

November 28, 2022  
Monday, November 28, 2022 6:00 PM Central

High School Media Center  
531 Morse Street  
Norwood Young America, MN 55368

Sara Eischens: Present  
Shelby Erickson: Present  
Nicole Evenski: Present  
Elroy Latzig: Present  
Sarah Lehrke: Present  
Rich Schug: Present  
Kyle Strickfaden: Present

Present: 7.

Nexus solutions: Ike, Chris,  
Audit Firm: Andrew.Grice@berganKDV.

A Franck  
A Lueck  
T Schochenmaier  
J Wroge  
C Smith  
A Groschen  
J Beneke  
H Feist  
H Smith  
R Larson  
J Cink  
C Tescher

#### A. PROCEDURAL ITEMS:

A.1. Call to order

A.2. Roll Call

A.3. Pledge of Allegiance

A.4. Approval of Agenda

Move to approve the agenda as presented/amended:. This motion, made by Nicole Evenski and seconded by Sarah Lehrke, Carried.

Sara Eischens: Yea, Shelby Erickson: Yea, Nicole Evenski: Yea, Elroy Latzig:  
Yea, Sarah Lehrke: Yea, Rich Schug: Yea, Kyle Strickfaden: Yea  
Yea: 7, Nay: 0

A.5. Consent Agenda

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

Kyle Strickfaden: Abstain (With Conflict), Sara Eischens: Yea, Shelby Erickson: Yea, Nicole Evenski: Yea, Elroy Latzig: Yea, Sarah Lehrke: Yea, Rich Schug: Yea

Yea: 6, Nay: 0, Abstain (With Conflict): 1

A.6. Acceptance of Gifts

Move to approve gifts. This motion, made by Shelby Erickson and seconded by Sara Eischens, Carried.

Sara Eischens: Yea, Shelby Erickson: Yea, Nicole Evenski: Yea, Elroy Latzig: Yea, Sarah Lehrke: Yea, Rich Schug: 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. FY22 Audit (Presented by Bergan KDV)

D.2. HS Registration catalog (Presented by Mr. Larson)

D.3. Nexus Solutions

D.4. 2023-2024 School Calendar

E. OPERATIONAL ITEMS

E.1. Consideration of Elementary Bids (1-14)

Move to approve Elementary base bids as presented: General Construction • Masonry • Steel Stud/Gypsum Wall Systems • Tile • Acoustical Treatments • Flooring • Painting • Food Service Equipment • HVAC Ventilation • HVAC Piping and Plumbing • Sprinkler Piping • HVAC Controls • Electrical Work Note: Quotes obtained for Glazing, HVAC Balancing, and Terrazzo Refinishing are included as well. This motion, made by Rich Schug and seconded by Shelby Erickson, Carried.

Sara Eischens: Yea, Shelby Erickson: Yea, Nicole Evenski: Yea, Elroy Latzig: Yea, Sarah Lehrke: Yea, Rich Schug: Yea, Kyle Strickfaden: Yea

Yea: 7, Nay: 0

E.2. Consideration of Existing Policies (2nd Reading)

Eischens moves to drop policy 517; Second by Lehrke carried: 7-0 Move to approve recommended policies: 532 and 602 as presented. This motion, made by Shelby Erickson and seconded by Sara Eischens, Carried.

Sara Eischens: Yea, Shelby Erickson: Yea, Nicole Evenski: Yea, Elroy Latzig: Yea, Sarah Lehrke: Yea, Rich Schug: Yea, Kyle Strickfaden: Yea

Yea: 7, Nay: 0

E.3. Consideration of New Policies (2nd reading)

Move to approve recommended policies as presented: 420: Recommend MSBA Policy: "Students/Staff with STDs" 508: Recommend MSBA Policy: "Extended School Year" 527: Recommend MSBA Policy: "Student use of parking lots" 529: Recommend MSBA Policy: Staff Notification of a Dangerous Student. 707: Recommend MSBA Policy: "Transportation of Students". This motion, made by

Sara Eischens and seconded by Rich Schug, Carried.

Sara Eischens: Yea, Shelby Erickson: Yea, Nicole Evenski: Yea, Elroy Latzig:  
Yea, Sarah Lehrke: Yea, Rich Schug: Yea, Kyle Strickfaden: Yea  
Yea: 7, Nay: 0

E.4. Consideration of 22-23 Calendar Adjustment: MS/HS Spring Conferences

move to approve 22-23 calendar adjustment for conferences to January as presented.: This motion, made by Rich Schug and seconded by Sarah Lehrke, Carried.

Sara Eischens: Yea, Shelby Erickson: Yea, Nicole Evenski: Yea, Elroy Latzig:  
Yea, Sarah Lehrke: Yea, Rich Schug: Yea, Kyle Strickfaden: Yea  
Yea: 7, Nay: 0

F. NEXT BOARD MEETING

G. ADJOURNMENT

move to adjourn 8:18. This motion, made by Sara Eischens and seconded by Shelby Erickson, Carried.

Sara Eischens: Yea, Shelby Erickson: Yea, Nicole Evenski: Yea, Elroy Latzig: Yea,  
Sarah Lehrke: Yea, Rich Schug: Yea, Kyle Strickfaden: Yea  
Yea: 7, Nay: 0

### November 5-2022 PAYROLL

GROSS PAY	\$280,494.88
FEDERAL TAX	(19,809.74)
MN STATE TAX	(9,795.31)
OASDI	(16,225.26)
MEDICARE	(3,794.53)
PERA	(3,169.92)
TRA	(16,597.89)
ANNUITIES	(5,350.76)
FLEX	(18,797.49)
VOLUNTARIES	(5,772.25)
NET PAYROLL	<u>\$181,181.73</u>
	186757.57

### November 20-2022 PAYROLL

GROSS PAY	\$279,456.53
FEDERAL TAX	(19,736.60)
MN STATE TAX	(9,732.33)
OASDI	(16,173.08)
MEDICARE	(3,782.36)
PERA	(3,327.41)
TRA	(16,357.13)
ANNUITIES	(5,350.76)
FLEX	(18,600.14)
VOLUNTARIES	(5,796.58)
NET PAYROLL	<u>\$180,600.14</u>

## 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	P30426	54877		Wire	1	01606	CENTERPOINT ENERGY		No	Yes	No	10/28/2022	1,041.81
GEN1	P30426	54878		Wire	1	09609	XCEL ENERGY		No	Yes	No	10/28/2022	21,767.69
GEN1	P30426	54879		Wire	1	2728	BREMER BANK, NA28		No	Yes	No	10/28/2022	58.40
GEN1	P30426	54880		Wire	1	5002	WASTE MANAGEMENT OF WI-MN		No	Yes	No	10/28/2022	2,863.46
GEN1	P30426	54881		Wire	1	6605	ELEYO	S Corporation	No	Yes	No	10/28/2022	2,263.54
GEN1	P30426	54882		Wire	1	6821	WEX Health Inc.		No	No	No	10/28/2022	220.00
GEN1	P30426	54883		Wire	1	2468	R2 MASTERCARD - HARRIS BANK		No	No	No	10/31/2022	2,911.51
GEN1	P30426	54884		Wire	1	4091	MASTERCARD - HARRIS BANK		No	No	No	10/31/2022	13,678.00
GEN1	p30531	54885		Wire	1	04035	TEACHERS RETIREMENT ASSOC		No	No	No	11/04/2022	35,519.48
GEN1	p30531	54886		Wire	1	05255	DEPARTMENT OF THE TREASURY		No	No	No	11/04/2022	59,849.32
GEN1	p30531	54887		Wire	1	06027	COMMISSIONER OF REVENUE		No	No	No	11/04/2022	9,795.31
GEN1	p30531	54888		Wire	1	3785	EDUCATORS FINANCIAL SERVICES		No	No	No	11/04/2022	9,554.59
GEN1	p30531	54889		Wire	1	6821	WEX Health Inc.		No	No	No	11/04/2022	4,956.21
GEN1	P30526	54963		Wire	1	6821	WEX Health Inc.		No	No	No	11/15/2022	234.00
GEN1	p30532	54971		Wire	1	01780	MN CHILD SUPPORT PAYMENT CTR		No	No	No	11/18/2022	439.00
GEN1	p30532	54972		Wire	1	04035	TEACHERS RETIREMENT ASSOC		No	No	No	11/18/2022	35,004.26
GEN1	p30532	54973		Wire	1	05255	DEPARTMENT OF THE TREASURY		No	No	No	11/18/2022	59,647.48
GEN1	p30532	54974		Wire	1	06027	COMMISSIONER OF REVENUE		No	No	No	11/18/2022	9,732.33
GEN1	p30532	54975		Wire	1	2260	AFLAC		No	No	No	11/18/2022	166.98
GEN1	p30532	54976		Wire	1	3785	EDUCATORS FINANCIAL SERVICES		No	No	No	11/18/2022	9,554.59
GEN1	p30532	54977		Wire	1	5699	MN PUBLIC EMPLOYEES INSURANCE PF		No	No	No	11/18/2022	63,004.90
GEN1	p30532	54978		Wire	1	6773	Medica-MN Healthcare Consortium		No	No	No	11/18/2022	25,738.07
GEN1	p30532	54979		Wire	1	6821	WEX Health Inc.		No	No	No	11/18/2022	1,062.32
GEN1	p00726	49540	36601	Check	1	6041	SALOMON, TRACI		Yes	No	Yes	11/01/2022	(6.75)
GEN1	p10525	51260	37911	Check	1	6474	BANYAI, KELLY		Yes	No	Yes	11/01/2022	(100.00)
GEN1	p10926	51826	38318	Check	1	6533	LUECK, TRACY		Yes	No	Yes	11/01/2022	(7.00)
GEN1	P30426	54724	40595	Check	1	3657	SCHOOLWIDE, INC.		Yes	No	Yes	11/10/2022	(538.24)
GEN1	P30426	54764	40611	Check	1	5922	EMPLOYERS PREFERRED INS. CO.		Yes	No	Yes	11/01/2022	(167.00)
GEN1	P30426	54868	40668	Check	1	6836	ANDERSON, ERIC	Ind/Sole Proprietor	Yes	No	No	10/28/2022	115.00
GEN1	P30426	54841	40669	Check	1	4413	BARFKNECHT, ALAN		Yes	No	No	10/28/2022	125.00
GEN1	P30426	54856	40670	Check	1	6461	BEHRENS, CHUCK		Yes	No	No	10/28/2022	45.00
GEN1	P30426	54855	40671	Check	1	6435	BRICK & BREW PROPERTIES LLC		Yes	No	No	10/28/2022	1,894.90
GEN1	P30426	54846	40672	Check	1	4946	BSN SPORTS LLC		Yes	No	No	10/28/2022	187.04
GEN1	P30426	54851	40673	Check	1	5943	CAROLINA BIOLOGICAL		Yes	No	No	10/28/2022	224.46
GEN1	P30426	54806	40674	Check	1	00048	CARQUEST AUTO PARTS		Yes	No	No	10/28/2022	10.74
GEN1	P30426	54867	40675	Check	1	6835	CARTER, MATT	Ind/Sole Proprietor	Yes	No	No	10/28/2022	115.00
GEN1	P30426	54810	40676	Check	1	00202	CARVER COUNTY		Yes	Yes	No	10/28/2022	376.25
GEN1	P30426	54820	40677	Check	1	01698	CARVER COUNTY PARKS		Yes	No	No	10/28/2022	1,413.00
GEN1	P30426	54834	40678	Check	1	3213	CENTURYLINK		Yes	No	No	10/28/2022	622.35
GEN1	P30426	54830	40679	Check	1	2382	CITY OF COLOGNE		Yes	Yes	No	10/28/2022	62.61
GEN1	P30426	54807	40680	Check	1	00061	CITY OF NORWOOD YOUNG AMERICA		Yes	No	No	10/28/2022	2,999.88
GEN1	P30426	54843	40681	Check	1	4732	DAIKIN APPLIED		Yes	Yes	No	10/28/2022	4,711.13
GEN1	P30426	54832	40682	Check	1	2721	DASHIR MANAGEMENT SERVICES INC		Yes	No	No	10/28/2022	20,918.06
GEN1	P30426	54839	40683	Check	1	4353	DYKSTRA, RYAN		Yes	No	No	10/28/2022	95.00
GEN1	P30426	54842	40684	Check	1	4717	ECM PUBLISHERS, INC.		Yes	No	No	10/28/2022	81.00
GEN1	P30426	54816	40685	Check	1	00666	ECOLAB PEST ELIMINATION DIVISION		Yes	Yes	No	10/28/2022	522.64
GEN1	P30426	54844	40686	Check	1	4787	EVENSKI, KYLE		Yes	No	No	10/28/2022	54.60
GEN1	P30426	54873	40687	Check	1	6841	EXPERT CONSTRUCTION		Yes	No	No	10/28/2022	82,149.00
GEN1	P30426	54866	40688	Check	1	6834	FAISON, JOHN	Ind/Sole Proprietor	Yes	No	No	10/28/2022	115.00
GEN1	P30426	54875	40689	Check	1	6843	FEIST, DARIN		Yes	No	No	10/28/2022	35.48
GEN1	P30426	54836	40690	Check	1	3396	FORD, DAN		Yes	No	No	10/28/2022	410.00
GEN1	P30426	54857	40691	Check	1	6468	GARCIA-SANCHEZ, FLORMIRA		Yes	No	No	10/28/2022	80.00
GEN1	P30426	54852	40692	Check	1	5970	GENZ, CHAD		Yes	No	No	10/28/2022	285.00
GEN1	P30426	54826	40693	Check	1	1752	GROTH MUSIC		Yes	No	No	10/28/2022	92.65
GEN1	P30426	54831	40694	Check	1	2647	HOME DEPOT CREDIT SERVICES		Yes	No	No	10/28/2022	781.44
GEN1	P30426	54809	40695	Check	1	00182	HOME SOLUTIONS UNLIMITED		Yes	No	No	10/28/2022	221.09
GEN1	P30426	54862	40696	Check	1	6830	HUSTLE & HEART SPORTS, LLC		Yes	No	No	10/28/2022	157.50
GEN1	P30426	54849	40697	Check	1	5490	HUTCHINSON YOUTH BASKETBALL ASSC		Yes	No	No	10/28/2022	200.00
GEN1	P30426	54859	40698	Check	1	6620	IDEAL ENERGIES SOLAR LEASING 2021 I LLC - Partnership		Yes	No	No	10/28/2022	420.94
GEN1	P30426	54872	40699	Check	1	6840	INCUBATE TO INNOVATE, LLC		Yes	No	No	10/28/2022	8,050.00
GEN1	P30426	54863	40700	Check	1	6831	ISCHE, ALAN		Yes	No	No	10/28/2022	100.00
GEN1	P30426	54822	40701	Check	1	09658	J W PEPPER & SON INC		Yes	No	No	10/28/2022	56.00
GEN1	P30426	54865	40702	Check	1	6833	KIPP BROTHERS		Yes	No	No	10/28/2022	760.53
GEN1	P30426	54869	40703	Check	1	6837	LIVINGSTON, TYLER	Ind/Sole Proprietor	Yes	No	No	10/28/2022	115.00
GEN1	P30426	54823	40704	Check	1	1140	MANKATO LOYOLA SCHOOL		Yes	No	No	10/28/2022	50.00
GEN1	P30426	54833	40705	Check	1	3185	MARCO TECHNOLOGIES, LLC	LLC - Partnership	Yes	Yes	No	10/28/2022	1,500.00
GEN1	P30426	54840	40706	Check	1	4393	MATHESON TRI-GAS, INC.		Yes	No	No	10/28/2022	196.80
GEN1	P30426	54827	40707	Check	1	1912	MAYER LUTHERAN HIGH SCHOOL		Yes	No	No	10/28/2022	698.00
GEN1	P30426	54853	40708	Check	1	5990	McNEIL, MARY PAT		Yes	No	No	10/28/2022	4,205.00
GEN1	P30426	54814	40709	Check	1	00572	MENARDS INC		Yes	No	No	10/28/2022	97.41
GEN1	P30426	54848	40710	Check	1	5423	MINNESOTA HISTORICAL SOCIETY		Yes	No	No	10/28/2022	496.00
GEN1	P30426	54828	40711	Check	1	1990	MONAHAN, JEFF		Yes	No	No	10/28/2022	95.00

### Norwood-Young America School Payment Reg by Bank and Check

											Pay/Void		
Bank	Batch	Pmt No	Check No	Pay Type	Grp Code	Rcd	Vendor	Tax Class	Print	Recon	Void	Date	Amount
GEN1	P30426	54819	40712	Check	1	01645	MULTI-HEALTH SYSTEMS INC.		Yes	No	No	10/28/2022	237.50
GEN1	P30426	54818	40713	Check	1	01530	MUSIC MART		Yes	No	No	10/28/2022	566.50
GEN1	P30426	54838	40714	Check	1	4279	NAHAN, SHELLY		Yes	No	No	10/28/2022	1,372.00
GEN1	P30426	54850	40715	Check	1	5844	NANCY FETZER'S LITERACY CONNECTIC		Yes	No	No	10/28/2022	750.00
GEN1	P30426	54871	40716	Check	1	6839	NAVIGATE360, LLC		Yes	No	No	10/28/2022	749.00
GEN1	P30426	54854	40717	Check	1	6418	NEWS AND TIMES		Yes	No	No	10/28/2022	60.95
GEN1	P30426	54870	40718	Check	1	6838	PATTERSON, JAMES	Ind/Sole Proprietor	Yes	No	No	10/28/2022	115.00
GEN1	P30426	54837	40719	Check	1	3468	PETERSON, LYNN		Yes	Yes	No	10/28/2022	41.25
GEN1	P30426	54811	40720	Check	1	00329	QUILL CORPORATION		Yes	No	No	10/28/2022	44.57
GEN1	P30426	54825	40721	Check	1	1657	RATWIK, ROSZAK & MALONEY, P.A.		Yes	No	No	10/28/2022	340.00
GEN1	P30426	54808	40722	Check	1	00122	REGION V COMPUTER SERVICES		Yes	No	No	10/28/2022	4,128.00
GEN1	P30426	54861	40723	Check	1	6829	SAYBA		Yes	No	No	10/28/2022	250.00
GEN1	P30426	54812	40724	Check	1	00374	SMITH OIL CO.		Yes	No	No	10/28/2022	2,648.09
GEN1	P30426	54817	40725	Check	1	00673	SOUTH CENTRAL SERVICE COOP		Yes	No	No	10/28/2022	370.00
GEN1	P30426	54847	40726	Check	1	5287	SOUTHWEST METRO INTERMEDIATE DIS		Yes	No	No	10/28/2022	5,030.43
GEN1	P30426	54860	40727	Check	1	6654	SUMMIT FIRE PROTECTION		Yes	No	No	10/28/2022	1,156.00
GEN1	P30426	54813	40728	Check	1	00388	SUPREME SCHOOL SUPPLY COMPANY		Yes	No	No	10/28/2022	164.20
GEN1	P30426	54829	40729	Check	1	2325	TAHER, INC. - BIN# 135092		Yes	No	No	10/28/2022	66,469.37
GEN1	P30426	54835	40730	Check	1	3272	1099A THIEL, CHARLES A.		Yes	No	No	10/28/2022	742.00
GEN1	P30426	54821	40731	Check	1	05590	TK ELEVATOR CORPORATION		Yes	No	No	10/28/2022	607.48
GEN1	P30426	54864	40732	Check	1	6832	TWO WAY COMMUNICATIONS, INC		Yes	No	No	10/28/2022	899.85
GEN1	P30426	54824	40733	Check	1	1157	UHL COMPANY		Yes	No	No	10/28/2022	4,080.50
GEN1	P30426	54815	40734	Check	1	00584	UNIVERSITY OF MINNESOTA		Yes	Yes	No	10/28/2022	1,328.43
GEN1	P30426	54874	40735	Check	1	6842	WEST METRO EXCAVATING		Yes	No	No	10/28/2022	29,900.00
GEN1	P30426	54858	40736	Check	1	6469	WILLIAMS, ASHLEY		Yes	No	No	10/28/2022	116.91
GEN1	P30426	54845	40737	Check	1	4880	WINSUPPLY ALEXANDRIA MN CO.		Yes	No	No	10/28/2022	322.32
GEN1	P30426	54876	40738	Check	1	6844	ZAJAC, MARCIA		Yes	No	No	10/28/2022	250.00
GEN1	p30531	54891	40739	Check	1	06032	MINNESOTA SCHOOL EMP ASSOC		Yes	No	No	11/04/2022	400.76
GEN1	p30531	54890	40740	Check	1	04034	PERA		Yes	No	No	11/04/2022	6,827.51
GEN1	P30526	54946	40741	Check	1	6747	212 EQUIPMENT		Yes	No	No	11/15/2022	875.00
GEN1	P30526	54926	40742	Check	1	5123	ANDERSON, STEVEN		Yes	No	No	11/15/2022	240.00
GEN1	P30526	54918	40743	Check	1	4046	ANDERSON'S		Yes	No	No	11/15/2022	329.05
GEN1	P30526	54931	40744	Check	1	5942	APPTEGY	C Corporation	Yes	No	No	11/15/2022	9,100.00
GEN1	P30526	54936	40745	Check	1	6412	AVIBEN		Yes	No	No	11/15/2022	123.35
GEN1	P30526	54956	40746	Check	1	6852	BERGANKDV		Yes	No	No	11/15/2022	21,000.00
GEN1	P30526	54941	40747	Check	1	6617	BITUMINOUS ROADWAYS, INC.	C Corporation	Yes	No	No	11/15/2022	243,200.00
GEN1	P30526	54913	40748	Check	1	3620	BRAUN, REBECCA		Yes	No	No	11/15/2022	530.00
GEN1	P30526	54924	40749	Check	1	4946	BSN SPORTS LLC		Yes	No	No	11/15/2022	3,862.12
GEN1	P30526	54900	40750	Check	1	01698	CARVER COUNTY PARKS		Yes	No	No	11/15/2022	1,563.75
GEN1	P30526	54960	40751	Check	1	6856	CENTURY FENCE COMPANY		Yes	No	No	11/15/2022	62,839.65
GEN1	P30526	54922	40752	Check	1	4732	DAIKIN APPLIED		Yes	No	No	11/15/2022	2,379.79
GEN1	P30526	54903	40753	Check	1	1442	DALCO		Yes	No	No	11/15/2022	43.25
GEN1	P30526	54908	40754	Check	1	2721	DASHIR MANAGEMENT SERVICES INC		Yes	No	No	11/15/2022	20,733.04
GEN1	P30526	54921	40755	Check	1	4717	ECM PUBLISHERS, INC.		Yes	No	No	11/15/2022	72.90
GEN1	P30526	54959	40756	Check	1	6855	EDUCATION ON A BUDGET		Yes	No	No	11/15/2022	12,000.00
GEN1	P30526	54929	40757	Check	1	5922	EMPLOYERS PREFERRED INS. CO.		Yes	No	No	11/15/2022	1,482.00
GEN1	P30526	54892	40758	Check	1	00112	ERPENBACH, RON		Yes	No	No	11/15/2022	503.99
GEN1	P30526	54957	40759	Check	1	6853	FISCHER AND SONS, INC.		Yes	No	No	11/15/2022	34,477.70
GEN1	P30526	54911	40760	Check	1	3535	FOUR POINT 0 SCHOOL SERVICES		Yes	No	No	11/15/2022	117,646.54
GEN1	P30526	54914	40761	Check	1	3639	FOX, DARRIN		Yes	No	No	11/15/2022	18.00
GEN1	P30526	54932	40762	Check	1	5984	GRAYBAR FINANCIAL SERVICES		Yes	No	No	11/15/2022	39,407.74
GEN1	P30526	54907	40763	Check	1	2439	HENDRYCKS, PHIL		Yes	No	No	11/15/2022	720.00
GEN1	P30526	54954	40764	Check	1	6848	HENJUM, BRIANNA		Yes	No	No	11/15/2022	105.00
GEN1	P30526	54898	40765	Check	1	01161	ISD #717 - JORDAN SCHOOLS		Yes	No	No	11/15/2022	85.00
GEN1	P30526	54909	40766	Check	1	3104	ISD #84-SLEEPY EYE PUBLIC S		Yes	No	No	11/15/2022	50.00
GEN1	P30526	54902	40767	Check	1	09658	J W PEPPER & SON INC		Yes	No	No	11/15/2022	50.00
GEN1	P30526	54958	40768	Check	1	6854	JENSEN DECORATIVE CONCRETE, INC.		Yes	No	No	11/15/2022	70,090.28
GEN1	P30526	54950	40769	Check	1	6809	LAKETOWN ELECTRIC CORPORATION		Yes	No	No	11/15/2022	194,750.00
GEN1	P30526	54947	40770	Check	1	6774	LARSON, RICHARD		Yes	No	No	11/15/2022	415.63
GEN1	P30526	54942	40771	Check	1	6652	LEONARD, JENNA		Yes	No	No	11/15/2022	64.00
GEN1	P30526	54928	40772	Check	1	5312	LIFELINE		Yes	No	No	11/15/2022	5,281.25
GEN1	P30526	54939	40773	Check	1	6545	MARCO TECHNOLOGIES LLC	LLC - Partnership	Yes	No	No	11/15/2022	2,397.16
GEN1	P30526	54919	40774	Check	1	4316	MCDOWELL AGENCY, INC.		Yes	No	No	11/15/2022	232.00
GEN1	P30526	54895	40775	Check	1	00572	MENARDS INC		Yes	No	No	11/15/2022	299.87
GEN1	P30526	54916	40776	Check	1	3908	MESIK, JAMES		Yes	No	No	11/15/2022	94.92
GEN1	P30526	54952	40777	Check	1	6846	MICHELS, AMBER		Yes	No	No	11/15/2022	65.00
GEN1	P30526	54951	40778	Check	1	6820	MIDAMERICA TECHNICAL & ENVIRONMEI		Yes	No	No	11/15/2022	1,732.95
GEN1	P30526	54897	40779	Check	1	00963	MINI BIFF, INC.		Yes	No	No	11/15/2022	312.12
GEN1	P30526	54917	40780	Check	1	3910	MN ASSOC. OF AG EDUCATORS		Yes	No	No	11/15/2022	490.00
GEN1	P30526	54934	40781	Check	1	6388	MN DEPT OF HEALTH		Yes	No	No	11/15/2022	290.00
GEN1	P30526	54894	40782	Check	1	00562	MN STATE UNIVERSITY - MANKATO		Yes	No	No	11/15/2022	3,300.00
GEN1	P30526	54899	40783	Check	1	01530	MUSIC MART		Yes	No	No	11/15/2022	76.50

### Norwood-Young America School Payment Reg by Bank and Check

											Pay/Void		
Bank	Batch	Pmt No	Check No	Pay Type	Grp Code	Rcd	Vendor	Tax Class	Print	Recon	Void	Date	Amount
GEN1	P30526	54962	40784	Check	1	6858	NEILS, ALICIA		Yes	No	No	11/15/2022	125.00
GEN1	P30526	54943	40785	Check	1	6704	NEXUS SOLUTIONS LLC	LLC - S Corp	Yes	No	No	11/15/2022	1,505,899.93
GEN1	P30526	54925	40786	Check	1	5082	NYA FIRE DEPARTMENT RELIEF ASSOCI		Yes	No	No	11/15/2022	250.00
GEN1	P30526	54948	40787	Check	1	6807	PETERSON COMPANIES, INC.		Yes	No	No	11/15/2022	330,969.55
GEN1	P30526	54927	40788	Check	1	5261	RAAA GIRLS BASKETBALL		Yes	No	No	11/15/2022	225.00
GEN1	P30526	54949	40789	Check	1	6808	RACHEL CONTRACTING, LLC		Yes	No	No	11/15/2022	424,724.10
GEN1	P30526	54955	40790	Check	1	6849	RAETHER, BROOKE		Yes	No	No	11/15/2022	720.00
GEN1	P30526	54912	40791	Check	1	3550	REGION 2A MSHSL		Yes	No	No	11/15/2022	1,731.00
GEN1	P30526	54901	40792	Check	1	05604	RIDGEVIEW MEDICAL CENTER		Yes	No	No	11/15/2022	235.00
GEN1	P30526	54915	40793	Check	1	3713	ROCHESTER TELECOM SYSTEMS, INC		Yes	No	No	11/15/2022	43.07
GEN1	P30526	54945	40794	Check	1	6721	SAAFE, LLC	LLC - S Corp	Yes	No	No	11/15/2022	13,730.00
GEN1	P30526	54935	40795	Check	1	6406	SAVVAS LEARNING COMPANY LLC		Yes	No	No	11/15/2022	43.20
GEN1	P30526	54930	40796	Check	1	5927	SCHOCHENMAIER, TIM		Yes	No	No	11/15/2022	360.00
GEN1	P30526	54937	40797	Check	1	6432	SCHOLASTIC		Yes	No	No	11/15/2022	348.34
GEN1	P30526	54893	40798	Check	1	00374	SMITH OIL CO.		Yes	No	No	11/15/2022	472.71
GEN1	P30526	54896	40799	Check	1	00673	SOUTH CENTRAL SERVICE COOP		Yes	No	No	11/15/2022	6,690.00
GEN1	P30526	54920	40800	Check	1	4571	SOUTHWEST MN STATE UNIVERSITY		Yes	No	No	11/15/2022	9,900.00
GEN1	P30526	54923	40801	Check	1	4893	SOUTHWEST PAVING, INC.		Yes	No	No	11/15/2022	9,000.00
GEN1	P30526	54938	40802	Check	1	6455	SOUTHWEST WEST CENTRAL SERVICE		Yes	No	No	11/15/2022	2,095.18
GEN1	P30526	54944	40803	Check	1	6707	SUNDE LAND SURVEYING, LLC	LLC - Partnership	Yes	No	No	11/15/2022	6,265.42
GEN1	P30526	54906	40804	Check	1	2325	TAHER, INC. - BIN# 135092		Yes	No	No	11/15/2022	48,661.87
GEN1	P30526	54910	40805	Check	1	3272	1099A THIEL, CHARLES A.		Yes	No	No	11/15/2022	240.00
GEN1	P30526	54904	40806	Check	1	1572	THUNSTROM, LEE		Yes	No	No	11/15/2022	105.00
GEN1	P30526	54933	40807	Check	1	6252	T-MOBILE		Yes	No	No	11/15/2022	760.00
GEN1	P30526	54953	40808	Check	1	6847	VBBA		Yes	No	No	11/15/2022	225.00
GEN1	P30526	54940	40809	Check	1	6606	VOSSSEN, KELLY		Yes	No	No	11/15/2022	360.00
GEN1	P30526	54905	40810	Check	1	1870	WIGFIELD DESIGN		Yes	No	No	11/15/2022	360.00
GEN1	P30526	54961	40811	Check	1	6857	WINN, ALYSON		Yes	No	No	11/15/2022	81.99
GEN1	p30532	54968	40812	Check	1	07999	C.E.A.		Yes	No	No	11/18/2022	8,145.62
GEN1	p30532	54969	40813	Check	1	1439	DELTA DENTAL PLAN OF MN		Yes	No	No	11/18/2022	5,107.14
GEN1	p30532	54965	40814	Check	1	01140	MADISON NAT'L LIFE INS CO INC.		Yes	No	No	11/18/2022	1,230.01
GEN1	p30532	54967	40815	Check	1	06032	MINNESOTA SCHOOL EMP ASSOC		Yes	No	No	11/18/2022	425.09
GEN1	p30532	54970	40816	Check	1	3796	NATIONAL INSURANCE SERVICES OF WI		Yes	No	No	11/18/2022	385.45
GEN1	p30532	54964	40817	Check	1	00808	NCPERS Group Life Ins.		Yes	No	No	11/18/2022	32.00
GEN1	p30532	54966	40818	Check	1	04034	PERA		Yes	No	No	11/18/2022	7,166.75
GEN1	P30526	54980	40819	Check	1	6860	CARLSON'S ORCHARD		Yes	No	No	11/18/2022	832.94

Bank Total: \$3,875,430.29

Report Total: \$3,875,430.29

Regular Board Meeting  
Monday, October 24, 2022 6:00 PM Central

High School Media Center  
531 Morse Street  
Norwood Young America, MN 55368

Sara Eischens: Present  
Shelby Erickson: Present  
Nicole Evenski: Present  
Elroy Latzig: Present  
Sarah Lehrke: Present  
Rich Schug: Present  
Kyle Strickfaden: Present  
Present: 7.

Others in attendance:

T Schochenmaier  
A Franck  
A Winn  
A Lueck - Student Seat

#### A. PROCEDURAL ITEMS:

A.1. Call to order

A.2. Roll Call

A.3. Pledge of Allegiance

A.4. Approval of Agenda

Move to approve the agenda as presented/amended:. This motion, made by Rich Schug and seconded by Sarah Lehrke, Carried.

Sara Eischens: Yea, Shelby Erickson: Yea, Nicole Evenski: Yea, Elroy Latzig: Yea,  
Sarah Lehrke: Yea, Rich Schug: 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 Elroy Latzig, Carried.

Sara Eischens: Yea, Shelby Erickson: Yea, Nicole Evenski: Yea, Elroy Latzig: Yea,  
Sarah Lehrke: Yea, Rich Schug: Yea, Kyle Strickfaden: Yea  
Yea: 7, Nay: 0

A.6. Acceptance of Gifts

Move to approve gifts. This motion, made by Shelby Erickson and seconded by Nicole Evenski, Carried.

Sara Eischens: Yea, Shelby Erickson: Yea, Nicole Evenski: Yea, Elroy Latzig: Yea,  
Sarah Lehrke: Yea, Rich Schug: 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. First Reading of current district policies with non-substantive changes:

#### Existing

- **404 Employment Background Checks Update Legal References**
- **506 Student Discipline Update references and language**
- **517 Student Recruiting Remove Service Manual**
- **532 Use of Peace Officers Update Legal References**
- **533 Wellness Update references**
- **602 Organization of School Calendar Update Legal References and text**
- **620 Credit for Learning Update Legal References**

### D.2. First Reading of MSBA recommended policies with non-substantive changes currently not adopted by Central Public Schools:

#### New

- **420 Sexually Transmitted Infections Update Legal References**
- **508 ESY for Certain Students Update Legal References**
- **509 Enrollment of Nonresident Student Update Legal References and text**
- **525 Violence Prevention Update Legal References**
- **527 Student Use and Parking Update Legal References**
- **528 Student Parental and Family Update references**
- **529 Staff Notification Update references**
- **613 Graduation Requirements Removes outdated language**
- **617 School District Insurance Update Legal References**
- **618 Student Achievement Update Legal References**
- **619 Staff Development Update Legal References**
- **624 Online Learning Options Update Legal References**
- **707 Transportation**

### D.3. Superintendent evaluation and goal setting

### D.4. 2023-2024 Preliminary Calendar Considerations

## E. OPERATIONAL ITEMS

**E.1. Selection of canvassing date and time for November 2022 school board election**

Move to approve Election Canvass Meeting on Wednesday November 16,2022 at 4pm in District Office. Board members. This motion, made by Elroy Latzig and seconded by Rich Schug, Carried.

Sara Eischens: Yea, Shelby Erickson: Yea, Nicole Evenski: Yea, Elroy Latzig: Yea, Sarah Lehrke: Yea, Rich Schug: Yea, Kyle Strickfaden: Yea  
Yea: 7, Nay: 0

**E.2. Consideration of Bid Package Elementary Equipment**

Move to approve Elementary Bid Package 5B as presented. This motion, made by Sara Eischens and seconded by Shelby Erickson, Carried.

Sara Eischens: Yea, Shelby Erickson: Yea, Nicole Evenski: Yea, Elroy Latzig: Yea, Sarah Lehrke: Yea, Rich Schug: Yea, Kyle Strickfaden: Yea  
Yea: 7, Nay: 0

**E.3. Consideration of Bid Package #3**

Move to approve Bid Package #3 for Secondary School as presented. This motion, made by Shelby Erickson and seconded by Sara Eischens, Carried.

