate differences that will be amortized and recognized over future years. Deferred inflows of resources related to OPEB are recorded on the government-wide statements for various estimate differences that will be amortized and recognized over future years.

M. Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing 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.

**Independent School District No. 108
Notes to Basic Financial Statements**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused vacation benefits. Vacation leave is accrued as a liability and recorded as an expense of those funds as the benefits are earned by the employees.

O. Pensions

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

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

P. Postemployment Benefits Other than Pensions

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District and additions to/deductions from the District's fiduciary net position have been determined on the same basis as they are reported by the District.

For this purpose, the District recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments, which are reported at amortized cost, which approximates fair value.

Q. Fund Equity

1. Classification

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 constraints on the specific purpose for which amounts in those funds can be spent.

- ◆ Nonspendable Fund Balances - These are amounts that cannot be spent because they are either not in spendable form or they are legally or contractually required to be maintained intact and include inventory and prepaid items.
- ◆ Restricted Fund Balances - These are amounts that are restricted to specific purposes either by constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through 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) by majority vote.

**Independent School District No. 108
Notes to Basic Financial Statements**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Fund Equity (Continued)

1. Classification (Continued)

- ◆ Assigned Fund Balances - These are unrestricted funds constrained by the District's intent that they be used for specific purposes, but that do not meet the criteria to be classified as restricted or committed. The School Board delegates to the Superintendent, and Executive Director of Business and Operations, the authority to assign fund balances for specific purposes.
- ◆ Unassigned fund balance represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to a specific purpose in the General Fund.

If resources from more than one fund balance classification could be spent, the District will strive to spend resources from fund balance classifications in the following order: restricted, committed, assigned, and unassigned.

2. Minimum Fund Balance Policy

The District will strive to maintain a minimum unassigned general fund balance of seven percent of the annual budget.

R. Net Position

Net Position represents the difference between assets and deferred outflows of resource; and liabilities and deferred inflows of resources in the government-wide financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets.

Net position is reported as restricted in the government-wide financial statement when there are limitations on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

S. Use of Estimates

The preparation of 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.

T. 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 in any of the past three years.

**Independent School District No. 108
Notes to Basic Financial Statements**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

U. Budgetary Information

The District adopts an annual budget for all funds in accordance with Minnesota State Statutes. The budget is prepared on the modified accrual basis of accounting. Before July 1, the proposed budget is presented to the School Board for review. The School Board holds public hearings, and a final budget must be prepared and adopted no later than one week after the School Board approves the audited financial statements and has published the final budget in the local newspaper. Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal yearend. The actual revenues, expenditures, and transfers for the year ended June 30, 2024, have been compared to the District's budget for the year where applicable. Variances in parentheses are unfavorable and indicate revenues are less than budget or expenditures are greater than budget. The budget is adopted through passage of a resolution. Any revisions that alter total expenditures of any fund must be approved by the School Board.

Budgetary control is maintained by fund, at the object of expenditure category level within each program, and in compliance with State requirements. Also inherent in this controlling function is the management philosophy that the existence of a particular item or appropriation in the approved budget does not automatically mean that it will be spent. Therefore, there is a constant review process and expenditures are not approved until it has been determined that (1) adequate funds were appropriated; (2) the expenditure is still necessary; and (3) funds are available. Budgeted amounts are as originally adopted or as amended by the School Board. Budgeted expenditure appropriations lapse at year end. The School Board made several supplemental budgetary appropriations throughout the year.

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.

Checking accounts	\$ 55,890
Savings and money market accounts	43,481
Certificates of deposit	<u>1,175,100</u>
Total deposits	<u>\$ 1,274,471</u>

Custodial Credit Risk - Deposits: Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of June 30, 2024, none of the District's bank balances were exposed to custodial credit risk.

Independent School District No. 108
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	Total	12 Months or Less	13 to 24 Months	More than 24 Months
District Investments				
Brokered Certificates of Deposit	\$ 972,195	\$ 728,552	\$ 243,643	\$ -
MN Trust Investment Shares	7,926,239	7,926,239	-	-
MN Trust Series Flex	509,298	509,298	-	-
US Treasury Notes	1,264,373	-	-	1,264,373
Total investments	\$ 10,672,105	\$ 9,164,089	\$ 243,643	\$ 1,264,373

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

Credit Risk: The District may invest funds as authorized by *Minnesota Statutes* § 118A.04. All funds in MNTrust are invested in accordance with *Minnesota Statutes* § 475.66. Each Minnesota School District owns a pro-rata share of each investment which is held in the name of the Funds. The District has no investment policy that would further limit its investment choices. The District's MNTrust accounts were rated AAA by S&P.

Concentration of Credit Risk: This is the risk of loss attributed to the magnitude of an investment in a single issuer. The District places no limit on the amount the District may invest in any one issuer.

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 does not have an investment policy for custodial credit risk.

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

- ◆ Investments of \$1,264,373 are valued using a quoted market prices (Level 1 inputs).
- ◆ Investments of \$972,195 are valued using a matrix pricing model (Level 2 inputs).
- ◆ Investments of \$8,435,537 are valued using amortized cost.

C. Deposits and Investments

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

Deposits (Note 2.A.)	\$ 1,274,471
Investments (Note 2.B.)	10,672,105
Petty cash	1,000
Total deposits and investments	\$ 11,947,576

**Independent School District No. 108
Notes to Basic Financial Statements**

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

C. Deposits and Investments (Continued)

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

Statement of Net Position	
Cash and investments	<u><u>\$ 11,947,576</u></u>

NOTE 3 - INTERFUND ACTIVITY

A. Interfund Transfers

The General Fund transferred \$76,858 to the Debt Service Fund for debt service payments on certificate of participation debt.

