

School Board Work Session

Tuesday, January 9, 2024 4:45 PM

917 Board Room, 130 145th Street East, Rosemount, MN 55068

I. Call to Order - Chair

II. Conduct Pledge of Allegiance - Chair

III. Reports

III.A. Review Audit for 2022-2023 - Jim Eichten
- MMRK

IV. New Business - Chair (Collaboration)

IV.A. Review Temporary Employee Report -
Nicolle Roush

IV.B. Review Accounts Receivable Aging Report -
Nicolle Roush

IV.C. Review Calendar Committee Representative
- Dr. Michael Favor

IV.D. Review Paraprofessional Week January 22-
26, 2024, Proclamation and Resolution - Dr.
Michael Favor

IV.E. Review Proposed Settlement Contract with
Teachers' Union - Dr. Michael Favor

IV.F. Review Memorandums of Understanding for
Sick & Safe Leave - Nicolie Roush

IV.G. Review Mid-year Goals Update - Dr.
Michael Favor

V. Policies - Supt. Dr. Michael Favor (Integrity)

VI. Updates from Member Districts - All

VII. Adjournment - Chair

Management Report

for

Intermediate School District No. 917
Rosemount, Minnesota

June 30, 2023

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PRINCIPALS

Thomas A. Karnowski, CPA
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To the School Board and Management of
Intermediate School District No. 917
Rosemount, Minnesota

We have prepared this management report in conjunction with our audit of Intermediate School District No. 917's (the District) financial statements for the year ended June 30, 2023. We have organized this report into the following sections:

- Audit Summary
- Financial Trends in Public Education in Minnesota
- Financial Trends of Your District
- Accounting and Auditing Updates

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

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

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

Minneapolis, Minnesota
December 15, 2023

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AUDIT SUMMARY

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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of and for the year ended June 30, 2023. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information to you verbally and in our audit engagement letter. Professional standards also require that we communicate to you the following information related to our audit.

PLANNED SCOPE AND TIMING OF THE AUDIT

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

The District is subject to a Single Audit of its federal awards expenditures for the year ended June 30, 2023, which is required to be performed in accordance with Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). It was originally planned that the Single Audit would be completed and issued, along with the District's financial statement audit by December 31, 2023. Due to the significant increase in pandemic-related federal funding received by Minnesota school districts this year, the Minnesota Department of Education (MDE) has extended the due date for Single Audits to coincide with the federal deadline of March 31, 2024. The District plans to issue its audited Schedule of Federal Awards Expenditures and related reports separately by this deadline.

AUDIT OPINIONS AND FINDINGS

Based on our audit of the District's financial statements for the year ended June 30, 2023:

- We have issued an unmodified opinion on the District's basic financial statements.
- We reported no deficiencies in the District's internal control over financial reporting that we considered to be material weaknesses.
- The results of our testing disclosed no instances of noncompliance required to be reported under *Government Auditing Standards*.
- We reported one finding based on our testing of the District's compliance with Minnesota laws and regulations.
 1. Two of twenty-five disbursements we tested were not paid within forty-five days from the receipt of goods or services as required by Minnesota Statutes.

SIGNIFICANT ACCOUNTING POLICIES

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 of the notes to basic financial statements.

No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year ended June 30, 2023.

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

ACCOUNTING ESTIMATES AND MANAGEMENT JUDGMENTS

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

Special education state aid includes an adjustment related to tuition billings to and from other school districts for special education services, which are computed using formulas derived by the MDE. Because of the timing of the calculations, this adjustment for the current fiscal year is not finalized until after the District has closed its financial records. The impact of this adjustment on the receivable and revenue recorded for state special education aid is calculated using preliminary information available to the District.

The District has recorded a liability in the Statement of Net Position for severance benefits payable for which it is probable employees will be compensated. The "vesting method" used by the District to calculate this liability is based on assumptions involving the probability of employees becoming eligible to receive the benefits (vesting), the potential use of accumulated sick leave prior to termination, and the age at which such employees are likely to retire.

The District has recorded activity for other post-employment benefits (OPEB) and pension benefits. These obligations are calculated using actuarial methodologies primarily described in Governmental Accounting Standards Board Statement Nos. 68 and 75. These actuarial calculations include significant assumptions, including projected changes, healthcare insurance costs, investment returns, retirement ages, proportionate share, and employee turnover.

The depreciation/amortization of capital assets involves estimates pertaining to useful lives.

The District's self-insured activities require recording a liability for claims incurred, but not yet reported, which are based on estimates.

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

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

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

DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

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

CORRECTED AND UNCORRECTED MISSTATEMENT

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

DISAGREEMENTS WITH MANAGEMENT

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

MANAGEMENT REPRESENTATIONS

We have requested certain representations from management that are included in the management representation letter dated December 15, 2023.

MANAGEMENT CONSULTATIONS WITH OTHER INDEPENDENT ACCOUNTANTS

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

OTHER AUDIT FINDINGS OR ISSUES

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

OTHER MATTERS

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

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

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

FINANCIAL TRENDS IN PUBLIC EDUCATION IN MINNESOTA

This section provides some state-wide funding and financial trends in public education in Minnesota.

BASIC GENERAL EDUCATION REVENUE

The largest single funding source for Minnesota school districts is basic general education aid. Each year, the 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 average daily membership (ADM). Over the years, various modifications have been made to this calculation, including changes in weighting and special consideration for declining enrollment districts.

The table below presents a summary of the formula allowance for the past decade and as approved for the next two fiscal years. The 2023 Legislature approved per pupil increases of \$275 for fiscal 2024 and \$143 for fiscal 2025. The amount of the formula allowance and the percentage change from year-to-year excludes temporary funding changes, the “roll-in” of aids that were previously funded separately, and changes that may vary dependent on actions taken by individual districts. The \$529 increase in 2015 was offset by changes to pupil weightings and the general education aid formula that resulted in an increase equivalent to approximately \$105, or 2.00 percent, state-wide

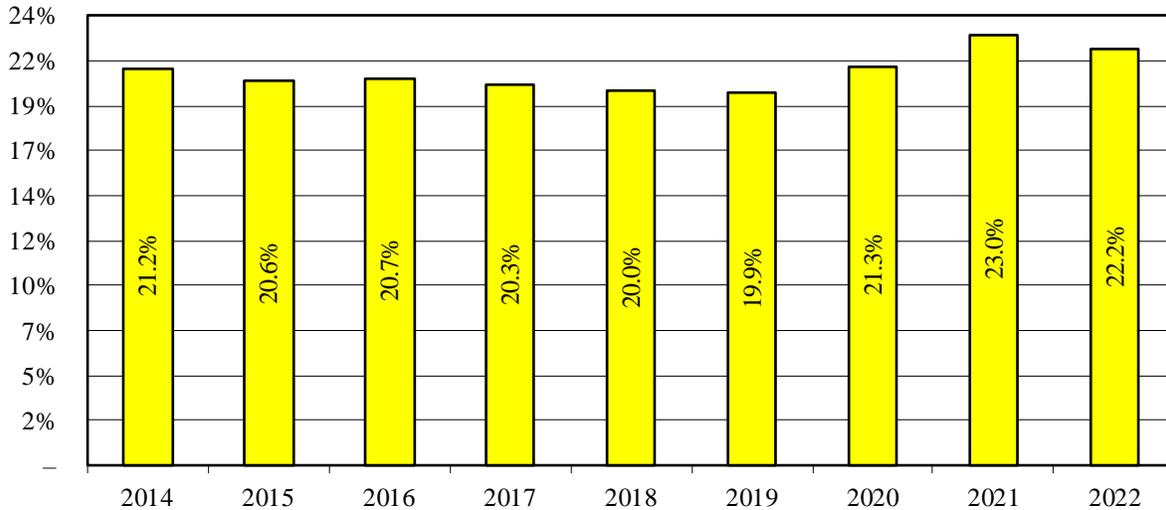
Fiscal Year Ended June 30,	Formula Allowance	
	Amount	Percent Increase
2014	\$ 5,302	1.50 %
2015	\$ 5,831	2.00 %
2016	\$ 5,948	2.00 %
2017	\$ 6,067	2.00 %
2018	\$ 6,188	2.00 %
2019	\$ 6,312	2.00 %
2020	\$ 6,438	2.00 %
2021	\$ 6,567	2.00 %
2022	\$ 6,728	2.45 %
2023	\$ 6,863	2.00 %
2024	\$ 7,138	4.00 %
2025	\$ 7,281	2.00 %

For fiscal 2026 and beyond, the actual increase will be equal to the Consumer Price Index-Urban (CPI-U), with a floor of 2.00 percent and a cap of 3.00 percent. CPI-U is determined based upon the prior two fourth-quarter totals. The inclusion of inflationary increases to this formula does not prevent future legislative increases from being approved.

STATE-WIDE SCHOOL DISTRICT FINANCIAL HEALTH

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

State-Wide Unrestricted Operating Fund Balance
as a Percentage of Operating Expenditures



Note: State-wide information is not available for fiscal 2023.

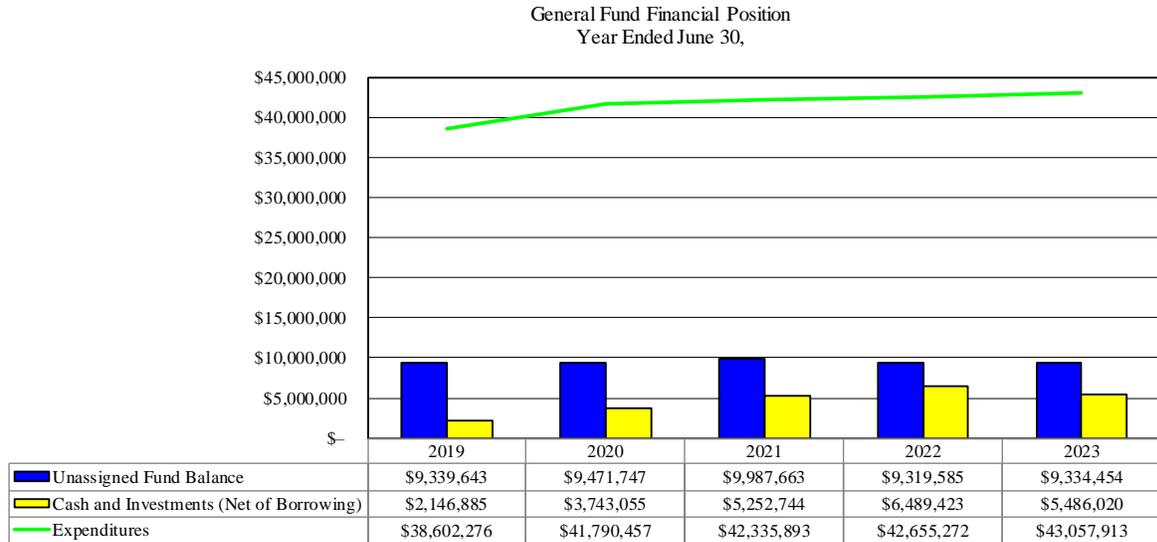
The calculation above reflects only the unrestricted fund balance of the General Fund, and the corresponding expenditures, which is the same method the state uses for the calculation of statutory operating debt.

The average unrestricted fund balance as a percentage of operating expenditures maintained by Minnesota school districts decreased gradually from 21.2 percent at the end of fiscal 2014 to 19.9 percent at the end of fiscal 2019, a period of relative stability in the state's economic condition and school funding. This ratio began rising again during the fiscal years impacted by the COVID-19 pandemic, increasing to 23.0 percent at the end of fiscal 2021. In 2022, the state-wide ratio decreased to 22.2 percent as districts returned to more traditional learning models and program operations with the relaxation of pandemic restrictions.

FINANCIAL TRENDS OF YOUR DISTRICT

GENERAL FUND FINANCIAL POSITION

The following graph displays the District’s General Fund trends of financial position and changes in the volume of financial activity. Unassigned fund balance and cash balance are two indicators of financial health, while annual expenditures are often used to measure the size of the operation.



The District ended fiscal year 2023 with a General Fund cash and investments balance of \$5,486,020 (net of borrowing and interfund receivables and payables), a decrease of \$1,003,403 from the previous year. This was mainly due to the increase in amounts due from the MDE from special education state aids.

Unassigned fund balance at year-end was \$9,334,454, an increase of \$14,869.

The District ended the year with a \$122,991 decrease in total General Fund balance. This decrease of \$122,991 is lower than the \$511,230 decrease anticipated in the District’s revised budget. The reason for the variance is mainly due to the District experiencing better than expected results in the Special Education Account totaling \$615,648. The net change in fund balance was higher than anticipated, due to better than projected special education tuition revenues when compared to program expenditures.

The following table presents the components of the General Fund balance for the past five years:

	Year Ended June 30,				
	2019	2020	2021	2022	2023
Nonspendable fund balances	\$ 129,262	\$ 131,151	\$ 109,429	\$ 123,369	\$ 119,347
Restricted fund balances	182,355	138,134	105,925	50,573	50,581
Assigned fund balances	145,942	391,088	134,029	708,921	575,075
Unassigned	9,339,643	9,471,747	9,987,663	9,319,585	9,334,454
Total fund balances	\$ 9,797,202	\$ 10,132,120	\$ 10,337,046	\$ 10,202,448	\$ 10,079,457
Unassigned fund balances as a percentage of expenditures	<u>24.2%</u>	<u>22.7%</u>	<u>23.6%</u>	<u>21.8%</u>	<u>21.7%</u>
Cash and temporary investments (net of borrowing)	\$ 2,146,885	\$ 3,743,055	\$ 5,252,744	\$ 6,489,423	\$ 5,486,020

The resources represented by this fund balance are critical to a district's ability to maintain adequate cash flow throughout the year, to retain its programs, and to cushion against the impact of unexpected costs or funding shortfalls.

Fund balance as a percentage of expenditures is one key measure in assessing the financial health of the District. Maintaining an adequate fund balance is particularly important because of the limited availability of borrowing for the District and the need for the General Fund to be self-sustaining in its cash flow needs.

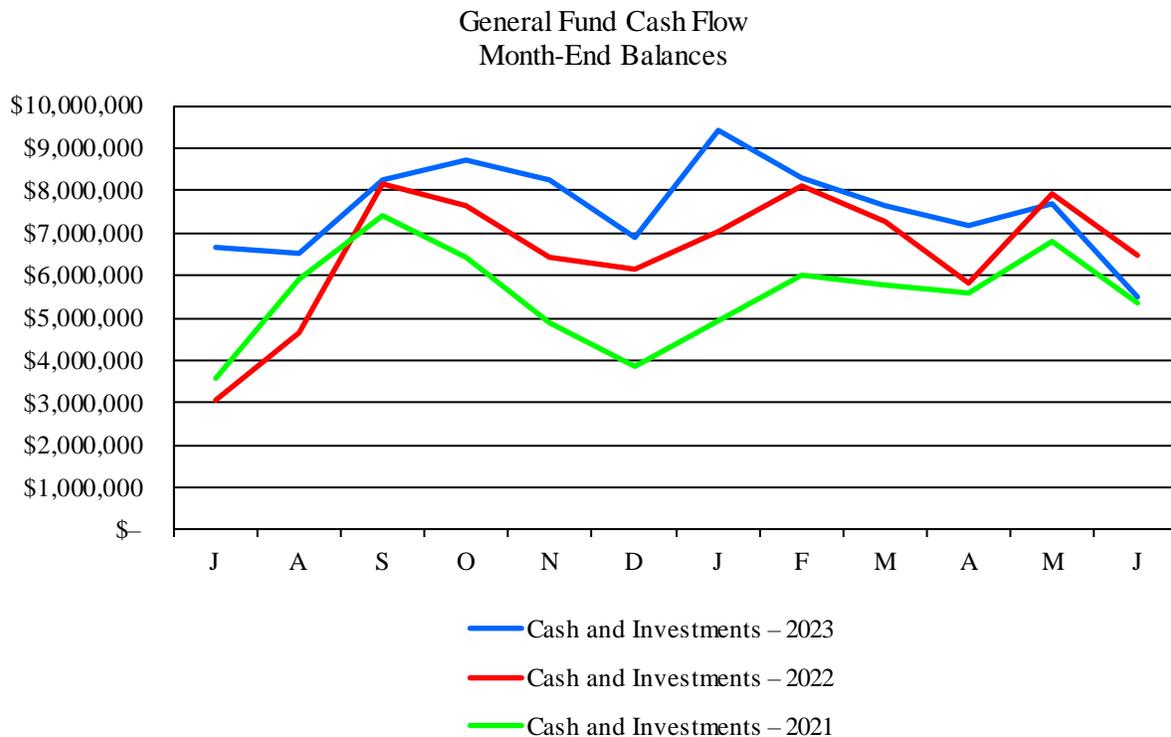
Fund Balance Policy

The fund balance remains healthy when compared to the level of district expenditures. The District's plan, based on the current fund balance policy, is to maintain a minimum unassigned General Fund balance of 15.0 percent of the annual budget. At June 30, 2023, the District has exceeded that policy, with an unassigned fund balance as a percentage of 2023 expenditures of 21.7 percent.

The District's fund balance provides opportunities to incur one-time capital expenditures to mitigate the amount of long-term facilities maintenance levy that the District requests on behalf of the member districts. The District continues to monitor its fund balances closely.

GENERAL FUND CASH FLOW

The level of cash and investments varies considerably during the year, due to the timing of various revenues and expenditures. The following graph summarizes the level of cash and investments, including cash and investments held by trustee (net of short-term cash flow borrowing) over the past three years:



The graph above shows the peaks and valleys of the General Fund cash and investments balance (net of borrowing and interfund balances) on a monthly basis. The swing between its high and low month-end cash balances was about \$3.9 million for fiscal 2023.

GENERAL FUND OPERATIONS AND FINANCIAL POSITION BY ACCOUNT

The following tables present comparative operating results for some of the accounts of the District's General Fund:

Secondary Education Account

	Year Ended June 30,				
	2019	2020	2021	2022	2023
Revenue and other financing sources	\$ 4,598,757	\$ 4,409,692	\$ 4,211,547	\$ 4,187,256	\$ 3,667,682
Expenditures	3,713,372	4,101,077	4,258,342	3,969,331	3,836,880
Net change in fund balances	885,385	308,615	(46,795)	217,925	(169,198)
Fund balances					
Beginning of year	2,411,409	3,296,794	3,605,409	3,558,614	3,776,539
End of year	\$ 3,296,794	\$ 3,605,409	\$ 3,558,614	\$ 3,776,539	\$ 3,607,341

This account experienced a net decrease in fund balance of \$169,198 during fiscal 2023. This compares to a budgeted increase of \$69,722. Revenues were under budget by \$522,409, mainly in tuition for the alternative learning (DCALS) program and federal aid sources. Expenditures ended the year lower than budget by \$276,589, mainly in salaries and benefits of \$187,708, mainly in grant-related activities.