Sara Eischens: Yea, Shelby Erickson: Yea, Nicole Evenski: Yea, Elroy Latzig: Yea, Sarah Lehrke: Yea, Rich Schug: Yea, Kyle Strickfaden: Yea  
Yea: 7, Nay: 0

**F. NEXT BOARD MEETING**

**G. ADJOURNMENT**

MOve to adjourn meeting 7:02 pm. This motion, made by Sarah Lehrke and seconded by Sara Eischens, Carried.

Sara Eischens: Yea, Shelby Erickson: Yea, Nicole Evenski: Yea, Elroy Latzig: Yea, Sarah Lehrke: Yea, Rich Schug: Yea, Kyle Strickfaden: Yea  
Yea: 7, Nay: 0

## Extra Curricular Assignments: 2022

Jordan Voight	Head Wrestling Coach
Wade Vanderlinde	Asst. Boys basketball coach
Gary Lambke	Head Girls Basketball coach
Brian Clark	Asst. Wrestling coach
Jon Wroge	8th Grade Boys Basketball Coach
Jon Wroge	7th Grade girls basketball coach
Jacob Schrupp	7th Grade boys basketball coach
Jacob Schrupp	8th Grade Girls basketball coach
Jay Bollum	9th grade boys basketball coach
Kyle Strickfaden	Head boys basketball coach
Keegan Oak	Asst. boys basketball coach
Wade Degler	Asst. girls basketball coach

# *Finance Committee Report*



**November 28, 2022**

# *Purpose*

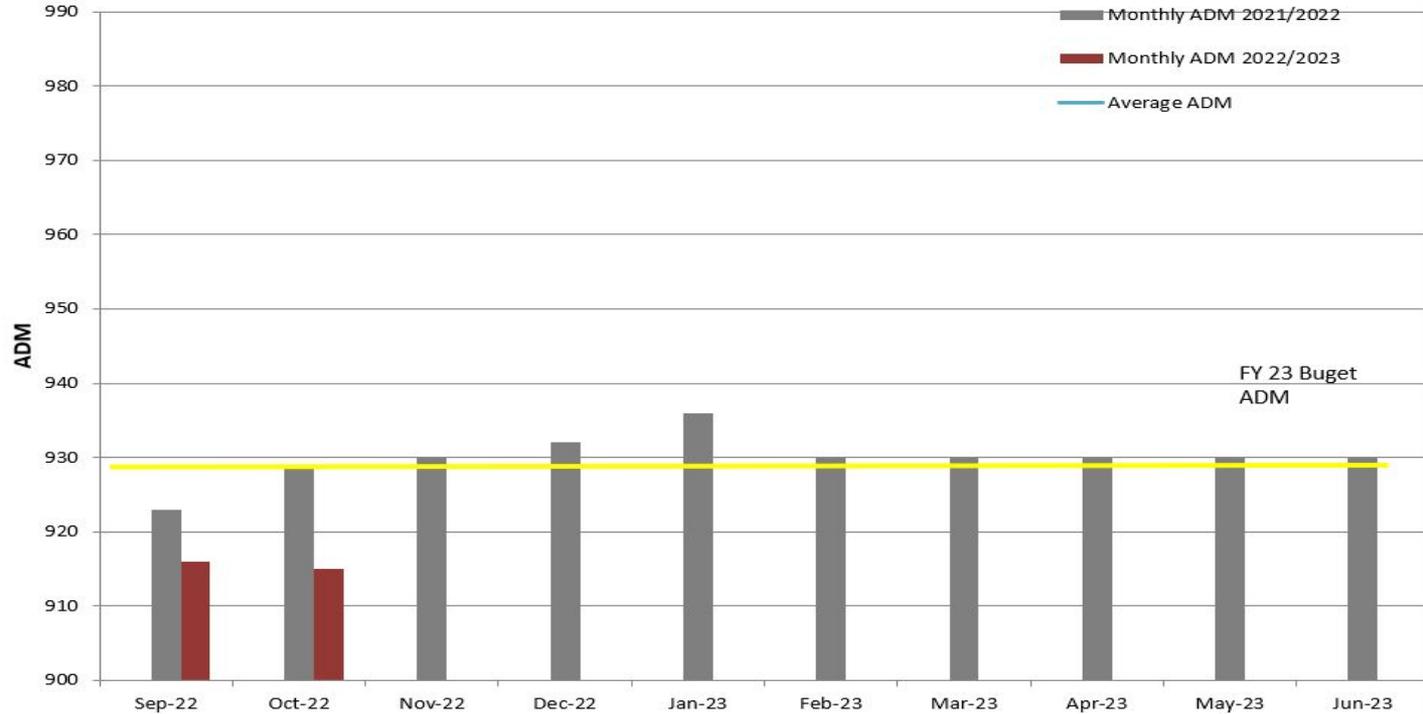


- Provide an overview of the previous months revenue, expense, and enrollment.
- Review significant changes

# Enrollment by Month



22-23 Monthly, Average, and Budgeted Daily Membership



# Monthly Revenue/Expense



October 2022 Data

Using FY23 Adopted Budget

YTD Revenues						
	22-23 Revenue Budget	22-23 Revenue to Date	% of Budget	21-22 Revenue Budget	21-22 Revenue to Date	% of Budget
General Fund	\$ 11,896,613	\$ 3,127,213	26.3%	\$ 12,721,423	\$ 3,113,193	24.5%
Food Services	\$ 628,370	\$ 154,813	24.6%	\$ 621,706	\$ 95,895	15.4%
Community Services	\$ 991,834	\$ 316,523	31.9%	\$ 896,778	\$ 263,664	29.4%
Debt Services	\$ 2,253,133	\$ 539,630	24.0%	\$ 980,801	\$ 297,051	30.3%
Scholarships	\$ 4,000	\$ 2,713	67.8%	\$ 3,000	\$ 2,760	92.0%
Student Activities	\$ -	\$ 19,942	0.0%	\$ -	\$ 19,398	0.0%
<b>Total Revenue</b>	<b>\$ 15,773,950</b>	<b>\$ 4,160,834</b>	<b>26.4%</b>	<b>\$ 15,223,708</b>	<b>\$ 3,791,960</b>	<b>24.9%</b>
YTD Expenses						
	22-23 Expense Budget	22-23 Expenses to Date	% of Budget	21-22 Expense Budget	21-22 Expenses to Date	% of Budget
General Fund	\$ 11,707,431	\$ 2,925,020	25.0%	\$ 12,365,337	\$ 3,007,753	24.3%
Food Services	\$ 555,628	\$ 119,574	21.5%	\$ 531,824	\$ 75,807	14.3%
Community Services	\$ 939,134	\$ 308,695	32.9%	\$ 882,606	\$ 247,722	28.1%
Debt Services	\$ 2,158,536	\$ 624,528	28.9%	\$ 988,979	\$ 69,239	7.0%
Scholarships	\$ 4,000	\$ -	0.0%	\$ 3,000	\$ 1,000	33.3%
Student Activities	\$ -	\$ 24,089	0.0%	\$ -	\$ 22,366	0.0%
<b>Total Expenses</b>	<b>\$ 15,364,729</b>	<b>\$ 4,001,905</b>	<b>26.0%</b>	<b>\$ 14,771,746</b>	<b>\$ 3,423,888</b>	<b>23.2%</b>
<b>Favorable/(Unfavorable)</b>	<b>\$ 409,221</b>	<b>\$ 158,929</b>	<b>38.84%</b>	<b>\$ 451,962</b>	<b>\$ 368,072</b>	<b>81.4%</b>

21-22 Fund Balance					
	Unaudited Fund Balance 7/1/22	22-23 Revenues to Date	22-23 Expenses to Date	Fund Balance 6/30/22	Favorable/(Unfavorable)
General Fund	\$ 2,456,138	\$ 3,127,213	\$ 2,925,020	\$ 2,658,332	\$ 202,194
Food Services	\$ 247,906	\$ 154,813	\$ 119,574	\$ 283,145	\$ 35,239
Community Services	\$ 261,874	\$ 316,523	\$ 308,695	\$ 269,702	\$ 7,828
Debt Services	\$ 195,018	\$ 539,630	\$ 624,528	\$ 110,120	\$ (84,898)
Scholarships	\$ 31,777	\$ 2,713	\$ -	\$ 34,490	\$ 2,713
Student Activities	\$ 103,060	\$ 19,942	\$ 24,089	\$ 98,913	\$ (4,147)
<b>Total Fund Balance</b>	<b>\$ 3,295,773</b>	<b>\$ 4,160,834</b>	<b>\$ 4,001,905</b>	<b>\$ 3,454,702</b>	<b>\$ 158,929</b>

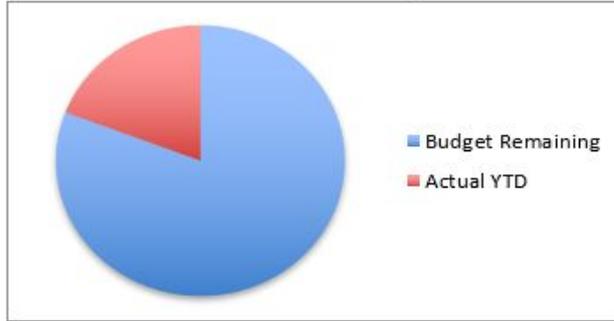
\*\*Audited Fund Balances will not be available until Nov. 2022

# ISD 108 Promise to Voters



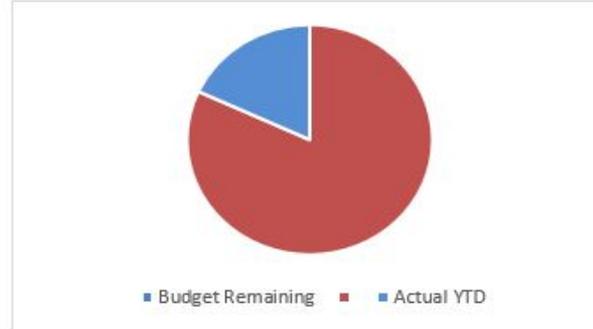
## Q1 Curriculum

**Budget Remaining** **Actual YTD**  
114,728 27,228



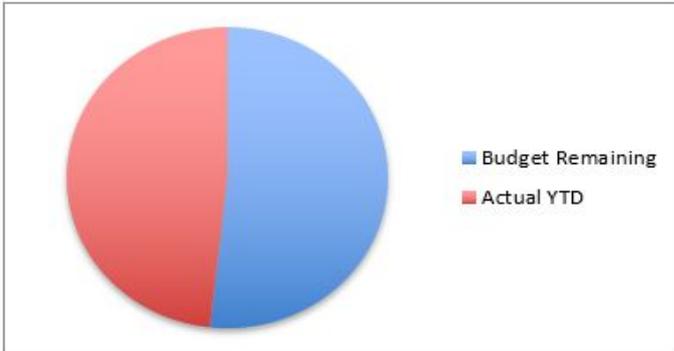
## Q1 Staff Development

**Budget Remaining** **Actual YTD**  
55,696 12,312



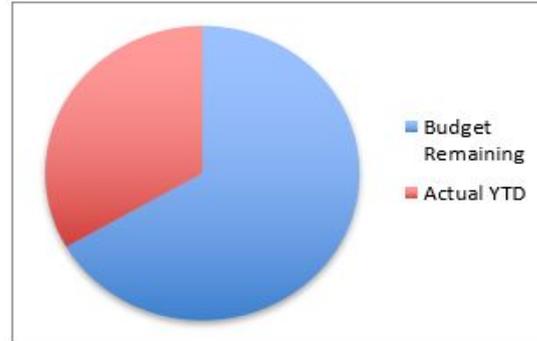
## Q2 Tech Levy

**Budget Remaining** **Actual YTD**  
223,428 208,372



## Q1 Maintain Class Size

**Budget Remaining** **Actual YTD**  
231,848 115,924



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

**Communications Letter**

**June 30, 2022**



**Independent School District No. 108  
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Required Communication	4
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Legislative Summary	19
Emerging Issues	21

## 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 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, 2022, 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 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 16, 2022, on such statements.

This communication, which is an integral part of our audit, is intended solely for the information and use of management, the School Board, others within the District and state oversight agencies and is not intended to be, and should not be, used by anyone other than these specified parties.

*BerganKDV, Ltd.*

Minneapolis, Minnesota  
November 16, 2022

## **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.

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, 2022. 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 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.

**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 2022. 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*

Accounting estimates 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:

Depreciation – The District is currently depreciating its capital assets over their estimated useful lives, as determined by management, using the straight-line method.

Expense Allocation – Certain expenses are allocated to programs based on an estimate of the benefit to that particular program. Examples are salaries, benefits, and supplies.

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.

Compensated Absences Payable – This liability is determined for vacation leave that is earned but unpaid. This liability also includes termination benefits that uses a vesting method based historical data. The liability is recorded for vested benefits and unvested benefits which are expected to vest in future periods.

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

**Qualitative Aspects of the District's Significant Accounting Practices (Continued)**

*Significant Accounting Estimates (Continued)*

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.

**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.

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

**Disagreements with Management**

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

**Representations Requested from Management**

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

**Management's Consultations with Other Accountants**

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

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

### **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.

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.

<u>Year</u>	<u>General Education Aid Formula Allowance</u>	
	<u>Amount</u>	<u>Percent Increase</u>
2013	\$ 5,224	1.0%
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%

\* 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 adjustments changes and other restructuring.

## Independent School District No. 108 Financial Analysis

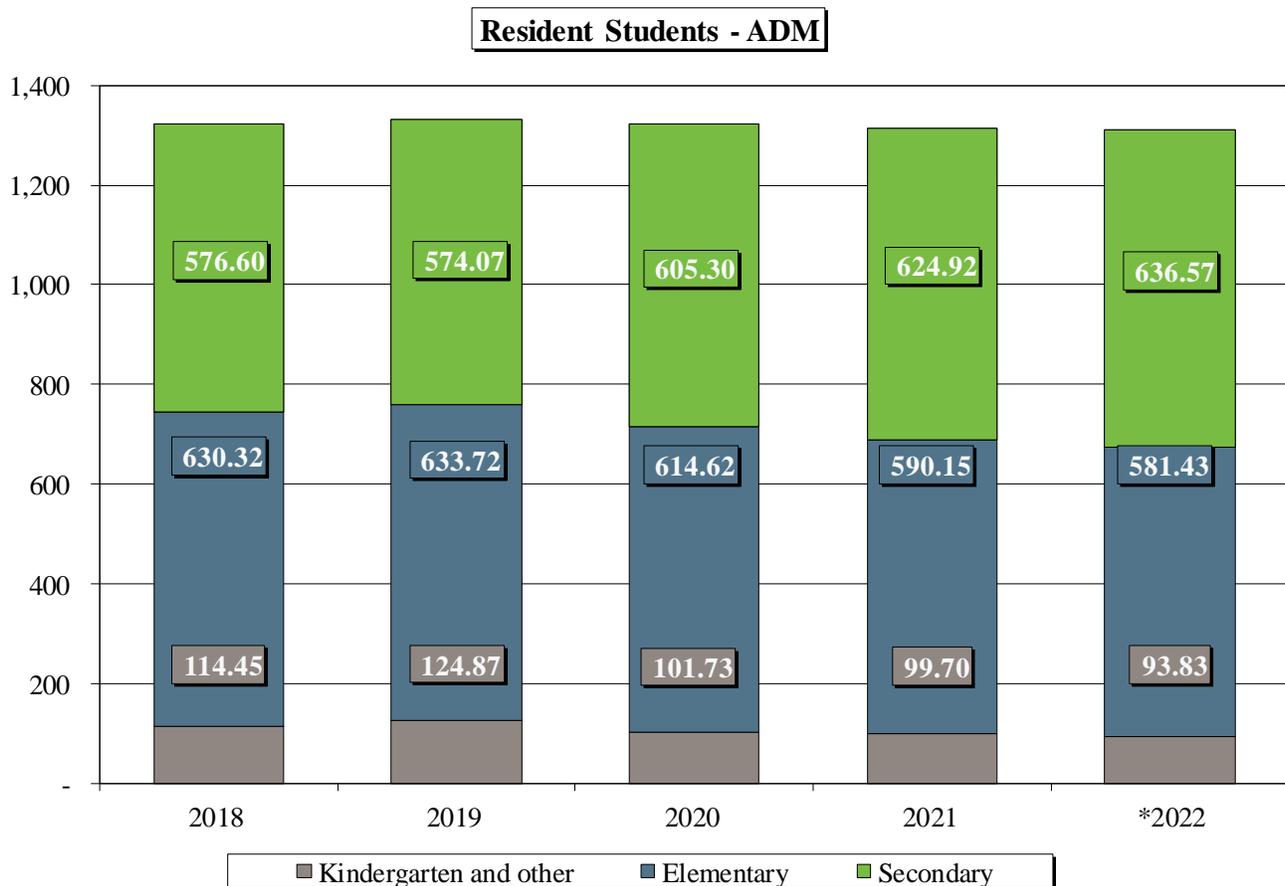
### Average Daily Membership and Pupil Units (Continued)

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

Resident ADM	2018	2019	2020	2021	*2022
Kindergarten and other	114.45	124.87	101.73	99.70	93.83
Elementary	630.32	633.72	614.62	590.15	581.43
Secondary	576.60	574.07	605.30	624.92	636.57
<b>Total Resident ADM</b>	<b>1,321.37</b>	<b>1,332.66</b>	<b>1,321.65</b>	<b>1,314.77</b>	<b>1,311.83</b>

\* Estimate as of October 17, 2022

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 2022 with a total of 1,311.83, a decrease of 2.94 ADM compared to 2021.



## Independent School District No. 108 Financial Analysis

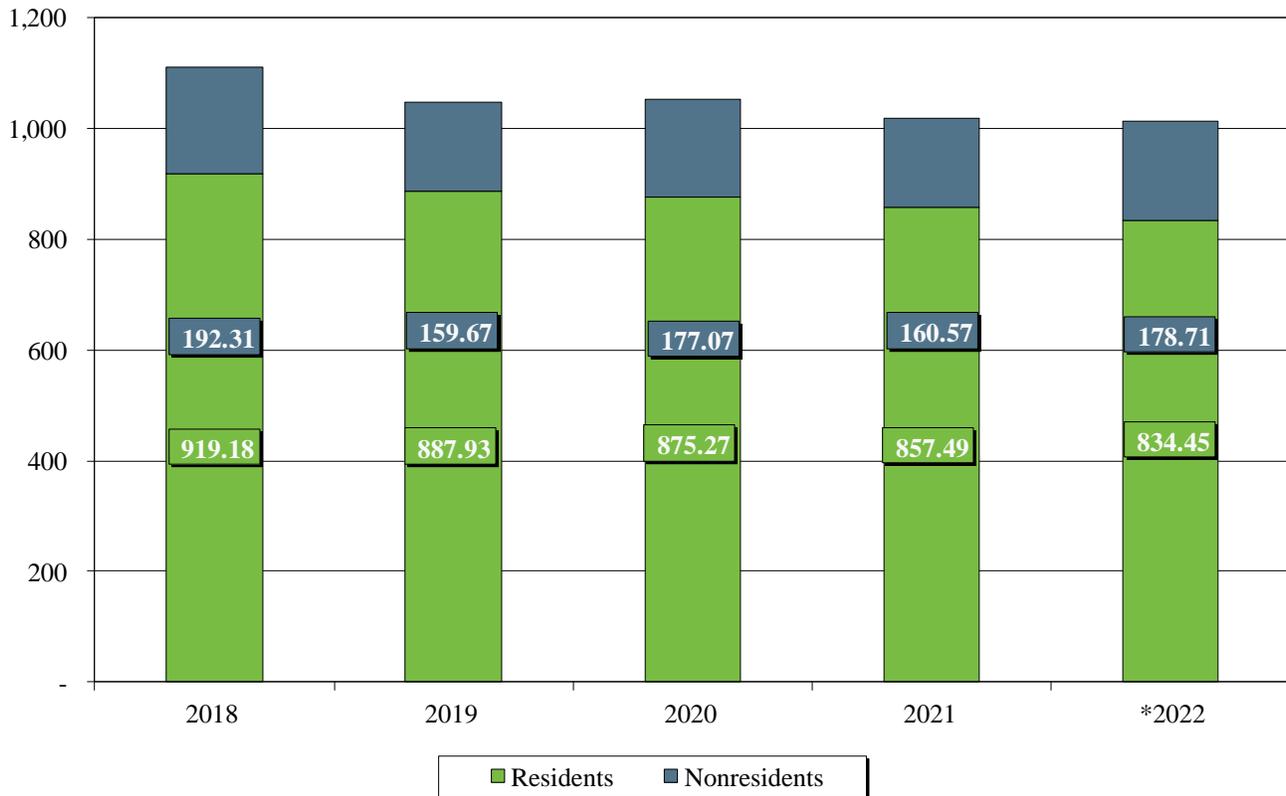
### Average Daily Membership and Pupil Units (Continued)

Pupil Units Weighting	Pre-Kindergarten	Handicapped Kindergarten	Kindergarten	Elementary Grades 1-3	Elementary Grades 4-6	Secondary
Fiscal Years 2018-2022	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.

	2018	2019	2020	2021	*2022
Residents	1,437.30	1,447.46	1,442.73	1,439.77	1,439.14
Residents going elsewhere	(518.12)	(559.53)	(567.46)	(582.28)	(604.69)
Nonresidents coming in	192.31	159.67	177.07	160.57	178.71
<b>Total Adjusted PUN</b>	<b>1,111.49</b>	<b>1,047.60</b>	<b>1,052.34</b>	<b>1,018.06</b>	<b>1,013.16</b>

**Students Served - PUN**



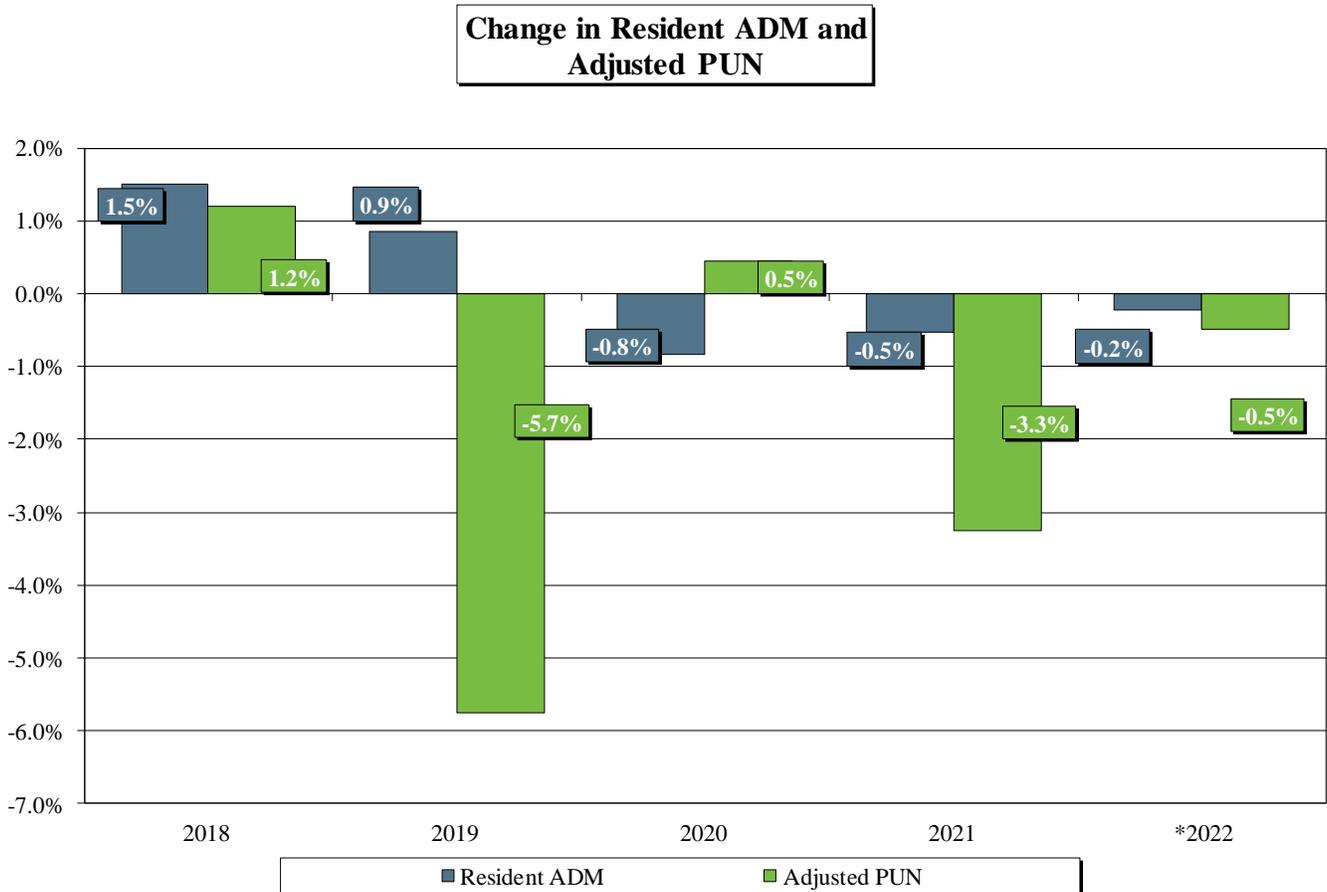
\* Estimate as of October 17, 2022

## Independent School District No. 108 Financial Analysis

### Average Daily Membership and Pupil Units (Continued)

Resident ADM and Adjusted PUN both decreased slightly from 2021 to 2022. Open enrollment is a factor in the District's student count fluctuation. For each of the five years shown, the District has experienced a net loss due to open enrollment. In 2018, the net loss was 325.81 and in 2022 the net loss grew to 425.98. 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 increased by 22.41 adjusted PUN, which was partially offset by the number of nonresidents coming in to District increasing by 18.14.

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



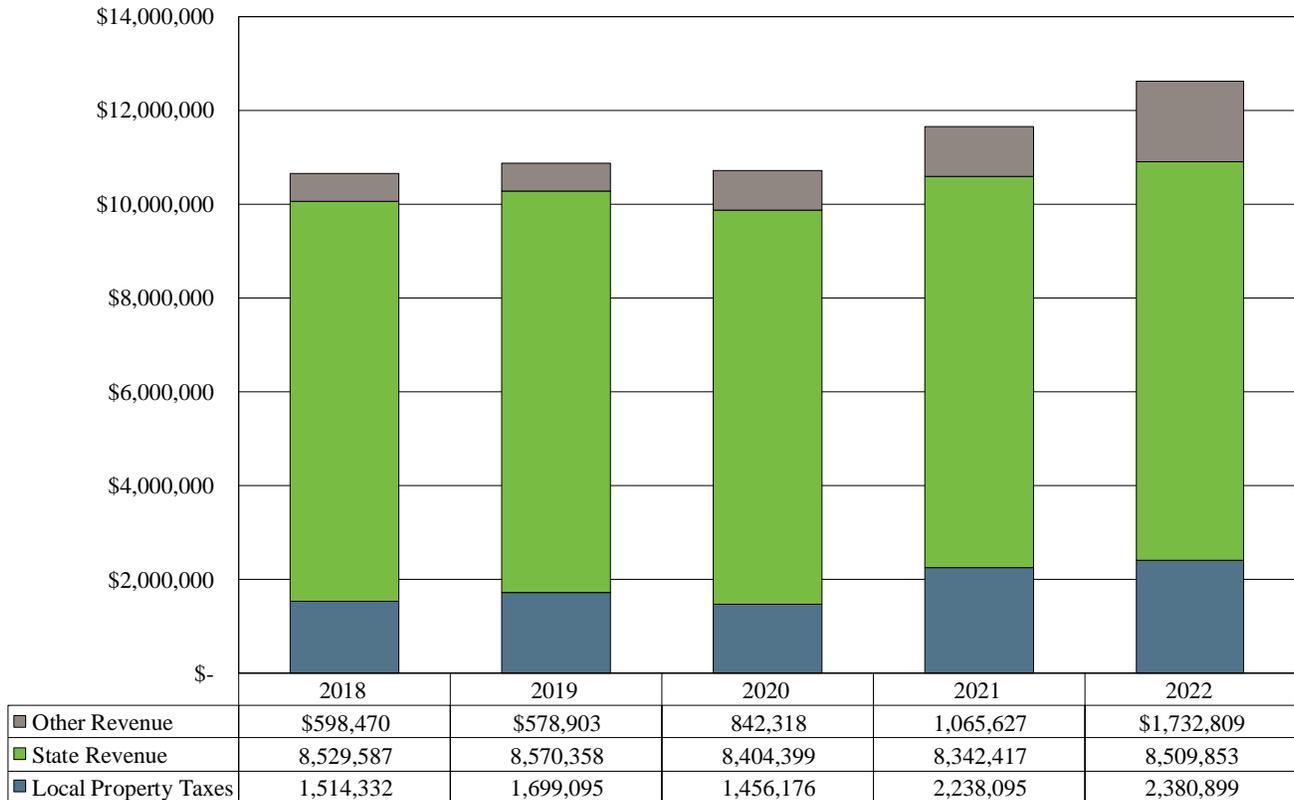
\* Estimate as of October 17, 2022

## 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 \$12,443,247 was an increase of \$977,422, or 8.4%, from 2021 to 2022 and increased \$1,981,172, or 9.2% over the course of the five years presented.

State revenue, which makes up the largest percentage of the District's revenue at 62.6%, increased by \$167,436 in 2022 due to an increase in special education funding. Local property tax revenue increased \$142,804 due primarily to an increase in the tax levy for the General Fund. Other revenue sources increased \$667,182 compared to 2022 primarily due to receiving additional federal funding through the Elementary and Secondary School Emergency Relief (ESSER) Grant Program along with other additional funding related to the COVID-19 pandemic and greater revenues for student activity.

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

**General Fund Budget and Actual**

The chart on the following page highlights 2022 General Fund budget and actual results. Originally, in June 2021, the District budgeted for a surplus of \$162,970 for 2022. Budget revisions increased the projected surplus to \$356,086. The District ended 2022 with an actual surplus of \$256,784 for the General Fund.

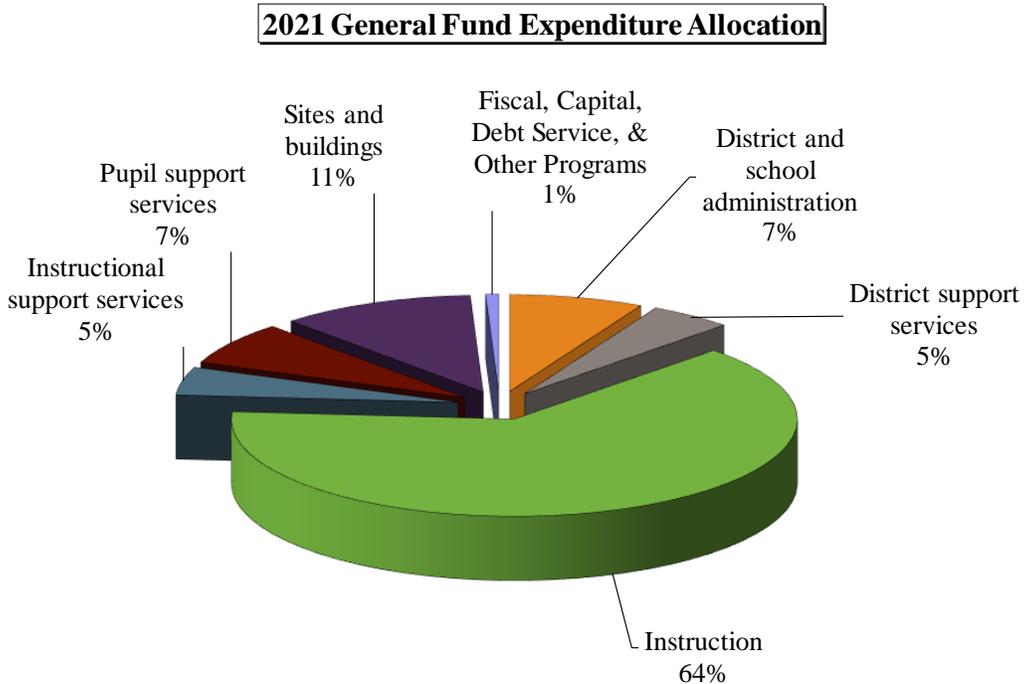
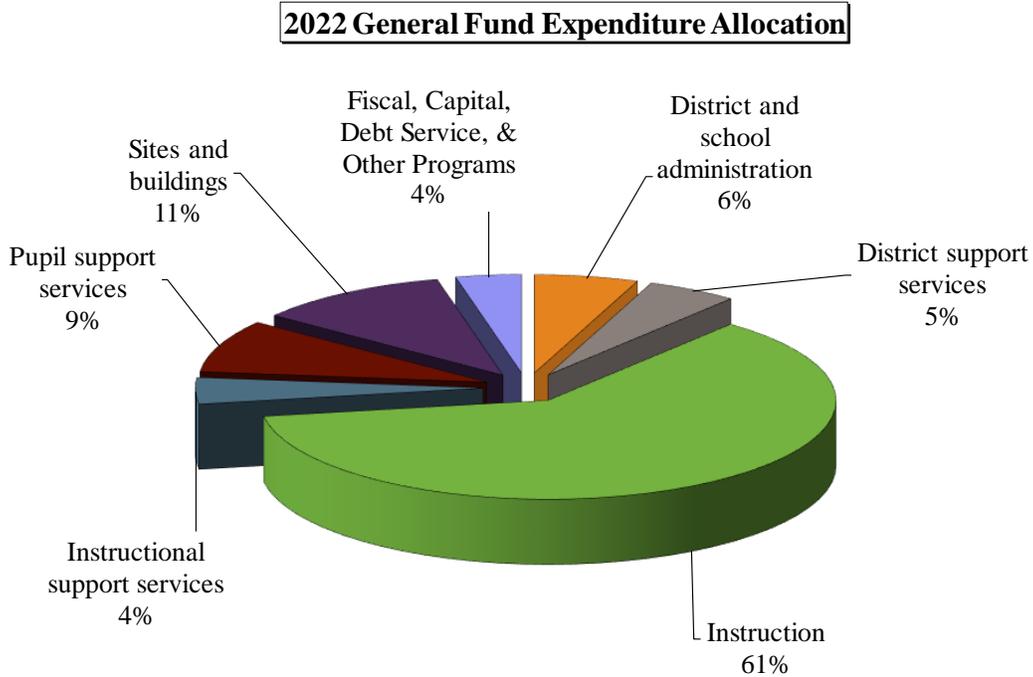
Overall, General Fund revenues were under budget by \$100,862, or 0.8%. Revenues from state sources were under budget by \$239,777 due to fewer students than anticipated resulting in less General Education Aid than budgeted.

General Fund expenditures were under budget by just \$1,560 in total. Regular instruction expenditures came in under budgeted amounts by \$128,836 due in part to budgeting for more textbook and educational supply needs for the year.