NOTE 4 - CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 25,000	\$ -	\$ -	\$ 25,000
Construction in progress	21,277,172	27,806,500	48,001,014	1,082,658
Total capital assets not being depreciated	21,302,172	27,806,500	48,001,014	1,107,658
Capital assets being depreciated				
Land improvements	140,214	7,738,510	22,523	7,856,201
Buildings and improvements	25,366,391	37,363,429	67,073	62,662,747
Equipment	2,539,758	2,992,496	103,537	5,428,717
Total capital assets being depreciated	28,046,363	48,094,435	193,133	75,947,665
Less accumulated Depreciation for				
Land improvements	103,039	199,910	16,892	286,057
Buildings and improvements	13,044,338	1,452,267	38,810	14,457,795
Equipment	1,829,600	216,678	67,838	1,978,440
Total accumulated depreciation	14,976,977	1,868,855	123,540	16,722,292
Total capital assets being depreciated, net	13,069,386	46,225,580	69,593	59,225,373
Governmental activities, capital assets, net	\$ 34,371,558	\$ 74,032,080	\$ 48,070,607	\$ 60,333,031

Independent School District No. 108
Notes to Basic Financial Statements

NOTE 4 - CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Leased assets being amortized				
Buildings and improvements	\$ 227,289	\$ -	\$ -	\$ 227,289
Equipment	105,262	-	-	105,262
Total capital assets being amortized	<u>332,551</u>	<u>-</u>	<u>-</u>	<u>332,551</u>
Less accumulated amortization for				
Buildings and improvements	31,714	15,857	-	47,571
Equipment	50,526	25,263	-	75,789
Total accumulated amortization	<u>82,240</u>	<u>41,120</u>	<u>-</u>	<u>123,360</u>
Total capital assets being amortized, net	<u>250,311</u>	<u>(41,120)</u>	<u>-</u>	<u>209,191</u>
Governmental activities, leased assets, net	<u>\$ 250,311</u>	<u>\$ (41,120)</u>	<u>\$ -</u>	<u>\$ 209,191</u>

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

District support services	\$ 330
Regular instruction	228,651
Vocational instruction	847
Special education instruction	12,155
Instructional support	75
Pupil support	9,264
Sites, Building and Equipment	1,585,440
Unallocated	<u>73,213</u>
Total depreciation/amortization expense	<u>\$ 1,909,975</u>

Independent School District No. 108
Notes to Basic Financial Statements

NOTE 5 - 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						
2010A School Building Bonds	01/19/10	1.26%	\$ 10,200,000	01/15/26	\$ 1,570,000	\$ 780,000
2014A School Building Bonds	03/19/14	2.0%-3.13%	3,330,000	02/01/29	2,720,000	60,000
2021A School Building Bonds	12/30/21	2.0%-3.0%	9,375,000	02/01/37	9,375,000	-
2022A School Building Bonds	02/01/22	1.0%-5.0%	27,675,000	02/01/45	27,435,000	250,000
2023A General Obligation Bonds	06/14/23	4.0%-6.0%	9,054,917	02/01/43	9,054,917	330,000
2023B Certificates of Participation	06/14/23	6.00%	1,140,000	02/01/30	1,110,000	155,000
Total G.O. bonds					51,264,917	1,575,000
Bond premiums					2,694,610	-
Lease liability					231,624	37,731
Compensated absences payable					36,372	18,186
Total long-term liabilities					\$ 54,227,523	\$ 1,630,917

The long-term bond liabilities listed above were issued to finance the acquisition, construction, and refurbishing of School facilities. Bonds will be retired with assets from the Debt Service Funds while the compensated absences will be liquidated by the General Fund.

The District entered into various purchase agreements for the purchase of equipment.

B. Minimum Debt Payments

Year Ending June 30,	G.O. Bonds		
	Principal	Interest	Total
2025	\$ 1,575,000	\$ 1,604,713	\$ 3,179,713
2026	1,760,000	1,559,485	3,319,485
2027	1,950,000	1,496,681	3,446,681
2028	2,110,000	1,409,481	3,519,481
2029	2,180,000	1,314,381	3,494,381
2030-2034	12,085,000	5,119,013	17,204,013
2035-2039	14,857,591	3,078,422	17,936,013
2040-2044	13,772,326	3,182,423	16,954,749
2045	975,000	21,938	996,938
Total	\$ 51,264,917	\$ 18,786,537	\$ 70,051,454

Independent School District No. 108
Notes to Basic Financial Statements

NOTE 5 - LONG-TERM DEBT (CONTINUED)

B. Minimum Debt Payments (Continued)

Year Ending June 30,	Lease Liability		
	Principal	Interest	Total
2025	\$ 37,731	\$ 9,751	\$ 47,482
2026	16,496	8,306	24,802
2027	13,033	7,719	20,752
2028	14,267	7,108	21,375
2029	15,577	6,439	22,016
2030-2034	100,482	19,910	120,392
2034-2035	34,038	1,100	35,138
Total	<u>\$ 231,624</u>	<u>\$ 60,334</u>	<u>\$ 291,958</u>

C. Lease Liability

The District entered into lease agreements for buildings and equipment. The lease agreements include annual principal and interest payments that are shown above. The discount rate for the lease liabilities is 5.0%.