Total revenue in the Secondary Education Account of the General Fund totaled \$3,660,782 in fiscal 2023, a decrease of \$525,979 from the previous year, due to a decrease in tuition billing related to a decline in students. Expenditures in this account decreased \$132,451, mainly in salaries and benefits.

Special Education Account

	Year Ended June 30,				
	2019	2020	2021	2022	2023
Revenue and other financing sources	\$ 34,735,955	\$ 37,131,011	\$ 37,774,644	\$ 37,734,212	\$ 38,417,883
Expenditures and other financing uses	33,857,291	37,119,354	37,529,096	38,092,565	38,363,523
Net change in fund balances	878,664	11,657	245,548	(358,353)	54,360
Fund balances					
Beginning of year	5,586,412	6,465,076	6,476,733	6,722,281	6,363,928
End of year	\$ 6,465,076	\$ 6,476,733	\$ 6,722,281	\$ 6,363,928	\$ 6,418,288

This account experienced a net increase in fund balance of \$54,360 during fiscal 2023, which compares to a budgeted decrease in fund balance of \$561,288 for the year. Special education state aid revenue was \$2,751,114 lower than budget and the related expenditures were also lower than budgeted amounts by \$3,542,268. This was mainly due to lower than anticipated salaries and benefits, purchased services, and capital expenditures. This was the result of open positions not being filled and capital-related purchases being delayed.

Special Education Account revenues and other financing sources increased \$683,671 in fiscal 2023. The District experienced an increase in federal sources, due to receiving COVID-19-related funding in fiscal 2023, offset by a decrease in state sources, due to a decrease in students. Expenditures and other financing uses increased \$270,958, mainly in purchased services, due to an increase in utilization of contracted staffing, due to open positions going unfilled during fiscal 2023, thus salaries and benefits decreased compared to fiscal 2022.

OTHER FUNDS OF THE DISTRICT

Food Service Special Revenue Fund

Expenditures exceeded revenues by \$22,764 for the year. In order to eliminate the potential deficit in the Food Service Special Revenue Fund, the District utilized remaining fund balance of \$17,670 from fiscal 2022 and the School Board approved a transfer of \$5,094 from the General Fund.

Internal Service Funds

The internal service funds are considered proprietary funds and are used to account for health and dental insurance offered by the District to its employees as a self-insured plan and post-employment employee benefits.

The following table presents comparative operating results for the District’s internal service funds over the past five fiscal years:

	Year Ended June 30,				
	2019	2020	2021	2022	2023
Revenue	\$ 4,632,933	\$ 5,066,691	\$ 5,791,672	\$ 5,478,147	\$ 5,373,355
Expenses	4,122,961	3,831,523	4,742,075	4,693,634	4,245,114
Change in net position	509,972	1,235,168	1,049,597	784,513	1,128,241
Net position					
Beginning of year	1,120,925	1,630,897	2,866,065	3,915,662	4,700,175
End of year	\$ 1,630,897	\$ 2,866,065	\$ 3,915,662	\$ 4,700,175	\$ 5,828,416

These funds had revenues over expenses of \$1,128,241 during fiscal 2023. This occurred mostly as a result of the District’s internal service fund for self-insured health insurance, which had an operating income of \$733,905. Revenues were less than fiscal 2022, mainly in the self-insured medical insurance plan, due to a decrease in the number of employee participants. Expenses decreased due to changes in claims incurred.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

	As of June 30,		Change
	2022	2023	
Net position – governmental activities			
Total fund balances – governmental funds	\$ 10,220,118	\$ 10,079,457	\$ (140,661)
Total capital assets, net of depreciation/amortization	16,046,151	15,216,282	(829,869)
Total long-term debt	(14,376,152)	(13,515,400)	860,752
Net pension-related liabilities	(27,851,215)	(24,869,187)	2,982,028
Internal service funds balance	4,700,175	5,828,416	1,128,241
Other items	<u>(401,465)</u>	<u>(508,338)</u>	<u>(106,873)</u>
Total net position – governmental activities	<u>\$ (11,662,388)</u>	<u>\$ (7,768,770)</u>	<u>\$ 3,893,618</u>
Net position			
Net investment in capital assets	\$ 1,738,308	\$ 1,758,998	\$ 20,690
Restricted	23,850	3,620	(20,230)
Unrestricted	<u>(13,424,546)</u>	<u>(9,531,388)</u>	<u>3,893,158</u>
Total net position	<u>\$ (11,662,388)</u>	<u>\$ (7,768,770)</u>	<u>\$ 3,893,618</u>

Some of the District's fund balances translate into restricted net position by virtue of external restrictions (statutory restrictions) or by the nature of the fund they are in (e.g., Food Service Special Revenue Fund balance can only be spent for food service program costs). The unrestricted net position category consists mainly of the General Fund unrestricted fund balances, offset against noncapital long-term obligations, such as severance payable, compensated absences, OPEB, and pension liabilities.

Total net position increased by \$3,893,618 in fiscal 2023. The District's net investment in capital assets increased \$20,690 this year. The change in this category of net position typically depends on the relationship between the rate at which the District is adding capital assets, the rate capital assets are being depreciated/amortized, and how that compares to the rate at which the District is repaying the debt issued to purchase or construct those assets. The District's unrestricted net position increased by \$3,893,158, mainly due to changes in funding levels of the Public Employees Retirement Association and the Teachers Retirement Association pension obligations offset by improved net position in the internal service funds of the District.

ACCOUNTING AND AUDITING UPDATES

The following is a summary of Governmental Accounting Standards Board (GASB) standards expected to be implemented in the next few years.

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.

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. In addition, the display and note disclosure requirements will result in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections.

The requirements of this statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

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.

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.

The requirements of this statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

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INTERMEDIATE SCHOOL DISTRICT NO. 917
ROSEMOUNT, MINNESOTA

Financial Statements and
Supplementary Information

Year Ended
June 30, 2023

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INTERMEDIATE SCHOOL DISTRICT NO. 917

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INDEPENDENT SCHOOL DISTRICT NO. 917

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INTRODUCTORY SECTION

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INTERMEDIATE SCHOOL DISTRICT NO. 917

School Board and Administration
as of June 30, 2023

SCHOOL BOARD

<u>Board of Directors</u>	<u>Member District</u>	<u>Position on Board</u>
Cindy Nordstrom	ISD No. 199	Chairperson
Tom Bennett	ISD No. 271	Vice Chairperson
Byron Schwab	ISD No. 197	Treasurer
Kathy Lewis	ISD No. 194	Clerk
Lesley Chester	ISD No. 191	Board Member
Lisa Ehleringer	ISD No. 195	Board Member
Wendy Felton	ISD No. 6	Board Member
Lisa Hedin	ISD No. 200	Board Member
Hannah Simmons	ISD No. 192	Board Member

ADMINISTRATION

Michael Favor	Superintendent
Nicolle Roush	Executive Director of Business Services
Melissa Schaller	Executive Director of Student Services

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FINANCIAL SECTION

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PRINCIPALS

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

INDEPENDENT AUDITOR'S REPORT

To the School Board and Management of
Intermediate School District No. 917
Rosemount, Minnesota

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINIONS

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Intermediate School District No. 917 (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2023, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

(continued)

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 generally accepted auditing standards 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 generally accepted auditing standards 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, that 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.

(continued)

REQUIRED SUPPLEMENTARY INFORMATION

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

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 combining and individual fund statements and schedules, as listed in the table of contents, are presented for purpose of additional analysis and are 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 accompanying Uniform Financial Accounting and Reporting Standards (UFARS) Compliance Table is presented for purposes of additional analysis as required by the Minnesota Department of Education, and is also not a required part of the basic financial statements of the District. 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 combining and individual fund statements and schedules and the UFARS Compliance Table are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

OTHER INFORMATION

Management is responsible for the other information included in the annual report. The other information comprises the introductory and other information sections, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

(continued)

PRIOR YEAR COMPARATIVE INFORMATION

We have previously audited the District's 2022 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in our report dated December 8, 2022. In our opinion, the partial comparative information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Minneapolis, Minnesota
December 15, 2023

INTERMEDIATE SCHOOL DISTRICT NO. 917

Management's Discussion and Analysis Year Ended June 30, 2023

This section of Intermediate School District No. 917's (the District) annual financial statements presents management's narrative overview and analysis of the District's financial performance during the fiscal year ended June 30, 2023. Please read it in conjunction with the other components of the District's financial statements.

FINANCIAL HIGHLIGHTS

- The District's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources at June 30, 2023 by \$7,768,770 (net position deficit). The District's total net position increased by \$3,893,618 during the fiscal year ended June 30, 2023.
- The District's total General Fund balance at June 30, 2023 is \$10,079,457, a decrease of \$122,991 over the prior year.
- The District's governmental funds Balance Sheet reflects a \$9,334,454 unassigned fund balance.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- Independent Auditor's Report;
- Management's discussion and analysis;
- Basic financial statements, including the government-wide financial statements, fund financial statements, and the notes to basic financial statements;
- Required supplementary information; and
- Combining and individual fund statements and schedules, which are presented as supplementary information.

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

In the government-wide financial statements the District's activities are all shown in one category titled "governmental activities." These activities, including secondary vocational and special education instruction, administration, and food services, are primarily financed with tuition charges and state aids.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's *funds*, focusing on its most significant or "major funds," rather than the District as a whole. Funds (Food Service Special Revenue) that do not meet the threshold to be classified as major funds are called "nonmajor funds." Detailed financial information for nonmajor funds can be found in the supplementary information section.

Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. For Minnesota schools, funds are established in accordance with Uniform Financial Accounting and Reporting Standards in accordance with statutory requirements and accounting principles generally accepted in the United States of America.

The District maintains the following kinds of funds:

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 fund financial statements provide a detailed *short-term* view, that helps to determine whether there are more or less financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide financial statements, we provide additional information (reconciliation schedules) immediately following the governmental fund financial statements that explain the relationship (or differences) between these two types of financial statement presentations.

Proprietary Funds – Internal service fund services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District uses internal service funds to report activities that provide supplies and services for the District's other programs and activities. These services have been included with governmental activities in the government-wide financial statements. The District currently has three internal service funds, including funds for accounting for post-employment employee benefits, and medical self-insurance and dental self-insurance plans.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

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

	2023	2022
Assets		
Current and other assets	\$ 22,755,988	\$ 21,501,778
Capital assets, net of accumulated depreciation/amortization	15,216,282	16,046,151
Total assets	\$ 37,972,270	\$ 37,547,929
Deferred outflows of resources		
Pension plan deferments	\$ 11,367,810	\$ 14,444,131
OPEB plan deferments	62,530	68,931
Deferred charge on refunding debt	246,682	269,107
Total deferred outflows of resources	\$ 11,677,022	\$ 14,782,169
Liabilities		
Current and other liabilities	\$ 4,682,205	\$ 4,367,535
Long-term liabilities, including due within one year	47,112,306	34,368,063
Total liabilities	\$ 51,794,511	\$ 38,735,598
Deferred inflows of resources		
Pension plan deferments	\$ 4,778,183	\$ 24,663,874
OPEB plan deferments	845,368	593,014
Total deferred inflows of resources	\$ 5,623,551	\$ 25,256,888
Net position		
Net investment in capital assets	\$ 1,758,998	\$ 1,738,308
Restricted for food service	-	17,670
Restricted for other purposes	6,188	6,179
Unrestricted	(9,533,956)	(13,424,545)
Total net position	\$ (7,768,770)	\$ (11,662,388)

The District's financial position is the product of many factors. For example, the determination of the District's net investment in capital assets involves many assumptions and estimates, such as current and accumulated depreciation and amortization amounts. A conservative versus liberal approach to depreciation and amortization estimates, as well as capitalization policies, will produce a significant difference in the calculated amounts. The other major factor in determining net position as compared to fund balances is the liability for long-term severance, pension, and other post-employment benefits (OPEB), which impacts the unrestricted portion of net position.

The District's total net position at June 30, 2023 was \$3,893,618 more than in the prior year, mainly due to the positive operating results of the District's internal service funds and the change in the District's share of the Public Employees Retirement Association (PERA) and the Teachers Retirement Association (TRA) pension plans, which also contributed to the change in deferred outflows of resources, long-term liabilities, and deferred inflows of resources.

Table 2 presents a summarized version of the District's Statement of Activities:

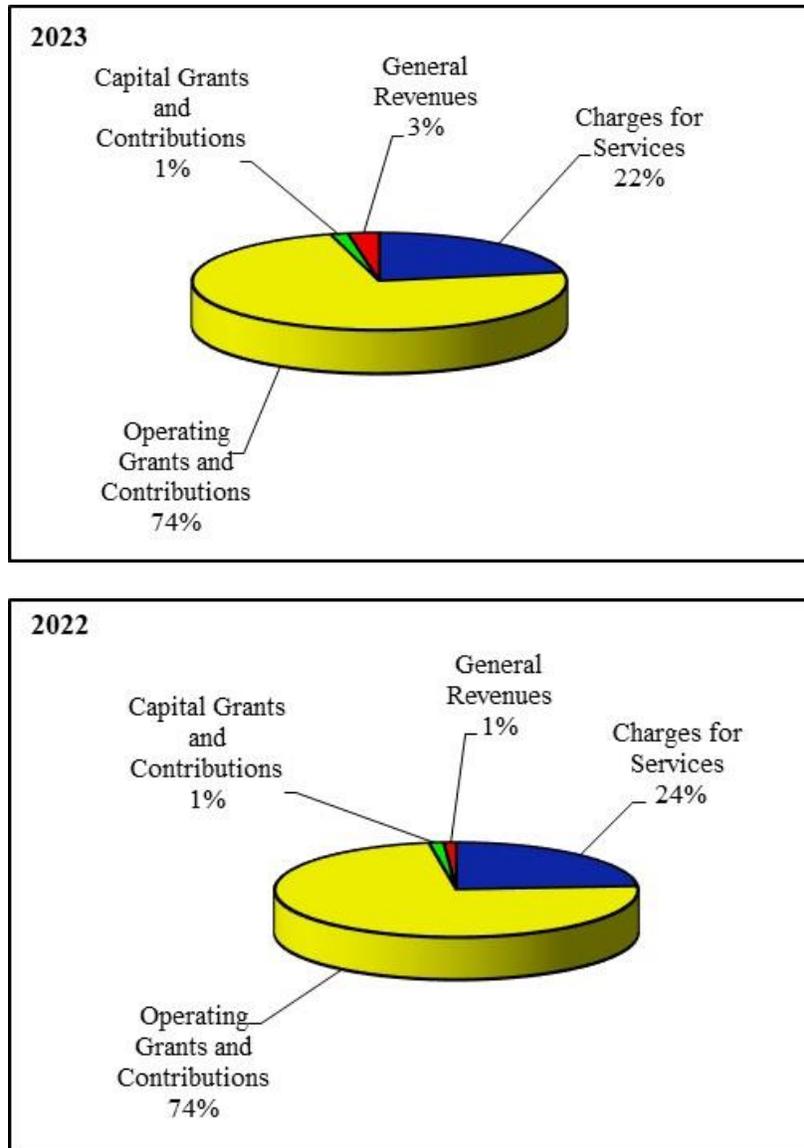
	<u>2023</u>	<u>2022</u>
Revenues		
Program revenues		
Charges for services	\$ 9,604,486	\$ 10,185,407
Operating grants and contributions	32,021,946	31,382,042
Capital grants and contributions	652,365	552,753
General revenues		
Other	668,046	452,794
Gain on sale of capital assets	22,542	-
Investment earnings	477,831	17,896
Total revenues	<u>43,447,216</u>	<u>42,590,892</u>
Expenses		
Administrative and support services	2,758,167	2,285,177
Secondary vocational/DCALS	3,054,916	3,679,900
Special education programs	32,849,150	34,835,199
Food service	149,919	179,672
Interest and fiscal charges on debt	741,446	736,468
Total expenses	<u>39,553,598</u>	<u>41,716,416</u>
Change in net position	3,893,618	874,476
Net position – beginning	<u>(11,662,388)</u>	<u>(12,536,864)</u>
Net position – ending	<u>\$ (7,768,770)</u>	<u>\$ (11,662,388)</u>

This table is presented on an accrual basis of accounting, and it includes all of the governmental activities of the District. This statement includes depreciation and amortization expense, but excludes capital asset purchase costs, debt proceeds, and the repayment of debt principal. The decline in special education program expenses is the result of the change in the District's share of state-wide pension plans as previously mentioned. The decline in secondary vocational/Dakota County Area Learning School (DCALS) is for similar reasons, as well as a decline in salaries and benefits related to reductions in programming.

The total cost of all programs and services was \$39,553,598. The District’s expenses are predominantly related to educating students. In fiscal 2022–2023, 90.8 percent of the District’s expenses were devoted to this purpose. The administrative and support services activity of the District accounted for 7.0 percent of total expenses for the year. It should be noted that the District allocated \$2,403,517 in administrative and support services expenses to the secondary vocational/DCALS and special education programs in fiscal 2023. Charges for services decreased, due to a decrease in average daily membership (ADM) (in the District’s programs, which are presented in Table 5. Operating grants and contributions increased related to additional federal revenues from COVID-19-related grant funding received in the current year. General revenues increased, due to positive investment market performance in fiscal 2023.