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
<b>Revenues</b>				
Local property taxes	\$ 2,356,229	\$ 2,356,229	\$ 2,380,899	\$ 24,670
Other local and county revenues	138,540	363,608	413,091	49,483
Revenue from state sources	8,622,544	8,749,630	8,509,853	(239,777)
Revenue from federal sources	541,574	1,254,956	1,317,363	62,407
<b>Total revenues</b>	<b>11,658,887</b>	<b>12,724,423</b>	<b>12,623,561</b>	<b>(100,862)</b>
<b>Expenditures</b>				
Administration	759,076	765,758	722,093	(43,665)
District support services	501,001	548,997	632,104	83,107
Regular instruction	5,290,381	5,614,380	5,485,544	(128,836)
Vocational education instruction	154,522	173,085	182,869	9,784
Special education instruction	1,906,196	1,986,851	1,930,388	(56,463)
Instructional support services	416,353	457,429	532,640	75,211
Pupil support services	838,251	985,739	1,072,812	87,073
Sites and buildings	1,245,738	1,350,807	1,352,934	2,127
Fiscal and other fixed cost programs	64,000	65,470	65,229	(241)
Capital outlay	174,495	241,997	229,774	(12,223)
Debt service	145,904	177,824	160,390	(17,434)
<b>Total expenditures</b>	<b>11,495,917</b>	<b>12,368,337</b>	<b>12,366,777</b>	<b>(1,560)</b>
<b>Net Change in Fund Balances</b>	<b>\$ 162,970</b>	<b>\$ 356,086</b>	<b>\$ 256,784</b>	<b>\$ (99,302)</b>

## Independent School District No. 108 Financial Analysis

### General Fund Expenditure Allocation



Total instruction expenditures (regular, special education and vocational) represents approximately 61% of total General Fund expenditures for both 2022 and approximately 64% for 2021. Expenditures related to instruction programs increased \$413,567, pupil support services increased \$259,701, while District administration costs decreased \$142,881 during 2022.

**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,	2018	2019	2020	2021	2022
Revenues	\$ 10,642,389	\$ 10,848,356	\$ 10,702,893	\$ 11,646,139	\$ 12,623,561
Expenditures	10,530,597	10,999,546	10,710,634	11,270,964	12,366,777
Excess of revenues over (under) expenditures	111,792	(151,190)	(7,741)	375,175	256,784
Add other sources	-	12,138	173,988	-	-
Add transfers in	-	-	536,455	-	-
Less transfers out	-	-	(290,455)	-	-
Fund balance, July 1	1,617,493	1,729,285	1,590,233	2,139,331	2,514,506
Change in accounting principle	-	-	136,851	-	-
<b>Fund Balance, June 30</b>	<b>\$ 1,729,285</b>	<b>\$ 1,590,233</b>	<b>\$ 2,139,331</b>	<b>\$ 2,514,506</b>	<b>\$ 2,771,290</b>
Nonspendable for					
Prepays	\$ 10,096	\$ 9,942	\$ 4,431	\$ 65,776	\$ 55,979
Restricted/reserved for					
Student Activities	-	-	109,199	109,590	103,059
Scholarships	-	-	34,705	33,584	31,777
Capital Projects Levy	-	-	-	77,282	95,954
Health and Safety	(12,793)	-	-	-	-
Operating Capital	26,902	-	-	113,666	61,353
Basic Skills Extended Time	-	-	-	-	43,341
Disabled Accessibility	1,078	1,078	-	-	-
Long Term Facilities Maintenance	77,761	191,693	100,000	220,739	295,600
Medical Assistance	69,252	102,804	70,832	63,891	109,326
Assigned	-	-	-	607,182	624,624
Unassigned	1,556,989	1,284,716	1,820,164	1,222,796	1,350,277
<b>Fund Balance, June 30</b>	<b>\$ 1,729,285</b>	<b>\$ 1,590,233</b>	<b>\$ 2,139,331</b>	<b>\$ 2,514,506</b>	<b>\$ 2,771,290</b>

At June 30, 2022, the District has 10.9% of actual expenditures (based on 2022 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. The District has managed its spending through the budget to maintain its fund balance to be in compliance with its policy.

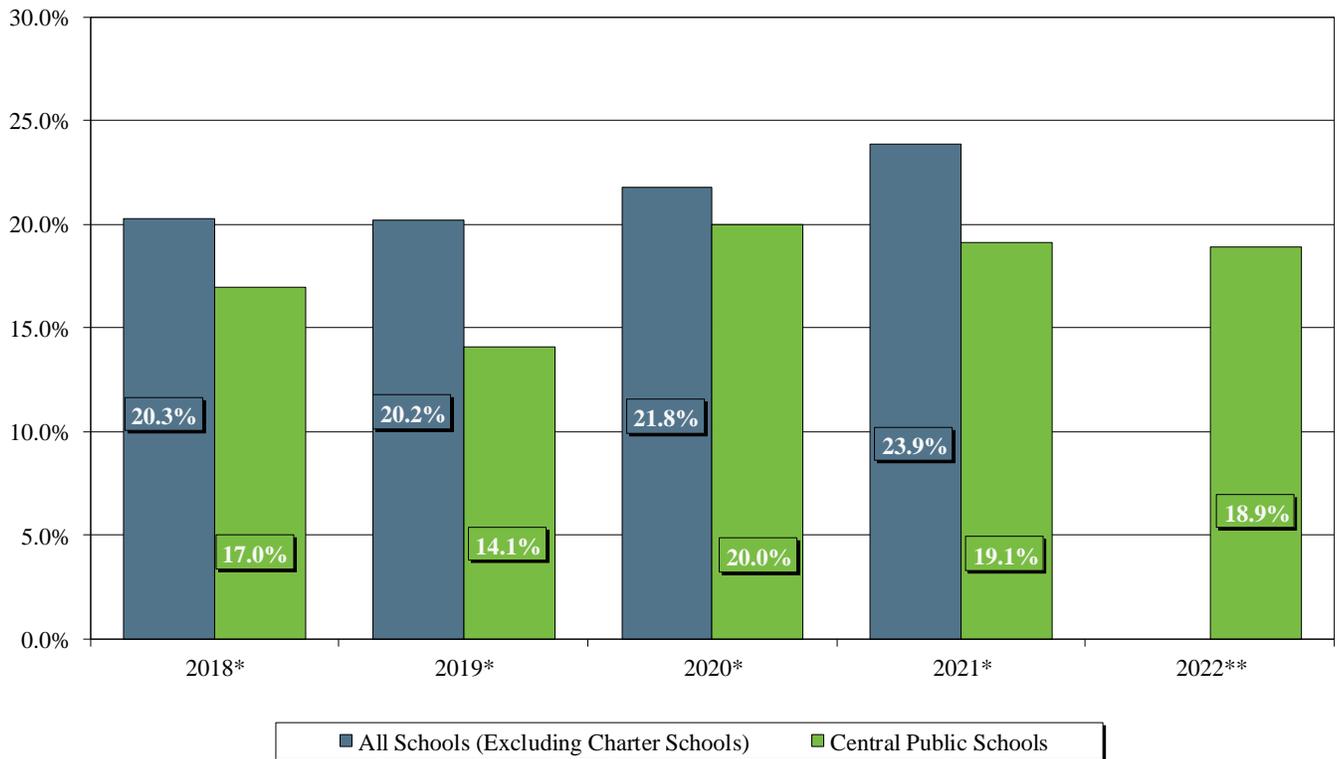
From 2021 to 2022, revenues increased 8.4% and expenditures increased 9.7%. Included in the illustration above are all the general activities of the District, including all categorical or reserved programs. All of these activities comprise the General Fund, per the Uniform Financial Accounting and Reporting Standards (UFARS) definition. Overall, the General Fund balance increased \$256,784 while the unassigned portion increased by \$127,481.

## 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 2018-2021*. Fiscal year 2022 information is not available.

\*\* MDE 2022 UFARS Turnaround Compliance Report

**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,	2018	2019	2020	2021	2022
Revenues	\$ 500,759	\$ 458,829	\$ 469,034	\$ 429,806	\$ 658,692
Expenditures	528,461	470,218	470,784	407,380	538,953
Excess of revenues over (under) expenditures	(27,702)	(11,389)	(1,750)	\$22,426	119,739
Fund balance, July 1	146,582	118,880	107,491	105,741	128,167
<b>Fund Balance, June 30</b>	<b>\$ 118,880</b>	<b>\$ 107,491</b>	<b>\$ 105,741</b>	<b>\$ 128,167</b>	<b>\$ 247,906</b>

Overall, food service revenues increased \$228,886 from 2021 to 2022, while expenditures increased \$131,573. The increases were the result of more school meals served in 2022 as a result of the impact of COVID and distance learning being in place during the 2021 school year. The Fund finished the year with a 46% fund balance based on 2022 spending levels.

**Community Service Fund**

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

Year Ended June 30,	2018	2019	2020	2021	2022
Revenues	\$ 988,420	\$ 957,272	\$ 826,130	\$ 772,202	\$ 879,859
Expenditures	887,595	857,136	850,599	750,670	950,826
Excess of revenues over (under) expenditures	100,825	100,136	(24,469)	21,532	(70,967)
Other financing sources (uses)	-	-	(246,000)	-	-
Fund balance, July 1	380,816	481,641	581,777	311,308	332,840
<b>Fund Balance, June 30</b>	<b>\$ 481,641</b>	<b>\$ 581,777</b>	<b>\$ 311,308</b>	<b>\$ 332,840</b>	<b>\$ 261,873</b>

As the table indicates, Community Service Fund expenditures exceeded revenues in 2022 after the previous year saw revenues exceeding expenditures. The total Community Service Fund balance decreased \$70,967 from \$332,840 at June 30, 2021, to \$261,873 at June 30, 2022. Revenues increased by 13.9% while expenditures increased by 26.7%. These increases were primarily the result of the impact of COVID on the community service programming being more significant in 2021.

Due to MDE regulations, the total Community Service Fund is segregated, or restricted, as follows: restricted for community education \$106,210, restricted for early childhood and family education \$43,044, restricted for school readiness \$57,861, and the remaining \$54,758 is restricted for community service use.

## **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).

### **State Aid Appropriations**

The formula allowance for 2022 is set at \$6,728 and for 2023, the formula allowance is set at \$6,863.

### **Special Education**

The special education hold harmless guarantee was limited to the sum of 80% in 2022 and 75% in 2023 and later, of current year special education program costs plus 100% of special transportation costs plus the tuition adjustment. The annual inflation adjustment used in the calculation of the hold harmless will be reduced by 0.2% per year from 4.4% in 2021 until the inflation adjustment reaches 2.0%.

### **Coronavirus Aid, Relief, and Economic Security (CARES) Act**

Funding provided includes Governor's Emergency Education Relief (GEER) funding totaling \$38.1 million to MDE to be used for technology and summer school programming. Elementary and Secondary School Emergency Relief (ESSER) funding totaling \$140.1 million is 90% allocated based on 2020 Title I, part A allocations and 9.5% is allocated as grants, with the remaining 0.5% available for administration. Child Nutrition Grants to States funding totaled \$160.3 million. ESSER and GEER funds are eligible for spending through September 30, 2022.

### **Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act**

The CRRSA Act was signed into law on December 27, 2020, and provided an additional \$2.75 billion for the Emergency Assistance for Nonpublic School Fund (EANS Fund) of which \$41,697,717 was awarded to Minnesota. Funds are eligible for spending through September 30, 2023.

### **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.

### **Property Tax Bill**

Effective for taxes payable in 2018, there will be a property tax credit on all property classified as agricultural. The credit will be equal to 40% of the tax on the property attributable to school district bonded debt levies. The credit is increased to 50% for taxes payable in 2020, 55% for taxes payable in 2021, 60% for taxes payable in 2022, and 70% for taxes payable in 2023 and thereafter. Estimated property tax relief totals \$10.9 million for pay 2020, \$18.2 million for pay 2021, and \$27.2 million for pay 2022.

**Independent School District No. 108**  
**Legislative Summary**

**Voluntary Prekindergarten (VPK)/School Readiness Plus**

For 2022 and 2023 only, the 4,000 seats currently expiring after 2021 will continue to be funded.

**Pension Bill**

Augmentation has been eliminated for TRA members after December 31, 2017, and early retirement subsidies have been phased out.

Post-retirement cost of living adjustments (COLAs) have been reduced –

- 1) TRA – lowers the COLA from 2% to 1% for five years; then the rate will increase by 0.1% each year until it reaches 1.5%
- 2) PERA – the increase will be 50% of the increase for Social Security announced January 1, but not less than 0.5% or more than 1.5%
- 3) Defers commencement of COLA for early retirees

The rate of interest paid on refunds of employee contributions to former employees has been reduced from 4% to 3%. TRA required contributions have increased to 7.75% for employees effective for fiscal year 2024. Required employer contributions will increase 0.21% for fiscal year 2019 to fiscal year 2023 and 0.2% in fiscal year 2024 until a required contribution rate of 8.75% is reached. Pension adjustment revenue will increase to match the required contribution increases.

## **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. 96 – Subscription-Based Information Technology Arrangements**  
GASB has issued GASB Statement No. 96 relating to accounting and financial reporting for subscription-based information technology arrangements. The requirements of this Statement will improve financial reporting by establishing a definition for subscription-based information technology arrangements and providing uniform guidance for accounting and financial reporting for transactions that meet that definition.
- **Accounting Standard Update – GASB Statement No. 100 – Accounting Changes and Error Corrections**  
GASB has issued GASB Statement No. 100 relating to accounting and financial reporting for accounting changes and error corrections. The requirements of this Statement will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability.
- **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.

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. 96 – *Subscription-Based Information Technology Arrangements***

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

**Independent School District No. 108**  
**Emerging Issues**

**Accounting Standard Update – GASB Statement No. 96 – *Subscription-Based Information Technology Arrangements (Continued)***

A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

The subscription term includes the period during which a government has a noncancellable right to use the underlying IT assets. The subscription term also includes periods covered by an option to extend (if it is reasonably certain that the government or SBITA vendor will exercise that option) or to terminate (if it is reasonably certain that the government or SBITA vendor will not exercise that option).

Under this Statement, a government generally should recognize a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability. A government should recognize the subscription liability at the commencement of the subscription term, – which is when the subscription asset is placed into service. The subscription liability should be initially measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments should be discounted using the interest rate the SBITA vendor charges the government, which may be implicit, or the government's incremental borrowing rate if the interest rate is not readily determinable. A government should recognize amortization of the discount on the subscription liability as an outflow of resources (for example, interest expense) in subsequent financial reporting periods.

The subscription asset should be initially measured as the sum of (1) the initial subscription liability amount, (2) payments made to the SBITA vendor before commencement of the subscription term, and (3) capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. A government should recognize amortization of the subscription asset as an outflow of resources over the subscription term.

Activities associated with a SBITA, other than making subscription payments, should be grouped into the following three stages, and their costs should be accounted for accordingly:

- Preliminary Project Stage, including activities such as evaluating alternatives, determining needed technology, and selecting a SBITA vendor. Outlays in this stage should be expensed as incurred.
- Initial Implementation Stage, including all ancillary charges necessary to place the subscription asset into service. Outlays in this stage generally should be capitalized as an addition to the subscription asset.
- Operation and Additional Implementation Stage, including activities such as subsequent implementation activities, maintenance, and other activities for a government's ongoing operations related to a SBITA. Outlays in this stage should be expensed as incurred unless they meet specific capitalization criteria.

In classifying certain outlays into the appropriate stage, the nature of the activity should be the determining factor. Training costs should be expensed as incurred, regardless of the stage in which they are incurred.

**Independent School District No. 108**  
**Emerging Issues**

**Accounting Standard Update – GASB Statement No. 96 – *Subscription-Based Information Technology Arrangements (Continued)***

If a SBITA contract contains multiple components, a government should account for each component as a separate SBITA or nonsubscription component and allocate the contract price to the different components. If it is not practicable to determine a best estimate for price allocation for some or all components in the contract, a government should account for those components as a single SBITA.

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

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

GASB Statement No. 96 is effective for reporting periods beginning after June 15, 2022. Earlier application is encouraged.

Information provided above was obtained from [www.gasb.org](http://www.gasb.org).

**Accounting Standard Update – GASB Statement No. 100 – *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62***

The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting – understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements.

This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this Statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement.

**Independent School District No. 108**  
**Emerging Issues**

**Accounting Standard Update – GASB Statement No. 100 – *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62 (Continued)***

This Statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements.

This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated.

Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). For periods that are earlier than those included in the basic financial statements, information presented in RSI or SI should be restated for error corrections, if practicable, but not for changes in accounting principles.

GASB Statement No. 100 is effective for reporting periods beginning after June 15, 2023. Earlier application is encouraged.

Information provided above was obtained from [www.gasb.org](http://www.gasb.org).

**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](http://www.gasb.org).

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

**Basic Financial Statements**

**June 30, 2022**



**Independent School District No. 108**  
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**Independent School District No. 108  
Board of Education and Administration  
June 30, 2022**

<u>Board of Education</u>	<u>Position</u>	<u>Term Expires</u>
Sara Eischens	Chair	2024
Nicole Evenski	Vice Chair	2022
Rich Schug	Clerk	2022
Kyle Strickfaden	Treasurer	2024
Elroy Latzig	Director	2022
Shelby Erickson	Director	2024
Sarah Lehrke	Director	2024

Administration

Timothy Schochenmaier	Superintendent
Amy Groschen	Finance Coordinator

## 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, 2022, and the related notes to basic financial statements, which collectively comprise the District's 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, 2022, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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.

### **Emphasis of Matter – Implementation of GASB 87**

The District has adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

### **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, which raise substantial doubt about the District's ability to continue as a going concern for one year beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, which raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

## **Required Supplementary Information**

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

### **Supplementary Information**

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

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2022, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

**BerganKDV, Ltd.**

Minneapolis, Minnesota  
November 16, 2022

**Independent School District No. 108**  
**Management Discussion and Analysis**  
**June 30, 2022**

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, 2022. Please read it in conjunction with the District's financial statements, which immediately follows this section.

**FINANCIAL HIGHLIGHTS**

Key financial highlights for fiscal year 2021-2022 include the following:

- Total General Fund revenues were \$12,623,561 and total General Fund expenditures were \$12,366,777 for the fiscal year ended June 30, 2022. Total revenues and expenditures for all governmental funds combined were \$14,775,844 and \$18,533,137, respectively.
- The total fund balance in the General Fund increased by \$256,784 to \$2,771,290. The Unassigned fund balance in the General Fund increased by \$127,481 to \$1,350,277. Total General Fund revenues were 0.8% lower than the final budget, and total General Fund expenditures were 0.0% less than the final budget.
- The total fund balance in the Food Services fund increased by \$119,739 to \$247,906, with revenue of \$658,692 and expenditures of \$538,953.
- The total fund balance in the Community Service fund decreased by \$70,967 to \$261,873, with revenue of \$879,859 and expenditures of \$950,826.
- The long-term liability for compensated absences amounts to \$36,206 at June 30, 2022. This is a decrease of \$36,047. The total long-term liability for other postemployment benefits is \$1,338,802 at June 30, 2022. This total liability decreased by \$2,246 in 2021-2022.
- The District has general obligation bonded debt principal outstanding in the amount of \$43,065,000 as of June 30, 2022. This is an increase of \$36,205,000 from the previous fiscal year end, as the District issued \$9,375,000 of General Obligation School Building Bonds, Series 2021A and issued \$27,675,000 of General Obligation School Building Bonds, Series 2022A, which exceeded principal payments made during the year of \$845,000.

**Independent School District No. 108**  
**Management Discussion and Analysis**  
**June 30, 2022**

**FINANCIAL HIGHLIGHTS (CONTINUED)**

- Net position of governmental activities decreased by \$4,166 for the fiscal year. The total expense of governmental activities was \$14,711,054. Program revenues totaled \$4,243,193 and general revenues totaled \$10,463,695.

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

**Independent School District No. 108  
Management Discussion and Analysis  
June 30, 2022**

**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 \$(1,088,336) on June 30, 2022. (See Table A-1) This represents a decrease of 20.4% in net position. Total assets increased by approximately \$40.4 million or 183.1% based on bond proceeds received during the year. The increase in capital assets of \$2.8 million is primarily due to construction projects in process. Total liabilities increased by approximately \$37.2 million or 220.9% with long-term liabilities increasing by \$35.7 million primarily due to increases in bonds payable.

**Independent School District No. 108  
Management Discussion and Analysis  
June 30, 2022**

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)**

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

	Year Ended 2022	Year Ended 2021	Percentage Change
<b>Assets</b>			
Current and other assets	\$ 45,529,005	\$ 7,738,795	488.32%
Capital assets	17,190,410	14,350,780	19.79%
Total assets	<u>62,719,415</u>	<u>22,089,575</u>	183.93%
<b>Deferred Outflows of Resources</b>			
Total assets and deferred outflows of resources	<u>\$ 65,426,448</u>	<u>\$ 25,550,659</u>	156.07%
<b>Liabilities</b>			
Other liabilities	\$ 2,767,787	\$ 1,253,115	120.87%
Long-term liabilities	51,226,590	15,572,938	228.95%
Total liabilities	<u>\$ 53,994,377</u>	<u>\$ 16,826,053</u>	220.90%
<b>Deferred Inflows of Resources</b>			
Total net position	<u>\$ 12,340,093</u>	<u>\$ 9,628,462</u>	28.16%
<b>Net Position</b>			
Net investment in capital assets	\$ 7,067,585	\$ 7,356,992	-3.93%
Restricted	1,245,197	1,227,213	1.47%
Unrestricted	<u>(9,220,804)</u>	<u>(9,488,061)</u>	2.82%
Total net position	<u>\$ (908,022)</u>	<u>\$ (903,856)</u>	-0.46%

**Changes in net position**

The District's total revenues were \$14,706,888 for the year ended June 30, 2022. Property taxes and state formula aid accounted for 75% of total revenue for the year (See Figure A-1). 25% of total revenue came from program revenues and investment earnings.

The total cost of all programs and services was \$14,711,054. 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, 2022**

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)**

**Changes in net position (Continued)**

Total revenues were less than expenditures, decreasing net position by \$4,166.

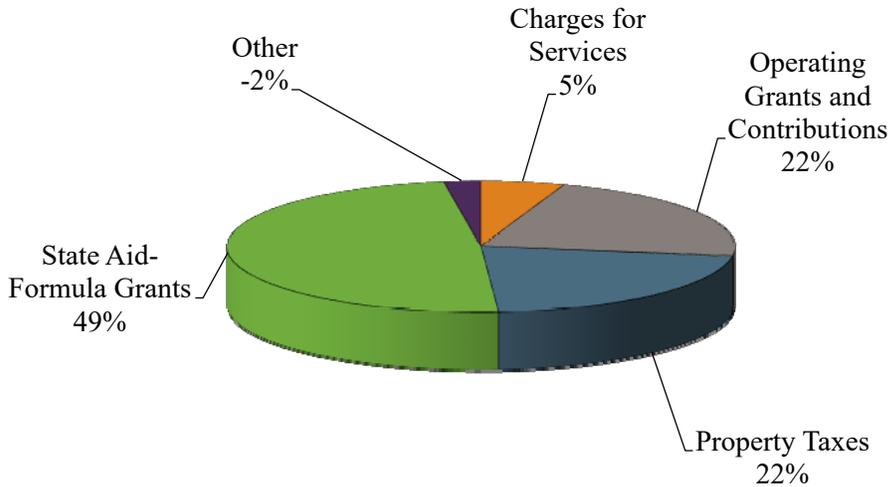
**Table A-2  
Change in Net Position**

	Year Ended 2022	Year Ended 2021	Percentage Change
<b>Revenues</b>			
Program revenues			
Charges for services	\$ 830,983	\$ 590,106	40.82%
Operating grants and contributions	3,381,103	2,147,304	57.46%
Capital grants and contributions	31,107	60,842	-48.87%
General revenues			
Property taxes	3,301,886	3,254,421	1.46%
General grants and aids	7,525,911	7,603,756	-1.02%
Investment earnings	(364,102)	48,954	-843.76%
Miscellaneous	-	139,780	-100.00%
Total revenues	<u>14,706,888</u>	<u>13,845,163</u>	6.22%
<b>Expenses</b>			
Administration	636,250	864,974	-26.44%
District support services	578,603	539,189	7.31%
Elementary and secondary regular instruction	5,551,663	6,014,079	-7.69%
Vocational education instruction	169,389	173,656	-2.46%
Special education instruction	1,762,314	1,827,674	-3.58%
Instructional support services	494,012	528,110	-6.46%
Pupil support services	1,063,928	1,231,796	-13.63%
Sites and buildings	2,364,290	1,290,531	83.20%
Fiscal and other fixed cost programs	65,229	270,740	-75.91%
Food service	538,383	-	N/A
Community education and services	897,211	750,670	19.52%
Unallocated depreciation	73,213	-	N/A
Interest and fiscal charges on long-term debt	516,569	-	N/A
Total expenses	<u>14,711,054</u>	<u>13,491,419</u>	9.04%
Increase (decrease) in net position	(4,166)	353,744	-101.18%
<b>Net Position</b>			
Net position - beginning	<u>(903,856)</u>	<u>(1,257,600)</u>	-28.13%
End of year	<u>\$ (908,022)</u>	<u>\$ (903,856)</u>	-0.46%

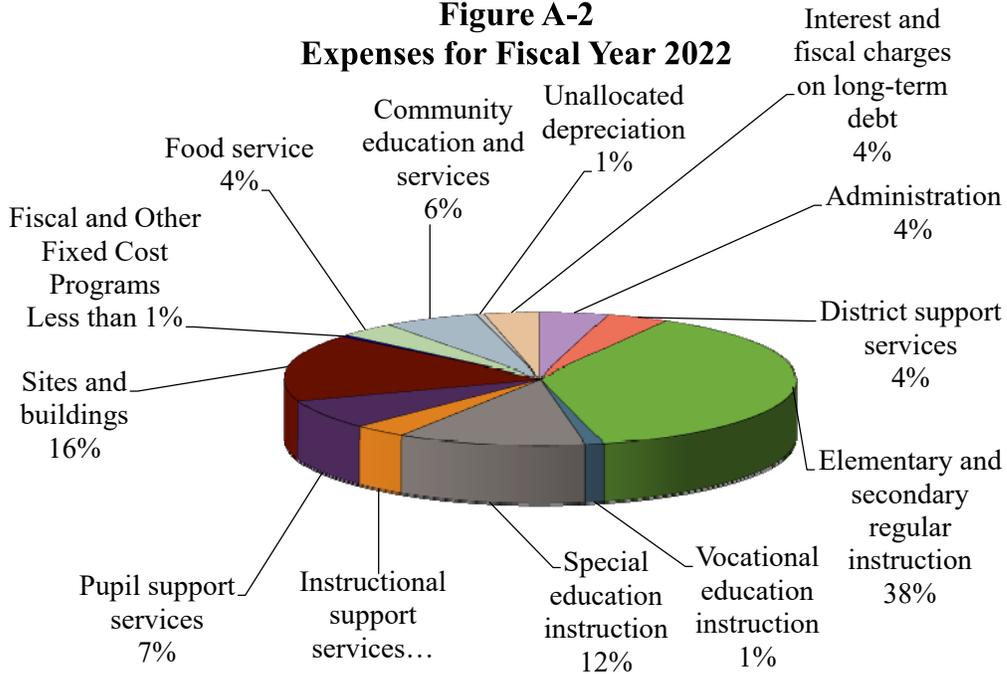
**Independent School District No. 108  
Management Discussion and Analysis  
June 30, 2022**

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)**

**Figure A-1  
Source of Revenues for Fiscal Year 2022**



**Figure A-2  
Expenses for Fiscal Year 2022**



**Independent School District No. 108  
Management Discussion and Analysis  
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**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)**

- The cost of all governmental activities was \$14,711,054, which is an increase of 9.0% from the previous year. The increase is primarily due to construction costs association with the building bonds issued.
  - Some of the cost was paid by the users of the District's programs (\$830,983).
  - The federal and state governments subsidized certain programs with grants and contributions (\$3,412,210).
  - Most of the District's costs (\$10,827,797), 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 \$3,301,886 in property taxes and \$7,525,911 of state aid based on the statewide education aid formula. Investments earnings were -\$364,102 as a result of fair value adjustments for the year ended June 30, 2022.

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

	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	2022	2021		2022	2021	
Administrative	\$ 636,250	\$ 864,974	-26.44%	\$ 636,250	\$ 864,974	-26.44%
District support services	578,603	539,189	7.31%	407,537	539,189	-24.42%
Elementary and secondary regular instruction	5,551,663	6,014,079	-7.69%	4,082,488	3,929,133	3.90%
Vocational education instruction	169,389	173,656	-2.46%	169,389	173,656	-2.46%
Special education instruction	1,762,314	1,827,674	-3.58%	681,682	1,827,674	-62.70%
Instructional support services	494,012	528,110	-6.46%	494,012	528,110	-6.46%
Pupil support services	1,063,928	1,231,796	-13.63%	997,350	1,184,648	-15.81%
Sites and buildings	2,364,290	1,290,531	83.20%	2,333,183	1,229,689	89.74%
Fiscal and other fixed cost programs	65,229	270,740	-75.91%	65,229	270,740	-75.91%
Food service	538,383	-	N/A	(120,499)	-	N/A
Community education and services	897,211	750,670	19.52%	131,458	145,354	-9.56%
Unallocated depreciation	73,213	-	N/A	73,213	-	N/A
Interest and fiscal charges on long-term debt	516,569	-	N/A	516,569	-	N/A
<b>Total</b>	<b>\$ 14,711,054</b>	<b>\$ 13,491,419</b>	<b>9.04%</b>	<b>\$ 10,467,861</b>	<b>\$ 10,693,167</b>	<b>-2.11%</b>

**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 \$38,877,176, which is an increase of \$35,692,707 from the prior year ending fund balance. Revenues for the District's governmental funds were \$14,775,844, total expenditures were \$18,533,137, and other sources and uses provided \$39,450,000.

The Capital Projects Fund balance increased by \$35,401,089 in the current fiscal year. The fund balance of the General Fund increased by \$256,784 and the fund balance of the Food Service Fund increased by \$119,739. The operations of the other governmental funds: Community Service and Debt Service resulted in a decrease in fund balance of \$84,905.

**Independent School District No. 108  
Management Discussion and Analysis  
June 30, 2022**

**GENERAL FUND**

The following schedule presents a summary of General Fund Revenues.

**Table A-4  
General Fund Revenues**

	Year Ended		Change	
	June 30, 2022	June 30, 2021	Increase (Decrease)	Percent Change
Local property taxes	\$ 2,380,899	\$ 2,238,095	\$ 142,804	6.4%
Revenue from state sources	8,509,853	8,342,417	167,436	2.0%
Revenue from federal sources	1,317,363	775,827	541,536	69.8%
Other	415,446	289,800	125,646	43.4%
<b>Total</b>	<b>\$ 12,623,561</b>	<b>\$ 11,646,139</b>	<b>\$ 977,422</b>	<b>8.4%</b>

Total General Fund revenue of \$12,623,561 increased by \$977,422 or 8.4% compared to the previous year. The biggest increase was from Federal sources, which increased by \$541,536 or 69.8%.

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, 2022	June 30, 2021	Increase (Decrease)	Percent Change
Salaries	\$ 6,285,820	\$ 6,118,266	\$ 167,554	2.7%
Employee benefits	1,898,573	1,823,475	75,098	4.1%
Purchased services	2,795,146	2,318,100	477,046	20.6%
Supplies and materials	950,845	649,660	301,185	46.4%
Capital expenditures	212,174	255,430	(43,256)	-16.9%
Debt service expenditures	160,390	19,330	141,060	729.7%
Other expenditures	63,829	86,703	(22,874)	-26.4%
<b>Total</b>	<b>\$ 12,366,777</b>	<b>\$ 11,270,964</b>	<b>\$ 1,095,813</b>	<b>9.7%</b>

**Independent School District No. 108  
Management Discussion and Analysis  
June 30, 2022**

**GENERAL FUND (CONTINUED)**

The total General Fund expenditures of \$12,366,777 was an increase of \$1,095,813 or 9.7% over the prior year. Salaries and benefits increased by \$242,652 combined. Salaries increased 2.7% and employee benefits increased by 4.1%. Purchased services expenditures increased \$477,046 or 20.6%, 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 \$376,115 from 2021 to 2022.

In 2021-2022, General Fund revenues exceeded expenditures by \$256,784 which was \$99,302 lower than budget. Revenue received was \$100,862 lower than budgeted and expenditures were \$1,560 less than budgeted. The unassigned fund balance increased from \$1,222,796 at June 30, 2021 to \$1,350,277 at June 30, 2022.

**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 increased by \$119,739 in 2021-2022. Food Service Fund revenue for 2021-2022 totaled \$658,692, which is an increase of \$228,886 or 53.3% from 2020-2021. The number of meals served increased from the prior year as a result of full-time in-person learning in the current fiscal year. Food Service Fund expenditures for 2021-2022 totaled \$538,953, an increase of \$131,573, or 32.3% from 2020-2021.

**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 \$70,967 in 2021-2022. Community Service Fund revenues for 2021-2022 totaled \$879,859. This was an increase of \$107,657 or 13.9% from 2020-2021. In 2020-2021, COVID-19 restricted the services provided by the Community Service Fund. As these restrictions were lifted in 2021-2022, the service offerings were expanded by the Community Service Fund resulting in increased revenues compared to the prior year. Community Service Fund expenditures for 2021-2022 totaled \$950,826. This was an increase of \$200,156 or 26.7% from 2020-2021, which also resulted from the expansion of services provided in the current year.

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

**Independent School District No. 108  
Management Discussion and Analysis  
June 30, 2022**

**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.

In 2021-2022 the District had other financing sources from the sale of bonds and bond premiums totaling \$39,450,000 to fund the construction of building additions and capital improvements. In addition, the District had other local revenues totaling (\$360,584) related to investment performance.

The District expended \$3,688,327 on capital projects during the year. The fund balance increased by \$35,401,089 in 2021-2022. 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 \$974,316 for 2021-2022, 87% of which came from property tax revenue. Debt service expenditures were \$988,254. The District made principal payments in the amount of \$845,000 and interest and other payments of \$143,254. The Debt Service Fund has a fund balance of \$195,018 as of June 30, 2022, 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 2022, the District had invested \$31,408,670 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, 2022, was \$14,218,260, with current year depreciation/amortization expense for governmental activities totaling \$838,826. 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, 2022**

**CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)**

**Capital Assets (Continued)**

**Table A-6  
Capital Assets**

	Year Ended 2022	Year Ended 2021	Percent Change
Land	\$ 25,000	\$ 25,000	0.0%
Construction in progress	3,021,349	-	N/A
Land improvements	140,214	140,214	0.0%
Buildings and improvements	25,366,391	25,309,641	0.2%
Equipment	2,523,165	2,255,359	11.9%
Leased buildings and improvements	227,289	-	N/A
Leased equipment	105,262	-	N/A
Less accumulated depreciation/amortization	(14,218,260)	(13,379,434)	6.3%
<b>Total capital assets</b>	<b>\$ 17,190,410</b>	<b>\$ 14,350,780</b>	<b>19.8%</b>

**Long-Term Liabilities**

For the fiscal year ended June 30, 2022, the District had \$51,226,590 in long-term liabilities outstanding, including \$43,065,000 in General Obligation Bonds. The increase in total long-term liabilities was \$35,653,652 from last year (see Table A-7) due in large part to two bond issuances. More detailed information about the District's long-term liabilities is presented in Note 4 of the financial statements.