D. Changes in Long-Term Liabilities

	Beginning Balance	Additions	Reductions	Ending Balance
Long-term liabilities				
G.O. Bonds	\$ 52,334,917	\$ -	\$ 1,070,000	\$ 51,264,917
Bond premiums	2,861,527	-	166,917	2,694,610
Finance purchases from				
direct borrowing	108,805	-	108,805	-
Lease liability	267,014	-	35,390	231,624
Compensated absences payable	48,582	113,918	126,128	36,372
Total long-term liabilities	<u>\$ 55,620,845</u>	<u>\$ 113,918</u>	<u>\$ 1,507,240</u>	<u>\$ 54,227,523</u>

NOTE 6 - FUND BALANCES

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

A. Restricted/Reserved Fund Equity

Fund equity balances are classified as follows to reflect the limitations and restrictions of the respective funds.

**Independent School District No. 108
Notes to Basic Financial Statements**

NOTE 6 - FUND BALANCES (CONTINUED)

A. Restricted/Reserved Fund Equity (Continued)

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

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

Restricted/Reserved for Capital Projects Levy - This balance represents available resources from the capital projects levy to be used for building construction and other projects under *Minnesota Statutes* 126C.10, subd. 14. All interest income attributable to the capital projects levy must be credited to this account.

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 Basic Skills Programs - This balance represents resources available for the basic skills uses listed in *Minnesota Statute* § 126C.15, subd. 1.

Restricted/Reserved for Safe Schools Revenue - The unspent resources available from the Safe Schools revenue must be restricted in this account for future use.

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 Medical Assistance - This balance represents available resources to be used for medical assistance expenditures (*Minnesota Statutes* § 125A.21, subd. 3).

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

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

Restricted/Reserved for Building Projects Funded by Certificates of Participation/Financed Purchase Agreement with Related Lease Levy Authority - This balance represents the June 30 balance in the Building Construction Fund for projects funded by certificates of participation/financed purchase agreements with related lease levy authority under *Minnesota Statutes 2023* § 126C.40.

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).

**Independent School District No. 108
Notes to Basic Financial Statements**

NOTE 6 - FUND BALANCES (CONTINUED)

A. Restricted/Reserved Fund Equity (Continued)

Restricted for Capital Projects - This balance represents the remaining positive fund balance of the Capital Projects Fund.

B. Assigned Fund Equity

Assignment of the fund balance indicates that portion of the fund balance that reflects a tentative plan for future use of the funds. The following is a summary of the assigned fund balances:

Staff development and teacher training	\$ 51,876
Curriculum	75,980
Fund balance transfers	<u>259,221</u>
Total	<u><u>\$ 387,077</u></u>

C. Government-Wide Restrictions

Net position restricted for "General Purposes" are comprised of the total General Fund restricted fund balances.

NOTE 7 - DEFINED BENEFIT PENSION PLANS - STATE-WIDE

The District participates in various pension plans. Total pension expense for the year ended June 30, 2024, was \$71,705. The components of pension expense are noted in the following plan summaries.

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

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.

**Independent School District No. 108
Notes to Basic Financial Statements**

NOTE 7 - DEFINED BENEFIT PENSION PLANS - STATE-WIDE (CONTINUED)

Teachers' Retirement Association (Continued)

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).

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.

**Independent School District No. 108
Notes to Basic Financial Statements**

NOTE 7 - DEFINED BENEFIT PENSION PLANS - STATE-WIDE (CONTINUED)

Teachers' Retirement Association (Continued)

B. Benefits Provided (Continued)

Tier II Benefits (Continued)

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 %	12.55 %	11.3 %	12.75 %
Coordinated	7.5	8.34	7.5	8.55	7.8	8.75

Independent School District No. 108
Notes to Basic Financial Statements

NOTE 7 - 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	\$ 508,764
Add employer contributions not related to future contribution efforts	(87)
Deduct TRA's contributions not included in allocation	<u>(643)</u>
Total employer contributions	508,034
Total non-employer contributions	<u>35,587</u>
Total contributions reported in <i>Schedule of Employer and Non-Employer Allocations</i>	<u><u>\$ 543,621</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. 108
Notes to Basic Financial Statements**

NOTE 7 - 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 the MP 2015 scale.
Post-disability	RP 2014 disabled retiree mortality table, without adjustment.

**Independent School District No. 108
Notes to Basic Financial Statements**

NOTE 7 - 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><u>100.0 %</u></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. 108
Notes to Basic Financial Statements**

NOTE 7 - 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 \$7,430,602 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 0.0900% at the end of the measurement period and 0.0885% 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	\$ 7,430,602
State's proportionate share of the net pension liability associated with the district	520,480

For the year ended June 30, 2024, the District recognized pension expense of (\$44,676). Included in this amount, the District recognized \$73,288 as pension expense for the support provided by direct aid.

**Independent School District No. 108
Notes to Basic Financial Statements**

NOTE 7 - 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	\$ 70,302	\$ 103,439
Net difference between projected and actual earnings on plan investments	202,937	-
Changes of assumptions	735,968	-
Changes in proportion	450,197	380,106
Contributions to TRA subsequent to the measurement date	542,522	-
Total	\$ 2,001,926	\$ 483,545

**Independent School District No. 108
Notes to Basic Financial Statements**

NOTE 7 - DEFINED BENEFIT PENSION PLANS - STATE-WIDE (CONTINUED)

Teachers' Retirement Association (Continued)

F. Net Pension Liability (Continued)

The \$542,522 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	\$ 124,885
2026	31,065
2027	797,076
2028	16,413
2029	6,420
Total	\$ 975,859

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%)
\$ 11,851,263	\$ 7,430,602	\$ 3,811,752

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.