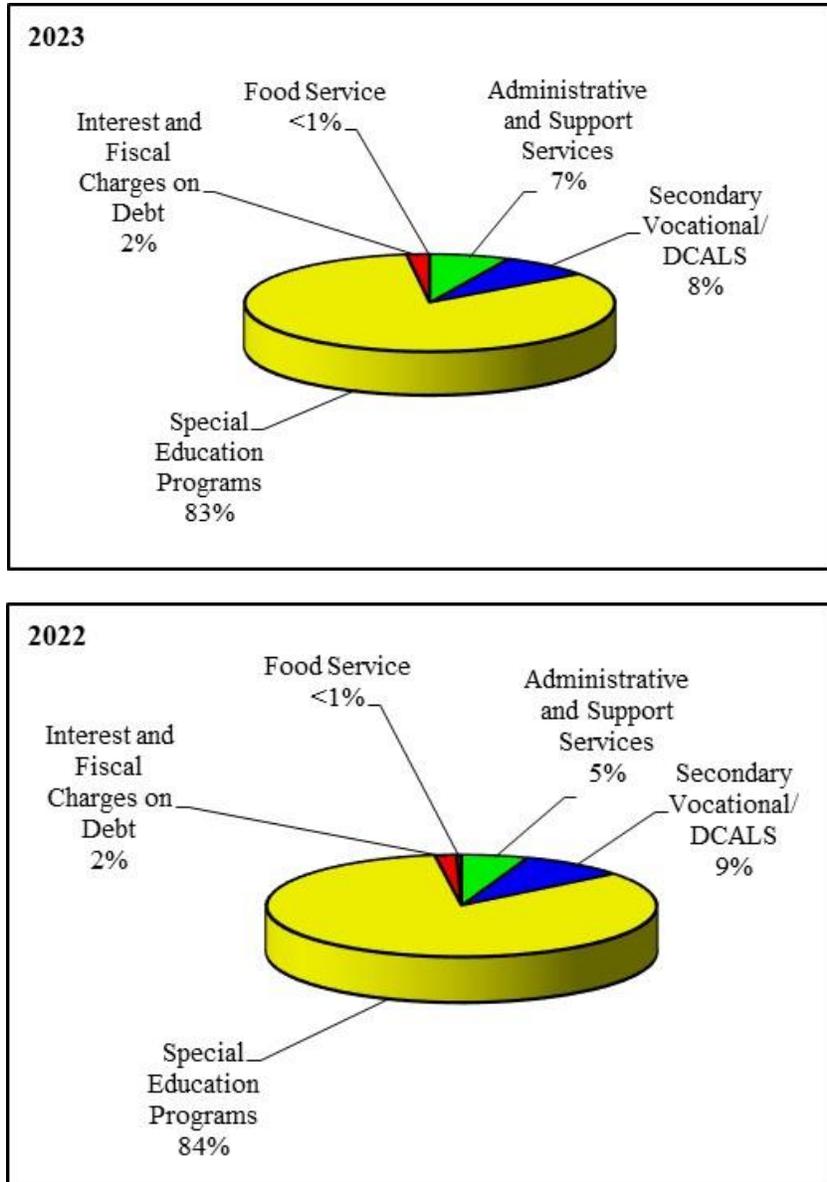
Figures A and B show further analysis of these revenue sources and expense functions:

Figure A – Sources of Revenue for Fiscal Years 2023 and 2022



The largest share of the District’s revenue is received from the state, including the aid formulas and most of the operating grants. Special education tuition billing has been processed through the Minnesota Department of Education (MDE) since 2009. Based on the special education services and costs reported to the MDE, the District generates both state special education aid and MDE-generated tuition billing revenue. Because these dollars flow through the state, they are classified as operating grants and contributions rather than charges for services.

Figure B – Expenses for Fiscal Years 2023 and 2022



The District’s expenses are predominately related to educating students. Programs (or functions), such as secondary vocational/DCALS and special education programs are directly related to classroom instruction, while the rest of the programs support instruction and other necessary costs to operate the District.

Table 3
Net Cost of Governmental Activities
for the Years Ended June 30, 2023 and 2022

	2023		2022	
	Total Cost of Services	Net (Expense) Revenue From Services	Total Cost of Services	Net (Expense) Revenue From Services
Governmental activities				
Administrative and support services	\$ 2,758,167	\$ (53,413)	\$ 2,285,177	\$ 57,438
Secondary vocational/DCALS	3,054,916	752,516	3,679,900	756,105
Special education programs	32,849,150	2,790,568	34,835,199	309,303
Food service	149,919	(23,026)	179,672	17,408
Interest and fiscal charges	741,446	(741,446)	736,468	(736,468)
Total	<u>\$ 39,553,598</u>	<u>\$ 2,725,199</u>	<u>\$ 41,716,416</u>	<u>\$ 403,786</u>

The overall net (expense) revenue from services was \$2,321,413 more than fiscal 2023, mainly due to the change in the PERA and the TRA multiple-employer defined benefit pension plans mentioned earlier.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Table 4 shows the change in total fund balances of each of the District's governmental funds:

	Table 4			Total Percent Change
	Governmental Fund Balances as of June 30, 2023 and 2022			
	2023	2022	Change	
Major fund				
General	\$ 10,079,457	\$ 10,202,448	\$ (122,991)	(1.2%)
Nonmajor fund				
Food Service Special Revenue	-	17,670	(17,670)	(100.0%)
Total governmental funds	<u>\$ 10,079,457</u>	<u>\$ 10,220,118</u>	<u>\$ (140,661)</u>	(1.4%)

As previously discussed, the focus of the District's governmental funds is to provide information on near-term inflows and outflows of resources, and balances of spendable resources. Such information is useful in assessing the District's financial position. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use, as they represent the portion of fund balance, which has not yet been limited to use for a particular purpose by either an external party, the District itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the District's School Board.

ENROLLMENT

Table 5
Average Daily Membership (ADM) Served
Last Five Fiscal Years

	<u>2018–2019</u>	<u>2019–2020</u>	<u>2020–2021</u>	<u>2021–2022</u>	<u>2022–2023</u>
Secondary vocational resource programs	101.79	94.33	72.33	75.05	74.00
DCALS programs	320.89	332.34	339.60	287.38	221.00
Special education resource programs	479.53	506.55	512.04	429.06	386.00

Funding for Minnesota school districts is largely driven by enrollment. In the current economic environment, member districts are striving to keep students at their sites, whenever possible. Overall, the District’s secondary vocational resource programs are maintaining enrollment levels. The alternative learning (DCALS) program experienced a decline in enrollment from the previous fiscal year. Special education resource programs did not experience the intended program growth in Intra-Dakota Education Alternative (IDEA), Students with Unique Needs (SUN), and Transition Education Services (TESA), due to labor shortages resulting in unfilled teaching positions and paraprofessionals jobs to support student education. Stable and predictable enrollment to maintain funding for programs will continue to be especially challenging in special education. To expand programming to meet the needs of students on our waiting lists, the hiring environment of employees will need to improve.

GENERAL FUND

The General Fund is used by the District to record the primary operations of providing education services to students enrolled in intermediate school district programs. Capital and major maintenance projects are also included in the General Fund.

Table 6
Financial Position – General Fund
Last Five Fiscal Years

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Unassigned fund balance	\$ 9,339,643	\$ 9,471,747	\$ 9,987,663	\$ 9,319,585	\$ 9,334,454
Percent increase (decrease)	40.8%	1.4%	5.4%	(6.7%)	0.2%
Expenditures	\$ 38,602,276	\$ 41,790,457	\$ 42,335,893	\$ 42,655,272	\$ 43,057,913
Percent increase (decrease)	17.8%	8.3%	1.3%	0.8%	0.9%
Unassigned fund balance as a percentage of expenditures	24.2%	22.7%	23.6%	21.8%	21.7%

The District ended the year with a \$122,991 decrease in the General Fund balance. Unassigned General Fund balance increased \$14,869.

The total decrease of \$122,991 is \$388,239 lower than the \$511,230 decline anticipated in the District’s revised budget. The reason for the variance is due to the District experiencing higher than expected results in the Special Education Account by \$615,648. The net change in fund balance was higher than anticipated, due to better than projected special education tuition revenues when compared to program expenditures.

Table 7 presents a summary of General Fund revenue:

	<u>2023</u>	<u>2022</u>	<u>Change</u>
Local sources			
Tuition	\$ 9,588,150	\$ 10,171,961	\$ (583,811)
Investment earnings	236,323	8,698	227,625
Other	589,836	585,810	4,026
State sources	30,751,039	31,446,564	(695,525)
Federal sources	<u>1,748,203</u>	<u>307,146</u>	<u>1,441,057</u>
 Total General Fund revenues	 <u>\$ 42,913,551</u>	 <u>\$ 42,520,179</u>	 <u>\$ 393,372</u>

Total General Fund revenues increased \$393,372, or 0.9 percent, in fiscal 2023, as compared to the previous year. Overall, the changes in revenues can be attributed to a decrease in state sources and tuition billings. Federal sources increases were directly from COVID-19-related stimulus grants and aids received in fiscal 2023. Direct tuition revenues decreased from local school districts for services provided, mostly in the Dakota County Alternative Learning (DCALS) program.

The decrease in state sources was mainly due to a decrease in the number of special education students served, as well as a decrease in tuition billing, due to billing member districts directly for services rendered rather than coming through the MDE’s tuition billing system. The decrease was offset by a 2.0 percent increase in general education revenues. In addition, investment earnings increased, due to increased investment market performance in fiscal 2023.

Table 8 presents a summary of General Fund expenditures:

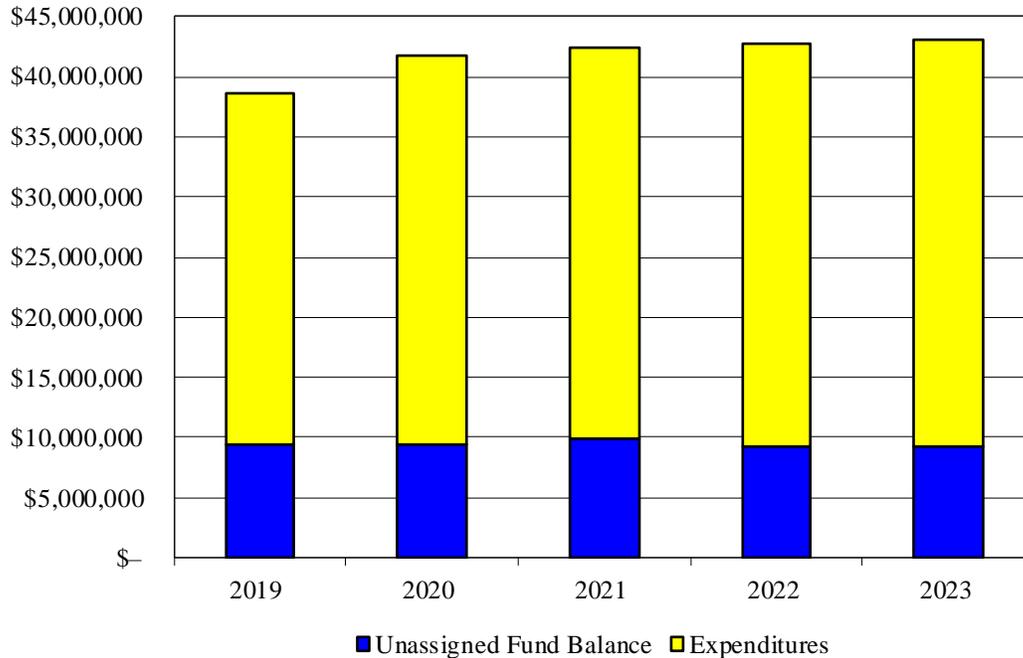
Table 8			
General Fund Expenditures			
for the Years Ended June 30, 2023 and 2022			
	<u>2023</u>	<u>2022</u>	<u>Change</u>
Salaries	\$ 26,009,737	\$ 26,211,322	\$ (201,585)
Employee benefits	9,069,731	9,423,677	(353,946)
Purchased services	4,714,326	3,870,977	843,349
Supplies and materials	1,176,993	978,056	198,937
Other expenditures	163,487	179,747	(16,260)
Capital expenditures	330,757	410,397	(79,640)
Debt service	1,592,882	1,581,096	11,786
	<u>1,592,882</u>	<u>1,581,096</u>	<u>11,786</u>
Total General Fund expenditures	<u>\$ 43,057,913</u>	<u>\$ 42,655,272</u>	<u>\$ 402,641</u>

Total General Fund expenditures increased \$402,641, or 0.9 percent, from the previous year. Overall, the changes in expenditures can be attributed to an increase in training costs as staff returned back to the District in-person, common area maintenance charges on the District's building leases, and contracted staffing. The District was unable to fill open positions due to labor market shortages, resulting in decreases in salaries and benefits, which are offset by increases in purchased services.

In summary, 2022–2023 General Fund expenditures and other financing uses exceeded General Fund revenues and other financing sources by \$122,991. As a result, total fund balance decreased to \$10,079,457 at June 30, 2023. After deducting nonspendable, restricted, and assigned funds, the unassigned fund balance increased from \$9,319,585 at June 30, 2022, to \$9,334,454 at June 30, 2023.

The following graph shows the General Fund unassigned fund balance as compared to expenditures:

Figure C
General Fund
Unassigned Fund Balance as Compared to Expenditures
Last Five Fiscal Years



The graph above is the single best measure of overall financial health. The unassigned fund balance of \$9.3 million at June 30, 2023, represents 21.7 percent of annual expenditures, or almost three months of school year operations.

The fund balances of an intermediate school district are key to its financial success, as the cash flow advance options available to intermediate school districts are more restrictive to access, compared to an independent school district.

The continued maintenance of fund balance is essential for the District to minimize the impact that cash flow borrowing would have to member districts that would have to back any debt incurred by the District. With the current metering system and limited cash flow borrowing options available, the District believes it is necessary to maintain a minimum fund balance of 15.0 percent of annual budget to assure financial stability. In addition, the District's fund balance provides opportunities to incur one-time capital expenditures to mitigate the amount of long-term facilities maintenance levy that the District requests on behalf of member districts. The District continues to monitor its fund balances closely.

General Fund Budgetary Highlights

Table 9 summarizes the General Fund budget to actual comparison:

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
Revenue and other financing sources	<u>\$ 47,424,028</u>	<u>\$ 46,489,842</u>	<u>\$ 42,940,016</u>	<u>\$ (3,549,826)</u>
Expenditures and other financing uses	<u>\$ 48,132,949</u>	<u>\$ 47,001,072</u>	<u>\$ 43,063,007</u>	<u>\$ (3,938,065)</u>

The District is required to adopt an operating budget prior to the beginning of its fiscal year, referred to above as the original budget. During the year, the District might amend that budget for known changes in circumstances such as enrollment levels, grant funding, and employee contract settlements.

The District made revisions to the budget during the budget process in January. The District derives the majority of its revenue from tuition fees to member districts and state sources from the special education tuition billing system.

The District's revenues and other financing sources were lower than budgeted amounts by 7.6 percent, due to several factors. The District's anticipated revenues are determined by actual expenditures incurred, which came in under budget by \$3,943,159.

The District's expenditures and other financing uses were less than budgeted amounts by 8.4 percent, due to several factors. Overall, expenditures were under budget by \$3.9 million. The District was uncertain how many positions it would be filling during a challenging recruiting market with labor shortages. The revised budget for staffing had additional open compliments of 500 employees. Due to unfilled positions and resignations of staff, the District came in under budget by 29 employees. In addition, the District over anticipated the number of contracted employee positions it could fill; therefore, there were also cost savings from employees taking unpaid time off, unfilled substitute positions, supplies, travel, workers' compensation insurance, vehicle purchases, utilities, and mileage.

FOOD SERVICE SPECIAL REVENUE FUND

Expenditures exceeded revenues by \$22,764 for the year. In order to eliminate the potential deficit in the Food Service Special Revenue Fund, the District utilized remaining fund balance of \$17,670 from fiscal 2022 and the School Board approved a transfer of \$5,094 from the General Fund.

INTERNAL SERVICE FUNDS

The internal service funds account for the financing of goods or services provided by one department to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis. The District has three internal service funds. The District's internal service funds include financing for post-employment severance benefits and OPEB, and self-insurance of the employee medical and dental insurance programs. The self-insurance program experienced a \$943,050 increase in net position, due to an increase in insurance premiums, plan enrollment, and utilization of service, in addition to a reduction of claims experienced in the medical self-insurance fund.

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

Table 10 shows the District’s capital assets, together with changes from the previous year. The table also shows the total depreciation and amortization expense for fiscal years ended June 30, 2023 and 2022:

	2023	2022	Change
Land	\$ 655,000	\$ 655,000	\$ –
Buildings	11,464,095	11,274,493	189,602
Buildings – leased	8,249,811	8,249,811	–
Furniture and equipment	2,764,605	2,720,065	44,540
Furniture and equipment – leased	–	38,579	(38,579)
Less accumulated depreciation and amortization	<u>(7,917,229)</u>	<u>(6,891,797)</u>	<u>(1,025,432)</u>
Total	<u>\$ 15,216,282</u>	<u>\$ 16,046,151</u>	<u>\$ (829,869)</u>
Depreciation and amortization expense	<u>\$ 1,153,673</u>	<u>\$ 1,140,470</u>	<u>\$ 13,203</u>

Long-Term Liabilities

Table 11 illustrates the components of the District’s long-term liabilities, together with changes from the prior year:

	2023	2022	Change
Certificates of participation payable	\$ 6,315,000	\$ 6,630,000	\$ (315,000)
Unamortized premium (discount)	188,566	200,798	(12,232)
Lease liabilities	7,200,400	7,746,152	(545,752)
Severance benefits payable	299,087	349,541	(50,454)
Compensated absences payable	482,444	382,482	99,962
Total OPEB liability	1,167,995	1,427,618	(259,623)
Net pension liability	<u>31,458,814</u>	<u>17,631,472</u>	<u>13,827,342</u>
Total	<u>\$ 47,112,306</u>	<u>\$ 34,368,063</u>	<u>\$ 12,744,243</u>

The increase in the pension liability for the District is due to the change in the District’s proportionate share of the state-wide PERA and TRA pension plan liabilities. The decrease in lease liabilities is related to annual payments made on the District’s building leases.

Additional details on the District’s capital assets and long-term debt activity can be found in the notes to basic financial statements.

FACTORS BEARING ON THE DISTRICT'S FUTURE

The **Vision** – The District models an innovative culture with diverse pathways serving students and families through equitable practices with highly trained staff.

The **Mission** – In partnership with member districts, the District provides high quality, equitable, and specialized programming to meet the needs of all students.

The **Core Values** of the District are collaboration, empathy, innovation, stewardship, communication, integrity, personalization, equity, and diversity.

The Vision, Mission, and Core Values of the District strongly inform budgetary decisions.

The District is charged by Minnesota Statutes to provide low incidence special education and secondary vocational technical education services to its member districts. In addition, the statutes indicate that intermediate districts should also provide its members with such other services that they require. Therefore, the District continually evaluates current service offerings and reviews additional areas of potential service to its member districts.

Current support services include:

- Provide robust offerings in Federal Setting III and Federal Setting IV Special Education programming.
- The DCALS program provides a high school Alternative Learning Center (ALC) at the Dakota County Technical College (DCTC). Providing the ALC services at the DCTC site allows for program extension into Career Technical Education programs, concurrent enrollment options in the DCTC course offerings, and a well-developed career pathway model in several careers.
- Partner with Independent School District (ISD) No. 197 to operate the DCALS North in West St. Paul. This site offers a convenient location in the northern part of the District.
- Provide the needed secondary alternative learning option to qualify a targeted services program for ISD Nos. 192, 197, 199, 200, and 271.
- Organize and facilitate regional networking meetings for superintendents, secondary principals, and special education directors.
- Collaborate with both public and private support service providers to meet the needs of member districts and to increase the capacity of our communities to meet the diverse needs of children and families.
- Collaborate with the Association of Metropolitan School Districts (AMSD), Minnesota Association of School Administrators (MASA), Minnesota School Boards Association (MSBA), and Association of Education Service Agencies (AESA) to advocate for legislative action to assist in the provision of district services.
- Collaborate with the other three intermediate school districts (287, 288, and 916) to advocate for legislative action to assist the District in meeting the needs of the unique students served by the intermediate school districts. We also collaborate on communicating about the mission and the services provided by the intermediate school districts.
- Provide special education consultation and direct service to the member districts through a purchase of services model.