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

	Year Ended 2022	Year Ended 2021	Percent Change
General obligation bonds	\$ 43,065,000	\$ 6,860,000	527.8%
Net bond premium and discount	2,306,120	25,119	9080.8%
Lease liability	300,187	-	N/A
Finance purchases payable	213,191	108,669	96.2%
Net pension liability	3,967,084	7,165,849	-44.6%
Total OPEB liability	1,338,802	1,341,048	-0.2%
Compensated absences payable	36,206	72,253	-49.9%
<b>Total long-term liabilities</b>	<b>\$ 51,226,590</b>	<b>\$ 15,572,938</b>	<b>228.9%</b>
Long-term liabilities			
Due within one year	\$ 1,080,663	\$ 916,073	
Due in more than one year	50,145,927	14,656,865	
<b>Total</b>	<b>\$ 51,226,590</b>	<b>\$ 15,572,938</b>	

**Independent School District No. 108  
Management Discussion and Analysis  
June 30, 2022**

**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.

## **BASIC FINANCIAL STATEMENTS**

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**Independent School District No. 535**  
**Statement of Net Position**  
**June 30, 2022**

	Governmental Activities
<b>Assets</b>	
Cash and investments	\$ 41,986,498
Current property taxes receivable	2,454,480
Delinquent property taxes receivable	100
Due from Department of Education	683,684
Due from other Minnesota school districts	48,784
Due from Federal Government through Department of Education	140,708
Due from other governmental units	153,780
Inventory	4,992
Prepaid items	55,979
Capital assets not being depreciated	
Land	25,000
Construction in progress	3,021,349
Capital assets net of accumulated depreciation	
Land improvements	44,185
Buildings and improvements	13,002,896
Equipment	805,549
Leased assets net of accumulated amortization	
Leased buildings and improvements	211,432
Leased equipment	79,999
Total assets	62,719,415
<b>Deferred Outflows of Resources</b>	
Deferred outflows related to OPEB	335,427
Deferred outflows related to pensions	2,371,606
Total deferred outflows of resources	2,707,033
Total assets and deferred outflows of resources	\$ 65,426,448
<b>Liabilities</b>	
Accounts and contracts payable	\$ 1,049,197
Salaries and benefits payable	1,072,693
Interest payable	526,662
Due to other Minnesota school districts	51,830
Due to other governmental units	2,670
Unearned revenue	64,735
Net bond principal payable	
Payable within one year	925,000
Payable after one year	44,446,120
Lease liability	
Payable within one year	33,174
Payable after one year	267,013
Finance purchases from direct borrowing	
Payable within one year	104,386
Payable after one year	108,805
Compensated absences payable	
Payable within one year	18,103
Payable after one year	18,103
Total OPEB liability	1,338,802
Net pension liability	3,967,084
Total liabilities	53,994,377
<b>Deferred Inflows of Resources</b>	
Property taxes levied for subsequent year's expenditures	4,410,604
Deferred inflows related to OPEB	141,557
Deferred inflows related to pensions	7,787,932
Total deferred inflows of resources	12,340,093
<b>Net Position</b>	
Net investment in capital assets	7,067,585
Restricted for	
General purposes	740,410
Food service	242,914
Community service	261,873
Unrestricted	(9,220,804)
Total net position	(908,022)
Total liabilities, deferred inflows of resources, and net position	\$ 65,426,448

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**Independent School District No. 108**  
**Statement of Activities**  
**Year Ended June 30, 2022**

Functions/Programs	Expenses	Program Revenues		Capital Grants and Contributions	Governmental Activities	Net (Expense) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions			
Governmental activities						
Administration	\$ 636,250	\$ -	\$ -	\$ -		\$ (636,250)
District support services	578,603	-	171,066	-		(407,537)
Elementary and secondary regular instruction	5,551,663	165,715	1,303,460	-		(4,082,488)
Vocational education instruction	169,389	-	-	-		(169,389)
Special education instruction	1,762,314	-	1,080,632	-		(681,682)
Instructional support services	494,012	-	-	-		(494,012)
Pupil support services	1,063,928	-	66,578	-		(997,350)
Sites and buildings	2,364,290	-	-	31,107		(2,333,183)
Fiscal and other fixed cost programs	65,229	-	-	-		(65,229)
Food service	538,383	79,147	579,735	-		120,499
Community education and services	897,211	586,121	179,632	-		(131,458)
Unallocated depreciation	73,213	-	-	-		(73,213)
Interest and fiscal charges on long-term debt	516,569	-	-	-		(516,569)
<b>Total governmental activities</b>	<b>\$ 14,711,054</b>	<b>\$ 830,983</b>	<b>\$ 3,381,103</b>	<b>\$ 31,107</b>		<b>(10,467,861)</b>
General revenues						
Taxes						
Property taxes, levied for general purposes						2,358,344
Property taxes, levied for debt service						842,625
Property taxes, levied for community service						100,917
General grants and aids						7,525,911
Investment income						(364,102)
Total general revenues						<u>10,463,695</u>
Change in net position						(4,166)
Net position - beginning						<u>(903,856)</u>
Net position - ending						<u>\$ (908,022)</u>

**Independent School District No. 108**  
**Balance Sheet - Governmental Funds**  
**June 30, 2022**

	General	Debt Service
<b>Assets</b>		
Cash and investments	\$ 4,011,199	\$ 907,505
Current property taxes receivable	1,356,908	1,015,396
Delinquent property taxes receivable	-	100
Due from Department of Education	670,438	-
Due from Federal Government through Department of Education	135,074	-
Due from other Minnesota school districts	26,534	22,250
Inventory	-	-
Prepaid items	55,979	-
	<u>\$ 6,409,912</u>	<u>\$ 1,945,251</u>
<b>Liabilities</b>		
Accounts payable	\$ 77,655	\$ -
Salaries and benefits payable	995,289	-
Due to other Minnesota school districts	51,830	-
Due to other governmental units	2,635	-
Unearned revenue	7,520	-
Total liabilities	<u>1,134,929</u>	<u>-</u>
<b>Deferred inflows of resources</b>		
Property tax levied for subsequent year's expenditures	2,503,693	1,750,133
Unavailable revenue - delinquent property taxes	-	100
Total deferred inflows of resources	<u>2,503,693</u>	<u>1,750,233</u>
<b>Fund Balances</b>		
Nonspendable for		
Inventory	-	-
Prepaid items	55,979	-
Restricted for		
Student activities	103,059	-
Scholarships	31,777	-
Capital projects levy	95,954	-
Operating capital	61,353	-
Basic skills extended time	43,341	-
Long-term facilities maintenance	295,600	-
Medical assistance	109,326	-
Debt service	-	195,018
Food service	-	-
Community education programs	-	-
Early childhood family and education programs	-	-
School readiness	-	-
Capital projects	-	-
Assigned	624,624	-
Unassigned	1,350,277	-
Total fund balances	<u>2,771,290</u>	<u>195,018</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 6,409,912</u>	<u>\$ 1,945,251</u>

Capital Projects	Nonmajor Funds	Total Governmental Funds
\$ 36,240,254	\$ 827,540	\$ 41,986,498
-	82,176	2,454,480
-	-	100
-	13,246	683,684
-	5,634	140,708
-	-	48,784
-	4,992	4,992
-	-	55,979
<u>\$ 36,240,254</u>	<u>\$ 933,588</u>	<u>\$ 45,529,005</u>
\$ 839,165	\$ 132,377	\$ 1,049,197
-	77,404	1,072,693
-	-	51,830
-	35	2,670
-	57,215	64,735
<u>839,165</u>	<u>267,031</u>	<u>2,241,125</u>
-	156,778	4,410,604
-	-	100
<u>-</u>	<u>156,778</u>	<u>4,410,704</u>
-	4,992	4,992
-	-	55,979
-	-	103,059
-	-	31,777
-	-	95,954
-	-	61,353
-	-	43,341
-	-	295,600
-	-	109,326
-	-	195,018
-	242,914	242,914
-	106,210	106,210
-	43,044	43,044
-	57,861	57,861
35,401,089	54,758	35,455,847
-	-	624,624
-	-	1,350,277
<u>35,401,089</u>	<u>509,779</u>	<u>38,877,176</u>
<u>\$ 36,240,254</u>	<u>\$ 933,588</u>	<u>\$ 45,529,005</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, 2022**

Total fund balances - governmental funds \$ 38,877,176

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	31,076,119
Less accumulated depreciation	(14,177,140)
Leased assets	332,551
Less accumulated amortization	(41,120)

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	(43,065,000)
Bond premiums	(2,306,120)
Lease liability	(300,187)
Finance purchases payable	(213,191)
Compensated absences payable	(36,206)
Net OPEB liability	(1,338,802)
Net pension liability	(3,967,084)

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	2,371,606
Deferred inflows related to pensions	(7,787,932)

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	335,427
Deferred inflows related to OPEB	(141,557)

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.

100

Governmental funds do not report a liability for accrued interest on bonds and finance purchases until due and payable.

(526,662)

Total net position - governmental activities

\$ (908,022)

**Independent School District No. 108**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Governmental Funds**  
**Year Ended June 30, 2022**

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<b>Revenues</b>			
Local property taxes	\$ 2,380,899	\$ 852,298	\$ -
Other local and county revenues	413,091	(430)	(360,584)
Revenue from state sources	8,509,853	122,448	-
Revenue from federal sources	1,317,363	-	-
Sales and other conversion of assets	2,355	-	-
Total revenues	<u>12,623,561</u>	<u>974,316</u>	<u>(360,584)</u>
<b>Expenditures</b>			
Current			
Administration	722,093	-	-
District support services	632,104	-	-
Elementary and secondary regular instruction	5,485,544	-	-
Vocational education instruction	182,869	-	-
Special education instruction	1,930,388	-	-
Instructional support services	532,640	-	-
Pupil support services	1,072,812	-	-
Sites and buildings	1,352,934	-	565,405
Fiscal and other fixed cost programs	65,229	-	-
Food service	-	-	-
Community education and services	-	-	-
Capital outlay			
District support services	17,600	-	-
Elementary and secondary regular instruction	113,487	-	-
Instructional support services	3,373	-	-
Sites and buildings	95,314	-	3,122,922
Debt service			
Principal	132,513	845,000	-
Interest and fiscal charges	27,877	143,254	-
Total expenditures	<u>12,366,777</u>	<u>988,254</u>	<u>3,688,327</u>
Excess of revenues over (under) expenditures	256,784	(13,938)	(4,048,911)
<b>Other Financing Sources (Uses)</b>			
Bond issuances	-	-	37,050,000
Bond premiums	-	-	2,400,000
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>39,450,000</u>
Net change in fund balances	256,784	(13,938)	35,401,089
<b>Fund Balances</b>			
Beginning of year	<u>2,514,506</u>	<u>208,956</u>	<u>-</u>
End of year	<u>\$ 2,771,290</u>	<u>\$ 195,018</u>	<u>\$ 35,401,089</u>

Nonmajor Funds	Total Governmental Funds
\$ 102,231	\$ 3,335,428
616,682	668,759
179,747	8,812,048
562,394	1,879,757
77,497	79,852
<u>1,538,551</u>	<u>14,775,844</u>
-	722,093
-	632,104
-	5,485,544
-	182,869
-	1,930,388
-	532,640
-	1,072,812
-	1,918,339
-	65,229
538,953	538,953
950,826	950,826
-	17,600
-	113,487
-	3,373
-	3,218,236
-	977,513
-	171,131
<u>1,489,779</u>	<u>18,533,137</u>
48,772	(3,757,293)
-	37,050,000
-	2,400,000
<u>-</u>	<u>39,450,000</u>
48,772	35,692,707
<u>461,007</u>	<u>3,184,469</u>
<u>\$ 509,779</u>	<u>\$ 38,877,176</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, 2022**

Net change in fund balances - total governmental funds \$ 35,692,707

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	3,345,905
Depreciation expense	(797,706)
Amortization expense	(41,120)

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

36,047

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

192,574

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.

772,842

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.

623,565

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.

(464,437)

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.

118,999

Proceeds from long-term debt, including bond premiums, are recognized as an other financing source, increasing fund balance in the governmental fund statements, but have no effect on net position in the Statement of Activities.

(39,450,000)

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.

(33,542)

Change in net position - governmental activities

\$ (4,166)

**Independent School District No. 108**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance -**  
**Budget and Actual - General Fund**  
**Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
<b>Revenues</b>				
Local property taxes	\$ 2,356,229	\$ 2,356,229	\$ 2,380,899	\$ 24,670
Other local and county revenues	138,540	363,608	413,091	49,483
Revenue from state sources	8,622,544	8,749,630	8,509,853	(239,777)
Revenue from federal sources	541,574	1,254,956	1,317,363	62,407
Sales and other conversion of assets	-	-	2,355	2,355
Total revenues	11,658,887	12,724,423	12,623,561	(100,862)
<b>Expenditures</b>				
Current				
Administration	759,076	765,758	722,093	(43,665)
District support services	501,001	548,997	632,104	83,107
Elementary and secondary regular instruction	5,290,381	5,614,380	5,485,544	(128,836)
Vocational education instruction	154,522	173,085	182,869	9,784
Special education instruction	1,906,196	1,986,851	1,930,388	(56,463)
Instructional support services	416,353	457,429	532,640	75,211
Pupil support services	838,251	985,739	1,072,812	87,073
Sites and buildings	1,245,738	1,350,807	1,352,934	2,127
Fiscal and other fixed cost programs	64,000	65,470	65,229	(241)
Capital outlay				
Administration	-	1,814	-	(1,814)
District support services	34,900	16,000	17,600	1,600
Elementary and secondary regular instruction	117,952	142,000	113,487	(28,513)
Special education instruction	7,000	2,000	-	(2,000)
Instructional support services	8,500	4,500	3,373	(1,127)
Pupil support services	2,500	1,000	-	(1,000)
Sites and buildings	3,643	74,683	95,314	20,631
Debt service				
Principal	135,205	164,145	132,513	(31,632)
Interest and fiscal charges	10,699	13,679	27,877	14,198
Total expenditures	11,495,917	12,368,337	12,366,777	(1,560)
Net change in fund balance	\$ 162,970	\$ 356,086	256,784	\$ (99,302)
<b>Fund Balance</b>				
Beginning of year			2,514,506	
End of year			\$ 2,771,290	

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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.

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

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Basic Financial Statement Information (Continued)**

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

**C. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment applied is determined by its measurement focus and basis of accounting. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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.

**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)**

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.

**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.

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

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Deposits and Investments (Continued)**

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, 2022, were comprised of demand deposits, certificates of deposit, money market funds, 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.

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 2021, less various components and their related adjustments as mandated by the state. These portions of that levy were recognized as revenue in 2022. The remaining portion of the levy will be recognized when measurable and available.

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

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

**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 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.

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

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**K. Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. This separate 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.

**K. Deferred Outflows/Inflows of Resources (Continued)**

In addition to liabilities, the Statement of Financial Position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has four types of items which qualify for reporting in this category. The first item, unavailable revenue from property taxes, arises under a modified accrual basis of accounting and is reported only in the Governmental Funds Balance Sheet. Delinquent property taxes not collected within 60 days of year-end are deferred and recognized as an inflow of resources in the governmental funds in the period the amounts become available. The second item 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.

**L. Long-Term Obligations**

In the government-wide financial statements long-term debt and other long term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the 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)**

**M. 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.

**N. Pensions**

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

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

**O. 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.

**P. 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.

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

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**P. Fund Equity (Continued)**

**1. Classification (Continued)**

- 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.
- 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.

**Q. 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.

**R. Use of Estimates**

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

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

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**S. 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.

**T. 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, 2022, 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	\$ 720,083
Savings and money market accounts	114,248
Certificates of deposit	<u>1,248,700</u>
Total deposits	<u>\$ 2,083,031</u>

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

**NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)**

**A. Deposits (Continued)**

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, 2022, none of the District’s bank balances were exposed to custodial credit risk.

**B. Investments**

As of June 30, 2022, the District had the following investments:

Investment	Total	12 Months or Less	13 to 24 Months
<b>District Investments</b>			
Brokered Certificates of Deposit	\$ 483,358	\$ -	\$ 483,358
MN Trust Investment Shares	2,507,809	2,507,809	-
MN Trust Full Flex	4,005,637	4,005,637	-
US Treasury Notes	32,905,663	30,971,601	1,934,062
Total investments	<u>\$ 39,902,467</u>	<u>\$ 37,485,047</u>	<u>\$ 2,417,420</u>

**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* Section 118A.04. All funds in MNTrust are invested in accordance with Minnesota Statutes Section 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.

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

**NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)**

**B. Investments (Continued)**

The District has the following recurring fair value measurements as of June 30, 2022:

- Investments of \$32,905,663 are valued using a quoted market prices (Level 1 inputs)
- Investments of \$483,358 are valued using a matrix pricing model (Level 2 inputs)
- Investments of \$6,513,446 are valued using amortized cost

**C. Deposits and Investments**

Summary of cash, deposits, and investments as of June 30, 2022:

Deposits (Note 2.A.)	\$ 2,083,031
Investments (Note 2.B.)	39,902,467
Petty cash	<u>1,000</u>
 Total deposits and investments	 <u><u>\$ 41,986,498</u></u>

Cash, deposits, and investments are presented in the June 30, 2022, basic financial statements as follows:

Statement of Net Position	
Cash and investments	<u><u>\$ 41,986,498</u></u>

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

**NOTE 3 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2022, follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 25,000	\$ -	\$ -	\$ 25,000
Construction in progress	-	3,021,349	-	3,021,349
Total capital assets not being depreciated	25,000	3,021,349	-	3,046,349
Capital assets being depreciated				
Land improvements	140,214	-	-	140,214
Buildings and improvements	25,309,641	56,750	-	25,366,391
Equipment	2,255,359	267,806	-	2,523,165
Total capital assets being depreciated	27,705,214	324,556	-	28,029,770
Less accumulated Depreciation for				
Land improvements	89,018	7,011	-	96,029
Buildings and improvements	11,679,986	683,509	-	12,363,495
Equipment	1,610,430	107,186	-	1,717,616
Total accumulated depreciation	13,379,434	797,706	-	14,177,140
Total capital assets being depreciated, net	14,325,780	(473,150)	-	13,852,630
Governmental activities, capital assets, net	<u>\$ 14,350,780</u>	<u>\$ 2,548,199</u>	<u>\$ -</u>	<u>\$ 16,898,979</u>

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

**NOTE 3 – 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	-	332,551	-	332,551
Less accumulated amortization for				
Buildings and improvements	-	15,857	-	15,857
Equipment	-	25,263	-	25,263
Total accumulated amortization	-	41,120	-	41,120
Total capital assets being amortized, net	-	291,431	-	291,431
Governmental activities, leased assets, net	<u>\$ -</u>	<u>\$ 291,431</u>	<u>\$ -</u>	<u>\$ 291,431</u>

Depreciation/amortization expense for the year ended June 30, 2022, was charged to the following functions:

District support services	\$ 165
Regular instruction	229,772
Vocational instruction	725
Special education instruction	5,574
Instructional support	75
Pupil support	9,810
Sites, Building and Equipment	519,492
Unallocated	73,213
Total depreciation/amortization expense	<u>\$ 838,826</u>

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

**NOTE 4 – LONG-TERM DEBT**

**A. Components of Long-Term Liabilities**

	Issue Date	Interest Rates	Original Issue	Final Maturity	Principal Outstanding	Due Within One Year
Long-term liabilities						
G.O. bonds						
2010A School Building Bonds	01/19/10	1.26%	\$ 10,200,000	01/15/26	\$ 3,100,000	\$ 760,000
2014A School Building Bonds	03/19/14	2.0%-3.13%	3,330,000	02/01/29	2,835,000	55,000
2014B Capital Facilities Bonds	07/17/14	1.5%-2.5%	375,000	02/02/24	80,000	40,000
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	27,675,000	70,000
Total G.O. bonds					43,065,000	925,000
Bond premiums					2,306,120	-
Lease liability					300,187	33,174
Finance purchases from direct borrowing					213,191	104,386
Compensated absences payable					36,206	18,103
Total long-term liabilities					<u>\$ 45,920,704</u>	<u>\$ 1,080,663</u>

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 and severance liabilities 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			Finance Purchases from Direct Borrowing		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 925,000	\$ 1,227,911	\$ 2,152,911	\$ 104,386	\$ 9,021	\$ 113,407
2024	1,040,000	1,191,315	2,231,315	108,805	4,602	113,407
2025	1,090,000	1,177,413	2,267,413	-	-	-
2026	1,205,000	1,161,285	2,366,285	-	-	-
2027	1,300,000	1,131,781	2,431,781	-	-	-
2028-2032	8,295,000	4,837,200	13,132,200	-	-	-
2033-2037	11,300,000	3,193,063	14,493,063	-	-	-
2038-2042	12,740,000	1,509,675	14,249,675	-	-	-
2043-2045	5,170,000	207,788	5,377,788	-	-	-
Total	<u>\$ 43,065,000</u>	<u>\$ 15,637,431</u>	<u>\$ 58,702,431</u>	<u>\$ 213,191</u>	<u>\$ 13,623</u>	<u>\$ 226,814</u>

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

**NOTE 4 – LONG-TERM DEBT (CONTINUED)**

Year Ending June 30,	Lease Liability		
	Principal	Interest	Total
2023	\$ 33,174	\$ 13,186	\$ 46,360
2024	35,390	11,523	46,913
2025	37,731	9,751	47,483
2026	16,495	8,306	24,801
2027	13,033	7,719	20,752
2028-2032	85,255	28,226	113,481
2033-2037	79,108	6,330	85,438
Total	<u>\$ 300,187</u>	<u>\$ 85,042</u>	<u>\$ 385,229</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	\$ 6,860,000	\$ 37,050,000	\$ 845,000	\$ 43,065,000
Bond premiums	28,471	2,400,000	122,351	2,306,120
Bond discounts	(3,352)	-	(3,352)	-
Finance purchases from direct borrowing	108,669	204,671	100,149	213,191
Lease liability	-	332,551	32,364	300,187
Compensated absences payable	72,253	94,226	130,273	36,206
Total long-term liabilities	<u>\$ 7,066,041</u>	<u>\$ 40,081,448</u>	<u>\$ 1,226,785</u>	<u>\$ 45,920,704</u>

**NOTE 5 – CHANGE IN ACCOUNTING PRINCIPLE**

The District has adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. This resulted in the District recognizing leased assets and lease liability and also resulted in certain capital leases being reclassified to finance purchases from direct borrowing.

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

**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.

**Fund Equity**

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

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

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 accumulation of the activity to provide the food service program.

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

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

**NOTE 6 – FUND BALANCES (CONTINUED)**

**A. Restricted/Reserved Fund Equity (Continued)**

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

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

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

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	\$	56,099
Curriculum		66,693
Fund balance transfers		501,832
Total	\$	624,624

**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, 2022, was (\$85,179). 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.

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

**NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE**

**Teachers' Retirement Association**

**A. Plan Description**

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

**B. Benefits Provided**

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

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

*Tier I Benefits*

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

With these provisions:

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

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

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

**Teachers' Retirement Association (Continued)**

**B. Benefits Provided**

*Tier II Benefits*

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

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

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

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

**C. Contribution Rate**

Per *Minnesota Statutes*, Chapter 354 sets the contribution rates for employees and employers. Rates for each fiscal year ended June 30, 2020, June 30, 2021, and June 30, 2022, were:

	<u>June 30, 2020</u>		<u>June 30, 2021</u>		<u>June 30, 2022</u>	
	<u>Employee</u>	<u>Employer</u>	<u>Employee</u>	<u>Employer</u>	<u>Employee</u>	<u>Employer</u>
Basic	11.0%	11.92%	11.0%	12.13%	11.0%	12.34%
Coordinated	7.5%	7.92%	7.5%	8.13%	7.5%	8.34%

**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 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	\$ 448,829
Add employer contributions not related to future contribution efforts	379
Deduct TRA's contributions not included in allocation	<u>(538)</u>
Total employer contributions	448,670
Total non-employer contributions	<u>37,840</u>
Total contributions reported in Schedule of Employer and Non-Employer Allocations	<u><u>\$ 486,510</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, 2021, 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

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**Actuarial Information**

Valuation date	July 1, 2021
Measurement date	June 30, 2021
Experience study	June 5, 2019 (demographic assumptions) November 6, 2017 (economic assumptions)
Actuarial cost method	Entry Age Normal
Actuarial assumptions	
Investment rate of return	7.00%
Price inflation	2.50%
Projected salary increase	2.85% to 8.85% before July 1, 2028 and 3.25 to 9.25 thereafter.
Cost of living adjustment	1.0% for January 2020 through January 2023, then increasing by 0.1% each year up to 1.5% annually.

**Mortality Assumptions**

Pre-retirement	RP 2014 white collar employee table, male rates set back five years and female rates set back seven years. Generational projection uses the MP 2015 scale.
Post-retirement	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	35.5 %	5.10 %
International equity	17.5	5.30
Private markets	25.0	5.90
Fixed income	20.0	0.75
Unallocated cash	2.0	0.00
Total	<u>100.0 %</u>	

The TRA actuary has determined the average of the expected remaining services lives of all members for fiscal year 2022 is six years. The "Difference Between Expected and Actual Experience," "Changes of Assumptions," and "Changes in Proportion" use the amortization period of six years in the schedule presented. The amortization period for "Net Difference between Projected and Actual Investment Earnings on Pension Plan Investments" is over a period of five years as required by GASB 68.

Changes in actuarial assumptions since the 2020 valuation:

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

**E. Discount Rate**

The discount rate used to measure the total pension liability was 7.0%. The discount rate used to measure the total pension liability at the prior measurement date was 7.5%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year 2021 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).

**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**

On June 30, 2022, the District reported a liability of \$3,347,869 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, 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 0.0765% at the end of the measurement period and 0.0849% 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	\$ 3,347,869
State's proportionate share of the net pension liability associated with the district	282,519

For the year ended June 30, 2022, the District recognized pension expense of (\$70,540). It also recognized (\$3,163) as an increase to this pension expense for the support provided by direct aid.

On June 30, 2022, 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	\$ 100,632	\$ 102,484
Net difference between projected and actual earnings on plan investments	-	2,782,891
Changes of assumptions	1,227,242	3,513,540
Changes in proportion	99,808	789,025
Contributions to TRA subsequent to the measurement date	461,086	-
Total	\$ 1,888,768	\$ 7,187,940

**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 \$461,086 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, 2023.

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
2023	\$ (2,727,423)
2024	(1,993,270)
2025	(539,314)
2026	(633,132)
2027	132,881
Total	\$ (5,760,258)

**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 percent lower (6.0%) and 1 percent 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%)
\$ 6,762,858	\$ 3,347,869	\$ 547,305

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](http://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 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.

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

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

**Public Employees' Retirement Association (Continued)**

**B. Benefits Provided (Continued)**

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

**C. Contributions**

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

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.5% of their annual covered salary in fiscal year 2022 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, 2022, were \$78,942. 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, 2022, the District reported a liability of \$619,215 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 \$18,855.

The net pension liability was measured as of June 30, 2021, 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, 2020, through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers. The District's proportionate share was 0.0145% at the end of the measurement period and 0.0149% for the beginning of the period.

**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)

District's proportionate share of net pension liability	\$	619,215
State's proportionate share of the net pension liability associated with the District		18,855
Total	\$	638,070

For the year ended June 30, 2022, the District recognized pension expense of (\$14,639) for its proportionate share of the General Employees Plan's pension expense. Included in this amount, the District recognized \$1,521 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

At June 30, 2022, 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	\$ 3,700	\$ 19,010
Changes in actuarial assumptions	378,080	13,834
Difference between projected and actual investments earnings	-	535,294
Change in proportion	22,116	31,854
Contributions paid to PERA subsequent to the measurement date	78,942	-
Total	\$ 482,838	\$ 599,992

**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)

The \$78,942 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, 2023. 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
2023	\$ (35,739)
2024	(3,849)
2025	(10,239)
2026	(146,269)
Total	\$ (196,096)

**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:

Asset Class	Final Target Allocation	Long-Term Expected Real Rate of Return
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>	

**Actuarial Methods and Assumptions**

The total pension liability in the June 30, 2021, 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 6.5%. 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 6.5% 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 29 years of service and 6.0% per year thereafter.

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.

**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)**

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 2019. The assumption changes were adopted by the Board and became effective with the July 1, 2020, actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2021:

General Employees Fund

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 previous valuation.

**G. Discount Rate**

The discount rate used to measure the total pension liability in 2021 was 6.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in *Minnesota Statutes*. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**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 (5.5%)	Current Discount Rate (6.5%)	1% Increase in Discount Rate (7.5%)
District's proportionate share of the PERA net pension liability	\$ 1,262,882	\$ 619,215	\$ 91,047

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

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

**Public Employees' Retirement Association (Continued)**

**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](http://www.mnpera.org).

**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.

**D. Members**

As of July 1, 2021, the following were covered by the benefit terms:

Active employees	102
Retirees receiving benefits	11
Spouses receiving benefits	5
	<hr/>
Total	<u>118</u>

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

**NOTE 8 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)**

**E. Actuarial Assumptions**

The total OPEB liability was determined by an actuarial valuation as of July 1, 2021, 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

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Discount Rate	2.10%
20-Year Municipal Bond Yield	2.10%
Inflation	2.00%
Healthcare cost trend increases	6.50% decreasing to 5.00% over 6 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, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2020 – June 30, 2021.

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-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%.

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

**NOTE 8 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)**

**F. Discount Rate**

The discount rate used to measure the total OPEB liability was 2.10% based on the 20-year municipal bond yield.

**G. Changes in Total OPEB Liability**

Changes in the total OPEB liability are as follows:

	Total OPEB Liability
Balances at July 1, 2021	\$ 1,118,622
Changes for the year	
Service cost	74,233
Interest	27,054
Differences between expected and actual economic experience	208,824
Changes in assumptions	32,548
Plan changes	9,487
Benefit payments	(131,966)
Net changes	220,180
Balances at June 30, 2022	\$ 1,338,802

**H. OPEB Liability Sensitivity**

The following presents the District's total OPEB liability calculated using the discount rate of 2.10% as well as the liability measured using 1% lower and 1% higher than the current discount rate.

	1% Decrease in Discount Rate (1.10%)	Current Discount Rate (2.10%)	1% Increase in Discount Rate (3.10%)
Total OPEB liability	\$ 1,404,328	\$ 1,338,802	\$ 1,273,809

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

	1% decrease (5.50% decreasing to 4.00% then 3.00%)	Current (6.50% decreasing to 5.00% then 4.00%)	1% increase (7.50% decreasing to 6.00% then 5.00%)
Total OPEB liability	\$ 1,272,523	\$ 1,338,802	\$ 1,415,834

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

**NOTE 8 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)**

**I. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2022, the District recognized OPEB expense of \$90,757. At June 30, 2022, 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	\$ 187,941	\$ 132,883
Changes of assumptions	53,548	8,674
District's contributions subsequent to the measurement date	93,938	-
Total	\$ 335,427	\$ 141,557

The \$93,938 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, 2023. 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
2023	\$ (20,017)
2024	(20,017)
2025	(20,010)
2026	27,171
2027	27,171
Thereafter	105,634
Total	\$ 99,932

**NOTE 9 – COMMITMENTS**

At June 30, 2022, the District had various construction contract commitments for projects outstanding totaling \$42,764,696.

**NOTE 10 – GASB STANDARDS ISSUED BUT NOT YET IMPLEMENTED**

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* establishes that a Subscription-Based Information Technology Arrangement (SBITA) results in a right-to-use subscription asset and a corresponding liability. Under this statement, a governmental entity generally should recognize a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability. This statement will be effective for the year ending June 30, 2023.

**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>
\$ 63,883	\$ 74,233
27,223	27,054
232,633	9,487
-	208,824
30,321	32,548
<u>(98,652)</u>	<u>(131,966)</u>
<u>255,408</u>	<u>220,180</u>
<u>863,214</u>	<u>1,118,622</u>
<u>\$ 1,118,622</u>	<u>\$ 1,338,802</u>
\$ 5,653,167	\$ 5,606,627
19.79%	23.88%

**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 Proportionate Share of State of Minnesota's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.0197%	\$ 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	0.0149%	619,215	18,855	638,070	1,041,213	61.3%	87.0%

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

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

For 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 Proportionate Share of State of Minnesota's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.0994%	\$ 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%

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

**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	78,942	78,942	-	1,052,560	7.50%

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

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

Fiscal Year Ending June 30,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 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	461,086	461,086	-	5,528,609	8.34%

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

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

**TRA Retirement Fund**

**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.
- 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.

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

**TRA Retirement Fund (Continued)**

**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.
- 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.

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

**TRA Retirement Fund (Continued)**

**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**

**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.
- 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.

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

**General Employees Fund (Continued)**

**2019 Changes (Continued)**

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.

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.