**Independent School District No. 108
Notes to Basic Financial Statements**

NOTE 7 - DEFINED BENEFIT PENSION PLANS - STATE-WIDE (CONTINUED)

Teachers' Retirement Association (Continued)

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 plans are 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.

General Employees Plan Benefits

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

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

**Independent School District No. 108
Notes to Basic Financial Statements**

NOTE 7 - DEFINED BENEFIT PENSION PLANS - STATE-WIDE (CONTINUED)

Public Employees' Retirement Association (Continued)

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 \$87,251. 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 \$782,864 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 \$21,602.

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 0.0140% at the end of the measurement period and 0.0140% for the beginning of the period.

District's proportionate share of net pension liability	\$ 782,864
State's proportionate share of the net pension liability associated with the District	21,602
	21,602
Total	\$ 804,466

For the year ended June 30, 2024, the District recognized pension expense of \$116,381 for its proportionate share of the General Employees Plan's pension expense. Included in this amount, the District recognized \$97 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.

**Independent School District No. 108
Notes to Basic Financial Statements**

NOTE 7 - DEFINED BENEFIT PENSION PLANS - STATE-WIDE (CONTINUED)

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

General Employees Fund Pension Costs (Continued)

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	\$ 25,710	\$ 5,585
Changes in actuarial assumptions	131,080	214,576
Difference between projected and actual investments earnings	-	38,061
Change in proportion	-	16,671
Contributions paid to PERA subsequent to the measurement date	87,251	-
Total	\$ 244,041	\$ 274,893

The \$87,251 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 Amount
2025	\$ 8,315
2026	(127,713)
2027	18,278
2028	(16,983)
Total	\$ (118,103)

**Independent School District No. 108
Notes to Basic Financial Statements**

NOTE 7 - DEFINED BENEFIT PENSION PLANS - STATE-WIDE (CONTINUED)

Public Employees' Retirement Association (Continued)

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:

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

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.

**Independent School District No. 108
Notes to Basic Financial Statements**

NOTE 7 - DEFINED BENEFIT PENSION PLANS - STATE-WIDE (CONTINUED)

Public Employees' Retirement Association (Continued)

F. Actuarial Methods and Assumptions (Continued)

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 Jun 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.

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	\$ 1,384,950	\$ 782,864	\$ 287,626

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.

**Independent School District No. 108
Notes to Basic Financial Statements**

NOTE 8 - POST EMPLOYMENT HEALTH CARE PLAN

A. Plan Description

The District's defined benefit OPEB plan provides a single-employer defined benefit health care plan to eligible retirees. The plan health insurance plan after retirement. This plan covers active and retired employees who have reached age 55 with three years of service. Benefit provisions are established through negotiations between the District and the union representing District employees and are renegotiated at the end of each contract period. The implicit rate subsidy is only until Medicare eligibility. The Plan does not issue a publicly available financial report. No assets are acclimated in a trust.

B. Benefits Provided

The District provides benefits to certain employees and retirees based on different bargaining groups. The General Fund, Food Service Fund, and Community Service Fund typically liquidate the liability related to OPEB.

C. Members

As of July 1, 2023, the following were covered by the benefit terms:

Active employees	116
Retirees receiving benefits	10
	10
Total	126

D. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2023, 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%
20-Year Municipal Bond Yield	3.90%
Inflation	2.50%
Healthcare cost trend increases	6.5% decreasing to 5.00% over 5 years then to 4.00% over the next 48 years.
Mortality Assumption	Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2020 Generational Improvement Scale.
Salary increases	Service graded table.

The actuarial assumptions used in the July 1, 2023, valuation were based on the results of an actuarial experience study for the period July 1, 2022 through June 30, 2023.

**Independent School District No. 108
Notes to Basic Financial Statements**

NOTE 8 - POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

D. Actuarial Assumptions (Continued)

Actuary's Assumption Changes:

- ◆ The health care trend rates were changed to better anticipate short term and long-term medical increases.
- ◆ The mortality tables were updated from the PUB-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2020 Generational Improvement Scale to the Pub-2010 Public Retirement Headcount-Weighted Mortality Tables (General, Teachers) with MP-2021 Generational Improvement Scale.
- ◆ The discount rate was changed from 3.80% to 3.90%.

E. Discount Rate

The discount rate used to measure the total OPEB liability was 3.90% based on the 20-year municipal bond yield.

F. Changes in Total OPEB Liability

Changes in the total OPEB liability are as follows:

	<u>Total OPEB Liability</u>
Balances at July 1, 2023	\$ 1,095,608
Changes for the year	
Service cost	55,570
Interest	42,301
Differences between expected and actual economic experience	36,426
Changes in assumptions	7,073
Plan changes	49,618
Benefit payments	<u>(76,689)</u>
Net changes	<u>114,299</u>
Balances at June 30, 2024	<u><u>\$ 1,209,907</u></u>

G. OPEB Liability Sensitivity

The following presents the District's total OPEB liability calculated using the discount rate of 3.90% 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 (2.90%)</u>	<u>Current Discount Rate (3.90%)</u>	<u>1% Increase in Discount Rate (4.90%)</u>
Total OPEB liability	\$ 1,271,713	\$ 1,209,907	\$ 1,149,720

**Independent School District No. 108
Notes to Basic Financial Statements**

NOTE 8 - 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 percentage point lower and 1 percentage point higher than the current healthcare cost trend rates.