Additional potential collaborative support services include:

- We will continue to strengthen our CTE programs, pathways, and alignment through the work of our Dakota County Perkins Consortium and the 2024–2025 CTE Program Approval process. All districts in the Dakota County Perkins Consortium are required to apply, between June 1, 2024 and November 1, 2024, for five-year approval for existing and proposed CTE programs and courses with appropriate teacher licensure, CTE Advisory Committees, student leadership organizations, and syllabi aligned to the MDE CTE Frameworks. To support our member and consortium districts, the District is taking the lead on this effort as the fiscal host and coordinator of the Dakota County Perkins Consortium.
- The District enrollment remains flat, due to labor shortages. To help meet our staffing needs, the District is actively working with consultants to support the hiring of licensed special education teachers from the Philippines and, possibly, other countries. Because international teachers can work in American schools for up to three years, we are in the process of understanding what teachers will need to be successful and developing infrastructure to support them both professionally and personally as they transition to a new country.
- In an effort to diversify our educator workforce, provide professional pathways for district staff, recruit new staff members, and build on the expertise of our current staff, members of our district leadership team and instructional staff are actively collaborating with the Department of Labor and Industry, the other three Minnesota intermediate school districts (287, 288, and 916), and Minnesota State University – Mankato, to develop the first K–12 Teacher Apprenticeship Program in Minnesota. This program will include job-embedded learning with experienced teachers (journey workers) and related instruction (from higher education professionals) to provide paraprofessionals (apprentices) with the knowledge, skills, and experiences to earn their teacher licensure in Emotional/Behavioral Disorders (EBD) and/or Autism Spectrum Disorders (ASD). The District plans to start the program, upon approvals from the Professional Educator Licensing and Standards Board (PELSB) and the Department of Labor and Industry (DLI), in summer 2024.

Existing circumstances that could significantly affect the District’s financial health in the future:

- The District has appropriate fund balances to provide adequate opportunities to adapt to uncontrolled changes in revenue sources for the short-term (two or three years). The special education funding system is being managed in different ways by member districts. This drives each district to make different decisions about which services they provide on their own and which services they procure from the District. We need to remain relevant, responsible, and responsive to the ever-changing needs of the member districts.
- As general education revenue for many of our member districts may likely retract, we are aware that the cost efficiency of our special educational models will become a more significant concern.
- We are concerned that with the higher resignation rate, and the challenges of retention of certified teachers and noncertified employees, the District will be challenged to fill all positions. As a district, we may need to consider potential incentives to hire qualified personnel.
- Due to the pandemic, we are aware that the needs of our students are greater than ever. We are aware that there may be a need for additional spending to help students recover from the lost opportunities.
- CTE programs are in a precarious position. As member districts operate differently due to the pandemic, our student enrollment continues to decline. It will be a significant economic struggle to retain the current course offerings in our CTE programs.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

These financial statements are designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about these statements, or need additional financial information, contact the Business Office, Intermediate School District No. 917, 1300 145th Street East, Rosemount, Minnesota 55068-2999.

BASIC FINANCIAL STATEMENTS

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INTERMEDIATE SCHOOL DISTRICT NO. 917

Statement of Net Position
as of June 30, 2023
(With Partial Comparative Information as of June 30, 2022)

	Governmental Activities	
	2023	2022
Assets		
Cash and temporary investments	\$ 13,938,949	\$ 13,956,730
Receivables		
Accounts and interest	15,740	16,020
Due from other governmental units	8,634,991	7,354,216
Inventory	485	289
Prepaid items	118,862	130,130
Restricted assets – temporarily restricted		
Cash and investments held by trustee	46,961	44,393
Capital assets		
Not depreciated	655,000	655,000
Depreciated, net of accumulated depreciation/amortization	<u>14,561,282</u>	<u>15,391,151</u>
Total capital assets, net of accumulated depreciation/amortization	<u>15,216,282</u>	<u>16,046,151</u>
Total assets	<u>37,972,270</u>	<u>37,547,929</u>
Deferred outflows of resources		
Pension plan deferments	11,367,810	14,444,131
OPEB plan deferments	62,530	68,931
Deferred charge on refunding	246,682	269,107
Total deferred outflows of resources	<u>11,677,022</u>	<u>14,782,169</u>
Total assets and deferred outflows of resources	<u>\$ 49,649,292</u>	<u>\$ 52,330,098</u>
Liabilities		
Salaries and compensated absences payable	\$ 3,038,756	\$ 3,057,305
Accounts and contracts payable	402,074	460,586
Accrued interest payable	84,010	87,292
Due to other governmental units	1,037,293	645,815
Unearned revenue	120,072	116,537
Long-term liabilities		
Due within one year	1,003,416	1,002,113
Due in more than one year	46,108,890	33,365,950
Total long-term liabilities	<u>47,112,306</u>	<u>34,368,063</u>
Total liabilities	51,794,511	38,735,598
Deferred inflows of resources		
Pension plan deferments	4,778,183	24,663,874
OPEB plan deferments	845,368	593,014
Total deferred inflows of resources	<u>5,623,551</u>	<u>25,256,888</u>
Net position		
Net investment in capital assets	1,758,998	1,738,308
Restricted for food service	–	17,670
Restricted for other purposes	3,620	6,180
Unrestricted	<u>(9,531,388)</u>	<u>(13,424,546)</u>
Total net position	<u>(7,768,770)</u>	<u>(11,662,388)</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 49,649,292</u>	<u>\$ 52,330,098</u>

INTERMEDIATE SCHOOL DISTRICT NO. 917

Statement of Activities
 Year Ended June 30, 2023
 (With Partial Comparative Information for the Year Ended June 30, 2022)

2023				
Functions/Programs	Expenses	Indirect Expense Allocation	Program Revenues	
			Charges for Services	Operating Grants and Contributions
Governmental activities				
Administrative and support services	\$ 2,758,167	\$ (2,403,517)	\$ —	\$ 273,372
Secondary vocational/DCALS	3,054,916	195,197	2,755,493	722,636
Special education programs	32,849,150	2,208,320	6,831,871	30,916,167
Food service	149,919	—	17,122	109,771
Interest and fiscal charges on debt	741,446	—	—	—
Total governmental activities	<u>\$ 39,553,598</u>	<u>\$ —</u>	<u>\$ 9,604,486</u>	<u>\$ 32,021,946</u>
			General revenues	
			Other general revenues	
			Gain on sale of capital assets	
			Investment earnings	
			Total general revenues	
			Change in net position	
			Net position – beginning	
			Net position – ending	

		2022
	Net (Expense) Revenue and Changes in Net Position	Net (Expense) Revenue and Changes in Net Position
Capital Grants and Contributions	Governmental Activities	Governmental Activities
\$ 27,865	\$ (53,413)	\$ 57,438
524,500	752,516	756,105
100,000	2,790,568	309,303
-	(23,026)	17,408
-	(741,446)	(736,468)
<u>\$ 652,365</u>	2,725,199	403,786
	668,046	452,794
	22,542	-
	<u>477,831</u>	<u>17,896</u>
	<u>1,168,419</u>	<u>470,690</u>
	3,893,618	874,476
	<u>(11,662,388)</u>	<u>(12,536,864)</u>
	<u>\$ (7,768,770)</u>	<u>\$ (11,662,388)</u>

INTERMEDIATE SCHOOL DISTRICT NO. 917

Balance Sheet
 Governmental Funds
 as of June 30, 2023
 (With Partial Comparative Information as of June 30, 2022)

	General Fund	Nonmajor Fund – Food Service Special Revenue Fund	Total Governmental Funds	
			2023	2022
Assets				
Cash and temporary investments	\$ 5,486,020	\$ 4,561	\$ 5,490,581	\$ 6,512,985
Cash and investments held by trustee	46,961	–	46,961	44,393
Receivables				
Accounts and interest	5,891	7,028	12,919	16,020
Due from other governmental units	8,634,991	–	8,634,991	7,354,216
Inventory	485	–	485	289
Prepaid items	118,862	–	118,862	125,130
	<u>118,862</u>	<u>–</u>	<u>118,862</u>	<u>125,130</u>
Total assets	<u>\$ 14,293,210</u>	<u>\$ 11,589</u>	<u>\$ 14,304,799</u>	<u>\$ 14,053,033</u>
Liabilities				
Salaries and compensated absences payable	\$ 3,038,756	\$ –	\$ 3,038,756	\$ 3,057,305
Accounts and contracts payable	95,462	922	96,384	92,176
Due to other governmental units	1,035,601	–	1,035,601	644,124
Unearned revenue	43,934	10,667	54,601	39,310
	<u>43,934</u>	<u>10,667</u>	<u>54,601</u>	<u>39,310</u>
Total liabilities	<u>4,213,753</u>	<u>11,589</u>	<u>4,225,342</u>	<u>3,832,915</u>
Fund balances				
Nonspendable	119,347	–	119,347	125,419
Restricted	50,581	–	50,581	66,193
Assigned	575,075	–	575,075	708,921
Unassigned	9,334,454	–	9,334,454	9,319,585
	<u>9,334,454</u>	<u>–</u>	<u>9,334,454</u>	<u>9,319,585</u>
Total fund balances	<u>10,079,457</u>	<u>–</u>	<u>10,079,457</u>	<u>10,220,118</u>
	<u>10,079,457</u>	<u>–</u>	<u>10,079,457</u>	<u>10,220,118</u>
Total liabilities and fund balances	<u>\$ 14,293,210</u>	<u>\$ 11,589</u>	<u>\$ 14,304,799</u>	<u>\$ 14,053,033</u>

INTERMEDIATE SCHOOL DISTRICT NO. 917

Reconciliation of the Balance Sheet to the
Statement of Net Position
Governmental Funds
as of June 30, 2023
(With Partial Comparative Information as of June 30, 2022)

	<u>2023</u>	<u>2022</u>
Total fund balances – governmental funds	\$ 10,079,457	\$ 10,220,118
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets are included in net position, but are excluded from fund balances because they do not represent financial resources.		
Cost of capital assets	23,133,511	22,937,948
Accumulated depreciation and amortization	(7,917,229)	(6,891,797)
Long-term liabilities are included in net position, but are excluded from fund balances until due and payable.		
Certificates of participation payable	(6,315,000)	(6,630,000)
Lease liabilities	(7,200,400)	(7,746,152)
Compensated absences payable	(482,444)	(382,482)
Net pension liability	(31,458,814)	(17,631,472)
Accrued interest payable on long-term debt is included in net position, but is excluded from fund balances until due and payable.	(84,010)	(87,292)
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows of resources – pension plan deferments	11,367,810	14,444,131
Deferred inflows of resources – pension plan deferments	(4,778,183)	(24,663,874)
Deferred outflows of resources – deferred charge on refunding	246,682	269,107
Debt issuance premiums and discounts are excluded from net position until amortized, but are included in fund balances upon issuance as other financing sources and uses.	(188,566)	(200,798)
The internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position.	<u>5,828,416</u>	<u>4,700,175</u>
Total net position – governmental activities	<u><u>\$ (7,768,770)</u></u>	<u><u>\$ (11,662,388)</u></u>

INTERMEDIATE SCHOOL DISTRICT NO. 917

Statement of Revenue, Expenditures, and Changes in Fund Balances
 Governmental Funds
 Year Ended June 30, 2023
 (With Partial Comparative Information for the Year Ended June 30, 2022)

	General Fund	Nonmajor Fund – Food Service Special Revenue Fund	Total Governmental Funds	
			2023	2022
Revenue				
Local sources				
Tuition	\$ 9,588,150	\$ –	\$ 9,588,150	\$ 10,171,961
Investment earnings	236,323	–	236,323	8,698
Other	589,836	17,122	606,958	585,727
State sources	30,751,039	4,282	30,755,321	31,449,683
Federal sources	1,748,203	105,489	1,853,692	501,190
Total revenue	<u>42,913,551</u>	<u>126,893</u>	<u>43,040,444</u>	<u>42,717,259</u>
Expenditures				
Current				
Administrative and support services	320,394	–	320,394	38,645
Secondary vocational/DCALS	3,847,059	–	3,847,059	3,986,286
Special education programs	37,297,578	–	37,297,578	37,049,245
Food service	–	149,657	149,657	179,410
Debt service				
Principal	858,347	–	858,347	852,238
Interest and fiscal charges	734,535	–	734,535	728,858
Total expenditures	<u>43,057,913</u>	<u>149,657</u>	<u>43,207,570</u>	<u>42,834,682</u>
Excess (deficiency) of revenue over expenditures	(144,362)	(22,764)	(167,126)	(117,423)
Other financing sources (uses)				
Sale of capital assets	26,465	–	26,465	495
Transfers in	–	5,094	5,094	–
Transfers out	(5,094)	–	(5,094)	–
Total other financing sources (uses)	<u>21,371</u>	<u>5,094</u>	<u>26,465</u>	<u>495</u>
Net change in fund balances	(122,991)	(17,670)	(140,661)	(116,928)
Fund balances				
Beginning of year	<u>10,202,448</u>	<u>17,670</u>	<u>10,220,118</u>	<u>10,337,046</u>
End of year	<u>\$ 10,079,457</u>	<u>\$ –</u>	<u>\$ 10,079,457</u>	<u>\$ 10,220,118</u>

INTERMEDIATE SCHOOL DISTRICT NO. 917

Reconciliation of the Statement of
Revenue, Expenditures, and Changes in Fund Balances
to the Statement of Activities
Year Ended June 30, 2023

(With Partial Comparative Information for the Year Ended June 30, 2022)

	<u>2023</u>	<u>2022</u>
Total net change in fund balances – governmental funds	\$ (140,661)	\$ (116,928)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays are recorded as net position and the cost is allocated over their estimated useful lives as depreciation or amortization expense. However, fund balances are reduced for the full cost of capital outlays at the time of purchase.		
Capital outlays	327,727	180,506
Depreciation and amortization expense	(1,153,673)	(1,140,470)
Repayment of long-term debt does not affect the change in net position. However, it reduces fund balances.		
Certificates of participation payable	315,000	310,000
Lease liabilities	545,752	542,238
Interest on long-term debt is included in the change in net position as it accrues, regardless of when payment is due. However, it is included in the change in fund balances when due.		
	3,282	2,583
Debt issuance premiums and discounts are included in the change in net position as they are amortized over the life of the debt. However, they are included in the change in fund balances upon issuance as other financing sources and uses.		
	12,232	12,232
Certain expenses are included in the change in net position, but do not require the use of current funds, and are not included in the change in fund balances.		
Net pension liability	(13,827,342)	9,392,898
A gain or loss on the disposal of capital assets, including the difference between the carrying value and any related sale proceeds, is included in the change in net position. However, only the sale proceeds are included in the change in fund balances.		
	(3,923)	–
The internal service funds are used by management to charge the costs of certain activities to individual funds. The change in net position of the internal service funds is included in the governmental activities in the Statement of Activities.		
	1,128,241	784,513
Certain expenses are included in the change in net position, but do not require the use of current funds, and are not included in the change in fund balances.		
Compensated absences payable	(99,962)	9,663
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows of resources – pension plan deferments	(3,076,321)	1,034,528
Deferred inflows of resources – pension plan deferments	19,885,691	(10,114,862)
Deferred outflows of resources – deferred charge on refunding	(22,425)	(22,425)
Change in net position – governmental activities	<u>\$ 3,893,618</u>	<u>\$ 874,476</u>

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INTERMEDIATE SCHOOL DISTRICT NO. 917

Statement of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual
 General Fund
 Year Ended June 30, 2023

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
Revenue				
Local sources				
Tuition	\$ 10,024,643	\$ 9,988,710	\$ 9,588,150	\$ (400,560)
Investment earnings	14,000	144,750	236,323	91,573
Other	440,199	513,025	589,836	76,811
State sources	36,251,022	33,573,245	30,751,039	(2,822,206)
Federal sources	694,164	2,270,112	1,748,203	(521,909)
Total revenue	<u>47,424,028</u>	<u>46,489,842</u>	<u>42,913,551</u>	<u>(3,576,291)</u>
Expenditures				
Current				
Administrative and support services	388,852	429,506	320,394	(109,112)
Secondary vocational/DCALS	4,301,123	4,135,105	3,847,059	(288,046)
Special education programs	41,426,739	40,838,333	37,297,578	(3,540,755)
Debt service				
Principal	1,806,735	858,347	858,347	–
Interest and fiscal charges	209,500	739,781	734,535	(5,246)
Total expenditures	<u>48,132,949</u>	<u>47,001,072</u>	<u>43,057,913</u>	<u>(3,943,159)</u>
Excess (deficiency) of revenue over expenditures	(708,921)	(511,230)	(144,362)	366,868
Other financing sources (uses)				
Sale of capital assets	–	–	26,465	26,465
Transfers out	–	–	(5,094)	(5,094)
Total other financing sources (uses)	<u>–</u>	<u>–</u>	<u>21,371</u>	<u>21,371</u>
Net change in fund balances	<u>\$ (708,921)</u>	<u>\$ (511,230)</u>	<u>(122,991)</u>	<u>\$ 388,239</u>
Fund balances				
Beginning of year			<u>10,202,448</u>	
End of year			<u>\$ 10,079,457</u>	

INTERMEDIATE SCHOOL DISTRICT NO. 917

Statement of Net Position
 Proprietary Funds
 Internal Service Funds
 as of June 30, 2023
 (With Partial Comparative Actual Amounts as of June 30, 2022)

	<u>2023</u>	<u>2022</u>
Assets		
Current assets		
Cash and temporary investments	\$ 8,448,368	\$ 7,443,745
Receivables		
Accounts and interest	2,821	–
Prepaid items	–	5,000
Total assets	<u>8,451,189</u>	<u>7,448,745</u>
Deferred outflows of resources		
OPEB plan deferments	62,530	68,931
Liabilities		
Current liabilities		
Accounts and contracts payable	305,690	368,410
Due to other governmental units	1,692	1,691
Total OPEB liability – due within one year	32,164	33,276
Severance benefits payable – due within one year	26,421	40,314
Unearned revenue	65,471	77,227
Total current liabilities	<u>431,438</u>	<u>520,918</u>
Long-term liabilities		
Total OPEB liability – due in more than one year	1,135,831	1,394,342
Severance benefits payable – due in more than one year	272,666	309,227
Total long-term liabilities	<u>1,408,497</u>	<u>1,703,569</u>
Total liabilities	1,839,935	2,224,487
Deferred inflows of resources		
OPEB plan deferments	<u>845,368</u>	<u>593,014</u>
Net position		
Unrestricted	<u>\$ 5,828,416</u>	<u>\$ 4,700,175</u>

INTERMEDIATE SCHOOL DISTRICT NO. 917

Statement of Revenue, Expenses, and Changes in Net Position
 Proprietary Funds
 Internal Service Funds
 Year Ended June 30, 2023
 (With Partial Comparative Information for the Year Ended June 30, 2022)