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

**General Employees Fund (Continued)**

**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**

**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, 2022**

	Special Revenue Funds		Total Nonmajor Funds
	Food Service	Community Service	
<b>Assets</b>			
Cash and investments	\$ 387,814	\$ 439,726	\$ 827,540
Current property taxes receivable	-	82,176	82,176
Due from Department of Education	-	13,246	13,246
Due from Federal Government through Department of Education	5,634	-	5,634
Inventory	4,992	-	4,992
<b>Total assets</b>	<b>\$ 398,440</b>	<b>\$ 535,148</b>	<b>\$ 933,588</b>
<b>Liabilities</b>			
Accounts payable	\$ 122,932	\$ 9,445	\$ 132,377
Salaries and benefits payable	-	77,404	77,404
Due to other governmental units	-	35	35
Unearned revenue	27,602	29,613	57,215
<b>Total liabilities</b>	<b>150,534</b>	<b>116,497</b>	<b>267,031</b>
<b>Deferred Inflows of Resources</b>			
Property taxes levied for subsequent year's expenditures	-	156,778	156,778
<b>Fund Balances</b>			
Nonspendable			
Inventory	4,992	-	4,992
Restricted			
Community education programs	-	106,210	106,210
Early childhood family and education programs	-	43,044	43,044
School readiness	-	57,861	57,861
Fund purpose	242,914	54,758	297,672
<b>Total fund balances</b>	<b>247,906</b>	<b>261,873</b>	<b>509,779</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 398,440</b>	<b>\$ 535,148</b>	<b>\$ 933,588</b>

**Independent School District No. 108**  
**Combining Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances - Nonmajor Governmental Funds**  
**Year Ended June 30, 2022**

	<u>Special Revenue Funds</u>		<u>Total Nonmajor Funds</u>
	<u>Food Service</u>	<u>Community Service</u>	
<b>Revenues</b>			
Local property taxes	\$ -	\$ 102,231	\$ 102,231
Other local and county revenues	8,153	608,529	616,682
Revenue from state sources	19,048	160,699	179,747
Revenue from federal sources	553,994	8,400	562,394
Sales and other conversion of assets	77,497	-	77,497
Total revenues	<u>658,692</u>	<u>879,859</u>	<u>1,538,551</u>
<b>Expenditures</b>			
Current			
Food service	538,953	-	538,953
Community education and services	-	950,826	950,826
Total expenditures	<u>538,953</u>	<u>950,826</u>	<u>1,489,779</u>
Net change in fund balances	119,739	(70,967)	48,772
<b>Fund Balances</b>			
Beginning of year	<u>128,167</u>	<u>332,840</u>	<u>461,007</u>
End of year	<u>\$ 247,906</u>	<u>\$ 261,873</u>	<u>\$ 509,779</u>

**Independent School District No. 108**  
**Uniform Financial Accounting and Reporting Standards**  
**Compliance Table**  
**Year Ended June 30, 2022**

	Audit	UFARS	Audit-UFARS		Audit	UFARS	Audit-UFARS
<b>01 General Fund</b>				<b>06 Building Construction Fund</b>			
Total revenue	\$ 12,623,561	\$ 12,623,561	\$ -	Total revenue	\$ (360,584)	\$ (360,584)	\$ -
Total expenditures	12,366,777	12,366,775	2	Total expenditures	3,688,327	3,688,327	-
<i>Nonspendable:</i>				<i>Nonspendable:</i>			
4.60 Nonspendable fund balance	55,979	55,979	-	4.60 Nonspendable fund balance	-	-	-
<i>Restricted/reserved:</i>				<i>Restricted/reserved:</i>			
4.01 Student Activities	103,059	103,060	(1)	4.07 Capital Projects Levy	-	-	-
4.02 Scholarships	31,777	31,777	-	4.09 Alternative Facility Program	-	-	-
4.03 Staff Development	-	-	-	4.13 Building Projects Funded by COP/LP	-	-	-
4.07 Capital Projects Levy	95,954	95,954	-	4.67 Long-term Facilities Maintenance	-	-	-
4.08 Cooperative Programs	-	-	-	<i>Restricted:</i>			
4.09 Alternative Facility Program	-	-	-	4.64 Restricted fund balance	35,401,089	35,401,089	-
4.13 Building Projects Funded by COP/LP	-	-	-	<i>Unassigned:</i>			
4.14 Operating Debt	-	-	-	4.63 Unassigned fund balance	-	-	-
4.16 Levy Reduction	-	-	-				
4.17 Taconite Building Maintenance	-	-	-	<b>07 Debt Service Fund</b>			
4.24 Operating Capital	61,353	61,353	-	Total revenue	\$ 974,316	\$ 974,316	\$ -
4.26 \$25 Taconite	-	-	-	Total expenditures	988,254	988,254	-
4.27 Disabled Accessibility	-	-	-	<i>Nonspendable:</i>			
4.28 Learning and Development	-	-	-	4.60 Nonspendable fund balance	-	-	-
4.34 Area Learning Center	-	-	-	<i>Restricted/reserved:</i>			
4.35 Contracted Alternative Programs	-	-	-	4.25 Bond refunding	-	-	-
4.36 State Approved Alternative Program	-	-	-	4.33 Maximum effort loan aid	-	-	-
4.38 Gifted and Talented	-	-	-	4.51 QZAB payments	-	-	-
4.40 Teacher Development and Evaluation	-	-	-	4.67 LTFM	-	-	-
4.41 Basic Skills Programs	-	-	-	<i>Restricted:</i>			
4.45 Career Technical Programs	-	-	-	4.64 Restricted fund balance	195,018	195,018	-
4.48 Achievement and Integration Revenue	-	-	-	<i>Unassigned:</i>			
4.49 Safe School Crime	-	-	-	4.63 Unassigned fund balance	-	-	-
4.51 QZAB Payments	-	-	-				
4.52 OPEB Liabilities not Held in Trust	-	-	-	<b>08 Trust Fund</b>			
4.53 Unfunded Severance and Retirement Levy	-	-	-	Total revenue	\$ -	\$ -	\$ -
4.59 Basic Skills Extended Time	43,341	43,341	-	Total expenditures	-	-	-
4.67 Long-term Facilities Maintenance	295,600	295,600	-	<i>Unassigned:</i>			
4.72 Medical Assistance	109,326	109,326	-	4.01 Student Activities	-	-	-
4.75 Title VII - Impact Aid	-	-	-	4.02 Scholarships	-	-	-
4.76 Payments in Lieu of Taxes	-	-	-	4.22 Net position	-	-	-
<i>Restricted:</i>				<b>18 Custodial Fund</b>			
4.64 Restricted fund balance	-	-	-	Total expenditures	-	-	-
4.75 Title VII - Impact Aid	-	-	-	<i>Unassigned:</i>			
4.76 Payments in Lieu of Taxes	-	-	-	4.01 Student Activities	-	-	-
<i>Committed:</i>				4.02 Scholarships	-	-	-
4.18 Committed for separation	-	-	-	4.48 Achievement and Integration	-	-	-
4.61 Committed fund balance	-	-	-	4.64 Restricted	-	-	-
<i>Assigned:</i>				<b>20 Internal Service Fund</b>			
4.62 Assigned fund balance	624,624	624,624	-	Total revenue	\$ -	\$ -	\$ -
<i>Unassigned:</i>				Total expenditures	-	-	-
4.22 Unassigned fund balance	1,350,277	1,350,274	3	<i>Unassigned:</i>			
				4.22 Net position	-	-	-
<b>02 Food Services Fund</b>				<b>25 OPEB Revocable Trust</b>			
Total revenue	\$ 658,692	\$ 658,692	\$ -	Total revenue	\$ -	\$ -	\$ -
Total expenditures	538,953	538,954	(1)	Total expenditures	-	-	-
<i>Nonspendable:</i>				<i>Unassigned:</i>			
4.60 Nonspendable fund balance	4,992	4,992	-	4.22 Net position	-	-	-
<i>Restricted/reserved:</i>				<b>45 OPEB Irrevocable Trust</b>			
4.52 OPEB liabilities not held in trust	-	-	-	Total revenue	\$ -	\$ -	\$ -
<i>Restricted:</i>				Total expenditures	-	-	-
4.64 Restricted fund balance	242,914	242,914	-	<i>Unassigned:</i>			
<i>Unassigned:</i>				4.22 Net position	-	-	-
4.63 Unassigned fund balance	-	-	-	<b>47 OPEB Debt Service</b>			
<b>04 Community Service Fund</b>				Total revenue	\$ -	\$ -	\$ -
Total revenue	\$ 879,859	\$ 879,859	\$ -	Total expenditures	-	-	-
Total expenditures	950,826	950,826	-	<i>Nonspendable:</i>			
<i>Nonspendable:</i>				4.60 Nonspendable fund balance	-	-	-
4.60 Nonspendable fund balance	-	-	-	<i>Restricted:</i>			
<i>Restricted/reserved:</i>				4.25 Bond refundings	-	-	-
4.26 \$25 Taconite	-	-	-	4.64 Restricted fund balance	-	-	-
4.31 Community Education	106,210	106,210	-	<i>Unassigned:</i>			
4.32 ECFE	43,044	43,044	-	4.63 Unassigned fund balance	-	-	-
4.40 Teacher Development and Evaluation	-	-	-				
4.44 School Readiness	57,861	57,861	-				
4.47 Adult Basic Education	-	-	-				
4.52 OPEB Liabilities not Held in Trust	-	-	-				
<i>Restricted:</i>							
4.64 Restricted fund balance	54,758	54,759	(1)				
<i>Unassigned:</i>							
4.63 Unassigned fund balance	-	-	-				

**Independent School District No. 108**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2022**

Federal Agency/Pass Through Agency/Program Title	Federal Assistance Listing Number	Expenditures
<b>U.S. Department of Agriculture</b>		
Through Minnesota Department of Education		
Child nutrition cluster		
School Breakfast Program	10.553	\$ 75,804
National School Lunch Program	10.555	429,301
Commodities programs (noncash assistance)	10.555	37,466
Special Milk Program for Children	10.556	1,274
COVID-19 - Supply Chain Assistance	10.555	10,149
Total child nutrition cluster		<u>553,994</u>
<b>U.S. Department of Treasury</b>		
Through Minnesota Department of Education		
COVID - Coronavirus State and Local Fiscal Recovery Fund	21.027	<u>73,594</u>
<b>U.S. Department of Education</b>		
Through Minnesota Department of Education		
Title I, Part A - Grants to Local Educational Agencies	84.010	82,331
Special education cluster		
Through minnesota department of education:		
Special Education Grants to States	84.027	69,176
IDEA Part B Section 611 Mandatory Coordinated Early Intervening Services	84.027	38,020
ARP IDEA Part B Section 611	84.027X	32,979
Special Education Preschool Grants	84.173	21,975
ARP IDEA Part B Section 619 – Preschool Grants for Children with Disabilities	84.173X	585
Total special education cluster		<u>162,735</u>
Carl Perkins, Vocational and Applied Technology	84.048A	4,776
Special Education - Grants for Infants and Families	84.181	8,554
Title II, Part A - Supporting Effective Instruction State Grants	84.367	18,418
Title IV, Part A - Student Support and Academic Enrichment Program	84.424A	7,266
Education Stabilization Fund		
COVID - Elementary and Secondary School Emergency Relief	84.425	3,630
COVID - Governor's Emergency Education Relief Fund	84.425	769
COVID - Elementary and Secondary School Emergency Relief II	84.425D	188,899
COVID - ARP - Learning Recovery and Emergency Relief	84.425U	572,553
Total Education Stabilization Fund		<u>765,851</u>
Total U.S. Department of Education		<u>1,049,931</u>
<b>U.S. Federal Communications Commission</b>		
Direct		
COVID - Emergency Connectivity Fund Program	32.009	<u>153,780</u>
<b>U.S. Department of Health and Human Services</b>		
Through Minnesota Department of Education		
COVID - Minnesota COVID-19 Testing Program	93.323	<u>40,000</u>
Total federal expenditures		<u>\$ 1,871,299</u>

**Independent School District No. 108**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**June 30, 2022**

**NOTE 1 – BASIS OF PRESENTATION**

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

**NOTE 2 – 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 3 – INVENTORY**

Inventories of commodities donated by the U.S. Department of Agriculture are recorded at market value in the Food Service Fund as inventory. Revenue and expenditures are recorded when commodities are used. Other inventories are stated at cost as determined on a FIFO basis.

**NOTE 4 – INDIRECT COST RATE**

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

**Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters Based on an Audit  
of 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, 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, 2022, 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 16, 2022.

**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. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs in Accordance with the Uniform Guidance as Audit Finding 2022-001 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**

The District's response to the findings identified in our audit are described in the 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.

**BerganKDV, Ltd.**

Minneapolis, Minnesota  
November 16, 2022

**Report on Compliance for Each Major Federal Program  
and Report on Internal Control over Compliance Required by  
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 *OMB Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended June 30, 2022. 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, 2022.

**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 16, 2022

**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 2022-001
- 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.: 84.425  
Name of Federal Program or Cluster: Education Stabilization Fund

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 2022-001**

*Criteria or Specific Requirement:*

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

*Condition:*

The District does not have adequate segregation of accounting duties.

*Context:*

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.

*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.

*Management's Response:*

**CORRECTIVE ACTION PLAN (CAP):**

1. Explanation of Disagreement with Audit Finding

There is no disagreement with the audit finding.

2. Actions Planned in Response to Finding

Administration will review current segregation of accounting duties to determine if further segregation is possible.

3. Official Responsible for Ensuring CAP

Tim Schochenmaier, Superintendent, is the official responsible for ensuring corrective action of the deficiency.

**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 2022-001 (Continued)**

*Management's Response: (Continued)*

**CORRECTIVE ACTION PLAN (CAP): (Continued)**

4. Planned Completion Date for CAP  
The planned completion date for the CAP is June 30, 2023.
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**

**Audit Finding 2021-002**

*Criteria or Specific Requirement:* A good system of internal control contemplates an adequate system for drafting of the financial statements, including the Schedule of Expenditures of Federal Awards (SEFA).

*Condition:*

The District does not have an internal control system designed to provide for the preparation of the financial statements being audited, including the SEFA. As auditors, we are requested to draft the financial statements, accompanying notes to the financial statements, certain required supplementary information, and the SEFA.

**CORRECTIVE ACTION TAKEN:**

The District now completes a disclosure checklist to evaluate the preparation of the financial statements.

**Audit Finding 2021-003**

*Criteria or Specific Requirement:*

A good system of internal control contemplates an adequate system for recording and processing entries material to the financial statements.

*Condition:*

During the course of our engagement, we proposed material audit adjustments to the trial balance that would not have been identified as a result of the District's existing internal controls.

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

**SECTION IV – PRIOR YEAR FINDINGS AND QUESTIONED COSTS (CONTINUED)**

**Audit Finding 2021-003 (Continued)**

**CORRECTIVE ACTION TAKEN:**

There were no material journal entries noted for the audit engagement ending June 30, 2022.

**Audit Finding 2021-004**

*Criteria or Specific Requirement:*

A good system of internal control contemplates an adequate system for maintaining supporting documentation for all revenue streams.

*Condition:*

During the course of our engagement, the District was unable to provide supporting documentation for the revenues of the child care program within the community service fund, a nonmajor fund. As a result, we were unable to provide assurance over the revenue stream and have issued a qualified opinion on the governmental activities and the aggregate remaining fund information.

**CORRECTIVE ACTION TAKEN:**

Proper documentation was maintained for revenues of the District for the audit engagement ending June 30, 2022.

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**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, 2022, and the related notes to basic financial statements, and have issued our report thereon dated November 16, 2022.

In connection with our audit, nothing came to our attention that caused us to believe that the District failed to comply with the provisions of the contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and uniform financial accounting and reporting standards 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 16, 2022

**DO  
MORE.**

Independent School District No. 108  
Central Public Schools

Financial Statement Presentation

June 30, 2022

# Audit Results

- Independent Auditor's Report – Unmodified opinion
- Single Audit in Accordance with Uniform Guidance – Unmodified opinion on three major federal programs – 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

# General Education Aid Formula Allowance

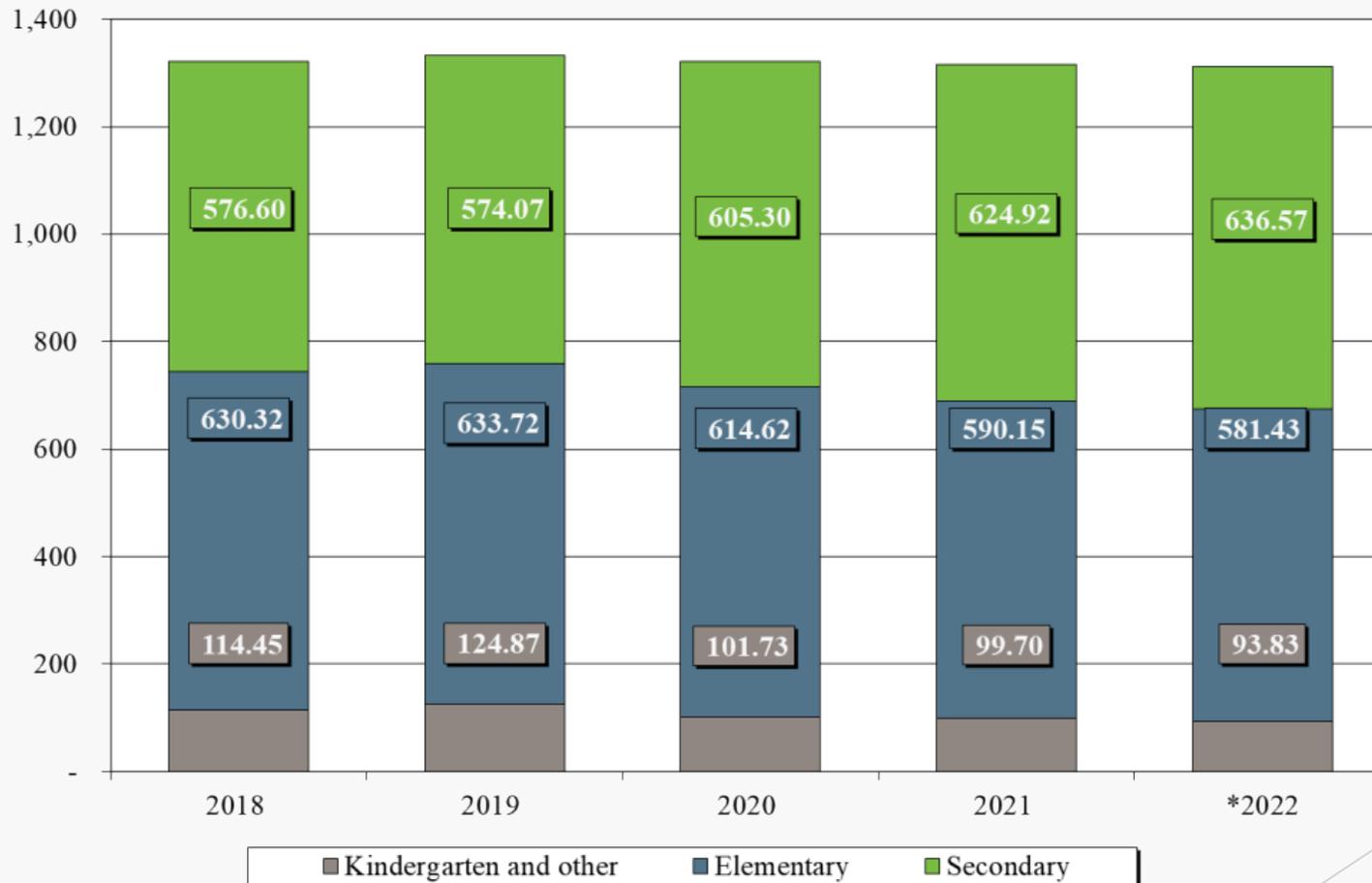
Year	General Education Aid Formula Allowance	
	Amount	Percent Increase
2013	\$ 5,224	1.0%
2014	5,302	1.5%
2015*	5,831	1.9%
2016	5,948	2.0%
2017	6,067	2.0%
2018	6,188	2.0%
2019	6,312	2.0%
2020	6,438	2.0%
2021	6,567	2.0%
2022	6,728	2.5%
2023	6,863	2.0%

\* 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 adjustments changes and other restructuring.

# Average Daily Membership and Pupil Units – Resident ADM

<b>Resident ADM</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>*2022</b>
Kindergarten and other	114.45	124.87	101.73	99.70	93.83
Elementary	630.32	633.72	614.62	590.15	581.43
Secondary	576.60	574.07	605.30	624.92	636.57
<b>Total Resident ADM</b>	<b>1,321.37</b>	<b>1,332.66</b>	<b>1,321.65</b>	<b>1,314.77</b>	<b>1,311.83</b>

# Average Daily Membership and Pupil Units – Resident Students - ADM



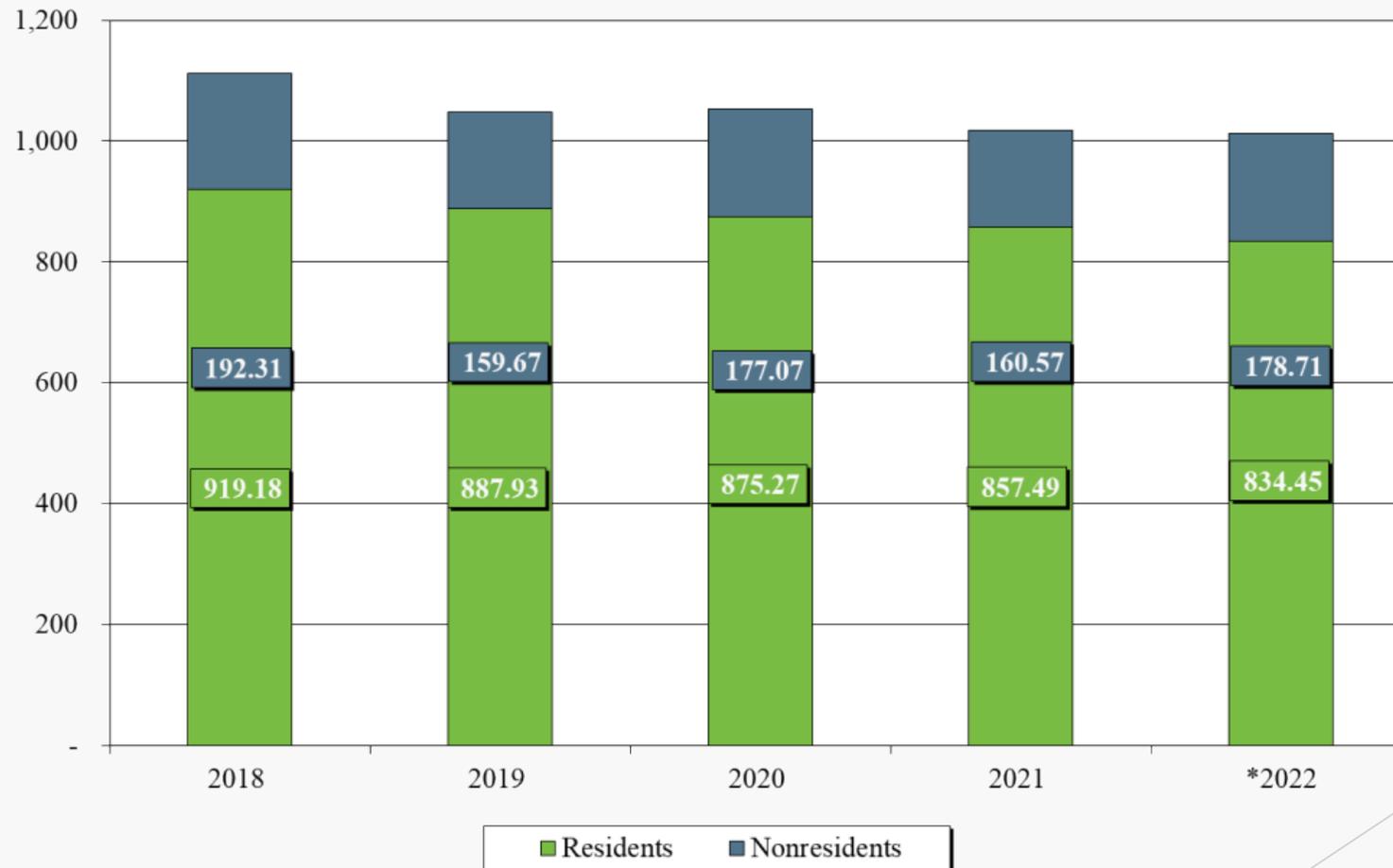
# Average Daily Membership and Pupil Units –Weighting/Adjusted PUN

<b>Pupil Units Weighting</b>	Pre- Kindergarten	Handicapped Kindergarten	Kindergarten	Elementary Grades 1-3	Elementary Grades 4-6	Secondary
Fiscal Years 2018-2022	1.000	1.000	1.000	1.000	1.000	1.200

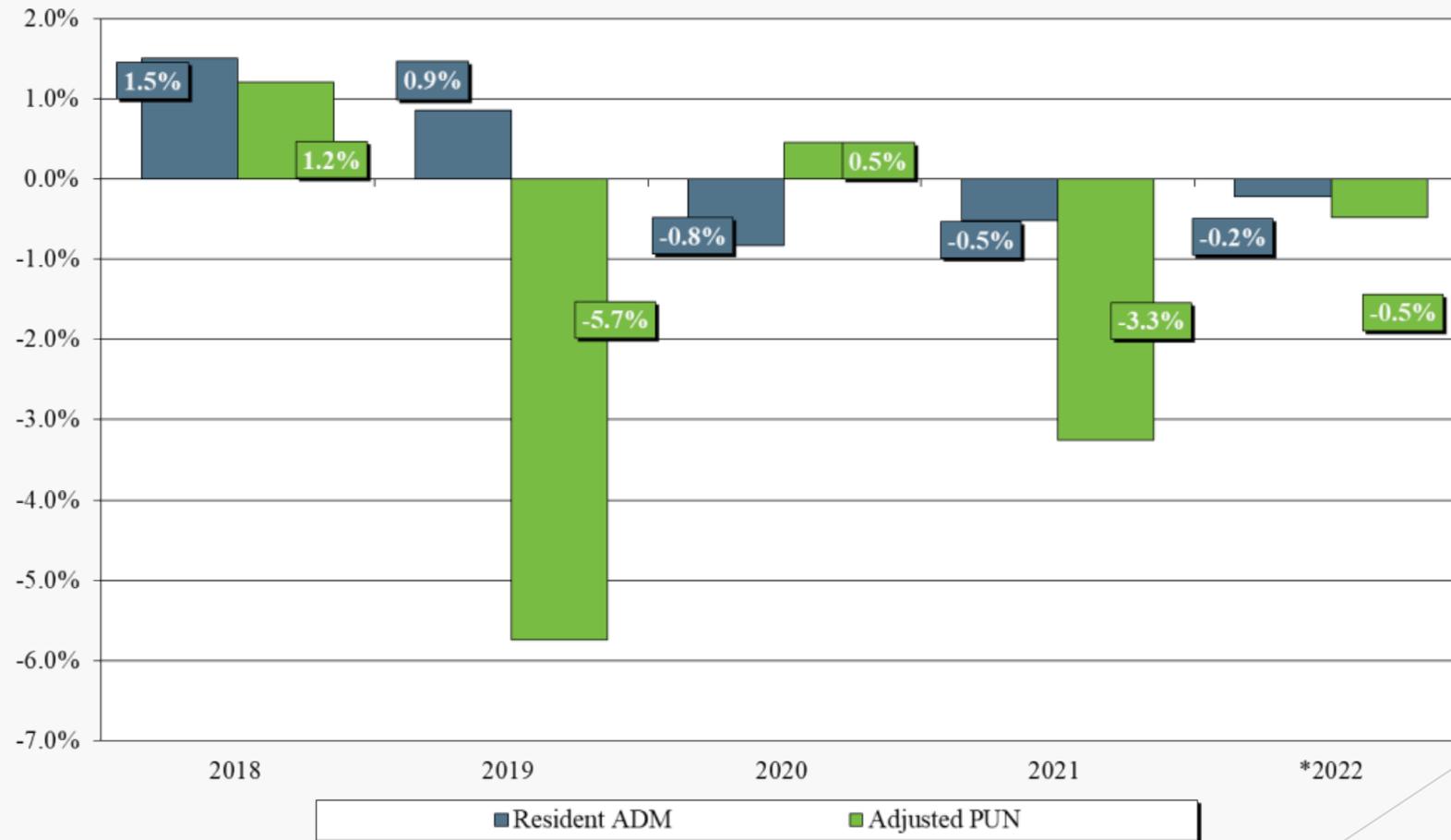
  

	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>*2022</b>
Residents	1,437.30	1,447.46	1,442.73	1,439.77	1,439.14
Residents going elsewhere	(518.12)	(559.53)	(567.46)	(582.28)	(604.69)
Nonresidents coming in	192.31	159.67	177.07	160.57	178.71
<b>Total Adjusted PUN</b>	<b>1,111.49</b>	<b>1,047.60</b>	<b>1,052.34</b>	<b>1,018.06</b>	<b>1,013.16</b>

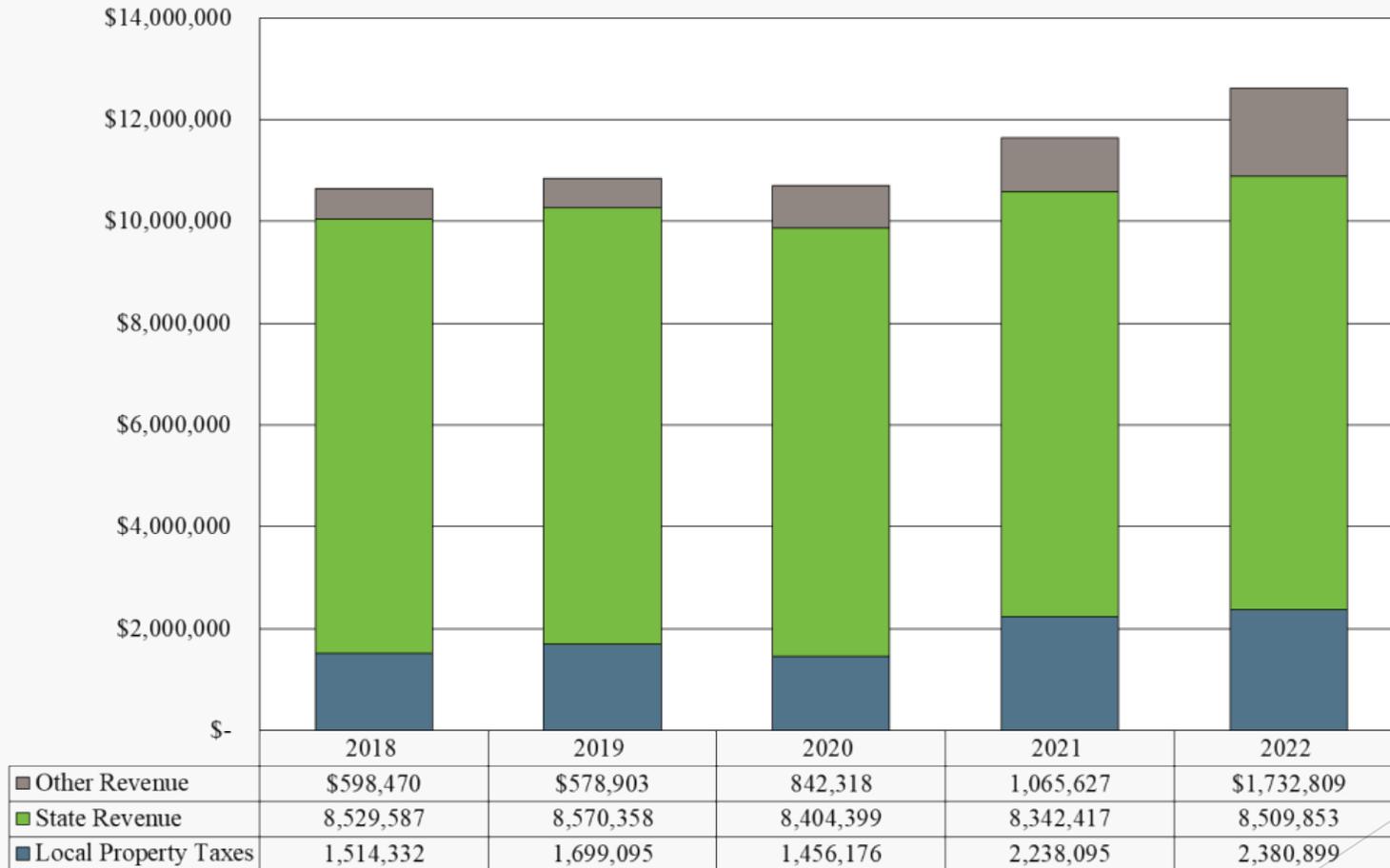
# Average Daily Membership and Pupil Units – Students Served - PUN



# Change in Resident ADM and Adjusted PUN



# General Fund Sources of Revenue

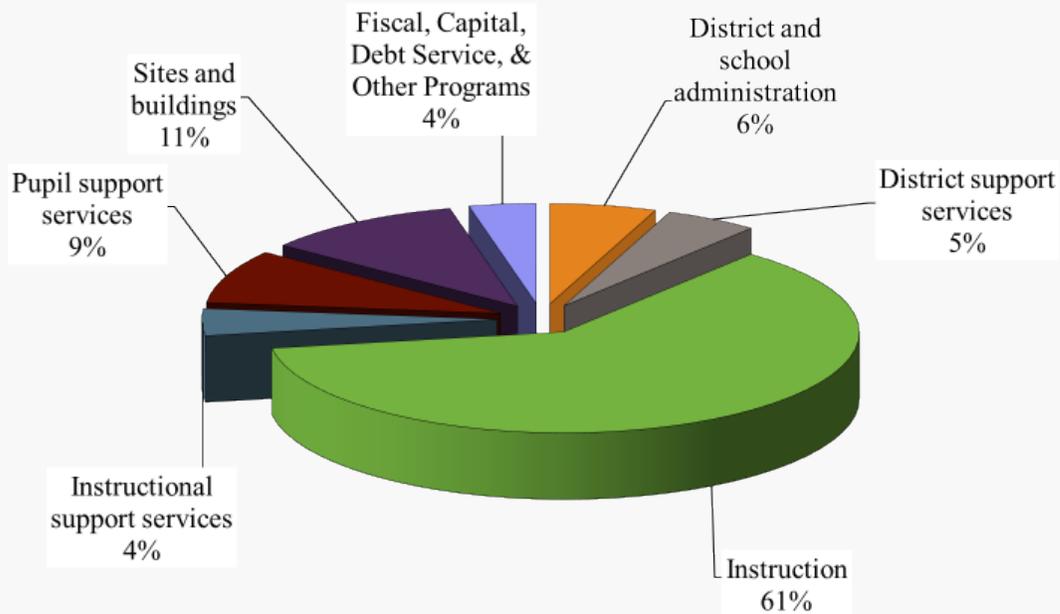


# General Fund Budget to Actual

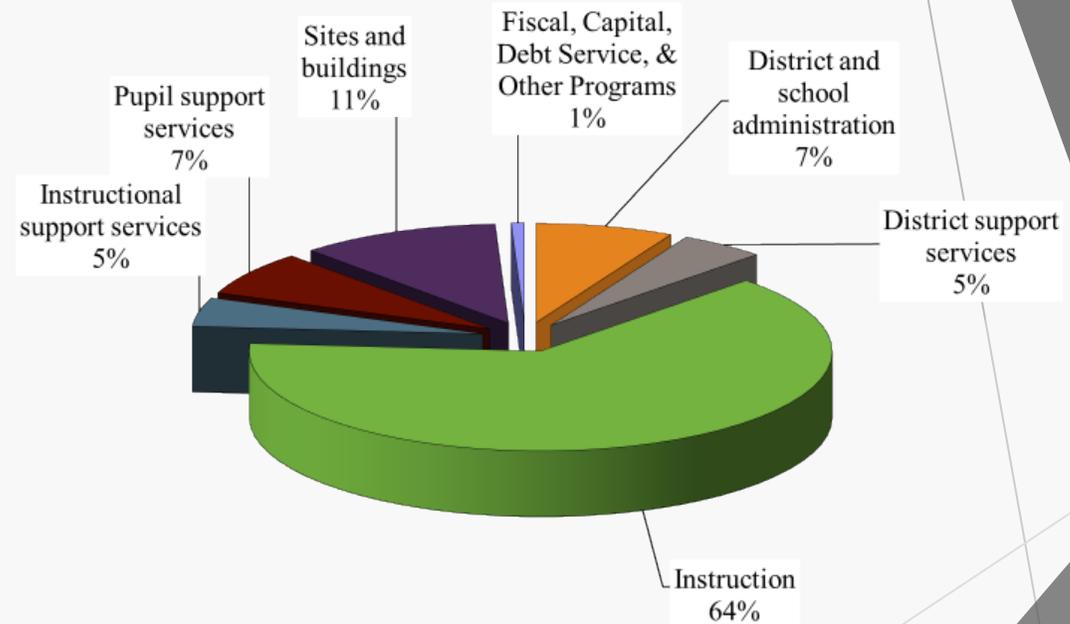
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
<b>Revenues</b>				
Local property taxes	\$ 2,356,229	\$ 2,356,229	\$ 2,380,899	\$ 24,670
Other local and county revenues	138,540	363,608	413,091	49,483
Revenue from state sources	8,622,544	8,749,630	8,509,853	(239,777)
Revenue from federal sources	541,574	1,254,956	1,317,363	62,407
Total revenues	<u>11,658,887</u>	<u>12,724,423</u>	<u>12,623,561</u>	<u>(100,862)</u>
<b>Expenditures</b>				
Administration	759,076	765,758	722,093	(43,665)
District support services	501,001	548,997	632,104	83,107
Regular instruction	5,290,381	5,614,380	5,485,544	(128,836)
Vocational education instruction	154,522	173,085	182,869	9,784
Special education instruction	1,906,196	1,986,851	1,930,388	(56,463)
Instructional support services	416,353	457,429	532,640	75,211
Pupil support services	838,251	985,739	1,072,812	87,073
Sites and buildings	1,245,738	1,350,807	1,352,934	2,127
Fiscal and other fixed cost programs	64,000	65,470	65,229	(241)
Capital outlay	174,495	241,997	229,774	(12,223)
Debt service	145,904	177,824	160,390	(17,434)
Total expenditures	<u>11,495,917</u>	<u>12,368,337</u>	<u>12,366,777</u>	<u>(1,560)</u>
<b>Net Change in Fund Balances</b>	<u>\$ 162,970</u>	<u>\$ 356,086</u>	<u>\$ 256,784</u>	<u>\$ (99,302)</u>