	1% Decrease in Trend Rate (5.50% Decreasing to 4.00% then 3.00%)	Current Trend Rate (6.50% Decreasing to 5.00% then 4.00%)	1% Increase in Trend Rate (7.50% Decreasing to 6.00% then 5.00%)
Total OPEB liability	\$ 1,155,308	\$ 1,209,907	\$ 1,273,403

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 \$122,205. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Liability gains and losses	\$ 179,289	\$ 44,291
Changes of assumptions	47,402	76,666
Contributions made subsequent to measurement date	121,392	-
Total	\$ 348,083	\$ 120,957

**Independent School District No. 108
Notes to Basic Financial Statements**

NOTE 8 - POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

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

The \$121,392 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. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	Total
2025	\$ (25,277)
2026	21,904
2027	21,904
2028	21,904
2029	21,904
Thereafter	43,395
Total	\$ 105,734

NOTE 9 - COMMITMENTS

At June 30, 2024, the District had various construction contract commitments for projects outstanding totaling \$4,832,400 that are expected to be paid from the Capital Projects Fund.

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REQUIRED SUPPLEMENTARY INFORMATION

Independent School District No. 108
Schedule of Changes in Total OPEB Liability
and Related Ratios

	<u>June 30, 2018</u>	<u>June 30, 2019</u>	<u>June 30, 2020</u>
Total OPEB Liability			
Service cost	\$ 54,658	\$ 56,298	\$ 43,046
Interest	56,000	51,383	47,415
Plan changes	-	-	(199,334)
Differences between expected and actual experience	-	-	(265,771)
Changes of assumptions	-	-	(17,350)
Benefit payments	<u>(264,959)</u>	<u>(230,934)</u>	<u>(190,995)</u>
Net change in total OPEB liability	<u>(154,301)</u>	<u>(123,253)</u>	<u>(582,989)</u>
Beginning of year	<u>1,723,757</u>	<u>1,569,456</u>	<u>1,446,203</u>
End of year	<u>\$ 1,569,456</u>	<u>\$ 1,446,203</u>	<u>\$ 863,214</u>
Covered-employee payroll	\$ 5,455,389	\$ 5,619,051	\$ 5,488,512
Total OPEB liability as a percentage of covered-employee payroll	28.77%	25.74%	15.73%

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

<u>June 30, 2021</u>	<u>June 30, 2022</u>	<u>June 30, 2023</u>	<u>June 30, 2024</u>
\$ 63,883	\$ 74,233	\$ 59,683	\$ 55,570
27,223	27,054	26,887	42,301
232,633	9,487	-	49,618
-	208,824	-	36,426
30,321	32,548	(92,220)	7,073
(98,652)	(131,966)	(237,544)	(76,689)
<u>255,408</u>	<u>220,180</u>	<u>(243,194)</u>	<u>114,299</u>
<u>863,214</u>	<u>1,118,622</u>	<u>1,338,802</u>	<u>1,095,608</u>
<u>\$ 1,118,622</u>	<u>\$ 1,338,802</u>	<u>\$ 1,095,608</u>	<u>\$ 1,209,907</u>
\$ 5,653,167	\$ 5,606,627	\$ 5,774,826	\$ 6,483,042
19.79%	23.88%	18.97%	18.66%

Independent School District No. 108
Schedule of District's and Non-Employer Proportionate Share
(if Applicable) of Net Pension Liability
Last Ten Years General Employees Retirement Fund

For Plan's 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 Share of State of Minnesota's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability and District's Share of the State of Minnesota's Share of the Net Pension 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	0.0197%	\$ 925,407	\$ -	\$ 925,407	\$ 1,036,762	89.3%	78.7%
2015	0.0176%	912,123	-	912,123	1,015,987	89.8%	78.2%
2016	0.0166%	1,347,838	17,586	1,365,424	958,440	142.5%	68.9%
2017	0.0155%	989,510	12,419	1,001,929	954,333	105.0%	75.9%
2018	0.0151%	837,686	27,486	865,172	951,120	91.0%	79.5%
2019	0.0141%	779,557	24,166	803,723	919,853	87.4%	80.2%
2020	0.0149%	893,323	27,620	920,943	998,480	92.2%	79.1%
2021	0.0145%	619,215	18,855	638,070	1,041,213	61.3%	87.0%
2022	0.0140%	1,108,805	32,483	1,141,288	1,045,240	109.2%	76.7%
2023	0.0140%	782,864	21,602	804,466	1,110,800	72.4%	83.1%

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

For Plan's 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 Share of State of Minnesota's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability and District's Share of the State of Minnesota's Share of the Net Pension 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	0.0994%	\$ 4,580,280	\$ 322,239	\$ 4,902,519	\$ 4,625,216	99.0%	81.5%
2015	0.0915%	5,660,180	694,117	6,354,297	4,646,493	121.8%	76.8%
2016	0.0905%	21,586,409	2,167,064	23,753,473	4,707,533	458.6%	44.9%
2017	0.0877%	17,506,511	1,692,691	19,199,202	4,719,227	371.0%	51.6%
2018	0.0892%	5,601,813	526,486	6,128,299	4,925,947	113.7%	78.1%
2019	0.0872%	5,558,146	491,791	6,049,937	4,949,883	112.3%	78.2%
2020	0.0849%	6,272,526	525,571	6,798,097	4,935,038	127.1%	75.5%
2021	0.0765%	3,347,869	282,519	3,630,388	5,276,310	63.5%	86.6%
2022	0.0885%	7,086,612	525,413	7,612,025	5,469,185	129.6%	76.2%
2023	0.0900%	7,430,602	520,480	7,951,082	5,722,304	129.9%	76.4%

See notes to required supplementary information.