	<u>2023</u>	<u>2022</u>
Operating revenue		
Charges for services		
Contributions from governmental funds	\$ 5,131,847	\$ 5,468,949
Operating expenses		
Post-employment severance and health benefits (change in severance)	(12,285)	206,223
Medical benefit claims	3,771,538	4,005,741
Dental benefit claims	485,861	481,670
Total operating expenses	<u>4,245,114</u>	<u>4,693,634</u>
Operating income	886,733	775,315
Nonoperating revenue		
Investment earnings	<u>241,508</u>	<u>9,198</u>
Change in net position	1,128,241	784,513
Net position		
Beginning of year	<u>4,700,175</u>	<u>3,915,662</u>
End of year	<u>\$ 5,828,416</u>	<u>\$ 4,700,175</u>

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INTERMEDIATE SCHOOL DISTRICT NO. 917

Statement of Cash Flows
 Proprietary Funds
 Internal Service Funds
 Year Ended June 30, 2023

(With Partial Comparative Actual Amounts for the Year Ended June 30, 2022)

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Contributions from governmental funds	\$ 5,117,270	\$ 5,452,369
Post-employment severance and health benefit payments	(39,037)	(64,607)
Payments for medical claims	(3,831,449)	(4,047,166)
Payments for dental claims	<u>(483,669)</u>	<u>(482,218)</u>
Net cash flows from operating activities	763,115	858,378
Cash flows from investing activities		
Investment income received	<u>241,508</u>	<u>9,198</u>
Net increase in cash and cash equivalents	1,004,623	867,576
Cash and temporary investments		
Beginning of year	<u>7,443,745</u>	<u>6,576,169</u>
End of year	<u><u>\$ 8,448,368</u></u>	<u><u>\$ 7,443,745</u></u>
Reconciliation of operating income to net cash flows from operating activities		
Operating income	\$ 886,733	\$ 775,315
Adjustments to reconcile operating income to net cash flows from operating activities		
Changes in assets and liabilities		
Accounts and interest receivable	(2,821)	-
Prepaid items	5,000	(4,077)
OPEB plan deferments	258,755	10,444
Accounts and contracts payable	(62,720)	(37,225)
Due to other governmental units	1	252
Severance benefits payable	(50,454)	(61,527)
Total OPEB liability	(259,623)	191,776
Unearned revenue	<u>(11,756)</u>	<u>(16,580)</u>
Net cash flows from operating activities	<u><u>\$ 763,115</u></u>	<u><u>\$ 858,378</u></u>

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INTERMEDIATE SCHOOL DISTRICT NO. 917

Notes to Basic Financial Statements
June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

Intermediate School District No. 917 (the District) is an instrumentality of the state of Minnesota established to provide participating school districts with vocational, technical, and special education services. The District is governed by a joint School Board composed of appointed members from each participating school district. The District's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

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

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

C. Minnesota State Colleges and Universities

On July 1, 1995, Minnesota technical colleges, community colleges, and state universities were merged under the control of Minnesota State Colleges and Universities (MnSCU). Therefore, the funds and assets of the District associated with Dakota County Technical College's (DCTC) operations were remanded to the state system. The District continues to serve secondary, vocational, and kindergarten through Grade 12 special education students. Under terms of an agreement with DCTC, the District has access to certain facilities and equipment of DCTC. The District pays DCTC its share of building maintenance and costs of other services based on space, usage, personnel, and budget percentages. The District provides business office services to DCTC, and is reimbursed for related actual costs based on personnel, usage, and budget percentages.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Government-Wide Financial Statement Presentation

The government-wide financial statements (Statement of Net Position and Statement of Activities) display information about the reporting government as a whole. These statements include all the financial activities of the District. Generally, the effect of material interfund activity has been removed from the government-wide financial statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues and an allocation of indirect administrative and support service expenses. 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. Other internally directed revenues are reported as general revenues.

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

The District applies restricted resources first when an expense is incurred for which both restricted and unrestricted resources are available. Depreciation/amortization expense is included as a direct expense in the functional areas that utilize the related capital assets. Interest on debt is considered an indirect expense and is reported separately on the Statement of Activities.

E. Fund Financial Statement Presentation

Separate fund financial statements are provided for governmental and proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Aggregate information for the remaining nonmajor governmental funds is reported in a single column in the fund financial statements.

The internal service funds are presented in the proprietary fund financial statements. Because the principal users of the internal service funds are the District's governmental activities, the financial statements of the internal service funds are consolidated into the governmental column when presented in the government-wide financial statements. The cost of these services is reported in the appropriate functional activity.

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 revenue of the District's internal service funds are charges to customers for service. Operating expenses for the internal service funds include the cost of providing benefits. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The District's only proprietary funds are the internal service funds, which provide services to the governmental funds.

Proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as described earlier in these notes.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this basis of accounting, transactions are recorded in the following manner:

- 1. Revenue Recognition** – Revenue is recognized when it becomes measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met. State revenue is recognized in the year to which it applies according to funding formulas established by Minnesota Statutes. Other revenue is considered available if collected within 60 days. Proceeds of long-term debt are reported as other financing sources.
- 2. Recording of Expenditures** – Expenditures are generally recorded when a liability is incurred, except for long-term debt and other long-term liabilities, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in the governmental funds. In the General Fund, capital expenditures are included within the applicable functional areas.

Description of Funds

The existence of the various district funds has been established by the Minnesota Department of Education. Each fund is accounted for as an independent entity. A description of the funds included in this report is as follows:

Major Governmental Funds

General Fund – The General Fund is used to account for all financial resources except those required to be accounted for in another fund. The District maintains separate accounts within the General Fund for secondary education, secondary resale, special education, special education resale, district support services, capital expenditure, student activities, and service allocation costs to be reimbursed by others.

Nonmajor Governmental Funds

Food Service Special Revenue Fund – The Food Service Special Revenue Fund is primarily used to account for the District’s child nutrition program.

Proprietary Funds

Internal Service Funds – The internal service funds account for the financing of goods or services provided by one department to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis. The District has three internal service funds. The District’s internal service funds include financing for post-employment severance benefits and other post-employment benefits (OPEB), and self-insurance for the employee medical and dental insurance programs.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Budgetary Information

Each June, the School Board adopts an annual budget for the following fiscal year for all governmental funds. The budget for each fund is prepared on the same basis of accounting as the financial statements. Legal budgetary control is at the fund level. Budgeted expenditure appropriations lapse at year-end.

G. Cash and Temporary Investments

Cash and temporary 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 respective funds on the basis of applicable cash balance participation by each fund.

Cash and investments held by trustee include balances held in segregated accounts that are established for specific purposes. In the General Fund, the capital lease escrow account is used to hold assets held for future debt payments. Interest earned on these investments was allocated directly to those accounts.

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

The District categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

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

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

H. Receivables

When necessary, the District utilizes an allowance for uncollectible accounts to value its receivables. However, the District considers all of its current receivables to be collectible. No allowances have been recorded.

I. Inventories

Inventories are valued at the lower of cost (first-in, first-out method) or market. Inventories are recorded as expenses/expenditures when items are used or sold.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Prepaid Items

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

K. Capital Assets

Capital assets that purchased or constructed by the District are recorded at historical cost. Donated capital assets are recorded at their estimated acquisition value at the date of donation. Leased capital assets are recorded based on the measurement of payments applicable to the lease term. The District defines capital assets as those with an initial, individual cost of \$1,200 or more, which benefit more than one fiscal 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 government-wide financial statements, but are not reported in the governmental fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are generally sold for an immaterial amount or scrapped when declared as no longer fit or needed for public school purposes by the District, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 20 to 50 years for buildings and 5 to 15 years for furniture and equipment. Leased assets are amortized over the term of the lease or over the useful life of the applicable asset class previously described, if future ownership is anticipated. Land is not depreciated.

The District does not possess material amounts of infrastructure capital assets, such as sidewalks or parking lots. Such items are considered to be part of the cost of buildings or other improvable property.

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. Debt premiums and discounts are deferred and amortized over the life of the debt using the straight-line method.

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

M. Compensated Absences

Under the terms of union contracts, certain employees accrue vacation at varying rates, portions of which may be carried over to future years. Employees are reimbursed for any unused, accrued vacation and related benefits upon termination. Vacation pay is accrued when incurred in the government-wide financial statements. Unused vacation pay is accrued in governmental fund financial statements only when it has matured, due to employee termination or similar circumstances.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Sick Pay

Substantially all district employees are entitled to sick leave at various rates. Unused sick leave enters into the calculation of early retirement incentive payments for some employees upon termination.

O. Severance Benefits

The District provides lump sum severance pay to eligible employees in accordance with provisions in certain collectively bargained contracts. Members of certain employee groups may become eligible to receive lump sum severance pay benefits. Eligibility for these benefits is based on years of service and/or minimum age requirements. The amount of the severance or retirement benefit is calculated by converting a portion of unused accumulated sick leave. No individual can receive severance benefits in excess of one year's salary.

Severance payable and the District's share of related benefits are recorded as a liability in the government-wide financial statements as it is earned and it becomes probable that it will vest at some point in the future. Severance pay is accrued in the applicable internal service fund as it is earned and it becomes probable it will vest at some point in the future.

P. State-Wide Pension Plans

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

The TRA has a special funding situation created by direct aid contributions made by the state of Minnesota, City of Minneapolis, and 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 Teachers Retirement Fund Association in 2015.

Q. Unearned Revenue

Unearned revenue consists of federal grants and collections in advance of premiums charged in the internal service funds.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Risk Management

1. **General Insurance** – 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 workers’ compensation for which the District carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There were no significant reductions in the District’s insurance coverage in the current year.
2. **Self-Insurance** – The District has established two internal service funds to account for and finance its self-insured risk of loss for respective employee dental and health insurance plans. Under these plans, the internal service funds provide coverage to participating employees and their dependents for various dental and healthcare costs as described in the plan.

The District makes premium payments to the internal service funds on behalf of program participants based on provisional rates determined by insurance company estimates of monthly claims paid for each coverage class, plus the stop-loss health insurance premium costs and administrative service charges.

District claim liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred, but not reported. Because actual claim liabilities depend on complex factors, such as inflation, changes in legal doctrines, and damage awards, the process used in computing a claim liability does not necessarily result in an exact amount. Claim liabilities are evaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors.

Changes in the balance of dental claim liabilities for the last two years were as follows:

Fiscal Year Ended June 30,	Beginning of Fiscal Year Liability	Charges and Changes in Estimates	Claims Payments	Balance at Fiscal Year-End
2022	\$ 49,302	\$ 482,270	\$ 482,218	\$ 49,354
2023	\$ 49,354	\$ 485,261	\$ 483,669	\$ 50,946

Changes in the balance of health claim liabilities for the last two years were as follows:

Fiscal Year Ended June 30,	Beginning of Fiscal Year Liability	Charges and Changes in Estimates	Claims Payments	Balance at Fiscal Year-End
2022	\$ 356,333	\$ 4,009,889	\$ 4,047,166	\$ 319,056
2023	\$ 319,056	\$ 3,767,137	\$ 3,831,449	\$ 254,744

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, statements of financial position or balance sheets will sometimes report a separate section for deferred outflows or inflows of resources. These separate financial statement elements represent a consumption or acquisition of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) or an inflow of financial resources (revenue) until then.

The District reports deferred outflows and inflows of resources related to pensions and OPEB in the government-wide and internal service fund Statement of Net Position. These deferred outflows and inflows result from differences between expected and actual experience, changes of assumptions, change in proportion, the difference between projected and actual earnings on pension plan investments, and contributions to the plan subsequent to the measurement date and before the end of the reporting period. These amounts are deferred and amortized as required under pension and OPEB standards.

The District also reports a deferred outflow of resources related to the deferred charge on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

T. Statement of Cash Flows

For purposes of the Statement of Cash Flows, the District considers all highly liquid debt instruments with an original maturity from time of purchase by the District of three months or less to be cash equivalent. The proprietary fund's equity in the government-wide cash and investment management pool is considered to be cash equivalent.

U. Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts and disclosures during the reporting period. Actual results could differ from those estimates.

V. Restricted Assets

Restricted assets are cash and cash equivalents whose use is limited by legal requirements, such as a bond indenture. Restricted assets are reported only in the government-wide financial statements. In the governmental funds, cash and investments that are restricted are reported as cash and investments held by trustee.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

W. Net Position

In the government-wide and internal service fund financial statements, net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position is displayed in three components:

- **Net Investment in Capital Assets** – Consists of capital assets, net of accumulated depreciation/amortization, reduced by any outstanding debt attributable to acquire capital assets.
- **Restricted Net Position** – Consists of net position restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- **Unrestricted Net Position** – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

X. Fund Balance Classifications

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

- **Nonspendable** – Consists of amounts that are not in spendable form, such as prepaid items, inventory, and other long-term assets.
- **Restricted** – Consists of amounts related to externally imposed constraints established by creditors, grantors, or contributors; or constraints imposed by state statutory provisions.
- **Committed** – Consists of internally imposed constraints that are established by resolution of the School Board. Those committed amounts cannot be used for any other purpose unless the School Board removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.
- **Assigned** – Consists of internally imposed constraints. These constraints consist of amounts intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, assigned amounts represent intended uses established by the governing body itself or by an official to which the governing body delegates the authority. Pursuant to School Board resolution, the District’s superintendent and executive director of business services are authorized to establish assignments of fund balance.
- **Unassigned** – The residual classification for the General Fund, which also reflects negative residual amounts in other funds.

When both restricted and unrestricted resources are available for use, it is the District’s policy to first use restricted resources, then use unrestricted resources as they are needed.

When committed, assigned, or unassigned resources are available for use, it is the District’s policy to use resources in the following order: 1) committed, 2) assigned, and 3) unassigned.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Y. Prior Period Comparative Financial Information/Reclassification

The basic financial statements include certain prior year partial comparative information in total, but not at the level of detail required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2022, from which the summarized information was derived. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

Z. Interfund Transactions and Transfers

The General Fund transferred \$5,904 to the Food Service Special Revenue Fund to finance current year operating deficits.

Interfund balances and transfers between governmental funds reported in the fund financial statements are eliminated in the entity-wide financial statements.

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, including checking accounts, savings accounts, and nonnegotiable certificates of deposit.

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

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

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

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

At year-end, the carrying amount of the District's deposits was \$2,047,258, while the balance on the bank records was \$2,296,149. At June 30, 2023, all deposits were insured or collateralized by securities held by the District's agent in the District's name.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments

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

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

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

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

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

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

C. Summary

The following table presents the District’s deposit and investment balances at June 30, 2023, and information relating to potential investment risks:

Investment Type	Credit Risk		Fair Value Measurements	Interest Risk – Maturity Duration in Years				Total
	Rating	Agency		Less Than 1	1 to 5	5 to 10	More Than 10	
Investment pools/mutual funds								
Minnesota School District Liquid Asset Fund								
Liquid Class	AAA	S&P	Amortized Cost	N/A	N/A	N/A	N/A	\$ 845,977
MAX Class	AAA	S&P	Amortized Cost	N/A	N/A	N/A	N/A	11,045,714
First American Treasury Obligations Fund Class D								
	AAA	S&P	Level 1	N/A	N/A	N/A	N/A	46,961
								11,938,652
Deposits								2,047,258
Total cash and investments								<u>\$ 13,985,910</u>

N/A – Not Applicable

Cash and investments are included on the basic financial statements as follows:

Cash and temporary investments – Statement of Net Position	\$ 13,938,949
Cash and investments held by trustee – Statement of Net Position	<u>46,961</u>
Total cash and investments	<u>\$ 13,985,910</u>

The Minnesota School District Liquid Asset Fund (MSDLAF) is regulated by Minnesota Statutes and is an external investment pool not registered with the Securities and Exchange Commission (SEC) that follows the same regulatory rules of the SEC. The District’s investment in the MSDLAF is measured at the value per share provided by the pool, which is based on an amortized cost method that approximates fair value.

For MSDLAF investments, there are no unfunded commitments, redemption frequency is daily, and there is no redemption notice for the Liquid Class; the redemption notice period is 14 days for the MAX Class, with the exception of direct investments of funds distributed by the state of Minnesota. Withdrawals prior to the 14-day restriction period may be subject to a penalty and there is a 24-hour hold on all requests for redemption.

NOTE 3 – CAPITAL ASSETS

Capital assets and accumulated depreciation activity for the year ended June 30, 2023 is as follows:

	Balance – Beginning of Year	Additions	Deletions	Balance – End of Year
Capital assets, not depreciated or amortized				
Land	\$ 655,000	\$ –	\$ –	\$ 655,000
Capital assets, depreciated or amortized				
Buildings	11,274,493	189,602	–	11,464,095
Buildings – leased	8,249,811	–	–	8,249,811
Furniture and equipment	2,720,065	138,125	(93,585)	2,764,605
Furniture and equipment – leased	38,579	–	(38,579)	–
Total capital assets, depreciated or amortized	<u>22,282,948</u>	<u>327,727</u>	<u>(132,164)</u>	<u>22,478,511</u>
Less accumulated depreciation and amortization for				
Buildings	(4,324,821)	(277,415)	–	(4,602,236)
Buildings – leased	(686,585)	(686,585)	–	(1,373,170)
Furniture and equipment	(1,863,063)	(172,345)	93,585	(1,941,823)
Furniture and equipment – leased	(17,328)	(17,328)	34,656	–
Total accumulated depreciation and amortization	<u>(6,891,797)</u>	<u>(1,153,673)</u>	<u>128,241</u>	<u>(7,917,229)</u>
Net capital assets	<u>15,391,151</u>	<u>(825,946)</u>	<u>(3,923)</u>	<u>14,561,282</u>
Total capital assets, net	<u>\$ 16,046,151</u>	<u>\$ (825,946)</u>	<u>\$ (3,923)</u>	<u>\$ 15,216,282</u>

Depreciation/amortization expense for the year ended June 30, 2023 was charged to the following governmental functions:

Administrative and support services	\$ 14,716
Secondary vocational/DCALS	16,551
Special education programs	1,122,144
Food service	<u>262</u>
Total depreciation/amortization expense	<u>\$ 1,153,673</u>

NOTE 4 – LONG-TERM LIABILITIES

A. Components and Changes in Long-Term Liabilities

The following table describes the changes in long-term liabilities, including amounts due within one year:

	Balance – Beginning of Year	Additions	Retirements*	Balance – End of Year	Due Within One Year
Certificates of participation	\$ 6,630,000	\$ –	\$ 315,000	\$ 6,315,000	\$ 325,000
Unamortized premium/discount	200,798	–	12,232	188,566	–
Lease liabilities	7,746,152	–	545,752	7,200,400	578,390
Severance benefits payable	349,541	26,421	76,875	299,087	26,421
Compensated absences payable	382,482	141,403	41,441	482,444	41,441
Total OPEB liability	1,427,618	193,807	453,430	1,167,995	32,164
Net pension liability	<u>17,631,472</u>	<u>16,415,460</u>	<u>2,588,118</u>	<u>31,458,814</u>	<u>–</u>
	<u>\$ 34,368,063</u>	<u>\$ 16,777,091</u>	<u>\$ 4,032,848</u>	<u>\$ 47,112,306</u>	<u>\$ 1,003,416</u>

* The lease liabilities retirement amount includes \$2,405 that was deleted in the current year and was not a principal payment.

NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

B. Description of Long-Term Liabilities

- **Certificates of Participation Payable** – In November 2016, the District sold \$8,085,000 of certificates of participation to finance the construction of additions to the Alliance Center special education facility. These certificates have interest rates that range from 2.0 percent to 3.0 percent, with a final maturity of February 2039. Annual principal and interest payments on these certificates will be paid by the General Fund. Tuition revenue in the General Fund capital expenditure account from member districts specifically for this debt obligation for the duration of the debt obligation are pledged for the payment of principal and interest on these certificates of participation payable.

Failure by the District to pay any payments under this agreement, or upon the occurrence of and continuation of an event of default, the lender without any further demand or notice, may take one or any combination of the following steps. The lender, with or without terminating the agreement, may declare all payments due or become due during the fiscal year in effect when the default occurs. They may repossess the facility by giving the District written notice to surrender the facility to the lender. The lender will thereafter use its best efforts to sell or lease its interest in the facility or any portion thereof in a commercially reasonable manner in accordance with applicable state laws. The lender may also pursue any other remedy available to require the District to perform any of its obligations in the agreement.

- **Lease Liabilities** – The District has obtained the use of certain equipment and building space through a lease financing agreement. The total amount of underlying lease assets by major classes and the related accumulated amortization is presented in Note 3 to the basic financial statements. Annual principal and interest on these agreements will be paid from the General Fund. The agreement is secured by the original property. The lessor may repossess the property and seek full recovery of the losses upon default. The District currently has the following lease liabilities obligations outstanding:

Lease Description	Interest Rate	Lease Date	Final Maturity	Principal Outstanding
Concord Education Center	7.00%	09/01/2018	07/01/2033	\$ 5,392,331
Lebanon Education Center	7.00%	08/01/2015	07/01/2030	1,808,069
Total lease liabilities				<u>\$ 7,200,400</u>

NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

- **Severance Benefits Payable** – Severance benefits are paid by the applicable internal service fund. Annual payments to retire severance benefit liabilities have not been determined and will depend on actual employee turnover.
- **Compensated Absences Payable** – Compensated absences payable represent accrued vacation payable at year-end. Compensated absences are paid by the General Fund. These benefits are not funded until the year of payment. Annual payments to retire compensated absences payable will depend on employee turnover and actual employee absences.
- **Other Long-Term Liabilities** – The District offers a number of benefits to its employees, including pensions and OPEB. The details of these various benefit liabilities are discussed elsewhere in these notes. Such benefits are financed primarily by the General Fund and the Internal Service Fund.

District employees participate in two state-wide, cost-sharing, multiple-employer defined benefit pension plans administered by the PERA and the TRA. The following is a summary of the net pension liabilities, deferred outflows and inflows of resources, and pension expense reported for these plans as of and for the year ended June 30, 2023:

Pension Plans	Net Pension Liabilities	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
PERA	\$ 8,933,798	\$ 3,051,855	\$ 574,967	\$ 1,347,792
TRA	22,525,016	8,315,955	4,203,216	(1,945,821)
Total	\$ 31,458,814	\$ 11,367,810	\$ 4,778,183	\$ (598,029)

C. Minimum Debt Payments

Minimum annual principal and interest payments required to retire certificates of participation and lease liabilities are as follows:

Year Ending June 30,	Certificates of Participation		Lease Liabilities	
	Principal	Interest	Principal	Interest
2024	\$ 325,000	\$ 201,625	\$ 578,390	\$ 485,767
2025	330,000	193,500	635,444	443,473
2026	340,000	185,250	621,233	399,228
2027	350,000	175,050	674,728	354,263
2028	360,000	163,675	739,443	304,983
2029–2033	1,985,000	637,025	3,818,715	707,090
2034–2038	2,165,000	269,450	132,447	1,160
2039	460,000	13,800	–	–
	\$ 6,315,000	\$ 1,839,375	\$ 7,200,400	\$ 2,695,964

NOTE 5 – FUND BALANCES

The following is a breakdown of equity components of governmental funds, which are defined earlier in the report.

A. Classifications

At June 30, 2023, a summary of the District’s governmental fund balance classifications are as follows:

	<u>General Fund</u>	<u>Food Service Special Revenue Fund</u>	<u>Total</u>
Nonspendable			
Inventory	\$ 485	\$ –	\$ 485
Prepaid items	118,862	–	118,862
Total nonspendable	<u>119,347</u>	<u>–</u>	<u>119,347</u>
Restricted for			
Student activities	3,620	–	3,620
Debt service	46,961	–	46,961
Total restricted	<u>50,581</u>	<u>–</u>	<u>50,581</u>
Assigned			
Subsequent year’s budgeted deficit	575,075	–	575,075
Unassigned	<u>9,334,454</u>	<u>–</u>	<u>9,334,454</u>
Total	<u>\$ 10,079,457</u>	<u>\$ –</u>	<u>\$ 10,079,457</u>

B. Minimum Unassigned Fund Balance Policy

The School Board has formally adopted a fund balance policy regarding maintaining a minimum unassigned fund balance for the General Fund. The policy states the District will strive to maintain a minimum unassigned General Fund balance of 15.0 percent of the annual budget. At June 30, 2023, the unassigned fund balance of the General Fund was 21.7 percent of fiscal 2023 expenditures.

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

A. Plan Descriptions

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

1. General Employees Retirement Fund (GERF)

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

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

2. Teachers Retirement Association (TRA)

The TRA administers a Basic Plan (without Social Security coverage) and a Coordinated Plan (with Social Security coverage) in accordance with Minnesota Statutes, Chapters 354 and 356. The TRA is a separate statutory entity, administered by a Board of Trustees. The Board of Trustees consists of four active members, one retired member, and three statutory officials.

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

B. Benefits Provided

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

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

1. GERF Benefits

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

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

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

2. TRA Benefits

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

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

Tier I Benefits

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

With these provisions:

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

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

Tier II Benefits

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

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

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

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

C. Contributions

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

1. GERF Contributions

Minnesota Statutes, Chapter 353 sets the rates for employer and employee contributions. Coordinated Plan members were required to contribute 6.5 percent of their annual covered salary in fiscal year 2023 and the District was required to contribute 7.5 percent for Coordinated Plan members. The District's contributions to the GERF for the year ended June 30, 2023, were \$658,405. The District's contributions were equal to the required contributions as set by state statutes.

2. TRA Contributions

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

	Year Ended June 30,					
	2021		2022		2023	
	Employee	Employer	Employee	Employer	Employee	Employer
Basic Plan	11.00 %	12.13 %	11.00 %	12.34 %	11.00 %	12.55 %
Coordinated Plan	7.50 %	8.13 %	7.50 %	8.34 %	7.50 %	8.55 %

The District's contributions to the TRA for the plan's fiscal year ended June 30, 2023, were \$1,447,755. The District's contributions were equal to the required contributions for each year as set by state statutes.

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

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

	<i>in thousands</i>
Employer contributions reported in the TRA’s Annual Comprehensive Financial Report Statement of Changes in Fiduciary Net Position	\$ 482,679
Add employer contributions not related to future contribution efforts	(2,178)
Deduct the TRA’s contributions not included in allocation	<u>(572)</u>
Total employer contributions	479,929
Total nonemployer contributions	<u>35,590</u>
Total contributions reported in the Schedule of Employer and Nonemployer Pension Allocations	<u>\$ 515,519</u>

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

D. Pension Costs

1. GERF Pension Costs

At June 30, 2023, the District reported a liability of \$8,933,798 for its proportionate share of the General Employees Fund’s net pension liability. The District’s net pension liability reflected a reduction due to the state of Minnesota’s contribution of \$16 million. The state of Minnesota is considered a nonemployer contributing entity and the state’s contribution meets the definition of a special funding situation. The state of Minnesota’s proportionate share of the net pension liability associated with the District totaled \$261,896. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportionate share of the net pension liability was based on the District’s contributions received by the PERA during the measurement period for employer payroll paid dates from July 1, 2021 through June 30, 2022, relative to the total employer contributions received from all of the PERA’s participating employers. The District’s proportionate share was 0.1128 percent at the end of the measurement period and 0.1205 percent for the beginning of the period.

District’s proportionate share of the net pension liability	\$ 8,933,798
State’s proportionate share of the net pension liability associated with the District	\$ 261,896

For the year ended June 30, 2023, the District recognized pension expense of \$1,308,659 for its proportionate share of the GERF’s pension expense. In addition, the District recognized an additional \$39,133 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota’s contribution of \$16 million to the GERF.

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

At June 30, 2023, the District reported its proportionate share of the GERF’s deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 74,622	\$ 102,312
Changes in actuarial assumptions	2,155,729	40,363
Net collective difference between projected and actual investment earnings	–	41,783
Changes in proportion	163,099	390,509
District’s contributions to the GERF subsequent to the measurement date	<u>658,405</u>	<u>–</u>
Total	<u><u>\$ 3,051,855</u></u>	<u><u>\$ 574,967</u></u>

The \$658,405 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 ending June 30, 2024. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Pension Expense Amount</u>
2024	\$ 789,255
2025	\$ 665,880
2026	\$ (444,580)
2027	\$ 807,928

2. TRA Pension Costs

At June 30, 2023, the District reported a liability of \$22,525,016 for its proportionate share of the TRA’s net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportion of the net pension liability was based on the District’s contributions to the TRA in relation to total system contributions, including direct aid from the state of Minnesota, City of Minneapolis, and Minneapolis School District. The District’s proportionate share was 0.2813 percent at the end of the measurement period and 0.2853 percent for the beginning of the period.

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

District’s proportionate share of the net pension liability	\$ 22,525,016
State’s proportionate share of the net pension liability associated with the District	\$ 1,670,646

For the year ended June 30, 2023, the District recognized negative pension expense of \$2,175,540. It also recognized \$229,719 as an increase to pension expense for the support provided by direct aid.

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

At June 30, 2023, the District had deferred resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 314,186	\$ 190,396
Changes in actuarial assumptions	3,693,051	3,866,943
Net collective difference between projected and actual investment earnings on pension plan investments	454,290	–
Changes in proportion	2,406,673	145,877
District’s contributions to the TRA subsequent to the measurement date	<u>1,447,755</u>	<u>–</u>
Total	<u>\$ 8,315,955</u>	<u>\$ 4,203,216</u>

A total of \$1,447,755 reported as deferred outflows of resources related to pensions resulting from district contributions to the TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Pension Expense Amount</u>
2024	\$ (2,257,733)
2025	\$ 1,144,099
2026	\$ 569,854
2027	\$ 3,188,062
2028	\$ 20,702

E. Long-Term Expected Return on Investment

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	33.50 %	5.10 %
International equity	16.50	5.30 %
Private markets	25.00	5.90 %
Fixed income	<u>25.00</u>	0.75 %
Total	<u>100.00 %</u>	

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

F. Actuarial Methods and Assumptions

The total pension liability in the June 30, 2022 actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

Assumptions	GERF	TRA
Inflation	2.25%	2.50%
Wage growth rate		2.85% before July 1, 2028, and 3.25% thereafter
Projected salary increase	3.00%	2.85% to 8.85% before July 1, 2028, and 3.25% to 9.25% thereafter
Investment rate of return	6.50%	7.00%

1. GERF

The long-term rate of return on pension plan investments used in the determination of the total liability is 6.50 percent. 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 6.50 percent was deemed to be within that range of reasonableness for financial reporting purposes.

Inflation is assumed to be 2.25 percent for the GERF Plan. Benefit increases after retirement are assumed to be 1.25 percent for the GERF Plan.

Salary growth assumptions in the GERF Plan range in annual increments from 10.25 percent after one year of service to 3.00 percent after 27 years of service.

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

Actuarial assumptions for the GERF Plan are reviewed every four years. The most recent four-year experience study for the GERF Plan was completed in 2019. The assumption changes were adopted by the Board and became effective with the July 1, 2020 actuarial valuation.

2. TRA

Salary increases were based on a service-related table.

Mortality Assumptions Used in Valuation of Total Pension Liability	
Pre-retirement	RP-2014 White Collar Employee Table, male rates set back five years and female rates set back seven years. Generational projection uses the MP-2015 Scale.
Post-retirement	RP-2014 White Collar Annuitant Table, male and female rates set back three years, with further adjustments of the rates. Generational projection uses the MP-2015 Scale.
Post-disability	RP-2014 Disabled Retiree Mortality Table, without adjustment.

Cost of living benefit increases after retirement for retirees are assumed to be 1.00 percent for January 2019 through January 2023, then increasing by 0.10 percent each year, up to 1.50 percent annually.

Actuarial assumptions for the TRA Plan were based on the results of actuarial experience studies. The most recent experience study in the TRA Plan was completed in 2019, with economic assumptions updated in 2019.

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

The following changes in actuarial assumptions occurred in 2022:

1. GERF

CHANGES IN ACTUARIAL ASSUMPTIONS

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

2. TRA

CHANGES IN ACTUARIAL ASSUMPTIONS

- None.

G. Discount Rate

1. GERF

The discount rate used to measure the total pension liability in 2022 was 6.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the GERF was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

2. TRA

The discount rate used to measure the total pension liability was 7.00 percent. There was no change in the discount rate since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year 2022 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.

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

H. Pension Liability Sensitivity

The following table presents the District’s proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding page, 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:

	<u>1% Decrease in Discount Rate</u>	<u>Current Discount Rate</u>	<u>1% Increase in Discount Rate</u>
GERF discount rate	5.50%	6.50%	7.50%
District’s proportionate share of the GERF net pension liability	\$ 14,111,401	\$ 8,933,798	\$ 4,687,363
TRA discount rate	6.00%	7.00%	8.00%
District’s proportionate share of the TRA net pension liability	\$ 35,509,461	\$ 22,525,016	\$ 11,881,819

I. Pension Plan Fiduciary Net Position

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

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

NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN

A. Plan Descriptions

The District provides post-employment healthcare benefits to certain eligible employees through a single-employer defined benefit OPEB Plan administered by the District. All post-employment benefits are based on contractual agreements with employee groups, with benefit eligibility based on years of service and/or minimum age requirements. These contractual agreements do not include any specific contribution or funding requirements. The plan does not issue a separate financial report.

All retirees of the District have the option under state law to continue their medical insurance coverage through the District from the time of retirement until the employee reaches the age of eligibility for Medicare. For members of certain employee groups, the District pays for all or part of the eligible retiree’s premiums for medical and/or dental insurance from the time of retirement until the employee reaches the age of eligibility for Medicare. Benefits paid by the District differ by bargaining unit, with some contracts specifying a certain dollar amount per month, and some covering premium costs as defined within each collective bargaining agreement. Retirees not eligible for these district-paid premium benefits must pay the full district premium rate for their coverage.

NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

The District is legally required to include any retirees for whom it provides health insurance coverage in the same insurance pool as its active employees, whether the premiums are paid by the District or the retiree. Consequently, participating retirees are considered to receive a secondary benefit known as an “implicit rate subsidy.” This benefit relates to the assumption that the retiree is receiving a more favorable premium rate than they would otherwise be able to obtain if purchasing insurance on their own, due to being included in the same pool with the District’s younger and statistically healthier active employees.

B. Contributions

The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined periodically by the District. The District’s contributions in the current year totaled \$32,164 as required on a pay-as-you-go basis to finance the current year benefits as described in the previous section. The District has not established a trust fund to finance these OPEB benefits.

C. Membership

Membership in the plan consisted of the following as of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	2
Active plan members	<u>472</u>
Total members	<u><u>474</u></u>

D. Total OPEB Liability of the District

The District’s total OPEB liability of \$1,167,995 at year-end was measured as of July 1, 2022, and was determined by an actuarial valuation with a valuation date of July 1, 2022.

E. Actuarial Methods and Assumptions

The total OPEB liability was determined by an actuarial study with a valuation date as of July 1, 2022 and measurement date as of July 1, 2022, using the entry-age method, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	3.80%
20-year municipal bond yield	3.80%
Inflation rate	2.50%
Salary increases	Service graded table
Medical trend rate	6.50% as of July 1, 2022 grading to 5.00% over 6 years, then to 4.00% over the next 48 years
Dental trend rate	4.00%

Since the plan is not funded by an irrevocable trust, the discount rate is equal to the 20-year municipal bond yield.

Mortality rates were based on the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables with MP-2021 Generational Improvement Scale. Economic assumptions are based on input from a variety of published sources of historical and projected future financial data. Each assumption was reviewed for reasonableness with the source information, as well as for consistency with the other economic assumptions.

NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

F. Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Beginning balance	\$ 1,427,618
Changes for the year	
Service cost	156,755
Interest	32,631
Assumption changes	(111,524)
Difference between expected and actual experience	(280,523)
Plan changes	4,421
Benefit payments	<u>(61,383)</u>
Total net changes	<u>(259,623)</u>
Ending balance	<u>\$ 1,167,995</u>

G. Changes in Actuarial Assumptions

- The healthcare trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2019 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2021 Generational Improvement Scale.
- The salary increase rates for nonteachers were updated to reflect the latest experience study.
- The withdrawal rates were updated to reflect the latest experience study.
- The discount rate was changed from 2.10 percent to 3.80 percent.

H. Benefit Plan Changes

- The subsidy for the secondary principal was changed to match the assistant directors/principals.
- The assistant directors'/principals' and secondary principal's eligibility to receive a post-employment medical subsidy was updated to age 55 and 10 years of service (15 if hired after 2004) and hired before July 1, 2022. There is no post-employment medical subsidy for employees hired on or after July 1, 2022.
- The change in benefits for assistant directors/principals at July 1, 2004 was removed. The freeze on increases after retirement no longer applies to employees hired after July 1, 2004.
- A subsidized post-employment medical benefit was added for the communications, innovation, and public relations coordinator and human resources coordinator.

I. Total OPEB Liability Sensitivity to Discount and Healthcare Cost Trend Rate Changes

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 a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	<u>1% Decrease in Discount Rate</u>	<u>Current Discount Rate</u>	<u>1% Increase in Discount Rate</u>
OPEB discount rate	2.80%	3.80%	4.80%
Total OPEB liability	\$ 1,247,207	\$ 1,167,995	\$ 1,092,002

NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	1% Decrease in Healthcare Cost Trend Rates	Healthcare Cost Trend Rates	1% Increase in Healthcare Cost Trend Rates
Medical cost trend rate	5.50% decreasing to 4.00%, then 3.00%	6.50% decreasing to 5.00%, then 4.00%	7.50% decreasing to 6.00%, then 5.00%
Dental trend rate	3.00%	4.00%	5.00%
Total OPEB liability	\$ 1,056,589	\$ 1,167,995	\$ 1,299,945

J. OPEB Expense and Related Deferred Outflows and Deferred Inflows of Resources

The District recognized OPEB expense of \$31,296 in the current year, and at year-end reported the following deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in actuarial assumptions	\$ 30,366	\$ 248,273
Differences between expected and actual economic experience	–	597,095
District’s contributions subsequent to the measurement date	32,164	–
Total	<u>\$ 62,530</u>	<u>\$ 845,368</u>

A total of \$32,164 reported as deferred outflows of resources related to OPEB resulting from district contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2024.