# General Fund Expenditures

**2022 General Fund Expenditure Allocation**



**2021 General Fund Expenditure Allocation**



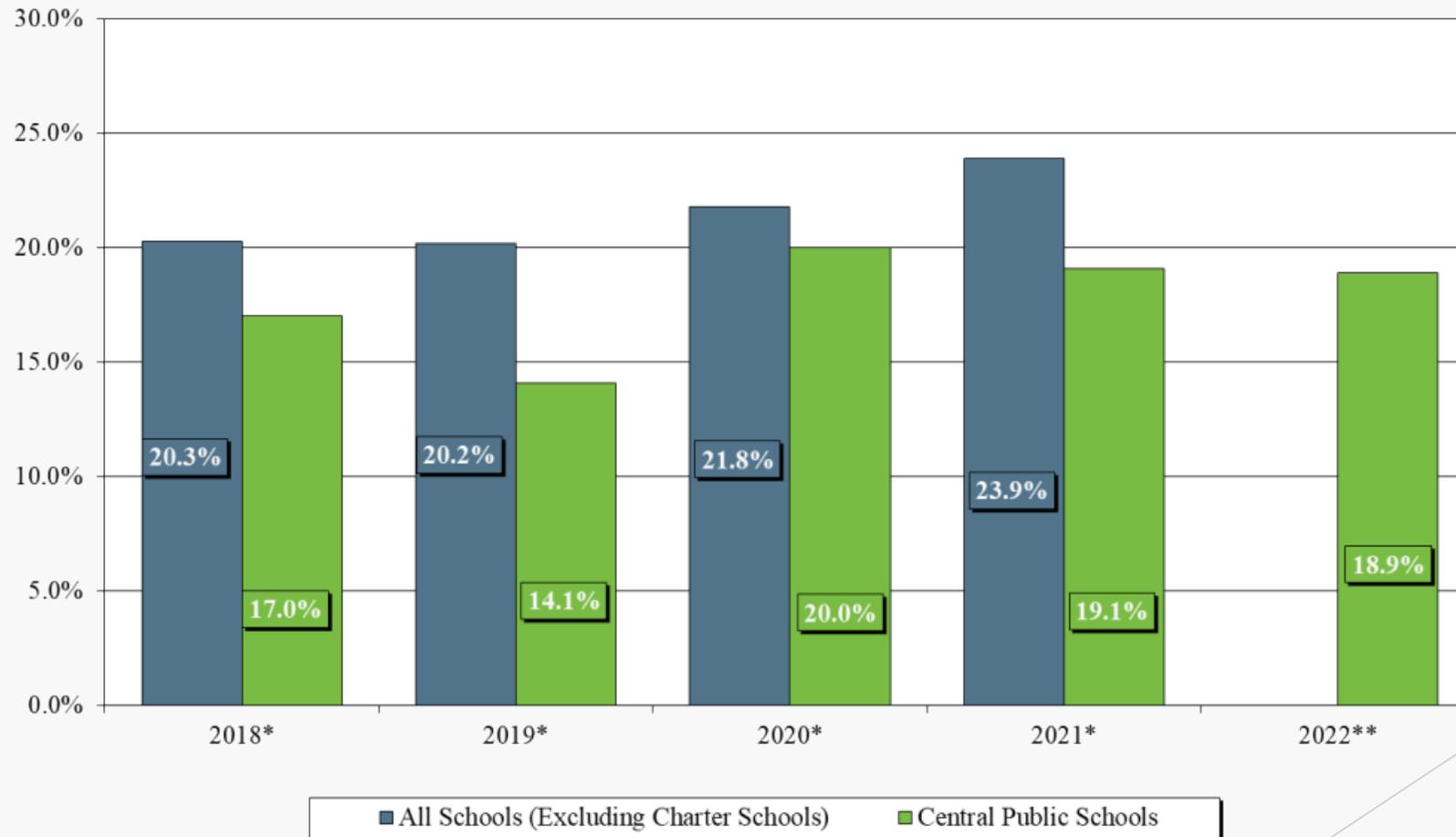
# General Fund

## Operations

Year Ended June 30,	2018	2019	2020	2021	2022
Revenues	\$ 10,642,389	\$ 10,848,356	\$ 10,702,893	\$ 11,646,139	\$ 12,623,561
Expenditures	10,530,597	10,999,546	10,710,634	11,270,964	12,366,777
Excess of revenues over (under) expenditures	111,792	(151,190)	(7,741)	375,175	256,784
Add other sources	-	12,138	173,988	-	-
Add transfers in	-	-	536,455	-	-
Less transfers out	-	-	(290,455)	-	-
Fund balance, July 1	1,617,493	1,729,285	1,590,233	2,139,331	2,514,506
Change in accounting principle	-	-	136,851	-	-
<b>Fund Balance, June 30</b>	<b>\$ 1,729,285</b>	<b>\$ 1,590,233</b>	<b>\$ 2,139,331</b>	<b>\$ 2,514,506</b>	<b>\$ 2,771,290</b>
Nonspendable for					
Prepays	\$ 10,096	\$ 9,942	\$ 4,431	\$ 65,776	\$ 55,979
Restricted/reserved for					
Student Activities	-	-	109,199	109,590	103,059
Scholarships	-	-	34,705	33,584	31,777
Capital Projects Levy	-	-	-	77,282	95,954
Health and Safety	(12,793)	-	-	-	-
Operating Capital	26,902	-	-	113,666	61,353
Basic Skills Extended Time	-	-	-	-	43,341
Disabled Accessibility	1,078	1,078	-	-	-
Long Term Facilities Maintenance	77,761	191,693	100,000	220,739	295,600
Medical Assistance	69,252	102,804	70,832	63,891	109,326
Assigned	-	-	-	607,182	624,624
Unassigned	1,556,989	1,284,716	1,820,164	1,222,796	1,350,277
<b>Fund Balance, June 30</b>	<b>\$ 1,729,285</b>	<b>\$ 1,590,233</b>	<b>\$ 2,139,331</b>	<b>\$ 2,514,506</b>	<b>\$ 2,771,290</b>

# General Fund

## Unrestricted Fund Balance as a Percentage of Unrestricted Expenditures



# Food Service Fund

<b>Year Ended June 30,</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Revenues	\$ 500,759	\$ 458,829	\$ 469,034	\$ 429,806	\$ 658,692
Expenditures	528,461	470,218	470,784	407,380	538,953
Excess of revenues over (under) expenditures	(27,702)	(11,389)	(1,750)	\$22,426	119,739
Fund balance, July 1	146,582	118,880	107,491	105,741	128,167
<b>Fund Balance, June 30</b>	<b>\$ 118,880</b>	<b>\$ 107,491</b>	<b>\$ 105,741</b>	<b>\$ 128,167</b>	<b>\$ 247,906</b>

# Community Service Fund

<b>Year Ended June 30,</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Revenues	\$ 988,420	\$ 957,272	\$ 826,130	\$ 772,202	\$ 879,859
Expenditures	887,595	857,136	850,599	750,670	950,826
Excess of revenues over (under) expenditures	100,825	100,136	(24,469)	21,532	(70,967)
Other financing sources (uses)	-	-	(246,000)	-	-
Fund balance, July 1	380,816	481,641	581,777	311,308	332,840
<b>Fund Balance, June 30</b>	<b>\$ 481,641</b>	<b>\$ 581,777</b>	<b>\$ 311,308</b>	<b>\$ 332,840</b>	<b>\$ 261,873</b>

# Questions?

Andrew Grice

952-563-6862

[Andrew.Grice@berganKDV.com](mailto:Andrew.Grice@berganKDV.com)



DO  
MORE.



**THANK**  
LET'S DO MORE, TOGETHER.  
**YOU**

*BerganKDV is a leading professional services firm with a contagious culture; where growth is fostered and making a difference means something. Our values drive our decisions, and our passion is empowering people and creating a wow experience for our clients.*

*We are powered by people who do business the Midwest way delivering comprehensive business, financial and technology solutions including business planning and consulting, tax, assurance and accounting, technology, wealth management and turnaround management services. From tax reform to technology, we go beyond so you can...*

**DO MORE.**



**berganKDV**  
*bergankdv.com | #starthere*

## Curriculum Updates at Central

The following modifications are being proposed for the 23-24 school year. In the interest of transparency, I want to share this with the School Board and welcome any feedback, questions or suggestions.

### General:

- We want to increase the number of courses offerings at Central where students can receive college credit. Where current AP classes exist, we will make an effort to change these to CE so that students automatically leave our district with completed college credits.

### Science Department:

- Currently, we are not running Chemistry or Physics at CHS due to lack of enrollment. Some of our students are taking these courses online and many are not taking the classes at all. We are concerned about the lack of preparation CHS graduates have for further education in Science.
  - 12 CHS students have opted to take Chemistry online in 22-23
  - 4 CHS students have opted to take Physics online in 22-23
- We require 3 science classes for graduation and Food Science counts for one of these at present.
  - Many students (47 currently) choose to take Food Science instead of chem/physics.
- Proposed Changes:
  - Food Science will remain as a Science Elective only. This will not count as one of the 3 science credits. We will encourage all students to take Chem or Physics. Other upper level science courses that will count for the third Science class are:
    - CE Biology
    - Human Anatomy and Physiology
    - CE Animal Science
  - We offer two tracks of 9th and 10th grade science. Both are very similar and in order to ensure each student is prepared to continue science study, we plan to merge these pairs and offer only:
    - Science 9
    - Biology 10

### Math Department

- Our goal is to increase the number of Concurrent Enrollment courses at CHS so that students can maximize the opportunities in our building to earn college credits. The math classes listed below will be offered for college credit:
  - CE Pre-Calculus (no-longer AP)
  - CE Calculus
  - College Algebra (new)
  - CE Statistics

**Fine Arts Department:**

- By statute, all middle school students should have two fine arts courses in middle school.
  - Require 6th graders to take a music class to alternate with study hall (Choir or Band).
    - Currently some students take no music and have study hall every day.
  - Add a quarter of General Music to the 7th grade schedule.
  - 8th Grade currently has a quarter of Art along with the music option. (no change)

# 11/28/22 School Board

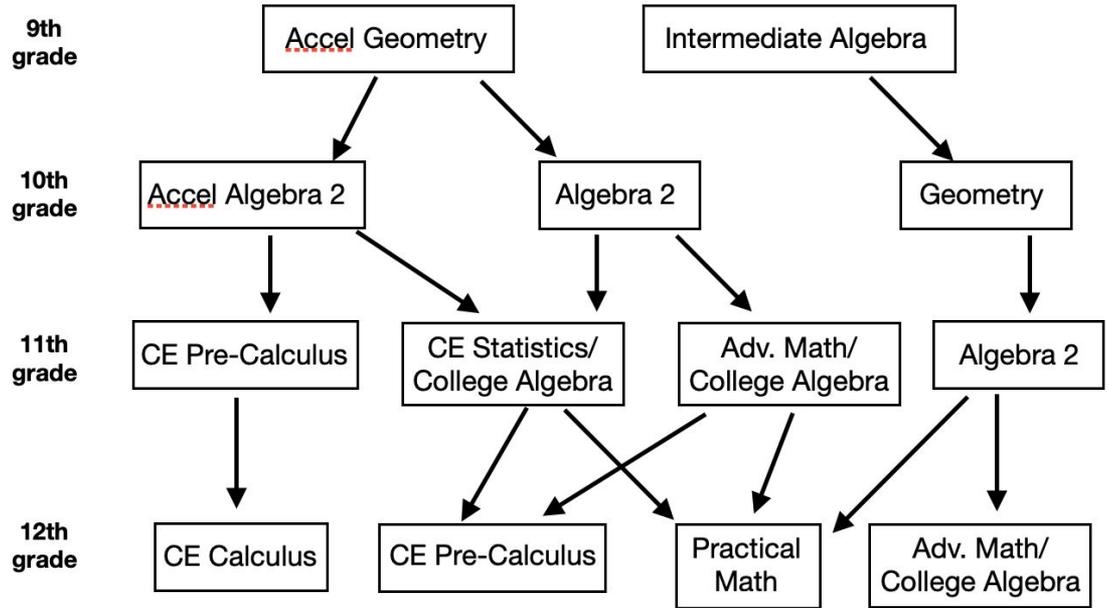
## *CHS/CMS Scheduling*

Every Student, Every Day, Every Time!



# Math Curriculum

- **Goal:** Increase the number of courses available to students where they can receive credit for college.
  - AP vs CE
- Eliminate Algebra 2 “B”



# Science Curriculum

- **Goal:** Boost CHS Science curriculum so that ALL students are exposed to upper level content and are prepared to enter a college science program if they choose.
- **Present:**
  - Students must have 3 science classes to graduate. Food Science course qualifies as a Science credit which has led to decreased enrollment in Physics/Chemistry. (These classes are not offered at CHS 22-23 due to lack of enrollment.)
  - Science 9/10 tracks

# Science Curriculum *cont.*

- **Proposed Changes:**

- Food Science is an elective that will continue to be offered but will not count as one of the three science credits.
  - This should boost enrollment in upper level science classes such as Chemistry, Physics, CE Biology.
- All students receive rigorous and authentic instruction in Science 9 and Biology 10 and are prepared for science as juniors & seniors.

# Fine Arts Curriculum

- **Goal:** By statute, all middle school students should have two fine arts courses during each grade.
- **Changes:**
  - 6th graders will be required to take a music class (choir or band) which will alternate with study hall.
  - 7th graders will receive a quarter of general music instruction (new).  
*This is in addition to the Choir/Band music selection.*
  - 8th graders stay the same—music option and a quarter of Art.



CENTRAL PUBLIC SCHOOLS  
**ES and MS/HS**  
PROJECT UPDATE



Presented by:

**NEXUS**  
SOLUTIONS®

**NEXUS**  
SOLUTIONS®



# Agenda

- 1** Elementary School Bid Results
- 2** Elementary School Bid Recommended Approval
- 3** Middle/High School Re-Design Update
- 4** Middle/High School Timeline Update



# 1 Elementary School Bid Results

**NEXUS**  
SOLUTIONS®

## Elementary School Bids Received 11/8/22

- 14 Work Scopes (Bid Categories)
- 42 Bids Received
- Great Bid Coverage
- Competitive Numbers
- No Bids Received for Glazing (small scope).  
Quotes obtained

ES Construction Budget = \$ 5,400,754  
ES Construction Bids to Date = \$ 5,243,626  
\$ 157,128 Under Budget (2.9%)!

### Add Alternates Considered:

1. LVT Flooring = \$ 14,805
  2. Classroom OH Doors = \$ 42,900
  3. Additional Toilet Room = \$ 32,100
  4. Acoustical Ceiling Panels = \$ 67,050
- Total Alternates Considered = \$ 156,855

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## 2 Elementary School Bid Approval

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### Elementary School Bid Approval Requested

- General Construction
- Masonry
- Steel Stud/Gypsum Wall Systems
- Tile
- Acoustical Treatments
- Flooring
- Painting
- Food Service Equipment
- HVAC Ventilation
- HVAC Piping and Plumbing
- Sprinkler Piping
- HVAC Controls
- Electrical Work

Note: Quotes obtained for Glazing, HVAC Balancing, and Terrazzo Refinishing are included as well

#### Alternates:

- Recommend delay of acceptance until after the MS/HS is rebid

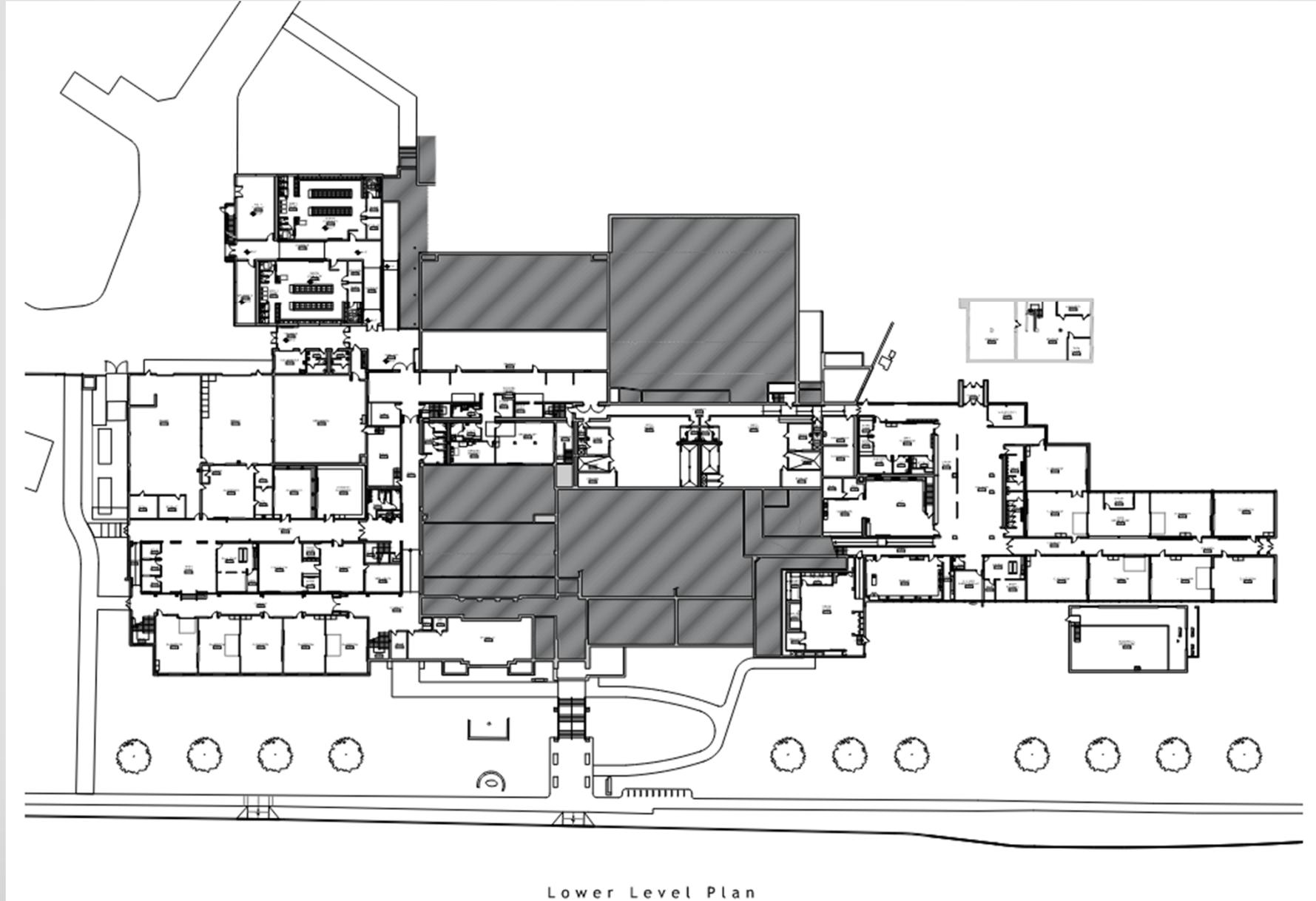
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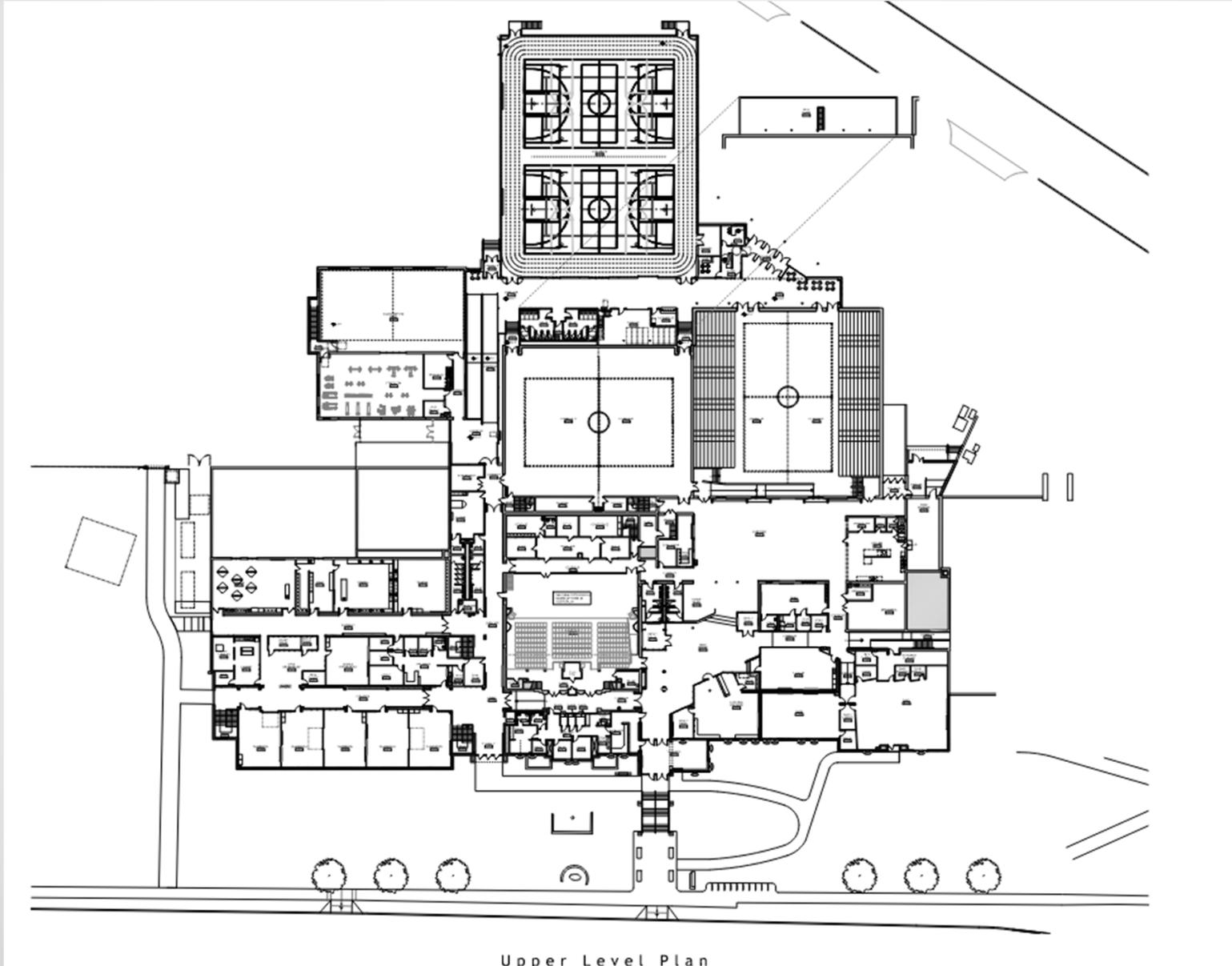
**3 Middle/High School  
Design Update**

- Design Adjustment  
Work Sheet
- Floorplan Updates
- Entryway Rendering

# MS/HS Lower Level



# MS/HS Upper Level



# MS/HS Entry





**4 Middle/High School  
Timeline Update**

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➤ Revised Timeline

**NEXUS**  
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**Date:** November 28, 2022

**To:** Central ISD 108

**From:** Ike McWaters  
Nexus Solutions

**Subject:** Central Schools – Bid Package No. 5 – Elementary Renovations & Building Improvements Recommendation to Award Bids

Dear Board Members,

Bids for the Central Schools Bid Package No.5 – Central School Elementary Renovations & Building Improvements Project were received and publicly opened at 11:00 AM on Tuesday, November 8, 2022, at the District Office.

Nexus Solutions recommends to ISD #108 that the motion be approved for the following bids to be *awarded*:

**Work Scope 01: General Construction**

- Kellington Construction, Inc. in the amount of \$1,037,000.00

**Work Scope 02: Masonry**

- B&D Associates in the amount of \$147,300.00

**Work Scope 04: Steel Stud & Gyp Systems**

- RTL Construction, Inc. in the amount of \$299,939.00

**Work Scope 05: Tile**

- Super Set Tile & Stone, Inc. in the amount of \$60,000.00

**Work Scope 06: Acoustical Treatments**

- Minnesota Acoustics, Inc. in the amount of \$253,900.00

**Work Scope 07: Flooring**

- CFS Interiors & Flooring, Inc. in the amount of \$276,470.00

**Work Scope 08: Paint**

- All State Painting in the amount of \$110,298.00

**Work Scope 09: Food Service**

- Culinex: DBA Plexus Co. in the amount of \$131,685.00

**Work Scope 10: HVAC Ventilation**

- McDowall Company, Inc. in the amount of \$427,700.00

**Work Scope 11: HVAC Piping & Plumbing**

- Davis Mechanical Systems, Inc. in the amount of \$617,500.00

**Work Scope 12: Sprinkler Piping**

- Summit Fire Protection, Co. in the amount of \$139,300.00

**Work Scope 13: HVAC Controls**

- UHL in the amount of \$203,000.00

**Work Scope 14: Electrical**

- Laketown Electric, Corp. in the amount of \$1,000,000.00

Total of **award** recommended for Bid Package No. 5: \$4,704,092.00. This is within the project budget.

Please contact me at either [IMcWaters@NexusSolutios.com](mailto:IMcWaters@NexusSolutios.com) or **507.273.3578** with any questions.

Thank you,

**Ike McWaters**, Project Manager

Nexus Solutions



Attachments: BP05 Elementary Renovations & Building Improvements Bid Tabulation  
CC: Central ISD 108  
Nexus Solutions

Adopted: \_\_\_\_\_

MSBA/MASA Model Policy 517

Orig. 1995

Revised: \_\_\_\_\_

Rev. 20~~22~~00

## **517 STUDENT RECRUITING**

### **I. PURPOSE**

The purpose of this policy is to prevent school district employees from exerting undue influence for purposes of securing or retaining the attendance of a student in a school.

### **II. GENERAL STATEMENT OF POLICY**

- A. It is the policy of the school district to encourage employees to make available to all interested people information regarding the school district, its schools, programs, policies, and procedures. The purpose of such activity is to assist in the process of fully informed decision making regarding school enrollment and to enhance the visibility and image of the school district.
- B. At the same time, the school district recognizes that the scope of such activity is limited by statutory authority and bylaws of the Minnesota State High School League. Accordingly, it shall be a violation of this policy for employees to exert undue influence for purposes of securing or retaining the attendance of a student in a school or to compete with another school district for the enrollment of students.
- C. Employees are further prohibited from encouraging others to engage in such conduct on behalf of the school district.

### **III. DEFINITION**

- A. The terms "undue influence" or "competing for enrollment" shall include initiating any oral or written contact with a student from another school district who participates in a school-sponsored sport or activity which solicits the student's transfer to participate in a sport or activity.
- B. The terms shall also include the awarding of tuition, allowance for board and/or room, allowance for transportation, priority in assignments of jobs, cash or gifts in any form, or any other privilege or consideration if not similarly available to all students.

### **IV. PROCEDURES**

- A. The school board shall adopt, by resolution, specific standards for acceptance and rejection of applications for open enrollment. Standards may include the capacity of a program, class, school building, or the statutory limits to nonresident enrollment in a particular grade level, or whether the student is currently expelled for (1) possessing a dangerous weapon, as defined under federal law, at a school or school function; (2) possession or using an illegal drug at school or at a school function; (3) selling or soliciting the sale of a controlled substance while at school or a school function; or committing a first, second or third degree assault as described in state law. Standards for acceptance and rejection of open-enrollment applications are subject to the Graduation Incentives Program and may not include previous academic achievement, athletic or other extracurricular ability, disabling conditions, proficiency in the English language, previous disciplinary proceedings, or the student's district of residence.

- B. Employees who violate the provisions of the policy shall be subject to disciplinary action as appropriate. Any such disciplinary action shall be made pursuant to and in accordance with applicable statutory authority, collective bargaining agreements, school district policies, and the bylaws of the Minnesota High School League, as applicable.

**Legal References:** Minn. Stat. § 124D.03 (Enrollment Options Program)  
Minn. Stat. § 124D.68 (Graduation Incentives Program)  
Minnesota State High School League Bylaws

**Cross References:** MSBA/MASA Model Policy 509 (Enrollment of Nonresident Students)  
~~MSBA Service Manual, Chapter 10, Minnesota State High School League (MSHSL)~~

**532 USE OF PEACE OFFICERS AND CRISIS TEAMS TO REMOVE STUDENTS WITH IEPs FROM SCHOOL GROUNDS**

***[Note: School districts are required by statute to have a policy addressing these issues.]***

***[Note: Minnesota Laws 2009, Chapter 96, made a number of changes to the laws and rules governing the use of "conditional procedures" with respect to special education students. Specifically, Chapter 96 repealed, EFFECTIVE AUGUST 1, 2011, Minnesota Statutes sections 121A.66, 121A.67, Subd. 1, as well as Minnesota Rules 3525.0210, Subparts 5, 6, 9, 13, 17, 29, 30, 46, 47, and 3525.2900, Subp. 5. These laws and rules were replaced, effective August 1, 2011, with a restrictive procedures law which generally addresses the restraint of special education students. Also note that the restrictive procedures law contains a significant staff training component, found at Minnesota Statutes section 125A.0942, Subds. 1, 2, and 5. Staff who intend to use restrictive procedures must be trained in the areas specified in Subd. 5 to use these procedures.]***

**I. PURPOSE**

The purpose of this policy is to describe the appropriate use of peace officers and crisis teams to remove, if necessary, a student with an individualized education program (IEP) from school grounds.

**II. GENERAL STATEMENT OF POLICY**

The school district is committed to promoting learning environments that are safe for all members of the school community. It further believes that students are the first priority and that they should be reasonably protected from physical or emotional harm at all school locations and during all school activities.

In general, all students, including those with IEPs, are subject to the terms of the school district's discipline policy. Building level administrators have the leadership responsibility to maintain a safe, secure, and orderly educational environment within which learning can occur. Corrective action to discipline a student and/or modify a student's behavior will be taken by staff when a student's behavior violates the school district's discipline policy.

If a student with an IEP engages in conduct which, in the judgment of school personnel, endangers or may endanger the health, safety, or property of the student, other students, staff members, or school property, that student may be removed from school grounds in accordance with this policy.

**III. DEFINITIONS**

For purposes of this policy, the following terms have the meaning given them in this section:

- A. "Student with an IEP" or "the student" means a student who is eligible to receive special education and related services pursuant to the terms of an IEP or an individual interagency intervention plan (IIIP).
- B. "Peace officer" means an employee or an elected or appointed official of a political subdivision or law enforcement agency who is licensed by the Board of Peace Officer Standards and Training, charged with the prevention and detection of crime and the enforcement of general criminal laws of the state and who has the full power of arrest. The term "peace officer" includes a person who serves as a sheriff, a deputy sheriff, a police officer, or a state patrol trooper.

- C. "Police liaison officer" is a peace officer who, pursuant to an agreement between the school district and a political subdivision or law enforcement agency, is assigned to a school building for all or a portion of the school day to provide law enforcement assistance and support to the building administration and to promote school safety, security, and positive relationships with students.
- D. "Crisis team" means a group of persons, which may include teachers and non-teaching school personnel, selected by the building administrator in each school building who have received crisis intervention training and are responsible for becoming actively involved with resolving crises. The building administrator or designee shall serve as the leader of the crisis team.
- E. The phrase "remove the student from school grounds" is the act of securing the person of a student with an IEP and escorting that student from the school building or school activity at which the student with an IEP is located.
- F. "Emergency" means a situation where immediate intervention is needed to protect a child or other individual from physical injury.
- G. All other terms and phrases used in this policy shall be defined in accordance with applicable state and federal law or ordinary and customary usage.

#### **IV. REMOVAL OF STUDENTS WITH IEPs FROM SCHOOL GROUNDS**

##### **A. Removal By Crisis Team**

If the behavior of a student with an IEP escalates to the point where the student's behavior endangers or may endanger the health, safety, or property of the student, other students, staff members, or school property, the school building's crisis team may be summoned. The crisis team may attempt to de-escalate the student's behavior by means including, but not limited to, those described in the student's IEP and/or behavior intervention plan. When such measures fail, or when the crisis team determines that the student's behavior continues to endanger or may endanger the health, safety, or property of the student, other students, staff members, or school property, the crisis team may remove the student from school grounds.

If the student's behavior cannot be safely managed, school personnel may immediately request assistance from the police liaison officer or a peace officer.

##### **B. Removal By Police Liaison Officer or Peace Officer**

If a student with an IEP engages in conduct which endangers or may endanger the health, safety, or property of the student, other students, staff members, or school property, the school building's crisis team, building administrator, or the building administrator's designee, may request that the police liaison officer or a peace officer remove the student from school grounds.

If a student with an IEP is restrained or removed from a classroom, school building, or school grounds by a peace officer at the request of a school administrator or school staff person during the school day twice in a 30-day period, the student's IEP team must meet to determine if the student's IEP is adequate or if additional evaluation is needed.

Whether or not a student with an IEP engages in conduct which endangers or may endanger the health, safety, or property of the student, other students, staff members, or school property, school district personnel may report a crime committed by a student with an IEP to appropriate authorities. If the school district reports a crime committed by a student with an IEP, school personnel shall transmit copies of the special education and disciplinary records of the student for consideration by appropriate authorities to whom it reports the crime, to the extent that the transmission is permitted by the Family

Education Rights and Privacy Act (FERPA), the Minnesota Government Data Practices Act, and school district's policy, Protection and Privacy of Pupil Records.

***[Note: If the school district uses a different reference name for its student records policy, insert that name in place of the reference to Protection and Privacy of Pupil Records, which is the title of MSBA/MASA Model Policy 515.]***

The fact that a student with an IEP is covered by special education law does not prevent state law enforcement and judicial authorities from exercising their responsibilities with regard to the application of federal and state law to crimes committed by a student with an IEP.

C. Reasonable Force Permitted

In removing a student with an IEP from school grounds, a building administrator, other crisis team members, or the police liaison officer or other agents of the school district, whether or not members of a crisis team, may use reasonable force when it is necessary under the circumstances to correct or restrain a student or prevent bodily harm or death to another.

In removing a student with an IEP from school grounds, police liaison officers and school district personnel are further prohibited from engaging in the following conduct:

1. Corporal punishment prohibited by Minnesota Statutes section 121A.58;
2. Requiring a child to assume and maintain a specified physical position, activity, or posture that induces physical pain;
3. Totally or partially restricting a child's senses as punishment;
4. Denying or restricting a child's access to equipment and devices such as walkers, wheelchairs, hearing aids, and communication boards that facilitate the child's functioning except when temporarily removing the equipment or device is needed to prevent injury to the child or others or serious damage to the equipment or device, in which case the equipment or device shall be returned to the child as soon as possible;
5. Interacting with a child in a manner that constitutes sexual abuse, neglect, or physical abuse under Minnesota Statutes Chapter 260E;
6. Physical holding (as defined in Minnesota Statutes section 125A.0941) that restricts or impairs a child's ability to breathe, restricts or impairs a child's ability to communicate distress, places pressure or weight on a child's head, throat, neck, chest, lungs, sternum, diaphragm, back, or abdomen, or results in straddling a child's torso;
7. Withholding regularly scheduled meals or water; and/or
8. Denying a child access to toilet facilities.

D. Parental Notification

The building administrator or designee shall make reasonable efforts to notify the student's parent or guardian of the student's removal from school grounds as soon as possible following the removal.

E. Continued Removals; Review of IEP

Continued and repeated use of the removal process described herein must be reviewed in the development of the individual student's IEP or IIIP.

F. Effect of Policy in an Emergency; Use of Restrictive Procedures

A student with an IEP may be removed in accordance with this policy regardless of whether the student's conduct would create an emergency.

If the school district seeks to remove a student with an IEP from school grounds under this policy due to behaviors that constitute an emergency and the student's IEP, IIIP, or behavior intervention plan authorizes the use of one or more restrictive procedures, the crisis team may employ those restrictive procedures, in addition to any reasonable force that may be necessary, to facilitate the student's removal from school grounds, as long as the crisis team members who are implementing the restrictive procedures have received the training required by Minnesota Statutes section 125A.0942, Subd. 5, and otherwise comply with the requirements of § 125A.0942.

G. Reporting to the Minnesota Department of Education (MDE)

Annually, stakeholders may recommend, as necessary, to the Commissioner of MDE (Commissioner) specific and measurable implementation and outcome goals for reducing the use of restrictive procedures. The Commissioner must submit to the Legislature a report on districts' progress in reducing the use of restrictive procedures that recommends how to further reduce these procedures and eliminate the use of seclusion. By January 15, April 15, July 15, and October 15 of each year, districts must report, in a form and manner determined by the Commissioner, about individual students who have been secluded. By July 15 each year, districts must report summary data. The summary data must include information on the use of restrictive procedures for the prior school year, July 1 through June 30, including the use of reasonable force by school personnel that is consistent with the definition of physical holding or seclusion of a child with a disability.