**Independent School District No. 108
Schedule of District Contributions
General Employees Retirement Fund
Last Ten Years**

Fiscal Year Ending June 30,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 76,199	\$ 76,199	\$ -	\$ 1,015,987	7.50%
2016	71,883	71,883	-	958,440	7.50%
2017	71,575	71,575	-	954,333	7.50%
2018	71,334	71,334	-	951,120	7.50%
2019	68,989	68,989	-	919,853	7.50%
2020	74,886	74,886	-	998,480	7.50%
2021	78,091	78,091	-	1,041,213	7.50%
2022	78,393	78,393	-	1,045,240	7.50%
2023	83,310	83,310	-	1,110,800	7.50%
2024	87,251	87,251	-	1,163,347	7.50%

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

Fiscal Year Ending June 30,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 348,487	\$ 348,487	\$ -	\$ 4,646,493	7.50%
2016	353,065	353,065	-	4,707,533	7.50%
2017	353,942	353,942	-	4,719,227	7.50%
2018	369,446	369,446	-	4,925,947	7.50%
2019	381,636	381,636	-	4,949,883	7.71%
2020	390,855	390,855	-	4,935,038	7.92%
2021	428,964	428,964	-	5,276,310	8.13%
2022	456,130	456,130	-	5,469,185	8.34%
2023	489,257	489,257	-	5,722,304	8.55%
2024	542,522	542,522	-	6,200,251	8.75%

Independent School District No. 108
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. 108
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% 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. 108
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. 108
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. 108
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. 108
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 changes 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. 108
Notes to the Required Supplementary Information

Post Employment Health Care Plan

2024 Changes

Actuary's assumption changes:

- ◆ The health care trend rates were changed to better anticipate short term and long term medical increases.
- ◆ The mortality tables were updated from the PUB-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2020 Generational Improvement Scale to the Pub-2010 Public Retirement Headcount-Weighted Mortality Tables (General, Teachers) with MP-2021 Generational Improvement Scale.
- ◆ The discount rate was changed from 3.80% to 3.90%.

2023 Changes

Changes in Actuarial Assumptions

- ◆ The inflation rate was changed from 2.00% to 2.50%.
- ◆ The discount rate was changed from 2.10% to 3.80%.

2022 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 Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2018 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2020 Generational Improvement Scale.
- ◆ The salary increase rates for non-teachers were updated to reflect the latest experience study.
- ◆ The withdrawal rates were updated to reflect the latest experience study.
- ◆ The inflation rate was changed from 2.50% to 2.00%.
- ◆ The discount rate was changed from 2.40% to 2.10%.

Changes in Plan Provisions

- ◆ The percentages of annual salary used to determine the GASB 75 subsidized benefits for District Office employees were updated.
- ◆ Per an early retirement agreement, one Teacher received an additional lump sum payment of \$6,500 payable to a Health Care Savings Plan during the fiscal year ending June 30, 2021.
- ◆ Effective July 1, 2020, the Teacher's ERI benefit that was previously paid monthly over two years (included in GASB 73) is now paid in one single lump sum to an HRA (included in GASB 75).

2021 Changes

Changes in Actuarial Assumptions

- ◆ The discount rate was changed from 3.10% to 2.40%.

Changes in Plan Provisions

- ◆ The teacher's ERI benefit that was previously paid monthly over 2 years (included in GASB 73) is now paid in one single lump sum to an HRA (included in GASB 75).

SUPPLEMENTARY INFORMATION

Independent School District No. 108
Combining Balance Sheet -
Nonmajor Governmental Funds
June 30, 2024

	Special Revenue Funds		Total Nonmajor Funds
	Food Service	Community Service	
Assets			
Cash and investments	\$ 170,588	\$ 195,507	\$ 366,095
Current property taxes receivable	-	90,094	90,094
Delinquent property taxes receivable	-	520	520
Due from Department of Education	-	13,050	13,050
Inventory	10,440	-	10,440
	<u>\$ 181,028</u>	<u>\$ 299,171</u>	<u>\$ 480,199</u>
Liabilities			
Accounts payable	\$ 17,170	\$ 5,123	\$ 22,293
Salaries and benefits payable	-	74,286	74,286
Due to other governmental units	-	51	51
Unearned revenue	11,247	45,113	56,360
Total liabilities	<u>28,417</u>	<u>124,573</u>	<u>152,990</u>
Deferred Inflows of Resources			
Property taxes levied for subsequent year's expenditures	-	168,221	168,221
Unavailable revenue - delinquent property taxes	-	520	520
Total deferred inflows of resources	<u>-</u>	<u>168,741</u>	<u>168,741</u>
Fund Balances			
Nonspendable			
Inventory	10,440	-	10,440
Restricted			
Early childhood family and education programs	-	50,242	50,242
School readiness	-	1,506	1,506
Fund purpose	142,171	-	142,171
Unassigned		(45,891)	(45,891)
Total fund balances	<u>152,611</u>	<u>5,857</u>	<u>158,468</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 181,028</u>	<u>\$ 299,171</u>	<u>\$ 480,199</u>

Independent School District No. 108
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances - Nonmajor Governmental Funds
Year Ended June 30, 2024