Other amounts reported as deferred outflows and inflows of resources to the OPEB Plan will be recognized in OPEB expense as follows:

Year Ending June 30,	OPEB Expense
2024	\$ (134,404)
2025	\$ (134,404)
2026	\$ (134,404)
2027	\$ (134,404)
2028	\$ (79,401)
Thereafter	\$ (197,985)

NOTE 8 – FLEXIBLE BENEFIT PLAN

The District offers its employees a flexible benefit plan, a cafeteria plan (the Plan) created in accordance with the IRC § 125. All employee groups of the District are eligible if and when the collective bargaining agreement or contract with their group allows eligibility. Eligible employees can elect to participate by contributing pretax dollars withheld from payroll checks to the Plan for healthcare and dependent care benefits.

Before the beginning of the Plan year, which is from January 1 to December 31, each participant designates a total amount of pretax dollars to be contributed to the Plan during the year. At June 30, the District is contingently liable for claims against the total amount of participants' annual contributions to the medical reimbursement portion of the Plan, whether or not such contributions have been made.

Payments of insurance premiums (health and dental) are made by the District directly to the designated insurance companies. These payments are made on a monthly basis and are accounted for in the General Fund.

Amounts withheld for medical reimbursement and dependent care are held in the District's cash account. Payments are made by a third party administrator to participating employees upon submitting a request for reimbursement of eligible expenses incurred by the employee. The medical reimbursement and dependent care activity are accounted for in the financial statements in the General Fund.

All property of the Plan and income attributable to that property is solely the property of the District, subject to the claims of the District's general creditors. Participants' rights under the Plan are equal to those of general creditors of the District in an amount equal to eligible healthcare and dependent care expenses incurred by the participants. The District believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

A. Federal and State Revenues

Amounts received or receivable from federal and state agencies are subject to agency audit and adjustment. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of funds which may be disallowed by the agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

B. Legal Contingencies

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

NOTE 10 – DEFICIT NET POSITION

The Post-Employment Employee Benefits Internal Service Fund had a deficit net position at June 30, 2023 of \$650,284. This deficit will be funded by future district contributions to this fund.

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REQUIRED SUPPLEMENTARY INFORMATION

INTERMEDIATE SCHOOL DISTRICT NO. 917

Public Employees Retirement Association Pension Benefits Plan
 Schedule of District's and Nonemployer Proportionate Share of Net Pension Liability
 Year Ended June 30, 2023

District Fiscal Year-End Date	PERA Fiscal Year-End Date (Measurement Date)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2015	06/30/2014	0.0973%	\$ 4,570,667	\$ -	\$ 4,570,667	\$ 5,105,448	89.53%	78.70%
06/30/2016	06/30/2015	0.0956%	\$ 4,954,489	\$ -	\$ 4,954,489	\$ 5,613,356	88.26%	78.20%
06/30/2017	06/30/2016	0.0970%	\$ 7,875,919	\$ 102,897	\$ 7,978,816	\$ 6,015,751	130.92%	68.90%
06/30/2018	06/30/2017	0.0970%	\$ 6,192,416	\$ 77,892	\$ 6,270,308	\$ 6,251,084	99.06%	75.90%
06/30/2019	06/30/2018	0.1052%	\$ 5,836,065	\$ 191,344	\$ 6,027,409	\$ 7,070,948	82.54%	79.50%
06/30/2020	06/30/2019	0.1135%	\$ 6,275,161	\$ 194,992	\$ 6,470,153	\$ 8,036,142	78.09%	80.20%
06/30/2021	06/30/2020	0.1253%	\$ 7,512,308	\$ 231,538	\$ 7,743,846	\$ 8,933,431	84.09%	79.10%
06/30/2022	06/30/2021	0.1205%	\$ 5,145,891	\$ 157,170	\$ 5,303,061	\$ 8,676,826	59.31%	87.00%
06/30/2023	06/30/2022	0.1128%	\$ 8,933,798	\$ 261,896	\$ 9,195,694	\$ 8,447,806	105.75%	76.70%

Public Employees Retirement Association Pension Benefits Plan
 Schedule of District Contributions
 Year Ended June 30, 2023

District Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
06/30/2015	\$ 414,341	\$ 414,341	\$ -	\$ 5,613,356	7.38%
06/30/2016	\$ 451,532	\$ 451,532	\$ -	\$ 6,015,751	7.51%
06/30/2017	\$ 469,399	\$ 469,399	\$ -	\$ 6,251,084	7.51%
06/30/2018	\$ 530,998	\$ 530,998	\$ -	\$ 7,070,948	7.51%
06/30/2019	\$ 603,172	\$ 603,172	\$ -	\$ 8,036,142	7.51%
06/30/2020	\$ 670,963	\$ 670,963	\$ -	\$ 8,933,431	7.51%
06/30/2021	\$ 650,759	\$ 650,759	\$ -	\$ 8,676,826	7.50%
06/30/2022	\$ 633,584	\$ 633,584	\$ -	\$ 8,447,806	7.50%
06/30/2023	\$ 658,405	\$ 658,405	\$ -	\$ 8,778,757	7.50%

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

INTERMEDIATE SCHOOL DISTRICT NO. 917

Teachers Retirement Association Pension Benefits Plan
 Schedule of District's and Nonemployer Proportionate Share of Net Pension Liability
 Year Ended June 30, 2023

District Fiscal Year-End Date	TRA Fiscal Year-End Date (Measurement Date)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2015	06/30/2014	0.2029%	\$ 9,349,486	\$ 657,803	\$ 10,007,289	\$ 9,262,291	100.94%	81.50%
06/30/2016	06/30/2015	0.1954%	\$ 12,087,423	\$ 1,482,856	\$ 13,570,279	\$ 9,915,820	121.90%	76.80%
06/30/2017	06/30/2016	0.2064%	\$ 49,231,325	\$ 4,941,167	\$ 54,172,492	\$ 10,745,627	458.15%	44.88%
06/30/2018	06/30/2017	0.2149%	\$ 42,897,938	\$ 4,147,269	\$ 47,045,207	\$ 11,700,275	366.64%	51.57%
06/30/2019	06/30/2018	0.2282%	\$ 14,333,096	\$ 1,346,422	\$ 15,679,518	\$ 12,766,959	112.27%	78.07%
06/30/2020	06/30/2019	0.2487%	\$ 15,852,190	\$ 1,402,823	\$ 17,255,013	\$ 14,116,834	112.29%	78.21%
06/30/2021	06/30/2020	0.2641%	\$ 19,512,062	\$ 1,634,982	\$ 21,147,044	\$ 15,346,868	127.14%	75.48%
06/30/2022	06/30/2021	0.2853%	\$ 12,485,581	\$ 1,053,149	\$ 13,538,730	\$ 17,075,599	73.12%	86.63%
06/30/2023	06/30/2022	0.2813%	\$ 22,525,016	\$ 1,670,646	\$ 24,195,662	\$ 17,379,438	129.61%	76.17%

Teachers Retirement Association Pension Benefits Plan
 Schedule of District Contributions
 Year Ended June 30, 2023

District Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
06/30/2015	\$ 743,688	\$ 743,688	\$ -	\$ 9,915,820	7.50%
06/30/2016	\$ 805,427	\$ 805,427	\$ -	\$ 10,745,627	7.50%
06/30/2017	\$ 867,629	\$ 867,629	\$ -	\$ 11,700,275	7.42%
06/30/2018	\$ 955,252	\$ 955,252	\$ -	\$ 12,766,959	7.48%
06/30/2019	\$ 1,088,409	\$ 1,088,409	\$ -	\$ 14,116,834	7.71%
06/30/2020	\$ 1,215,570	\$ 1,215,570	\$ -	\$ 15,346,868	7.92%
06/30/2021	\$ 1,388,246	\$ 1,388,246	\$ -	\$ 17,075,599	8.13%
06/30/2022	\$ 1,449,585	\$ 1,449,585	\$ -	\$ 17,379,438	8.34%
06/30/2023	\$ 1,447,755	\$ 1,447,755	\$ -	\$ 16,933,793	8.55%

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

INDEPENDENT SCHOOL DISTRICT NO. 917

Other Post-Employment Benefits Plan
 Schedule of Changes in the District's Total
 OPEB Liability and Related Ratios
 Year Ended June 30, 2023

	Year Ended June 30,					
	2018	2019	2020	2021	2022	2023
Total OPEB liability						
Service cost	\$ 172,192	\$ 164,578	\$ 179,538	\$ 203,250	\$ 217,343	\$ 156,755
Interest	50,548	56,111	46,781	48,158	33,945	32,631
Assumption changes	–	1,687	27,367	(221,855)	18,536	(111,524)
Plan changes	–	–	–	72,879	–	4,421
Difference between expected and actual experience	–	(496,737)	–	(185,782)	–	(280,523)
Benefit payments	(53,728)	(49,298)	(59,430)	(61,583)	(78,048)	(61,383)
Net change in total OPEB liability	169,012	(323,659)	194,256	(144,933)	191,776	(259,623)
Total OPEB liability – beginning of year	1,341,166	1,510,178	1,186,519	1,380,775	1,235,842	1,427,618
Total OPEB liability – end of year	<u>\$ 1,510,178</u>	<u>\$ 1,186,519</u>	<u>\$ 1,380,775</u>	<u>\$ 1,235,842</u>	<u>\$ 1,427,618</u>	<u>\$ 1,167,995</u>
Covered-employee payroll	<u>\$ 17,301,959</u>	<u>\$ 21,687,037</u>	<u>\$ 22,337,648</u>	<u>\$ 26,723,569</u>	<u>\$ 27,525,276</u>	<u>\$ 24,945,523</u>
Total OPEB liability as a percentage of covered-employee payroll	<u>8.73%</u>	<u>5.47%</u>	<u>6.18%</u>	<u>4.62%</u>	<u>5.19%</u>	<u>4.68%</u>

Note 1: The District has not established a trust fund to finance GASB Statement No. 75.

Note 2: The District implemented GASB Statement No. 75 for the year ended June 30, 2018. The schedules within the RSI section require a 10-year presentation. Additional years will be presented as they become available.

INDEPENDENT SCHOOL DISTRICT NO. 917

Notes to Required Supplementary Information
June 30, 2023

PERA – GENERAL EMPLOYEES RETIREMENT FUND

2022 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

2020 CHANGES IN PLAN PROVISIONS

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

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

- The price inflation assumption was decreased from 2.50 percent to 2.25 percent.
- The payroll growth assumption was decreased from 3.25 percent to 3.00 percent.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25 percent less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years two through five, and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 Table to the Pub-2010 General Mortality Table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 Disabled Annuitant Mortality Table to the Pub-2010 General/Teacher Disabled Annuitant Mortality Table, with adjustments.
- The mortality improvement scale was changed from MP-2018 to MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100.00 percent joint and survivor option changed from 35.00 percent to 45.00 percent. The assumed number of married female new retirees electing the 100.00 percent joint and survivor option changed from 15.00 percent to 30.00 percent. The corresponding number of married new retirees electing the life annuity option was adjusted accordingly.

INDEPENDENT SCHOOL DISTRICT NO. 917

Notes to Required Supplementary Information (continued)
June 30, 2023

PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

2019 CHANGES IN PLAN PROVISIONS

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

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2018 CHANGES IN PLAN PROVISIONS

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

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

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

INDEPENDENT SCHOOL DISTRICT NO. 917

Notes to Required Supplementary Information (continued)
June 30, 2023

PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

2017 CHANGES IN PLAN PROVISIONS

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

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2015 CHANGES IN PLAN PROVISIONS

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Retirement Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892.0 million. Upon consolidation, state and employer contributions were revised; the state's contribution of \$6.0 million, which meets the special funding situation definition, was due September 2015.

2015 CHANGES IN ACTUARIAL ASSUMPTIONS

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

INDEPENDENT SCHOOL DISTRICT NO. 917

Notes to Required Supplementary Information (continued)
June 30, 2023

TEACHERS RETIREMENT ASSOCIATION (TRA)

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

- The investment return assumption was changed from 7.50 percent to 7.00 percent.

2018 CHANGES IN PLAN PROVISIONS

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

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The investment return assumption was changed from 8.50 percent to 7.50 percent.
- The single discount rate changed from 5.12 percent to 7.50 percent.

INDEPENDENT SCHOOL DISTRICT NO. 917

Notes to Required Supplementary Information (continued)
June 30, 2023

TEACHERS RETIREMENT ASSOCIATION (TRA) (CONTINUED)

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2015 CHANGES IN PLAN PROVISIONS

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

2015 CHANGES IN ACTUARIAL ASSUMPTIONS

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

INDEPENDENT SCHOOL DISTRICT NO. 917

Notes to Required Supplementary Information (continued)
June 30, 2023

OTHER POST-EMPLOYMENT BENEFITS PLAN

2022 CHANGES IN ACTUARIAL ASSUMPTIONS

- The healthcare trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2019 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2021 Generational Improvement Scale.
- The salary increase rates for nonteachers were updated to reflect the latest experience study.
- The withdrawal rates were updated to reflect the latest experience study.
- The discount rate was changed from 2.10 percent to 3.80 percent.

2022 CHANGES IN PLAN PROVISIONS

- The subsidy for the secondary principal was changed to match the assistant directors/principals.
- The assistant directors'/principals' and secondary principal's eligibility to receive a post-employment medical subsidy was updated to age 55 and 10 years of service (15 if hired after 2004) and hired before July 1, 2022. There is no post-employment medical subsidy for employees hired on or after July 1, 2022.
- The change in benefits for assistant directors/principals at July 1, 2004 was removed. The freeze on increases after retirement no longer applies to employees hired after July 1, 2004.
- A subsidized post-employment medical benefit was added for the communications, innovation, and public relations coordinator and human resources coordinator.

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 2.40 percent to 2.10 percent.

2020 CHANGES IN PLAN PROVISIONS

- The teachers' post-employment lump sum benefit payable to a Healthcare Savings Plan was increased from \$5,500 to \$7,500.

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

- The mortality tables, healthcare trend rates, salary increase rates, and retiree plan participation percentages for future retirees who are not eligible to receive subsidized benefits were updated.
- The discount rate was changed from 3.10 percent to 2.40 percent.

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 3.50 percent to 3.10 percent.

INDEPENDENT SCHOOL DISTRICT NO. 917

Notes to Required Supplementary Information (continued)
June 30, 2023

OTHER POST-EMPLOYMENT BENEFITS PLAN (CONTINUED)

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The healthcare trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale, to the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale.
- The discount rate was changed from 3.40 percent to 3.50 percent.

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 3.00 percent to 3.40 percent.

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SUPPLEMENTARY INFORMATION

INTERMEDIATE SCHOOL DISTRICT NO. 917

General Fund
Comparative Balance Sheet
as of June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Cash and temporary investments	\$ 5,486,020	\$ 6,489,423
Cash and investments held by trustee	46,961	44,393
Receivables		
Accounts and interest	5,891	16,020
Due from other school districts	2,828,572	3,365,390
Due from Minnesota Department of Education	5,804,786	3,952,006
Due from other governmental units	1,633	30,405
Inventory	485	289
Prepaid items	<u>118,862</u>	<u>123,080</u>
Total assets	<u>\$ 14,293,210</u>	<u>\$ 14,021,006</u>
Liabilities		
Salaries and compensated absences payable	\$ 3,038,756	\$ 3,057,305
Accounts and contracts payable	95,462	86,295
Due to other school districts	575,808	476,221
Due to other governmental units	459,793	167,903
Unearned revenue	<u>43,934</u>	<u>30,834</u>
Total liabilities	4,213,753	3,818,558
Fund balances		
Nonspendable for inventory	485	289
Nonspendable for prepaid items	118,862	123,080
Restricted for student activities	3,620	6,180
Restricted for debt service	46,961	44,393
Assigned for subsequent year's budgeted deficit	575,075	708,921
Unassigned	<u>9,334,454</u>	<u>9,319,585</u>
Total fund balances	<u>10,079,457</u>	<u>10,202,448</u>
Total liabilities and fund balances	<u>\$ 14,293,210</u>	<u>\$ 14,021,006</u>

INTERMEDIATE SCHOOL DISTRICT NO. 917

General Fund
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual
 Year Ended June 30, 2023
 (With Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023			2022
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Tuition	\$ 9,988,710	\$ 9,588,150	\$ (400,560)	\$ 10,171,961
Investment earnings	144,750	236,323	91,573	8,698
Other	513,025	589,836	76,811	585,810
State sources	33,573,245	30,751,039	(2,822,206)	31,446,564
Federal sources	2,270,112	1,748,203	(521,909)	307,146
Total revenue	<u>46,489,842</u>	<u>42,913,551</u>	<u>(3,576,291)</u>	<u>42,520,179</u>
Expenditures				
Current				
Administrative and support services	429,506	320,394	(109,112)	38,645
Secondary vocational/DCALS	4,135,105	3,847,059	(288,046)	3,986,286
Special education programs	40,838,333	37,297,578	(3,540,755)	37,049,245
Debt service				
Principal	858,347	858,347	-	852,238
Interest and fiscal charges	739,781	734,535	(5,246)	728,858
Total expenditures	<u>47,001,072</u>	<u>43,057,913</u>	<u>(3,943,159)</u>	<u>42,655,272</u>
Excess (deficiency) of revenue over expenditures	(511,230)	(144,362)	366,868	(135,093)
Other financing sources (uses)				
Sale of capital assets	-	26,465	26,465	495
Transfers out	-	(5,094)	(5,094)	-
Total financing sources (uses)	<u>-</u>	<u>21,371</u>	<u>21,371</u>	<u>495</u>
Net change in fund balances	<u>\$ (511,230)</u>	<u>(122,991)</u>	<u>\$ 388,239</u>	<u>(134,598)</u>
Fund balances				
Beginning of year		<u>10,202,448</u>		<u>10,337,046</u>
End of year		<u>\$ 10,079,457</u>		<u>\$ 10,202,448</u>