**Legal References:** Minn. Stat. Ch. 13 (Minnesota Government Data Practices Act)  
Minn. Stat. §§ 121A.40-121A.56 (Minnesota Pupil Fair Dismissal Act)  
Minn. Stat. § 121A.582 (Student Discipline; Reasonable Force)  
Minn. Stat. § 121A.61 (Discipline and Removal of Students from Class)  
Minn. Stat. § 121A.67, ~~Subd. 2~~ (Removal by Police Officer) ~~Aversive and Deprivation Procedures~~  
Minn. Stat. §§ 125A.094-125A.0942 (Restrictive Procedures for Children with Disabilities)  
Minn. Stat. § 609.06 (Authorized Use of Force)  
Minn. Stat. § 609.379 (Permitted Actions)  
20 U.S.C. § 1232g *et seq.* (Family Educational Rights and Privacy (FERPA))  
20 U.S.C. § 1415(k)(6) (Individuals with Disabilities Education ~~Improvement Act of 2004 (IDEA)~~)  
34 C.F.R. § 300.535 (Referral to and Action by Law Enforcement and Judicial Authorities) ~~IDEA Regulation Regarding Involvement of Law Enforcement~~

**Cross References:** MSBA/MASA Model Policy 506 (Student Discipline)  
MSBA/MASA Model Policy 507 (Corporal Punishment)  
MSBA/MASA Model Policy 515 (Protection and Privacy of Pupil Records)  
MSBA/MASA Model Policy 525 (Violence Prevention)  
MSBA/MASA Model Policy 806 (Crisis Management Policy)

## 602 ORGANIZATION OF SCHOOL CALENDAR AND SCHOOL DAY

### I. PURPOSE

The purpose of this policy is to provide for a timely determination of the school calendar and school day.

### II. GENERAL STATEMENT OF POLICY

The school calendar and schedule of the school day are important to parents, students, employees, and the general public for advance, effective planning of the school year.

### III. CALENDAR RESPONSIBILITY

- A. The school calendar shall be adopted annually by the school board. It shall meet all provisions of Minnesota statutes pertaining to minimum number of school days and other provisions of law. The school calendar shall establish student days, workshop days for staff, provide for emergency closings and other information related to students, staff, and parents.

***[Note: The annual school calendar must include at least 425 hours of instruction for a kindergarten student without a disability, 935 hours of instruction for a student in grades 1 through 6, and 1,020 hours of instruction for a student in grades 7 through 12, not including summer school. The school calendar for all-day kindergarten must include at least 850 hours of instruction for the school year. If a voluntary prekindergarten program is offered by the school district, a prekindergarten student must receive at least 350 hours of instruction for the school year. A school board's annual calendar must include at least 165 days of instruction for a student in grades 1 through 11 unless a four-day week schedule has been approved by the Minnesota Commissioner of Education under ~~Minn. Stat. §~~ Minnesota Statutes section 124D.126. A school board's annual school calendar may include plans for up to five days of instruction provided through online instruction due to inclement weather. The inclement weather plans must be developed according to Section V., below.]***

***[Note: To the extent the school board offers K-12 teachers the opportunity for more staff development training under Minnesota Statutes section ~~Minn. Stat. §~~ 122A.40, subdivisions ~~Subds.~~ 7 and 7a, or Minnesota Statutes section ~~Minn. Stat. §~~ 122A.41, subdivisions ~~Subds.~~ 4 and 4a, the school district shall adopt as its school calendar a total of 240 days of student instruction and staff development, of which the total number of staff development days equals the difference between the total number of days of student instruction and 240 days. The school board may schedule additional staff development days throughout the calendar year.]***

- B. Except for learning programs during summer and flexible learning year programs, the school district will not commence an elementary or secondary school year before Labor Day, except as provided in Section III.B.1., III.B.2., or III.B.3. Days devoted to

teacher's workshops may be held before Labor Day.

1. The school district may begin the school year on any day before Labor Day to accommodate a construction or remodeling project of \$400,000 or more affecting a school district school facility.
  2. The school district may begin the school year on any day before Labor Day if the school district has agreement under [Minnesota Statutes section Minn. Stat. § 123A.30](#), ~~§~~ 123A.32, or ~~§~~ 123A.35 with a school district that qualifies under Section III.B.1.
  3. The school district may begin the school year on any day before Labor Day if the school district agrees to the same schedule with a school district in an adjoining state.
- C. Employee and advisory groups shall be provided an opportunity to participate in school calendar considerations through a meet and confer process.

***[Note: The provisions of the prior law requiring the school board to adopt the calendar for the next school year by April 1 have been repealed. The school board should still attempt to establish the calendar as early as possible so proper planning can take place by all members of the school community.]***

#### **IV. SCHOOL DAY RESPONSIBILITY**

- A. The superintendent shall be responsible for developing a schedule for the student day, subject to review by the school board. All requirements and provisions of Minnesota Statutes and Minnesota Department of Education Rules shall be met.
- B. In developing the student day schedule, the superintendent shall consider such factors as school bus schedules, cooperative programs, differences in time requirements at various grade levels, effective utilization of facilities, cost effectiveness, and other concerns deserving of attention.
- C. Proposed changes in the school day shall be subject to review and approval by the school board.

#### **V. E-LEARNING DAYS**

- A. An "e-learning day" is a school day where a school offers full access to online instruction provided by students' individual teachers due to inclement weather.
- B. A school district may designate up to five e-learning days in one school year.
- C. An e-learning day is counted as a day of instruction and included in the hours of instruction pursuant to Section III.A., above.
- D. The e-learning day plan developed by the school district will include accommodations for students without Internet access at home and for digital device access for families without the technology or with an insufficient amount of technology for the number of children in the household. The plan must also provide accessible options for students with disabilities.
- E. The school district must notify parents and students of its e-learning day plan at the beginning of each school year.

- F. When an e-learning day is declared by the school district, notice must be provided to parents and students at least two hours prior to the normal school start time that students will need to follow the e-learning day plan for that day.
- G. On an e-learning day, each student's teacher must be accessible both online and by telephone during normal school hours to assist students and parents.

**Legal References:** Minn. Stat. § 120A.40 (School Calendar)  
Minn. Stat. § 120A.41 (Length of School Year; Days-Hours of Instruction)  
Minn. Stat. § 120A.414 (E-Learning Days)  
Minn. Stat. § 120A.415 (Extended School Calendar)  
Minn. Stat. § 120A.42 (Conduct of School on Certain Holidays)  
Minn. Stat. § 122A.40, Subds. 7 and 7a (Employment; Contracts; Termination)  
Minn. Stat. § 122A.41, Subds. 4 and 4a (Teacher Tenure Act; Cities of the First Class; Definitions)  
Minn. Stat. § 123A.30 (Agreements for Secondary Education)  
Minn. Stat. § 123A.32 (Interdistrict Cooperation)  
Minn. Stat. § 123A.35 (Cooperation and Combination)  
Minn. Stat. § 124D.126 (Powers and Duties of Commissioner; Flexible Learning Year Programs)  
Minn. Stat. § 124D.151 (Voluntary Prekindergarten Program)  
Minn. Stat. § 124E.25 (Payment of Aids to Charter Schools)  
Minn. Stat. § 127A.41, Subd. 7 (Distribution of School Aids; Appropriation)

**Cross References:** MSBA/MASA Model Policy 425 (Staff Development)

**420 STUDENTS AND EMPLOYEES WITH SEXUALLY TRANSMITTED INFECTIONS AND DISEASES AND CERTAIN OTHER COMMUNICABLE DISEASES AND INFECTIOUS CONDITIONS**

**I. PURPOSE**

Public concern that students and staff of the school district be able to attend the schools of the district without becoming infected with serious communicable or infectious diseases, including, but not limited to, Human Immunodeficiency Virus (HIV), Acquired Immunodeficiency Syndrome (AIDS), Hepatitis B, and Tuberculosis, requires that the school board adopt measures effectively responding to health concerns while respecting the rights of all students, employees, and contractors, including those who are so infected. The purpose of this policy is to adopt such measures.

**II. GENERAL STATEMENT OF POLICY**

A. Students

The policy of the school board is that students with communicable diseases should not be excluded from attending school in their usual daily attendance setting so long as their health permits and their attendance does not create a significant risk of the transmission of illness to students or employees of the school district. A procedure for minimizing interruptions to learning resulting from communicable diseases will be established by the school district in its IEP and Section 504 team process, if applicable, and in consultation with community health and private health care providers. Procedures for the inclusion of students with communicable diseases will include any applicable educational team planning processes, including the review of the educational implications for the student and others with whom the student comes into contact.

B. Employees

The policy of the school board is that employees with communicable diseases not be excluded from attending to their customary employment so long as they are physically, mentally, and emotionally able to safely perform tasks assigned to them and so long as their employment does not create a significant risk of the transmission of illness to students, employees, or others in the school district. If a reasonable accommodation will eliminate the significant risk of transmission, such accommodation will be undertaken unless it poses an undue hardship to the school district.

C. Circumstances and Conditions

1. Determinations of whether a contagious individual's school attendance or job performance creates a significant risk of the transmission of the illness to students or employees of the school district will be made on a case by case basis. Such decisions will be based upon the nature of the risk (how it is transmitted), the duration of the risk (how long the carrier is infectious), the severity of the risk (what is the potential harm to third parties), and the probabilities the disease will be transmitted and will cause varying degrees of harm. When a student is disabled, such a determination will be made in consultation with the educational planning team.
2. The school board recognizes that some students and some employees, because of special circumstances and conditions, may pose greater risks for

the transmission of infectious conditions than other persons infected with the same illness. Examples include students who display biting behavior, students or employees who are unable to control their bodily fluids, who have oozing skin lesions, or who have severe disorders which result in spontaneous external bleeding. These conditions need to be taken into account and considered in assessing the risk of transmission of the disease and the resulting effect upon the educational program of the student or employment of the employee by consulting with the Commissioner of Health, the physician of the student or employee, and the parent(s)/guardian(s) of the student.

D. Students with Special Circumstances and Conditions

The school (title), along with the infected individual's physician, the infected individual or parent(s)/guardian(s), and others, if appropriate, will weigh risks and benefits to the student and to others, consider the least restrictive appropriate educational placement, and arrange for periodic reevaluation as deemed necessary by the state epidemiologist. The risks to the student shall be determined by the student's physician.

E. Extracurricular Student Participation

Student participation in nonacademic, extracurricular, and non-educational programs of the school district are subject to a requirement of equal access and comparable services.

F. Precautions

The school district will develop routine procedures for infection control at school and for educating employees about these procedures. The procedures shall be developed through cooperation with health professionals taking into consideration any guidelines of the Minnesota Department of Education and the Minnesota Department of Health. (These precautionary procedures shall be consistent with the school district's procedures regarding blood-borne pathogens developed pursuant to the school district's employee right to know policy.)

G. Information Sharing

1. Employee and student health information shall be shared within the school district only with those whose jobs require such information and with those who have a legitimate educational interest (including health and safety) in such information and shall be shared only to the extent required to accomplish legitimate educational goals and to comply with employees' right to know requirements.
2. Employee and student health data shall be shared outside the school district only in accordance with state and federal law and with the school district's policies on employee and student records and data.

H. Reporting

If a medical condition of student or staff threatens public health, it must be reported to the Minnesota Commissioner of Health.

I. Prevention

The school district shall, with the assistance of the Commissioners of Health and Education, implement a program to prevent and reduce the risk of sexually transmitted diseases in accordance with Minnesota Statutes section 121A.23 that includes:

1. planning materials, guidelines, and other technically accurate and updated

information;

2. a comprehensive, developmentally appropriate, technically accurate, and updated curriculum that includes helping students to abstain from sexual activity until marriage;
3. cooperation and coordination among school districts and Service Cooperatives;
4. a targeting of adolescents, especially those who may be at high risk of contracting sexually transmitted diseases and infections, for prevention efforts;
5. involvement of parents and other community members;
6. in-service training for district staff and school board members;
7. collaboration with state agencies and organizations having a sexually transmitted infection and disease prevention or sexually transmitted infection and disease risk reduction program;
8. collaboration with local community health services, agencies and organizations having a sexually transmitted infection and disease risk reduction program; and
9. participation by state and local student organizations.
10. The program must be consistent with the health and wellness curriculum.
11. The school district may accept funds for sexually transmitted infection and disease prevention programs developed and implemented under this section from public and private sources, including public health funds and foundations, department professional development funds, federal block grants, or other federal or state grants.

J. Vaccination and Screening

The school district will develop procedures regarding the administration of Hepatitis B vaccinations and Tuberculosis screenings in keeping with current state and federal law. The procedures shall provide that the Hepatitis B vaccination series be offered to all who have occupational exposure at no cost to the employee.

**Legal References:** Minn. Stat. § 121A.23 (Programs to Prevent and Reduce the Risks of Sexually Transmitted Infections and Diseases)  
Minn. Stat. § 144.441 (Tuberculosis Screening in Schools)  
Minn. Stat. § 142 (Testing in School Clinics)  
Minn. Stat. Ch. 363A (Minnesota Human Rights Act)  
20 U.S.C. § 1400 *et seq.* (Individuals with Disabilities Education Act)  
29 U.S.C. § 794 *et seq.* (Rehabilitation Act of 1973, § 504)  
42 U.S.C. § 12101 *et seq.* (Americans with Disabilities Act)  
29 C.F.R. 1910.1030 (Bloodborne Pathogens)  
*Kohl by Kohl v. Woodhaven Learning Center*, 865 F.2d 930 (8<sup>th</sup> Cir.), *cert. denied*, 493 U.S. 892 (1989)  
*School Board of Nassau County, Fla. v. Arline*, 480 U.S. 273 (1987)  
16 EHLR 712, OCR Staff Memo, April 5, 1990

**Cross References:** MSBA/MASA Model Policy 402 (Disability Nondiscrimination)  
MSBA/MASA Model Policy 407 (Employee Right to Know – Exposure to Hazardous Substances)

MSBA/MASA Model Policy 521 (Student Disability Nondiscrimination)

**508 EXTENDED SCHOOL YEAR FOR CERTAIN STUDENTS WITH INDIVIDUALIZED EDUCATION PROGRAMS**

***[Note: The provisions of this policy substantially reflect statutory and regulatory requirements.]***

**I. PURPOSE**

The purpose of this policy is to ensure that the school district complies with the overall requirements of law as mandated for certain students subject to individualized education programs (IEPs) when necessary to provide a free appropriate public education (FAPE).

**II. GENERAL STATEMENT OF POLICY**

- A. Extended School Year Services Must Be Available to Provide a FAPE. The school district shall provide extended school year (ESY) services to a student who is the subject of an IEP if the student's IEP team determines the services are necessary during a break in instruction in order to provide a FAPE.
- B. Extended School Year Determination. At least annually, the IEP team must determine that a student is in need of ESY services if the student meets any of the following conditions:
1. There will be significant regression of a skill or acquired knowledge from the student's level of performance on an annual goal that requires more than the length of the break in instruction to recoup unless the IEP team determines a shorter time for recoupment is more appropriate; OR
  2. Services are necessary for the student to attain and maintain self-sufficiency because of the critical nature of the skill addressed by an annual goal, the student's age and level of development, and the timeliness for teaching the skill; OR
  3. The IEP team otherwise determines, given the student's unique needs, that ESY services are necessary to ensure the pupil receives a FAPE.
- C. Required Factors Schools Must Consider in Making ESY Determinations. The IEP team must decide ESY eligibility using information including:
1. Prior observations of the student's regression and recoupment over the summer;
  2. Observations of the student's tendency to regress over extended breaks in instruction during the school year; and
  3. Experience with other students with similar instructional needs.
- D. Additional Factors to Consider, Where Relevant. In making its determination of ESY needs, the following factors must be considered, where relevant:
1. The student's progress and maintenance of skills during the regular school year.
  2. The student's degree of impairment.

3. The student's rate of progress.
4. The student's behavioral or physical problems.
5. The availability of alternative resources.
6. The student's ability and need to interact with nondisabled peers.
7. The areas of the student's curriculum which need continuous attention.
8. The student's vocational needs.

E. No Unilateral Decisions.

In the course of providing ESY services to children with disabilities, the school district may not unilaterally limit the type, amount, or duration of those services.

F. Services to Nonresident Students Temporarily Placed in School District.

A school district may provide ESY services to nonresident children with disabilities temporarily placed in the school district in accordance with applicable state law.

**Legal References:** Minn. Stat. § 125A.14 (Extended School Year)  
Minn. Rules Part 3525.0755  
20 U.S.C. § 1400 *et seq.* (Individuals with Disabilities Education Improvement Act of 2004)  
34 C.F.R. Part 300 (Assistance to States for the Education of Children with Disabilities)

**Cross References:** None

Adopted: \_\_\_\_\_

MSBA/MASA Model Policy 509

Orig. 1995

Revised: \_\_\_\_\_

Rev. 2022

## **509 ENROLLMENT OF NONRESIDENT STUDENTS**

### **I. PURPOSE**

The school district desires to participate in the Enrollment Options Program established by Minnesota Statutes section 124D.03. The purpose of this policy is to set forth the application and exclusion procedures used by the school district in making said determination.

### **II. GENERAL STATEMENT OF POLICY**

- A. Eligibility. Applications for enrollment under the Enrollment Options (Open Enrollment) Law will be approved provided that acceptance of the application will not exceed the capacity of a program, excluding special education services; class; grade level; or school building as established by school board resolution and provided that:
1. space is available for the applicant under enrollment cap standards established by school board policy or other directive; and
  2. in considering the capacity of a grade level, the school district may only limit the enrollment of nonresident students to a number not less than the lesser of:  
(a) one percent of the total enrollment at each grade level in the school district;  
or (b) the number of school district resident students at that grade level enrolled in a nonresident school district in accordance with Minnesota Statutes section 124D.03.
  3. the applicant is not otherwise excluded by action of the school district because of previous conduct in another school district.
- B. Standards that may be used for rejection of application. In addition to the provisions of Paragraph II.A., the school district may refuse to allow a pupil who is expelled under Minnesota Statutes section 121A.45 to enroll during the term of the expulsion if the student was expelled for:
1. possessing a dangerous weapon, including a weapon, device, instruments, material, or substance, animate or inanimate, that is used for, or is readily capable of, causing death or serious bodily injury, with the exception of a pocket knife with a blade less than two and one-half inches in length, at school or a school function;
  2. possessing or using an illegal drug at school or a school function;

3. selling or soliciting the sale of a controlled substance while at school or a school function; or
4. committing a third-degree assault involving assaulting another and inflicting substantial bodily harm.

C. Standards that may not be used for rejection of application. The school district may not use the following standards in determining whether to accept or reject an application for open enrollment:

1. previous academic achievement of a student;
2. athletic or extracurricular ability of a student;
3. disabling conditions of a student;
4. a student's proficiency in the English language;
5. the student's district of residence except where the district of residence is directly included in an enrollment options strategy included in an approved achievement and integration program; or
6. previous disciplinary proceedings involving the student. This shall not preclude the school district from proceeding with exclusion as set out in Section F. of this policy.

D. Application.

The student and parent or guardian must complete and submit a School District Enrollment Options Program application developed by the Minnesota Department of Education and available on their website ([education.mn.gov](http://education.mn.gov)). Go to "Students and Families," then, under "School Choice," select "Open Enrollment." The form is entitled, "General Statewide Enrollment Options Application for K-12 and Early Childhood Special Education."

E. Lotteries.

If a school district has more applications than available seats at a specific grade level, it must hold an impartial lottery following the January 15 deadline to determine which students will receive seats. The district must give priority to enrolling siblings of currently enrolled students, students whose applications are related to an approved integration and achievement plan, children of the school district's staff, and students residing in that part of a municipality (a statutory or home rule charter city or town) where:

1. the student's resident district does not operate a school building;
2. the municipality is located partially or fully within the boundaries of at

least five school districts;

3. the nonresident district in which the student seeks to enroll operates one or more school buildings within the municipality; and
4. no other nonresident, independent, special, or common school district operates a school building within the municipality.

The process for the school district lottery must be established by school board policy and posted on the school district's website.

F. Exclusion

1. Administrator's initial determination. If a school district administrator knows or has reason to believe that an applicant has engaged in conduct that has subjected or could subject the applicant to expulsion or exclusion under law or school district policy, the administrator will transmit the application to the superintendent with a recommendation of whether exclusion proceedings should be initiated.
2. Superintendent's review. The superintendent may make further inquiries. If the superintendent determines that the applicant should be admitted, he or she will notify the applicant and the school board chair. If the superintendent determines that the applicant should be excluded, the superintendent will notify the applicant and determine whether the applicant wishes to continue the application process. Although an application may not be rejected based on previous disciplinary proceedings, the school district reserves the right to initiate exclusion procedures pursuant to the Minnesota Pupil Fair Dismissal Act as warranted on a case-by-case basis.

G. Termination of Enrollment

1. The school district may terminate the enrollment of a nonresident student enrolled under an enrollment options program pursuant to Minnesota Statutes section 124D.03 or 124D.08 at the end of a school year if the student meets the definition of a habitual truant, the student has been provided appropriate services for truancy under Minnesota Statutes chapter 260A, and the student's case has been referred to juvenile court. A "habitual truant" is a child under 17 years of age who is absent from attendance at school without lawful excuse for seven school days in a school year if the child is in elementary school or for one or more class periods on seven school days in a school year if the child is in middle school, junior high school, or high school, or a child who is 17 years of age who is absent from attendance at school without lawful excuse for one or more class periods on seven school days in a school year and who has not lawfully withdrawn from school under Minnesota Statutes section 120A.22, subdivision 8.

2. The school district may also terminate the enrollment of a nonresident student over 17 years of age if the student is absent without lawful excuse for one or more periods on 15 school days and has not lawfully withdrawn from school under Minnesota Statutes section 120A.22, subdivision 8.
  3. A student who has not applied for and been accepted for open enrollment pursuant to this policy and does not otherwise meet the residency requirements for enrollment may be terminated from enrollment and removed from school. Prior to removal from school, the school district will send to the student's parents a written notice of the school district's belief that the student is not a resident of the school district. The notice shall include the facts upon which the belief is based and notice to the parents of their opportunity to provide documentary evidence, in person or in writing, of residency to the superintendent or the superintendent's designee. The superintendent or the superintendent's designee will make the final determination as to the residency status of the student.
- H. Notwithstanding the requirement that an application must be approved by the board of the nonresident district, a student who has been enrolled in a district, who is identified as homeless, and whose parent or legal guardian moves to another district, or who is placed in foster care in another school district, may continue to enroll in the nonresident district without the approval of the board of the nonresident district. The approval of the board of the student's resident district is not required.

- Legal References:** Minn. Stat. § 120A.22, Subd. 3(e) and Subd. 8 (Compulsory Instruction)  
Minn. Stat. § 121A.40-121A.56 (The Pupil Fair Dismissal Act)  
Minn. Stat. § 124D.03 (Enrollment Options Program)  
Minn. Stat. § 124D.08 (School Board Approval to Enroll in Nonresident District; Exceptions)  
Minn. Stat. § 124D.68 (Graduation Incentives Program)  
Minn. Stat. Ch. 260A (Truancy)  
Minn. Stat. § 260C.007, Subd. 19 (Definitions)  
Minn. Op. Atty. Gen. 169-f (Aug. 13, 1986)  
*Indep. Sch. Dist. No. 623 v. Minn. Dept. of Educ.*, Co. No. A05-361, 2005 WL 3111963 (Minn. Ct. App. 2005) (unpublished)
- Cross References:** MSBA/MASA Model Policy 506 (Student Discipline)  
MSBA/MASA Model Policy 517 (Student Recruiting)

Adopted: \_\_\_\_\_

MSBA/MASA Model Policy 525

Revised: \_\_\_\_\_

Orig. 1996  
Rev. 2022

## **525 VIOLENCE PREVENTION [APPLICABLE TO STUDENTS AND STAFF]**

### **I. PURPOSE**

The purpose of this policy is to recognize that violence has increased and to identify measures that the school district will take in an attempt to maintain a learning and working environment that is free from violent and disruptive behavior.

The school board is committed to promoting healthy human relationships and learning environments that are physically and psychologically safe for all members of the school community. It further believes that students are the first priority and they should be protected from physical or emotional harm during school activities and on school grounds, buses, or field trips while under school district supervision.

### **II. GENERAL STATEMENT OF POLICY**

- A. The policy of the school district is to strictly enforce its weapons policy (Policy 501).
- B. The policy of the school district is to act promptly in investigating all acts, or formal or informal complaints, of violence and take appropriate disciplinary action against any student or staff member who is found to have violated this policy or any related policy.
- C. The administration will periodically review discipline policies and procedures, prepare revisions if necessary, and submit them to the school board for review and adoption.
- D. The school district will implement approved violence prevention strategies to promote safe and secure learning environments, to diminish violence in our schools, and to aid in the protection of children whose health or welfare may be jeopardized through acts of violence.

### **III. IMPLEMENTATION OF POLICY**

- A. The school board will review and approve policies to prevent and address violence in our schools. The superintendent or designee will develop procedures to effectively implement the school weapons and violence prevention policies. It shall be incumbent on all students and staff to observe all policies and report violations to the school administration.
- B. The school board and administration will inform staff and students annually of policies and procedures related to violence prevention and weapons.
- C. The school district will act promptly to investigate all acts and formal and informal complaints of violence and take appropriate disciplinary action against any student or staff member who is found to have violated this policy or any related policy.
- D. The consequences set forth in the school weapons policy (Policy 501) will be imposed upon any student or nonstudent who possesses, uses or distributes a weapon when in a school location.
- E. The consequences set forth in the school hazing policy (Policy 526) will be imposed upon any student or staff member who commits an act against a student or staff member; or coerces a student or staff member into committing an act, that creates a substantial risk of harm to a person in order for the student or staff member to be initiated into or affiliated with an organization, or for any other purpose.

- F. Students who engage in assault or violent behavior will be removed from the classroom immediately and for a period of time deemed appropriate by the principal, in consultation with the teacher, pursuant to the student discipline policy (Policy 506).
- G. Students with disabilities may be expelled for behavior unrelated to their disabilities, subject to the procedural safeguards required by the Individuals with Disabilities Education Act (IDEA), Section 504 of the Rehabilitation Act of 1973, and the Pupil Fair Dismissal Act.
- H. Procedures will be developed for the referral of any person in violation of this policy or the weapons policy to the local law enforcement agency in accordance with Minnesota Statutes section 121A.05.
- I. Students who wear objectionable emblems, signs, words, objects, or pictures on clothing communicating a message that is racist, sexist, or otherwise derogatory to a protected minority group or which connotes gang membership or that approves, advances, or provokes any form of religious, racial, or sexual harassment or violence against other individuals as defined in the harassment and violence policy (Policy 413) will be subject to the procedures set forth in the student dress and appearance policy (Policy 504). "Gang" as used in this policy means any ongoing organization, association, or group of three or more persons, whether formal or informal, having as one of its primary activities the commission of one or more criminal acts, which has an identifiable name or identifying sign or symbol, and whose members individually or collectively engage in or whose members engaged in a pattern of criminal gang activity. A "pattern of gang activity" means the commission, attempt to commit, conspiring to commit, or solicitation of two or more criminal acts, provided the criminal acts were committed on separate dates or by two or more persons who are members of or belong to the same criminal street gang.
- J. This policy is not intended to abridge the rights of students to express political, religious, philosophical, or similar opinions by wearing apparel on which such messages are stated. Such messages are acceptable as long as they are not lewd, vulgar, obscene, defamatory, profane, denote gang affiliation, advocate harassment or violence against others, are likely to disrupt the education process, or cause others to react in a violent or illegal manner (Policy 504).

#### **IV. PREVENTION STRATEGIES**

The school district has adopted and will implement the following prevention strategies to promote safe and secure learning environments, to diminish violence in our schools, and to aid in the protection of children whose health or welfare may be jeopardized through acts of violence.

***[Note: The school board can adopt any of the prevention strategies that it intends to implement in its schools, including some or all of the following sample strategies.]***

- A. Adopt a district crisis management policy to address potential violent crisis situations in the district.
- B. Provide training in recognition, prevention, and safe responses to violence and development of a positive school climate.
- C. Coordinate a local school security review committee or task force comprised of school officials, law enforcement, parents, students, and other youth service providers to advise on policy implementation.
- D. In-service training for personnel in aspects of reporting, visibility, and supervision as deterrents to violence.
- E. In-service training for personnel and school board members by experts familiar with

sexual abuse, domestic violence, and personal safety issues on the following: helping students identify violence in the family and the community so that students may learn to resolve conflicts in effective, nonviolent ways; responding to a disclosure of child sexual abuse in a supportive, appropriate manner; and/or complying with mandatory reporting requirements under the Maltreatment of Minors Reporting Act.

- F. Promote student safety responsibility by encouraging the reporting of suspicious individuals and unusual activities on school grounds.
- G. Establish a curriculum committee that explores ways of teaching students violence prevention strategies, law-related education, and character/values education (universal values, e.g., honesty, personal responsibility, self-discipline, cooperation, and respect for others).
- H. Establish clear school rules that prevent and deter violence.
- I. Develop cross-cultural awareness programs to unify students of all cultures and backgrounds, to develop mutual respect and understanding of shared experiences and values among students, and to promote the message of inclusion.
- J. Establish conflict resolution training, conflict management, or peer mediation programs for staff and students to teach conservative approaches to settling disputes.
- K. Develop curriculum that teaches social skills such as maintaining self-control, building communications skills, forming friendships, resisting peer pressure, being appropriately assertive, forming positive relationships with adults, and resolving conflict in nonviolent ways.
- L. Develop curriculum that teaches critical viewing and listening skills in analyzing mass media to recognize stereotypes, distinguish fact from fantasy, and identify differences in behavior and values that conflict with their own.
- M. Develop student safety forums that both inform and elicit students' ideas about particular safety problems in the building.
- N. Develop a student photo or name identification system for quick identification of the student in case of emergency.
- O. Develop a staff photo or name identification system using identification badges for quick identification of unauthorized people on campus.
- P. Require all visitors to check-in the main office upon their arrival and state their business at the school. A visitor badge may be issued for easy identification that the visitor is authorized to be present in the school building.
- Q. Develop curriculum on character education including, but not limited to, character qualities such as attentiveness, truthfulness, respect for authority, diligence, gratefulness, self-discipline, patience, forgiveness, respect for others, peacemaking, and resourcefulness.
- R. Develop curriculum on child sexual abuse prevention for students, including age-appropriate instruction on recognizing sexual abuse and assault, boundary violations, and ways offenders groom or desensitize victims, as well as strategies to promote disclosure, reduce self-blame, and mobilize bystanders. The curriculum may be created in consultation with federal, state, and local agencies and community-based organizations, including the Child Welfare Information Gateway website maintained by the United States Department of Health and Human Services, to identify research-based tools, curricula, and programs to prevent child sexual abuse.

- S. Provide training to all school personnel on recognizing and preventing sexual abuse and sexual violence which may include training on mandatory reporting requirements provided on the Minnesota Department of Education's website and reviewing the Code of Ethics for Minnesota Teachers.

**V. STUDENT SUPPORT**

- A. Students will have access to school-based student service professionals, when available, including counselors, nurses, social workers, and psychologists who are knowledgeable in methods to assist students with violence prevention and intervention.
- B. Students will be apprised of school board policies designed to protect their personal safety.
- C. Students will be provided with information as to school district and building rules regarding weapons and violence.
- D. Students will be informed of resources for violence prevention and proper reporting.

**VI. PERSONNEL**

- A. School district personnel shall comply with the school weapons policy (Policy 501) and the school hazing policy (Policy 526).
- B. School district personnel shall be knowledgeable of violence prevention policies and report any violation to school administration immediately. School district personnel will be informed annually as to school district and building rules regarding weapons and violence prevention.
- C. School district personnel or agents of the school district shall not engage in emotionally abusive acts including malicious shouting, ridicule, and/or threats or other forms of corporal punishment (Policy 507).

**Legal References:** Minn. Stat. § 13.43, Subd. 16 (Personnel Data)  
Minn. Stat. § 120B.22 (Violence Prevention Education)  
Minn. Stat. § 120B.232 (Character Development Education)  
Minn. Stat. § 120B.234 (Child Sexual Abuse Prevention Education)  
Minn. Stat. § 121A.035 (Crisis Management Policy)  
Minn. Stat. § 121A.05 (Policy to Refer Firearms Possessor)  
Minn. Stat. §§ 121A.40-121A.56 (Pupil Fair Dismissal Act)  
Minn. Stat. § 121A.44 (Expulsion for Possession of Firearm)  
Minn. Stat. § 121A.61 (Discipline and Removal of Students from Class)  
Minn. Stat. § 121A.64 (Notification)  
Minn. Stat. § 121A.69 (Hazing Policy)  
Minn. Stat. § 181.967, Subd. 5 (School District Disclosure of Violence or Inappropriate Sexual Contact)

18 U.S.C. § 921 (Definition of Firearm)  
20 U.S.C. § 1400 *et seq.* (Individuals with Disabilities Education Act)  
29 U.S.C. § 794 *et seq.* (Rehabilitation Act of 1973, § 504)  
*Tinker v. Des Moines Indep. Sch. Dist.*, 393 U.S. 503, 89 S.Ct. 733, 21 L.Ed.2d 731 (1969)

*Stephenson v. Davenport Cmty. Sch. Dist.*, 110 F.3d 1303 (8<sup>th</sup> Cir. 1997)

*McIntire v. Bethel School*, 804 F.Supp. 1415, 78 Educ. L.Rep. 828 (W.D. Okla. 1992)

*Olesen v. Board of Educ. of Sch. Dist. No. 228*, 676 F.Supp. 820, 44 Educ. L.Rep. 205 (N.D. Ill. 1987)

**Cross References:**

MSBA/MASA Model Policy 413 (Harassment and Violence)  
MSBA/MASA Model Policy 501 (School Weapons Policy)  
MSBA/MASA Model Policy 504 (Student Dress and Appearance)  
MSBA/MASA Model Policy 506 (Student Discipline)  
MSBA/MASA Model Policy 507 (Corporal Punishment)  
MSBA/MASA Model Policy 514 (Bullying Prohibition Policy)  
MSBA/MASA Model Policy 526 (Hazing Prohibition)  
MSBA/MASA Model Policy 529 (Staff Notification of Violent Behavior by Students)

**Sample Acknowledgment Form**

**STUDENT PARKING PERMIT REQUEST**

I, the undersigned student of this school district, do hereby request permission to park a motor vehicle in a designated student parking area. I understand that this is a privilege and that the interior of the motor vehicle, including, but not limited to, glove and trunk compartments, is subject to search upon reasonable suspicion by school officials without my consent, without a search warrant, and with no notice to me. I understand that if I refuse a request by a school official to open a locked motor vehicle under my control or its compartments, my parking privileges may be withdrawn and I may be subject to discipline. Finally, I acknowledge receipt of the school district's motor vehicle policy.

Student Signature: \_\_\_\_\_ Date: \_\_\_\_\_ Grade: \_\_\_\_\_

Parent Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**527 STUDENT USE AND PARKING OF MOTOR VEHICLES; PATROLS, INSPECTIONS, AND SEARCHES**

**I. PURPOSE**

The purpose of this policy is to provide guidelines for use and parking of motor vehicles by students in school district locations, to maintain order and discipline in the schools, and to protect the health, safety, and welfare of students and school personnel.

**II. GENERAL STATEMENT OF POLICY**

The policy of this school district is to allow the limited use and parking of motor vehicles by students in school district locations. The position of the school district is that a fair and equitable district-wide student motor vehicle policy will contribute to the quality of the student's educational experience, will maintain order and discipline in the schools, and will protect the health, safety, and welfare of students and school personnel. This policy applies to all students in the school district.

**III. DEFINITIONS**

- A. "Contraband" means any unauthorized item possession of which is prohibited by school district policy and/or law. It includes, but is not limited to, weapons and "look-alikes," alcoholic beverages, controlled substances and "look-alikes," overdue books and other materials belonging to the school district, and stolen property.
- B. "Reasonable suspicion" means that a school official has grounds to believe that the search will result in evidence of a violation of school district policy, rules, and/or law. Reasonable suspicion may be based on a school official's personal observation, a report from a student, parent, or staff member, a student's suspicious behavior, a student's age and past history or record of conduct both in and out of the school context, or other reliable sources of information.
- C. "Reasonable scope" means that the scope and/or intrusiveness of the search is reasonably related to the objectives of the search. Factors to consider in determining what is reasonable include the seriousness of the suspected infraction, the reliability of the information, the necessity of acting without delay, the existence of exigent circumstances necessitating an immediate search and further investigation (e.g., to prevent violence, serious and immediate risk of harm, or destruction of evidence), and the age of the student.
- D. "School district location" means property that is owned, rented, leased, or borrowed by the school district for school purposes, as well as property immediately adjacent to such property that may be used for parking or gaining access to such property. A school district location also shall include off school property at any school-sponsored or school-approved activity, event, or function, such as a field trip or athletic event, where students are under the jurisdiction of the school district.