	Special Revenue Funds		Total Nonmajor Funds
	Food Service	Community Service	
Revenues			
Local property taxes	\$ -	\$ 123,475	\$ 123,475
Other local and county revenues	14,722	632,892	647,614
Revenue from state sources	378,382	170,464	548,846
Revenue from federal sources	240,499	-	240,499
Sales and other conversion of assets	78,438	-	78,438
Total revenues	712,041	926,831	1,638,872
Expenditures			
Current			
Food service	678,264	-	678,264
Community education and services	-	1,085,121	1,085,121
Capital outlay			
Food service	37,469	-	37,469
Community education and services	-	8,771	8,771
Total expenditures	715,733	1,093,892	1,809,625
Net change in fund balances	(3,692)	(167,061)	(170,753)
Fund Balances			
Beginning of year	156,303	172,918	329,221
End of year	\$ 152,611	\$ 5,857	\$ 158,468

Independent School District No. 108
Uniform Financial Accounting and Reporting Standards
Compliance Table
Year Ended June 30, 2024

	Audit	UFARS	Audit-UFARS		Audit	UFARS	Audit-UFARS
01 General Fund				06 Building Construction Fund			
Total revenue	\$ 14,186,205	\$ 14,186,210	\$ (5)	Total revenue	\$ 1,497,143	\$ 1,497,144	\$ (1)
Total expenditures	13,770,501	13,770,503	(2)	Total expenditures	27,248,840	27,248,841	(1)
<i>Nonspendable:</i>				<i>Nonspendable:</i>			
4.60 Nonspendable fund balance	43,766	43,766	-	4.60 Nonspendable fund balance	-	-	-
<i>Restricted/reserved:</i>				<i>Restricted/reserved:</i>			
4.01 Student Activities	65,973	65,973	-	4.07 Capital Projects Levy	-	-	-
4.02 Scholarships	31,211	31,211	-	4.09 Alternative Facility Program	-	-	-
4.03 Staff Development	-	-	-	4.13 Building Projects Funded by COP/LP	501,901	501,901	-
4.07 Capital Projects Levy	168,786	168,786	-	4.67 Long-term Facilities Maintenance	60,704	60,704	-
4.08 Cooperative Programs	-	-	-	<i>Restricted:</i>			
4.09 Alternative Facility Program	-	-	-	4.64 Restricted fund balance	2,808,214	2,808,214	-
4.12 Literacy Incentive Aid	-	-	-	<i>Unassigned:</i>			
4.13 Building Projects Funded by COP/LP	-	-	-	4.63 Unassigned fund balance	-	-	-
4.14 Operating Debt	-	-	-				
4.16 Levy Reduction	-	-	-	07 Debt Service Fund			
4.17 Taconite Building Maintenance	-	-	-	Total revenue	\$ 2,899,076	\$ 2,899,077	\$ (1)
4.20 American Indian Education Aid	-	-	-	Total expenditures	2,536,286	2,536,287	(1)
4.24 Operating Capital	116,172	116,172	-	<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 refunding	-	-	-
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	460,628	460,627	1
4.40 Teacher Development and Evaluation	-	-	-	<i>Unassigned:</i>			
4.41 Basic Skills Programs	216,903	216,903	-	4.63 Unassigned fund balance	-	-	-
4.43 School Library Aid	-	-	-				
4.45 Career Technical Programs	-	-	-	08 Trust Fund			
4.48 Achievement and Integration Revenue	-	-	-	Total revenue	\$ -	\$ -	\$ -
4.49 Safe Schools Revenue	2,334	2,334	-	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 Net position	-	-	-
4.67 Long-term Facilities Maintenance	492,371	492,371	-	18 Custodial Fund			
4.71 Student Support Personnel Aid	-	-	-	Total expenditures	-	-	-
4.75 Title VII - Impact Aid	-	-	-	<i>Unassigned:</i>			
4.76 Payments in Lieu of Taxes	-	-	-	4.01 Student Activities	-	-	-
<i>Restricted:</i>				4.02 Scholarships	-	-	-
4.72 Medical Assistance	65,822	65,822	-	4.48 Achievement and Integration	-	-	-
4.64 Restricted fund balance	-	-	-	4.64 Restricted	-	-	-
4.75 Title VII - Impact Aid	-	-	-				
4.76 Payments in Lieu of Taxes	-	-	-	20 Internal Service Fund			
<i>Committed:</i>				Total revenue	\$ -	\$ -	\$ -
4.18 Committed for separation	-	-	-	Total expenditures	-	-	-
4.61 Committed fund balance	-	-	-	<i>Unassigned:</i>			
<i>Assigned:</i>				4.22 Net position	-	-	-
4.62 Assigned fund balance	387,077	387,077	-				
<i>Unassigned:</i>				25 OPEB Revocable Trust			
4.22 Unassigned fund balance	986,904	986,904	-	Total revenue	\$ -	\$ -	\$ -
				Total expenditures	-	-	-
02 Food Services Fund				<i>Unassigned:</i>			
Total revenue	\$ 712,041	\$ 712,041	\$ -	4.22 Net position	-	-	-
Total expenditures	715,733	715,735	(2)				
<i>Nonspendable:</i>				45 OPEB Irrevocable Trust			
4.60 Nonspendable fund balance	10,440	10,439	1	Total revenue	\$ -	\$ -	\$ -
<i>Restricted/reserved:</i>				Total expenditures	-	-	-
4.52 OPEB liabilities not held in trust	-	-	-	<i>Unassigned:</i>			
<i>Restricted:</i>				4.22 Net position	-	-	-
4.64 Restricted fund balance	142,171	142,171	-				
<i>Unassigned:</i>				47 OPEB Debt Service			
4.63 Unassigned fund balance	-	-	-	Total revenue	\$ -	\$ -	\$ -
				Total expenditures	-	-	-
04 Community Service Fund				<i>Nonspendable:</i>			
Total revenue	\$ 926,831	\$ 926,832	\$ (1)	4.60 Nonspendable fund balance	-	-	-
Total expenditures	1,093,892	1,093,893	(1)	<i>Restricted:</i>			
<i>Nonspendable:</i>				4.25 Bond refundings	-	-	-
4.60 Nonspendable fund balance	-	-	-	4.64 Restricted fund balance	-	-	-
<i>Restricted/reserved:</i>				<i>Unassigned:</i>			
4.26 \$25 Taconite	-	-	-	4.63 Unassigned fund balance	-	-	-
4.31 Community Education	(39,526)	(39,526)	-				
4.32 ECFE	50,242	50,242	-				
4.40 Teacher Development and Evaluation	-	-	-				
4.44 School Readiness	1,506	1,506	-				
4.47 Adult Basic Education	-	-	-				
4.52 OPEB Liabilities not Held in Trust	-	-	-				
<i>Restricted:</i>							
4.64 Restricted fund balance	-	-	-				
<i>Unassigned:</i>							
4.63 Unassigned fund balance	(6,365)	(6,365)	-				