**IV. STUDENT USE OF MOTOR VEHICLES IN SCHOOL DISTRICT LOCATIONS**

Students generally are not permitted to use motor vehicles during the school day in any school district location. Students may use motor vehicles on the high school campus[es] during the school day only if there is an emergency and permission has been granted to the student by

(designated school official) to use a motor vehicle. Students are permitted to use motor vehicles in school district locations outside of the school day only on the high school campus[es].

***[Note: This portion of the policy may need to be modified depending upon the designation of the high school campus as open or closed. For example, the school district may choose to adopt language for an open campus in the second sentence such as "Students may use motor vehicles on the high school campus[es] during the school day only during the student's designated lunch period or if there is an emergency and permission has been granted to the student by (designated school official) to use a motor vehicle during the school day."*]**

## V. STUDENT PARKING OF MOTOR VEHICLES IN SCHOOL DISTRICT LOCATIONS

- A. Students are permitted to park in a school district location as a matter of privilege, not of right. Students driving a motor vehicle to a high school campus may park the motor vehicle in the parking lot designated for student parking only. Students will not park vehicles in driveways, on private property, or in [**other designated areas, e.g., parking lots designated for use only by staff or by the general public**].
- B. When there are unauthorized vehicles parked on school district property, school officials may:
  - 1. move the vehicle or require the driver or other person in charge of the vehicle to move it off school district property; or
  - 2. if unattended, provide for the removal of the vehicle, at the expense of the owner or operator, to the nearest convenient garage or other place of safety off of school district property.

## VI. PATROLS, INSPECTIONS, AND SEARCHES

School officials may conduct routine patrols of school district locations and routine inspections of the exteriors of the motor vehicles of students. In addition, the interiors of motor vehicles of students in school district locations may be searched when school officials have a reasonable suspicion that the search will uncover a violation of law and/or school policy or rule.

### A. Patrols and Inspections

School officials may conduct routine patrols of student parking lots and other school district locations and routine inspections of the exteriors of the motor vehicles of students. Such patrols and inspections may be conducted without notice, without student consent, and without a search warrant.

### B. Search of Interior of Student Motor Vehicle

The interiors of motor vehicles of students in school district locations, including glove or trunk compartments, may be searched when school officials have a reasonable suspicion that the search will uncover a violation of law and/or school policy or rule. The search will be reasonable in its scope and intrusiveness. Such searches may be conducted without notice, without consent, and without a search warrant. A student will be subject to withdrawal of parking privileges and to discipline if the student refuses to open a locked motor vehicle under the student's control or its compartments upon the request of a school official.

### C. Prohibition of Contraband and Interference with Patrols, Inspections, Searches, and/or Seizures

A violation of this policy occurs when students store or carry contraband in motor

vehicles in a school district location or interfere with patrols, inspections, searches, and/or seizures as provided by this policy.

D. Seizure of Contraband

If a search yields contraband, school officials will seize the item and may turn it over to legal officials for ultimate disposition when appropriate.

E. Dissemination of Policy

A copy of this policy will be printed in the student handbook or disseminated in any other way which school officials deem appropriate.

## VII. DIRECTIVES AND GUIDELINES

The superintendent is granted authority to develop and present for school board review and approval reasonable directives and guidelines which address specific needs of the school district related to student use and parking of motor vehicles in school district locations, such as a permit system and parking regulations. Approved directives and guidelines shall be attached as an addendum to this policy.

***[Note: Some school districts may choose to allow students to park their cars in school district locations, such as designated student parking lots, by permit only. Such a permit system can be used to assist in the dissemination and enforcement of the motor vehicle policy. For example, school districts instituting a permit system can advise students who apply for a permit that the motor vehicle policy exists and that their motor vehicles are subject to inspection and search by school officials. An acknowledgment form, such as the sample attached to this policy, can then be utilized to document the notice given and the student's receipt of the policy.]***

***[Note: If a school district institutes a permit system and intends to charge students a fee for parking permits, the procedures in Minnesota Statutes section 123B.38 must be followed before the fees are implemented.]***

## VIII. VIOLATIONS

A student found to have violated this policy and/or the directives and guidelines implementing it shall be subject to withdrawal of parking privileges and/or to discipline in accordance with the school district's Student Discipline Policy, which may include suspension, exclusion, or expulsion. In addition, the student may be referred to legal officials when appropriate.

**Legal References:** U. S. Const., amend. IV  
Minn. Const., art. I, §10  
Minn. Stat. § 123B.02, Subds. 1 and 5 (General Powers of Independent School Districts)  
Minn. Stat. § 123B.38 (Hearing)  
*New Jersey v. T.L.O.*, 469 U.S. 325 (1985)

**Cross References:** MSBA/MASA Model Policy 417 (Chemical Use and Abuse)  
MSBA/MASA Model Policy 418 (Drug-Free Workplace/Drug-Free School)  
MSBA/MASA Model Policy 501 (School Weapons Policy)  
MSBA/MASA Model Policy 502 (Search of Student Lockers, Desks, Personal Possessions, and Student's Person)  
MSBA/MASA Model Policy 506 (Student Discipline)  
MSBA/MASA Model Policy 712 (Video Surveillance Other Than on Buses)

## **528 STUDENT PARENTAL, FAMILY, AND MARITAL STATUS NONDISCRIMINATION**

### **I. PURPOSE**

Students are protected from discrimination on the basis of sex and marital status pursuant to Title IX of the Education Amendments of 1972 and the Minnesota Human Rights Act. This includes discrimination on the basis of pregnancy. The purpose of this school district policy is to provide equal educational opportunity for all students and to prohibit discrimination on the grounds of sex, parental, family, or marital status.

### **II. GENERAL STATEMENT OF POLICY**

- A. The school district provides equal educational opportunity for all students, and will not apply any rule concerning a student's actual or potential parental, family, or marital status which treats students differently on the basis of sex.
- B. The school district will not discriminate against any student, or exclude any student from its education program or activity, including any class or extracurricular activity, on the basis of such students' pregnancy, childbirth, false pregnancy, termination of pregnancy or recovery therefrom, unless the student requests voluntarily to participate in a separate portion of the program or activity of the recipient.
- C. The school district may require such a student to obtain the certification of a physician that the student is physically and emotionally able to continue participation in the normal education program or activity so long as such a certification is required of all students for other physical or emotional conditions requiring the attention of a physician.
- D. The school district will ensure that any separate and voluntary instructional program is comparable to that offered to non-pregnant students.
- E. It is the responsibility of every school district employee to comply with this policy.
- F. The school board has designated \_\_\_\_\_ [title, name, office address, and telephone number] as its Title IX coordinator. This employee coordinates the school district's efforts to comply with and carry out its responsibilities under Title IX.
- G. Any student, parent or guardian having questions regarding the application of Title IX and its regulations and/or this policy should discuss them with the Title IX coordinator. Questions relating solely to Title IX and its regulations may be referred to the Assistant Secretary for Civil Rights of the United States Department of Education. In the absence of a specific designee, an inquiry or complaint should be referred to the superintendent or the school district human rights officer.
- H. Any reports of unlawful discrimination under this policy will be handled, investigated, and acted upon in the manner specified in Policy 522.

**Legal References:** Minn. Stat. Ch. 363A (Minnesota Human Rights Act)  
20 U.S.C. §§ 1681-1688 (Title IX of the Education Amendments of 1972)  
34 C.F.R. Part 106 (Implementing Regulations of Title IX)

**Cross References:** MSBA/MASA Model Policy 102 (Equal Educational Opportunity)

MSBA/MASA Model Policy 413 (Harassment and Violence)  
MSBA/MASA Model Policy 522 (Title IX Sex Nondiscrimination Policy, Grievance  
Procedure and Process)

Adopted: \_\_\_\_\_

MSBA/MASA Model Policy 529

Revised: \_\_\_\_\_

Orig. 1999

Rev. 2022

## **529 STAFF NOTIFICATION OF VIOLENT BEHAVIOR BY STUDENTS**

### **I. PURPOSE**

In an effort to provide a safe school environment, the assigned classroom teacher and certain staff members should know whether a student to be placed in the classroom has a history of violent behavior. Additionally, decisions should be made regarding how to manage such a student.

The purpose of this policy is to address the circumstances in which data should be provided to classroom teachers and other school staff members about students with a history of violent behavior and to establish a procedure for notifying staff regarding the placement of students with a history of violent behavior.

### **II. GENERAL STATEMENT OF POLICY**

- A. Any staff member or other employee of the school district who obtains or possesses information concerning a student in the building with a history of violent behavior shall immediately report said information to the principal of the building in which the student attends school.
- B. The administration will meet with the assigned classroom teacher and other appropriate staff members for the purpose of notifying and determining how staff will manage such student.
- C. Only staff members who have a legitimate educational interest in the information will receive notification.

### **III. DEFINITIONS**

For purposes of this policy, the following terms have the meaning given them.

A. Administration

"Administration" means the superintendent, building principal, or other designee.

B. Classroom Teacher

"Classroom teacher" means the instructional personnel responsible for the course or room to which a student is assigned at any given time, including a substitute hired in place of the classroom teacher.

C. History of Violent Behavior

- 1. A student will be considered to have a history of violent behavior if incident(s) of violence, including any documented physical assault of a school district employee by the student, have occurred during the current or previous school year.
- 2. If a student has an incident of violence during the current or previous school year, that incident and all other past related or similar incidents of violence will be reported.

D. Incident(s) of Violence

"Incident(s) of violence" means willful conduct in which a student endangers or causes physical injury to the student, other students, a school district employee, or surrounding person(s) or endangers or causes significant damage to school district property, regardless of whether related to a disability or whether discipline was imposed.

E. Legitimate Educational Interest

"Legitimate educational interest" includes interest directly related to classroom instruction, teaching, student achievement and progress, discipline of a student, student health and welfare, and the ability to respond to a request for educational data. It includes a person's need to know in order to:

1. Perform an administrative task required in the school or the employee's contract or position description approved by the school board;
2. Perform a supervisory or instructional task directly related to the student's education; or
3. Perform a service or benefit for the student or the student's family such as health care, counseling, student job placement, or student financial aid.
4. Perform a task directly related to responding to a request for data.

F. School Staff Member

"School staff member" includes:

1. A person duly elected to the school board;
2. A person employed by the school board in an administrative, supervisory, instructional, or other professional position;
3. A person employed by the school board as a temporary substitute in a professional position for the period of his or her performance as a substitute; and
4. A person employed by, or under contract to, the school board to perform a special task such as a secretary, a clerk, a public information officer or data practices compliance official, an attorney, or an auditor for the period of his or her performance as an employee or contractor.

***[Note: School districts may wish to reference other school staff members such as paraprofessionals, bus drivers, occupational therapists, or police liaison officers in the definition of a "school staff member." However, the definition of a "school staff member" in this policy should be identical to the school district's definition of a "school official" in Policy 515, Protection and Privacy of Pupil Records.]***

**IV. PROCEDURE FOR STAFF NOTIFICATION OF STUDENTS WITH VIOLENT BEHAVIOR**

A. Reports of Violent Behavior

Any staff member or other employee of the school district who becomes aware of any information regarding the violent behavior of an enrolling student or any student enrolled in the school district shall immediately report the information to the building principal where the student is enrolled or seeks to enroll.

B. Recipients of Notice

Each classroom teacher of a student with a history of violent behavior (see Section

III.C., above) will receive written notification from the administration prior to placement of the student in the teacher's classroom. In addition, written notice will be given by the administration to other school staff members who have a legitimate educational interest, as defined in this policy, when a student with a history of violent behavior is placed in a teacher's classroom. The administration will provide notice to anyone substituting for the classroom teacher or school staff member, who has received notice under this policy, that the substitute will be overseeing a student with a history of violent behavior.

The administration may provide other school district employees or individuals outside of the school district with information regarding a student, including information regarding a student's history of violent behavior, in accordance with Policy 515, Protection and Privacy of Pupil Records.

C. Determination of Who Receives Notice

The determination of which classroom teachers and school staff members have a legitimate educational interest in information regarding a student with a history of violent behavior will be made by either: (1) the school district's Responsible Authority appointed by the school board under the Minnesota Government Data Practices Act or (2) the administration. In the event the administration makes this determination, the Responsible Authority will provide guidance to the administration as to what data will be shared.

D. Form of Written Notice

The notice given to classroom teachers and school staff members will be in writing and will include the following:

1. Name of the student;
2. Date of notice;
3. Notification that the student has been identified as a student with a history of violent behavior as defined in Section III. of this policy; and
4. Reminder of the private nature of the data provided.

E. Record of Notice

1. The administration will retain a copy of the notice or other documentation provided to classroom teachers and school staff members notified under this section.
2. Retention of the written notice or other documentation provided to classroom teachers and school staff members is governed by the approved Records Retention Schedule.

F. Meetings Regarding Students with a History of Violent Behavior

1. If the administration determines, in his or her discretion, that the classroom teacher and/or school staff members with a legitimate educational interest in such data reasonably require access to the details regarding a student's history of violent behavior for purposes of school safety and/or intervention services for the student, the administration also may convene a meeting to share and discuss such data.
2. The persons present at the meeting may have access to the data described in Section IV.D., above.

G. Law Enforcement Reports

Staff members will be provided with notice of disposition orders or law enforcement reports received by the school district in accordance with Policy 515, Protection and Privacy of Pupil Records. Where appropriate, information obtained from disposition orders or law enforcement reports also may be included in a Notification of Violent Behavior.

**V. MAINTENANCE AND TRANSFER OF RECORDS**

A report, notice, or documentation pertaining to a student with a history of violent behavior are educational records of a student and will be retained, maintained, and transferred to a school or school district in which a student seeks to enroll in accordance with Policy 515, Protection and Privacy of Pupil Records.

**VI. PARENTAL NOTICE**

- A. The administration will notify parents annually that the school district gives classroom teachers and other school staff members notice about students' history of violent behavior.
- B. Prior to providing the written notice of a student's violent behavior to classroom teachers and/or school staff members, the administration will inform the student's parent or guardian that such notice will be provided.
- C. Parents will be given notice that they have the right to review and challenge records or data, including the data documenting the history of violent behavior, in accordance with Policy 515, Protection and Privacy of Pupil Records.

**VII. TRAINING NEEDS**

Representatives of the school board and representatives of the teachers will discuss the needs of students and staff. The parties may discuss necessary training which may include training on conflict resolution and positive behavior interventions and may discuss necessary intervention services such as student behavioral assessments.

**Legal References:** Minn. Stat. Ch. 13 (Minnesota Government Data Practices Act)  
Minn. Stat. § 120A.22, Subd. 7 (~~Compulsory Instruction~~)~~School Attendance—~~  
~~Education Records~~)  
Minn. Stat. § 121A.45 (Grounds for Dismissal)  
Minn. Stat. § 121A.64 (Notification; ~~Teachers' Legitimate Educational Interest~~)  
~~of Students with Violent Behavior~~)  
Minn. Stat. § 121A.75 (~~Receipt of Records; Sharing~~)~~Law Enforcement Notice to~~  
~~Schools~~)  
Minn. Rules Parts 1205.0100-1205.2000 (Data Practices)  
20 U.S.C. § 1232g (Family Educational Rights and Privacy Act)  
34 C.F.R. §§ 99.1-99.67 (Rules Implementing FERPA)  
Minn. Laws 2003, 1<sup>st</sup> Sp., Ch. 9, Art. 2, § 53

**Cross References:** MSBA/MASA Model Policy 515 (Protection and Privacy of Pupil Records)

Adopted: \_\_\_\_\_

MSBA/MASA Model Policy 619

Orig. 1998

Revised: \_\_\_\_\_

Rev. 2022

## **619 STAFF DEVELOPMENT FOR STANDARDS**

### **I. PURPOSE**

The purpose of this policy is to establish opportunities for staff development which advance the staff's ability to work effectively with the Graduation Assessment Requirements and with students as they progress to achievement of those Graduation Assessment Requirements and meet the requirements of federal law.

### **II. GENERAL STATEMENT OF POLICY**

The school district is committed to developing staff policies and processes for continuous improvement of curriculum, instruction, and assessment to ensure effective implementation of the Graduation Assessment Requirements and federal law at all levels.

### **III. STANDARDS FOR STAFF DEVELOPMENT**

- A. The Advisory Committee for Comprehensive Continuous Improvement of Student Achievement (Committee) shall address the needs of all staff in prioritizing staff development which will ensure effective implementation of the Graduation Assessment Requirements and federal law at all levels. The Committee will advise the school board on the planning of staff development opportunities.
- B. The school district shall place a high priority on staff development including activities, programs, and other efforts to implement the Graduation Assessment Requirements effectively and to upgrade that implementation continuously.
- C. Staff development plans for the school district shall address identified needs for Graduation Assessment Requirements implementation throughout all levels of the school district programs.
- D. In service, staff meeting, and district and building level staff development plans and programs shall focus on improving implementation of the Graduation Assessment Requirements at all levels for all students, including those with special needs.

### **IV. TRAINING AND PROFESSIONAL DEVELOPMENT**

- A. Paraprofessionals. The school district will provide each paraprofessional who assists a licensed teacher in providing student instruction with initial training. Such training will include training in emergency procedures, confidentiality, vulnerability, reporting obligations, discipline, policies, roles, and responsibilities, and building orientation. Training will be provided within the first 60 days a paraprofessional begins supervising or working with students

Additionally, with regard to paraprofessionals providing support to special education students, the school district will ensure that annual training opportunities are required to enable the paraprofessional to further develop the knowledge and skills that are specific to the students with whom the paraprofessional works, including understanding disabilities, the unique and individual needs of each student according to the student's disability and how the disability affects the student's education and behavior, following lesson plans, and implementing follow-up instructional procedures and activities.

- B. Teachers and Administrators. The school district will provide high quality and ongoing professional development activities as required by state and federal laws.

**Legal References:** Minn. Stat. § 120B.02 (Educational Expectations and Graduation Requirements for Minnesota’s Students)  
Minn. Stat. § 120B.11 (School District Process for Reviewing Curriculum, Instruction, and Student Achievement; Striving for the World’s Best Workforce)  
Minn. Stat. § 120B.363 (Credential for Education Paraprofessionals)  
Minn. Stat. § 122A.16 (Qualified Teacher Defined)  
Minn. Stat. § 122A.60 (Staff Development Program)  
Minn. Rules Parts 3501.0640-3501.0655 (Academic Standards for Language Arts)  
Minn. Rules Parts 3501.0700-3501.0745 (Academic Standards for Mathematics)  
Minn. Rules Parts 3501.0820 (Academic Standards for the Arts)  
Minn. Rules Parts 3501.0900-3501.0960 (Academic Standards in Science)  
Minn. Rules Parts 3501.1200-3501.1210 (Academic Standards for English Language Development)  
Minn. Rules Parts 3501.1300-3501.1345 (Academic Standards for Social Studies)  
Minn. Rules Parts 3501.1400-3501.1410 (Academic Standards for Physical Education)  
20 U.S.C. § 6301, *et seq.* (Every Student Succeeds Act)

**Cross References:** MSBA/MASA Model Policy 104 (School District Mission Statement)

MSBA/MASA Model Policy 601 (School District Curriculum and Instruction Goals)

MSBA/MASA Model Policy 613 (Graduation Requirements)

MSBA/MASA Model Policy 616 (School District System Accountability)

## **707 TRANSPORTATION OF PUBLIC SCHOOL STUDENTS**

### **I. PURPOSE**

The purpose of this policy is to provide for the transportation of students consistent with the requirements of law.

### **II. GENERAL STATEMENT OF POLICY**

- A. The policy of the school district is to provide for the transportation of students in a manner which will protect their health, welfare, and safety.
- B. The school district recognizes that transportation is an essential part of the school district services to students and parents but further recognizes that transportation by school bus is a privilege and not a right for an eligible student.

### **III. DEFINITIONS**

- A. "Child with a disability" includes every child identified under federal and state special education law as deaf or hard of hearing, blind or visually impaired, deafblind, or having a speech or language impairment, a physical impairment, other health disability, developmental cognitive disability, an emotional or behavioral disorder, specific learning disability, autism spectrum disorder, traumatic brain injury, or severe multiple impairments, and who needs special education and related services, as determined by the rules of the Commissioner of the Minnesota Department of Education ("Commissioner"). A licensed physician, an advanced practice nurse, a physician assistant, or a licensed psychologist is qualified to make a diagnosis and determination of attention deficit disorder or attention deficit hyperactivity disorder for purposes of identifying a child with a disability. In addition, every child under age three, and at the school district's discretion from age three to seven, who needs special instruction and services, as determined by the rules of the Commissioner, because the child has a substantial delay or has an identifiable physical or mental condition known to hinder normal development is a child with a disability. A child with a short-term or temporary physical or emotional illness or disability, as determined by the rules of the Commissioner, is not a child with a disability.
- B. "Home" is the legal residence of the child. In the discretion of the school district, "home" also may be defined as a licensed day care facility, school day care facility, a respite care facility, the residence of a relative, or the residence of a person chosen by the student's parent or guardian as the home of a student for part or all of the day, if requested by the student's parent or guardian, or an afterschool program for children operated by a political subdivision of the state, if the facility, residence, or program is within the attendance area of the school the student attends. Unless otherwise specifically provided by law, a homeless student is a resident of the school district if enrolled in the school district.
- C. "Homeless student" means a student, including a migratory student, who lacks a fixed, regular, and adequate nighttime residence and includes: students who are sharing the housing of other persons due to loss of housing, economic hardship, or a similar reason; are living in motels, hotels, trailer parks, or camping grounds due to the lack of alternative adequate accommodations; are living in emergency or transitional shelters; are abandoned in hospitals; are awaiting foster care placement; have a primary nighttime residence that is a public or private place not designed for or ordinarily used as a regular sleeping accommodation for human beings; are living in cars, parks, public

spaces, abandoned buildings, substandard housing, bus or train stations, or similar settings, and migratory children who qualify as homeless because they are living in any of the preceding listed circumstances.

- D. "Nonpublic school" means any school, church, or religious organization, or home school wherein a resident of Minnesota may legally fulfill the compulsory instruction requirements of Minnesota Statutes section 120A.22, which is located within the state, and which meets the requirements of Title VI of the Civil Rights Act of 1964.
- E. "Nonresident student" is a student who attends school in the school district and resides in another district, defined as the "nonresident district." In those instances when the divorced or legally separated parents or parents residing separately share joint physical custody of a student and the parents reside in different school districts, the student shall be a resident of the school district designated by the student's parents. When parental rights have been terminated by court order, the legal residence of a student placed in a residential or foster facility for care and treatment is the district in which the student resides.
- F. "Pupil support services" are health, counseling, and guidance services provided by the public school in the same district where the nonpublic school is located.
- G. "School of origin," for purposes of determining the residence of a homeless student, is the school that the student attended when permanently housed or the school in which the student was last enrolled.
- H. "Shared time basis" is a program where students attend public school for part of the regular school day and who otherwise fulfill the requirements of Minnesota Statutes section 120A.22 by attendance at a nonpublic school.
- I. "Student" means any student or child attending or required to attend any school as provided in Minnesota law and who is a resident or child of a resident of Minnesota.

#### **IV. ELIGIBILITY**

- A. Upon the request of a parent or guardian, the school district shall provide transportation to and from school, at the expense of the school district, for all resident students who reside two miles or more from the school, except for those students whose transportation privileges have been revoked or have been voluntarily surrendered by the student's parent or guardian.
- B. The school district may, in its discretion, also provide transportation to any student to and from school, at the expense of the school district, for any other purpose deemed appropriate by the school board.

***[Note: In this section, school districts may wish to outline those discretionary areas where they intend to provide transportation. For example, some school districts may provide that transportation shall be provided for all resident elementary students who reside one mile or more from the school.]***

- C. In the discretion of the school district, transportation along regular school bus routes may also be provided, where space is available, to any person where such use of a bus does not interfere with the transportation of students. The cost of providing such transportation must be paid by those individuals using these services or some third-party payor. Bus transportation also may be provided along school bus routes when space is available for participants in early childhood family education programs and school readiness programs if these services do not result in an increase in the school district's expenditures for transportation
- D. For purposes of stabilizing enrollment and reducing mobility, the school district may, in its discretion, establish a full-service school zone and may provide transportation for

students attending a school in that full-service school zone. A full-service school zone may be established for a school that is located in an area with higher than average crime or other social and economic challenges and that provides education, health or human services, or other parental support in collaboration with a city, county, state, or nonprofit agency.

#### **V. TRANSPORTATION OF NONRESIDENT STUDENTS**

- A. If requested by the parent of a nonresident student, the school district shall provide transportation to a nonresident student within its borders at the same level of service that is provided to resident students.
- B. If the school district decides to transport a nonresident student within the student's resident district, the school district will notify the student's resident district of its decision, in writing, prior to providing transportation.
- C. When divorced or legally separated parents or parents residing separately reside in different school districts and share physical custody of a student, the parents shall be responsible for the transportation of the student to the border of the school district during those times when the student is residing with the parent in the nonresident school district.
- D. The school district may provide transportation to allow a student who attends a high-need English language learner program and who resides within the transportation attendance area of the program to continue in the program until the student completes the highest grade level offered by the program.

#### **VI. TRANSPORTATION OF RESIDENT STUDENTS TO NONDISTRICT SCHOOLS**

- A. In general, the school district shall not provide transportation between a resident student's home and the border of a nonresident district where the student attends school under the Enrollment Options Program. A parent may be reimbursed by the nonresident district for the costs of transportation from the pupil's residence to the border of the nonresident district if the student is from a family whose income is at or below the poverty level, as determined by the federal government. The reimbursement may not exceed the pupil's actual cost of transportation or 15 cents per mile traveled, whichever is less. Reimbursement may not be paid for more than 250 miles per week. (Minn. Stat. § 124D.03, Subd. 8)
- B. Resident students shall be eligible for transportation to and from a nonresident school district at the expense of the school district, if in the discretion of the school district, inadequate room, distance to school, unfavorable road conditions, or other facts or conditions make attendance in the resident student's own district unreasonably difficult or impracticable. The school district, in its discretion, may also provide for transportation of resident students to schools in other districts for grades and departments not maintained in the district, including high school, for the whole or a part of the year or for resident students who attend school in a building rented or leased by the school district in an adjacent district.
- C. In general, the school district is not responsible for transportation for any resident student attending school in an adjoining state under a reciprocity agreement but may provide such transportation services at its discretion.

#### **VII. SPECIAL EDUCATION STUDENTS/STUDENTS WITH A DISABILITY/ STUDENTS WITH TEMPORARY DISABILITIES**

- A. Upon a request of a parent or guardian, the board must provide necessary transportation, consistent with Minnesota Statutes section 123B.92, subdivision 1(b)(4), for a resident child with a disability not yet enrolled in kindergarten for the provision of special instruction and services. Special instruction and services for a child with a

disability not yet enrolled in kindergarten include an individualized education program (IEP) team placement in an early childhood program when that placement is necessary to address the child's level of functioning and needs.

- B. Resident students with a disability whose disabling conditions are such that the student cannot be safely transported on the regular school bus and/or school bus route and/or when the student is transported on a special route for the purpose of attending an approved special education program shall be entitled to special transportation at the expense of the school district or the day training and habilitation program attended by the student. The school district shall determine the type of vehicle used to transport students with a disability on the basis of the disabling condition and applicable laws. This provision shall not be applicable to parents who transport their own child under a contract with the school district.
- C. Resident students with a disability who are boarded and lodged at Minnesota state academies for educational purposes, but who also are enrolled in a public school within the school district, shall be provided transportation, by the school district to and from said board and lodging facilities, at the expense of the school district.
- D. If a resident student with a disability attends a public school located in a contiguous school district and the school district of attendance does not provide special instruction and services, the school district shall provide necessary transportation for the student between the school district boundary and the educational facility where special instruction and services are provided within the school district. The school district may provide necessary transportation of the student between its boundary and the school attended in the contiguous district, but shall not pay the cost of transportation provided outside the school district boundary.
- E. When a student with a disability or a student with a short-term or temporary disability is temporarily placed for care and treatment in a day program located in another school district and the student continues to live within the school district during the care and treatment, the school district shall provide the transportation, at the expense of the school district, to that student. The school district may establish reasonable restrictions on transportation, except if a Minnesota court or agency orders the child placed at a day care and treatment program and the school district receives a copy of the order, then the school district must provide transportation to and from the program unless the court or agency orders otherwise. Transportation shall only be provided by the school district during regular operating hours of the school district.
- F. When a nonresident student with a disability or a student with a short-term or temporary disability is temporarily placed in a residential program within the school district, including correctional facilities operated on a fee-for-service basis and state institutions, for care and treatment, the school district shall provide the necessary transportation at the expense of the school district. Where a joint powers entity enters into a contract with a privately owned and operated residential facility for the provision of education programs for special education students, the joint powers entity shall provide the necessary transportation.
- G. Each driver and aide assigned to a vehicle transporting students with a disability will be provided with appropriate training for the students in their care, will assist students with their safe ingress and egress from the bus, will ensure the proper use of protective safety devices, and will be provided with access to emergency health care information as required by law.
- H. Any parent of a student with a disability who believes that the transportation services provided for that child are not in compliance with the applicable law may utilize the alternative dispute resolution and due process procedures provided for in Minnesota Statutes chapter 125A.

## **VIII. HOMELESS STUDENTS**

- A. Homeless students shall be provided with transportation services comparable to other students in the school district.
- B. Upon request by the student's parent, guardian, or homeless education liaison, the school district shall provide transportation for a homeless student as follows:
  - 1. A resident student who becomes homeless and is residing in a public or private shelter location or has other non-shelter living arrangements within the school district shall be provided transportation to and from the student's school of origin and the shelter or other non-shelter location on the same basis as transportation services are provided to other students in the school district.
  - 2. A resident student who becomes homeless and is residing in a public or private shelter location or has other non-shelter living arrangements outside of the school district shall be provided transportation to and from the student's school of origin and the shelter or other non-shelter location on the same basis as transportation services are provided to other students in the school district, unless the school district and the school district in which the student is temporarily placed agree that the school district in which the student is temporarily placed shall provide transportation.
  - 3. If a nonresident student is homeless and is residing in a public or private homeless shelter or has other non-shelter living arrangements within the school district, the school district may provide transportation services between the shelter or non-shelter location and the student's school of origin outside of the school district upon agreement with the school district in which the school of origin is located.
  - 4. A homeless nonresident student enrolled under Minnesota Statutes section 124D.08, subdivision 2a, must be provided transportation from the student's district of residence to and from the school of enrollment.

## **IX. AVAILABILITY OF SERVICES**

Transportation shall be provided on all regularly scheduled school days or make-up days. Transportation will not be provided during the summer school break. Transportation may be provided for summer instructional programs for students with a disability or in conjunction with a learning year program. Transportation between home and school may also be provided, in the discretion of the school district, on staff development days.

## **X. MANNER OF TRANSPORTATION**

The scheduling of routes, establishment of the location of bus stops, manner and method of transportation, control and discipline of school children, the determination of fees, and any other matter relating thereto shall be within the sole discretion, control and management of the school board. The school district may, in its discretion, provide room and board, in lieu of transportation, to a student who may be more economically and conveniently provided for by that means.

## **XI. RESTRICTIONS**

Transportation by the school district is a privilege and not a right for an eligible student. A student's eligibility to ride a school bus may be revoked for a violation of school bus safety or conduct policies, or violation of any other law governing student conduct on a school bus pursuant to the school district's discipline policy. Revocation of a student's bus riding privilege is not an exclusion, expulsion, or suspension under the Pupil Fair Dismissal Act. Revocation procedures for a student who is an individual with a disability under 20 United States Code section 1415 (Individuals with Disabilities Act), 29 United States Code section 794 (the

Rehabilitation Act), and 42 United States Code section 12132, (Americans with Disabilities Act) are governed by these provisions.

## **XII. FEES**

- A. In its discretion, the school district may charge fees for transportation of students to and from extracurricular activities conducted at locations other than school, where attendance is optional.
- B. The school district may charge fees for transportation of students to and from school when authorized by law. If the school district charges fees for transportation of students to and from school, guidelines shall be established for that transportation to ensure that no student is denied transportation solely because of inability to pay. The school district also may waive fees for transportation if the student's parent is serving in, or within the past year has served in, active military service as defined in Minnesota Statutes section 190.05.
- C. The school district may charge reasonable fees for transportation of students to and from post-secondary institutions for students enrolled under the post-secondary enrollment options program. Families who qualify for mileage reimbursement may use their state mileage reimbursement to pay this fee
- D. Where, in its discretion, the school district provides transportation to and from an instructional community-based employment station that is part of an approved occupational experience vocational program, the school district may require the payment of reasonable fees for transportation from students who receive remuneration for their participation in these programs.

### ***Legal References:***

Minn. Stat. § 120A.22 (Compulsory Instruction)  
Minn. Stat. §§ 121A.40-121A.56 (Pupil Fair Dismissal Act)  
Minn. Stat. § 121A.59 (Bus Transportation a Privilege Not a Right)  
Minn. Stat. § 123B.36 (Authorized Fees)  
Minn. Stat. § 123B.41 (Definitions)  
Minn. Stat. § 123B.44 (Provision of Pupil Support Services)  
Minn. Stat. § 123B.88 (Independent School Districts; Transportation)  
Minn. Stat. § 123B.92 (Transportation Aid Entitlement)  
Minn. Stat. § 124D.03 (Enrollment Options Program)  
Minn. Stat. § 124D.04 (Options for Enrolling in Adjoining States)  
Minn. Stat. § 124D.041 (Reciprocity with Adjoining States)  
Minn. Stat. § 124D.08 (School Board's Approval to Enroll in Nonresident District; Exceptions)  
Minn. Stat. Ch. 125A (Special Education and Special Programs)  
Minn. Stat. § 125A.02 (Children with a Disability Defined)  
Minn. Stat. § 125A.12 (Attendance in Another District)  
Minn. Stat. § 125A.15 (Placement in Another District; Responsibility)  
Minn. Stat. § 125A.51 (Placement of Children Without Disabilities; Education and Transportation)  
Minn. Stat. § 125A.515 (Placement of Students; Approval of Education Program)  
Minn. Stat. § 125A.65 (Attendance at Academies for the Deaf and Blind)  
Minn. Stat. § 126C.01 (Definitions)  
Minn. Stat. § 127A.47 (Payments to Resident and Nonresident Districts)  
Minn. Stat. § 190.05 (Definitions)  
Minn. Rules Part 7470.1600 (Transporting Pupils with Disability)  
Minn. Rules Part 7470.1700 (Drivers and Aides for Pupils with Disability)  
20 U.S.C. § 1415 (Individuals with Disabilities Education Act)  
29 U.S.C. § 794 (Rehabilitation Act of 1973, § 504)  
42 U.S.C. § 2000d (Prohibition against Exclusion from Participation in, Denial of Benefits of, and Discrimination under Federally Assisted

Programs on Ground of Race, Color, or National Origin)  
42 U.S.C. § 11431 *et seq.* (McKinney-Vento Homeless Assistance Act of 2001)  
42 U.S.C. § 12132 *et seq.* (Americans with Disabilities Act)

***Cross References:***

MSBA/MASA Model Policy 708 (Transportation of Nonpublic School Students)  
MSBA/MASA Model Policy 709 (Student Transportation Safety Policy)  
MSBA/MASA Model Policy 710 (Extracurricular Transportation)