Independent School District No. 108
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Federal Agency/Pass Through Agency/Program Title	Federal Assistance Listing Number	Expenditures
U.S. Department of Agriculture		
Through Minnesota Department of Education		
Child nutrition cluster		
School Breakfast Program	10.553	\$ 47,151
National School Lunch Program	10.555	147,089
Commodities programs (noncash assistance)	10.555	46,259
Total child nutrition cluster		<u>240,499</u>
U.S. Department of Education		
Through Minnesota Department of Education		
Title I, Part A - Grants to Local Educational Agencies	84.010	95,124
Special education cluster		
Through Minnesota Department of Education:		
Special Education Grants to States	84.027	451,663
IDEA Part B Section 611 Mandatory Coordinated Early Intervening Services	84.027	23,498
Special Education Preschool Grants	84.173	13,070
Total special education cluster		<u>488,231</u>
Carl Perkins, Vocational and Applied Technology	84.048A	12,530
Special Education - Grants for Infants and Families	84.181	8,782
Title II, Part A - Supporting Effective Instruction State Grants	84.367	19,033
Title IV, Part A - Student Support and Academic Enrichment Program	84.424A	8,969
Education Stabilization Fund		
COVID - ARP - Learning Recovery and Emergency Relief	84.425U	31,123
Total U.S. Department of Education		<u>663,792</u>
Total Federal Expenditures		<u>\$ 904,291</u>

Independent School District No. 108
Notes to the Schedule of Expenditures of Federal Awards
June 30, 2024

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 Basic Financial Statements Performed in Accordance
with *Government Auditing Standards***

Independent Auditor's Report

To the School Board
Independent School District No. 108
Norwood Young America, 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 basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 108, Norwood Young America, 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 15, 2024.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs in Accordance with the Uniform Guidance as item 2024-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

District's Response to the Finding

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the finding 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 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 results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bergan KDV, Ltd.

Minneapolis, Minnesota
November 15, 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. 108
Norwood Young America, Minnesota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the District's compliance 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 the District's major federal program for the year ended June 30, 2024. The District's major federal program is 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 its major federal program 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.

Report on Internal Control over Compliance (Continued)

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.

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.

Bergan KDV, Ltd.

Minneapolis, Minnesota
November 15, 2024

**Independent School District No. 108
Schedule of Findings and Questioned Costs
in Accordance with the Uniform Guidance**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Internal control over financial reporting:

- ◆ Material weakness(es) identified? Yes, Audit Finding 2024-001
- ◆ Significant deficiency(ies) identified that are not considered to be material weakness(es)? None reported

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.: 84.027/84.173
Name of Federal Program or Cluster: Special Education Cluster

Auditee qualified as low risk auditee? No

**Independent School District No. 108
Schedule of Findings and Questioned Costs
in Accordance with the Uniform Guidance**

SECTION II - FINANCIAL STATEMENT FINDINGS

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 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.

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 financial statements. As a result of this condition, material audit adjustments were required for contracts payable and construction in progress.

Cause:

There are a limited number of office employees.

Recommendation:

Continue to review the accounting system and year-end closing process, including changes that may occur. Implement segregation whenever practical.

**Independent School District No. 108
Schedule of Findings and Questioned Costs
in Accordance with the Uniform Guidance**

SECTION II - 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
Administration will review current segregation of accounting duties to determine if further segregation is possible.
3. Official Responsible for Ensuring CAP
Tim Schochenmaier, Superintendent, is the official responsible for ensuring corrective action of the deficiency.
4. Planned Completion Date for CAP
The planned completion date for the CAP is June 30, 2025.
5. Plan to Monitor Completion of CAP
The School Board will be monitoring this CAP.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no findings or questioned costs noted.

SECTION IV - PRIOR YEAR FINDINGS AND QUESTIONED COSTS

None



Minnesota Legal Compliance

Independent Auditor's Report

To the School Board
Independent School District No. 108
Norwood Young America, 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 basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 108, Norwood Young America, Minnesota, as of and for the year ended June 30, 2024, and the related notes to basic financial statements, and have issued our report thereon dated November 15, 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 as not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the District's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

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

BerganKDV, Ltd.

Minneapolis, Minnesota
November 15, 2024