INTERMEDIATE SCHOOL DISTRICT NO. 917

General Fund
Combining Balance Sheet by Account
as of June 30, 2023

	Secondary Education	Special Education	Services Allocation
Assets			
Cash and temporary investments (deficit)	\$ 5,632,526	\$ (45,765)	\$ (108,916)
Cash and investments held by trustee	-	-	-
Receivables			
Accounts and interest	1,101	4,247	540
Due from other school districts	1,273,009	1,427,698	127,865
Due from Minnesota Department of Education	207,774	5,592,964	4,048
Due from other governmental units	-	1,483	-
Inventory	-	-	-
Prepaid items	9,569	103,282	6,011
Total assets	\$ 7,123,979	\$ 7,083,909	\$ 29,548
Liabilities			
Salaries and compensated absences payable	\$ 3,038,756	\$ -	\$ -
Accounts and contracts payable	2,918	82,473	8,200
Due to other school districts	153,203	422,605	-
Due to other governmental units	321,761	137,919	38
Unearned revenue	-	22,624	21,310
Total liabilities	3,516,638	665,621	29,548
Fund balances (deficit)			
Nonspendable for inventory	-	-	-
Nonspendable for prepaid items	9,569	103,282	6,011
Restricted for student activities	-	-	-
Restricted for debt service	-	-	-
Assigned for subsequent year's budgeted deficit	-	563,475	-
Unassigned	3,597,772	5,751,531	(6,011)
Total fund balances	3,607,341	6,418,288	-
Total liabilities and fund balances	\$ 7,123,979	\$ 7,083,909	\$ 29,548

<u>District Support Services</u>	<u>Capital Expenditure</u>	<u>Secondary Resale</u>	<u>Special Education Resale</u>	<u>Student Activities</u>	<u>Total</u>
\$ -	\$ (34,064)	\$ 21,813	\$ 14,485	\$ 5,941	\$ 5,486,020
-	46,961	-	-	-	46,961
-	-	-	-	3	5,891
-	-	-	-	-	2,828,572
-	-	-	-	-	5,804,786
-	-	-	150	-	1,633
-	-	-	485	-	485
-	-	-	-	-	118,862
<u>\$ -</u>	<u>\$ 12,897</u>	<u>\$ 21,813</u>	<u>\$ 15,120</u>	<u>\$ 5,944</u>	<u>\$ 14,293,210</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,038,756
-	1,500	42	105	224	95,462
-	-	-	-	-	575,808
-	-	19	56	-	459,793
-	-	-	-	-	43,934
-	1,500	61	161	224	4,213,753
-	-	-	485	-	485
-	-	-	-	-	118,862
-	-	-	-	3,620	3,620
-	46,961	-	-	-	46,961
-	-	9,500	-	2,100	575,075
-	(35,564)	12,252	14,474	-	9,334,454
-	11,397	21,752	14,959	5,720	10,079,457
<u>\$ -</u>	<u>\$ 12,897</u>	<u>\$ 21,813</u>	<u>\$ 15,120</u>	<u>\$ 5,944</u>	<u>\$ 14,293,210</u>

INTERMEDIATE SCHOOL DISTRICT NO. 917

General Fund

Combining Schedule of Revenue, Expenditures, and Changes in Fund Balances by Account
Year Ended June 30, 2023

	Secondary Education	Special Education	Services Allocation
Revenue			
Local sources			
Tuition	\$ 2,747,280	\$ 6,316,370	\$ -
Investment earnings	91,044	135,811	-
Other	2,560	568,030	5,472
State sources	374,528	30,348,646	27,865
Federal sources	445,370	1,029,461	273,372
Total revenue	<u>3,660,782</u>	<u>38,398,318</u>	<u>306,709</u>
Expenditures			
Current			
Administrative and support services	-	-	319,723
Secondary vocational/DCALS	3,834,515	-	-
Special education programs	-	37,292,412	-
Debt service			
Principal	2,264	541,083	-
Interest and fiscal charges	101	524,934	-
Total expenditures	<u>3,836,880</u>	<u>38,358,429</u>	<u>319,723</u>
Excess (deficiency) of revenue over expenditures	(176,098)	39,889	(13,014)
Other financing sources (uses)			
Sale of capital assets	6,900	19,565	-
Transfers out	-	(5,094)	-
Total other financing sources (uses)	<u>6,900</u>	<u>14,471</u>	<u>-</u>
Net change in fund balances	(169,198)	54,360	(13,014)
Fund balances			
Beginning of year	<u>3,776,539</u>	<u>6,363,928</u>	<u>13,014</u>
End of year	<u>\$ 3,607,341</u>	<u>\$ 6,418,288</u>	<u>\$ -</u>

<u>District Support Services</u>	<u>Capital Expenditure</u>	<u>Secondary Resale</u>	<u>Special Education Resale</u>	<u>Student Activities</u>	<u>Total</u>
\$ -	\$ 524,500	\$ -	\$ -	\$ -	\$ 9,588,150
-	9,468	-	-	-	236,323
-	-	2,219	9,871	1,684	589,836
-	-	-	-	-	30,751,039
-	-	-	-	-	1,748,203
-	<u>533,968</u>	<u>2,219</u>	<u>9,871</u>	<u>1,684</u>	<u>42,913,551</u>
671	-	-	-	-	320,394
-	5,400	5,000	-	2,144	3,847,059
-	-	-	5,166	-	37,297,578
-	315,000	-	-	-	858,347
-	209,500	-	-	-	734,535
<u>671</u>	<u>529,900</u>	<u>5,000</u>	<u>5,166</u>	<u>2,144</u>	<u>43,057,913</u>
(671)	4,068	(2,781)	4,705	(460)	(144,362)
-	-	-	-	-	26,465
-	-	-	-	-	(5,094)
-	-	-	-	-	<u>21,371</u>
(671)	4,068	(2,781)	4,705	(460)	(122,991)
<u>671</u>	<u>7,329</u>	<u>24,533</u>	<u>10,254</u>	<u>6,180</u>	<u>10,202,448</u>
<u>\$ -</u>	<u>\$ 11,397</u>	<u>\$ 21,752</u>	<u>\$ 14,959</u>	<u>\$ 5,720</u>	<u>\$ 10,079,457</u>

INTERMEDIATE SCHOOL DISTRICT NO. 917

General Fund – Secondary Education Account
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual

Year Ended June 30, 2023

(With Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023		Over (Under) Budget	2022
	Budget	Actual		Actual
Revenue				
Local sources				
Tuition	\$ 3,080,478	\$ 2,747,280	\$ (333,198)	\$ 3,490,172
Investment earnings	62,500	91,044	28,544	3,815
Other	750	2,560	1,810	2,568
State sources	445,620	374,528	(71,092)	532,838
Federal sources	593,843	445,370	(148,473)	157,368
Total revenue	<u>4,183,191</u>	<u>3,660,782</u>	<u>(522,409)</u>	<u>4,186,761</u>
Expenditures				
Current				
Secondary vocational/DCALS				
Salaries	2,302,950	2,133,600	(169,350)	2,329,508
Employee benefits	785,107	766,749	(18,358)	860,284
Purchased services	663,912	603,824	(60,088)	487,116
Supplies and materials	107,430	94,763	(12,667)	75,582
Other expenditures	19,161	17,696	(1,465)	21,471
Capital expenditures	35,779	22,686	(13,093)	4,163
Allocated overhead	195,166	195,197	31	188,628
Debt service				
Principal	2,264	2,264	–	2,354
Interest and fiscal charges	1,700	101	(1,599)	225
Total expenditures	<u>4,113,469</u>	<u>3,836,880</u>	<u>(276,589)</u>	<u>3,969,331</u>
Excess (deficiency) of revenue over expenditures	69,722	(176,098)	(245,820)	217,430
Other financing sources				
Sale of capital assets	<u>–</u>	<u>6,900</u>	<u>6,900</u>	<u>495</u>
Net change in fund balances	<u>\$ 69,722</u>	<u>(169,198)</u>	<u>\$ (238,920)</u>	<u>217,925</u>
Fund balances				
Beginning of year		<u>3,776,539</u>		<u>3,558,614</u>
End of year		<u>\$ 3,607,341</u>		<u>\$ 3,776,539</u>

INTERMEDIATE SCHOOL DISTRICT NO. 917

General Fund – Special Education Account
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual
 Year Ended June 30, 2023
 (With Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023		Over (Under) Budget	2022
	Budget	Actual		Actual
Revenue				
Local sources				
Tuition	\$ 6,383,732	\$ 6,316,370	\$ (67,362)	\$ 6,156,089
Investment earnings	81,000	135,811	54,811	4,562
Other	461,322	568,030	106,708	548,188
State sources	33,099,760	30,348,646	(2,751,114)	30,875,595
Federal sources	1,313,595	1,029,461	(284,134)	149,778
Total revenue	<u>41,339,409</u>	<u>38,398,318</u>	<u>(2,941,091)</u>	<u>37,734,212</u>
Expenditures				
Current				
Special education programs				
Salaries	23,853,034	22,114,977	(1,738,057)	22,442,016
Employee benefits	7,983,569	7,775,811	(207,758)	8,108,559
Purchased services	4,972,737	3,835,126	(1,137,611)	3,106,377
Supplies and materials	1,153,885	950,867	(203,018)	785,152
Other expenditures	147,890	123,007	(24,883)	134,809
Capital expenditures	510,825	284,304	(226,521)	335,901
Allocated overhead	2,209,093	2,208,320	(773)	2,126,934
Debt service				
Principal	541,083	541,083	–	539,884
Interest and fiscal charges	528,581	524,934	(3,647)	512,933
Total expenditures	<u>41,900,697</u>	<u>38,358,429</u>	<u>(3,542,268)</u>	<u>38,092,565</u>
Excess (deficiency) of revenue over expenditures	(561,288)	39,889	601,177	(358,353)
Other financing sources (uses)				
Sale of capital assets	–	19,565	19,565	–
Transfers out	–	(5,094)	(5,094)	–
Total other financing sources (uses)	<u>–</u>	<u>14,471</u>	<u>14,471</u>	<u>–</u>
Net change in fund balances	<u>\$ (561,288)</u>	<u>54,360</u>	<u>\$ 615,648</u>	<u>(358,353)</u>
Fund balances				
Beginning of year		<u>6,363,928</u>		<u>6,722,281</u>
End of year		<u>\$ 6,418,288</u>		<u>\$ 6,363,928</u>

INTERMEDIATE SCHOOL DISTRICT NO. 917

General Fund – Services Allocation Account
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual
 Year Ended June 30, 2023
 (With Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023		Over (Under) Budget	2022
	Budget	Actual		Actual
Revenue				
Local sources				
Investment earnings (charges)	\$ –	\$ –	\$ –	\$ (37)
Other	25,953	5,472	(20,481)	7,167
State sources	27,865	27,865	–	38,131
Federal sources	362,674	273,372	(89,302)	–
Total revenue	<u>416,492</u>	<u>306,709</u>	<u>(109,783)</u>	<u>45,261</u>
Expenditures				
Current				
Administrative and support services				
Salaries	1,859,046	1,761,160	(97,886)	1,439,798
Employee benefits	532,995	527,171	(5,824)	454,834
Purchased services	261,013	268,575	7,562	270,772
Supplies and materials	132,133	119,893	(12,240)	95,003
Other expenditures	24,746	22,674	(2,072)	23,464
Capital expenditures	23,828	23,767	(61)	70,333
Allocated overhead	<u>(2,404,255)</u>	<u>(2,403,517)</u>	<u>738</u>	<u>(2,315,559)</u>
Total expenditures	<u>429,506</u>	<u>319,723</u>	<u>(109,783)</u>	<u>38,645</u>
Net change in fund balances	<u>\$ (13,014)</u>	<u>(13,014)</u>	<u>\$ –</u>	<u>6,616</u>
Fund balances				
Beginning of year		<u>13,014</u>		<u>6,398</u>
End of year		<u>\$ –</u>		<u>\$ 13,014</u>

INTERMEDIATE SCHOOL DISTRICT NO. 917

General Fund – District Support Services Account
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual
 Year Ended June 30, 2023
 (With Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023			2022
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Other	\$ -	\$ -	\$ -	\$ -
Expenditures				
Current				
Administrative and support services				
Purchased services	-	671	671	-
Net change in fund balance	<u>\$ -</u>	<u>(671)</u>	<u>\$ 671</u>	-
Fund balances				
Beginning of year		<u>671</u>		<u>671</u>
End of year		<u>\$ -</u>		<u>\$ 671</u>

INTERMEDIATE SCHOOL DISTRICT NO. 917

General Fund – Capital Expenditure Account
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual
 Year Ended June 30, 2023
 (With Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023		Over (Under) Budget	2022
	Budget	Actual		Actual
Revenue				
Local sources				
Tuition	\$ 524,500	\$ 524,500	\$ –	\$ 525,700
Investment earnings	1,250	9,468	8,218	358
Total revenue	<u>525,750</u>	<u>533,968</u>	<u>8,218</u>	<u>526,058</u>
Expenditures				
Current				
Secondary vocational/DCALS				
Purchased services	7,900	5,400	(2,500)	3,900
Debt service				
Principal	315,000	315,000	–	310,000
Interest and fiscal charges	209,500	209,500	–	215,700
Total expenditures	<u>532,400</u>	<u>529,900</u>	<u>(2,500)</u>	<u>529,600</u>
Net change in fund balances	<u>\$ (6,650)</u>	4,068	<u>\$ 10,718</u>	(3,542)
Fund balances				
Beginning of year		<u>7,329</u>		<u>10,871</u>
End of year		<u>\$ 11,397</u>		<u>\$ 7,329</u>

INTERMEDIATE SCHOOL DISTRICT NO. 917

General Fund – Secondary Resale Account
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual
 Year Ended June 30, 2023
 (With Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023			2022
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Other	\$ 15,000	\$ 2,219	\$ (12,781)	\$ 17,597
Expenditures				
Current				
Secondary vocational/DCALS				
Purchased services	–	350	350	2,812
Supplies and materials	14,945	4,595	(10,350)	11,723
Other expenditures	55	55	–	–
Total expenditures	<u>15,000</u>	<u>5,000</u>	<u>(10,000)</u>	<u>14,535</u>
Net change in fund balances	<u>\$ –</u>	<u>(2,781)</u>	<u>\$ (2,781)</u>	<u>3,062</u>
Fund balances				
Beginning of year		<u>24,533</u>		<u>21,471</u>
End of year		<u>\$ 21,752</u>		<u>\$ 24,533</u>

INTERMEDIATE SCHOOL DISTRICT NO. 917

General Fund – Special Education Resale Account
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual
 Year Ended June 30, 2023
 (With Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023			2022
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Other	\$ 7,300	\$ 9,871	\$ 2,571	\$ 8,584
Expenditures				
Current				
Special education programs				
Purchased services	–	380	380	–
Supplies and materials	7,245	4,731	(2,514)	9,497
Other expenditures	55	55	–	–
Total expenditures	<u>7,300</u>	<u>5,166</u>	<u>(2,134)</u>	<u>9,497</u>
Net change in fund balances	<u>\$ –</u>	4,705	<u>\$ 4,705</u>	(913)
Fund balances				
Beginning of year		<u>10,254</u>		<u>11,167</u>
End of year		<u>\$ 14,959</u>		<u>\$ 10,254</u>

INTERMEDIATE SCHOOL DISTRICT NO. 917

General Fund – Student Activities
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual
 Year Ended June 30, 2023
 (With Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023			2022
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Other	\$ 2,700	\$ 1,684	\$ (1,016)	\$ 1,706
Expenditures				
Current				
Secondary vocational/DCALS				
Supplies and materials	<u>2,700</u>	<u>2,144</u>	<u>(556)</u>	<u>1,099</u>
Net change in fund balances	<u>\$ —</u>	<u>(460)</u>	<u>\$ (460)</u>	<u>607</u>
Fund balances				
Beginning of year		<u>6,180</u>		<u>5,573</u>
End of year		<u>\$ 5,720</u>		<u>\$ 6,180</u>

INTERMEDIATE SCHOOL DISTRICT NO. 917

Food Service Special Revenue Fund
 Comparative Balance Sheet
 as of June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Cash and temporary investments	\$ 4,561	\$ 23,562
Receivables		
Accounts and interest	7,028	-
Due from other governmental units	-	6,415
Prepays	<u>-</u>	<u>2,050</u>
Total assets	<u>\$ 11,589</u>	<u>\$ 32,027</u>
Liabilities		
Accounts payable	\$ 922	\$ 5,881
Unearned revenue	<u>10,667</u>	<u>8,476</u>
Total liabilities	11,589	14,357
Fund balances		
Nonspendable for prepaid items	-	2,050
Restricted for food service	<u>-</u>	<u>15,620</u>
Total fund balances	<u>-</u>	<u>17,670</u>
Total liabilities and fund balances	<u>\$ 11,589</u>	<u>\$ 32,027</u>

INTERMEDIATE SCHOOL DISTRICT NO. 917

Food Service Special Revenue Fund
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual
 Year Ended June 30, 2023
 (With Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023		Over (Under) Budget	2022
	Budget	Actual		Actual
Revenue				
Local sources				
Other – primarily meal sales (refunds)	\$ 12,800	\$ 17,122	\$ 4,322	\$ (83)
State sources	3,900	4,282	382	3,119
Federal sources	155,986	105,489	(50,497)	194,044
Total revenue	<u>172,686</u>	<u>126,893</u>	<u>(45,793)</u>	<u>197,080</u>
Expenditures				
Purchased services	3,655	4,275	620	12,726
Supplies and materials	<u>173,154</u>	<u>145,382</u>	<u>(27,772)</u>	<u>166,684</u>
Total expenditures	<u>176,809</u>	<u>149,657</u>	<u>(27,152)</u>	<u>179,410</u>
Excess (deficiency) of revenue over expenditures	(4,123)	(22,764)	(18,641)	17,670
Other financing sources				
Transfers in	<u>4,123</u>	<u>5,094</u>	<u>971</u>	<u>–</u>
Net change in fund balances	<u>\$ –</u>	<u>(17,670)</u>	<u>\$ (17,670)</u>	<u>17,670</u>
Fund balances				
Beginning of year		<u>17,670</u>		<u>–</u>
End of year		<u>\$ –</u>		<u>\$ 17,670</u>

INTERMEDIATE SCHOOL DISTRICT NO. 917

Internal Service Funds
 Combining Statement of Net Position
 as of June 30, 2023
 (With Comparative Totals as of June 30, 2022)

	Dental Self-Insurance	Medical Self-Insurance	Post-Employment Employee Benefits
Assets			
Current assets			
Cash and temporary investments	\$ 671,054	\$ 6,177,678	\$ 1,599,636
Receivables			
Accounts and interest	-	2,821	-
Prepaid items	-	-	-
Total assets	<u>671,054</u>	<u>6,180,499</u>	<u>1,599,636</u>
Deferred outflows of resources			
OPEB plan deferments	-	-	62,530
Liabilities			
Current liabilities			
Accounts and contracts payable	50,946	254,744	-
Due to other governmental units	-	1,692	-
Total OPEB liability – due within one year	-	-	32,164
Severance benefits payable – due within one year	-	-	26,421
Unearned revenue	2,113	63,358	-
Total current liabilities	<u>53,059</u>	<u>319,794</u>	<u>58,585</u>
Long-term liabilities			
Total OPEB liability – due in more than one year	-	-	1,135,831
Severance benefits payable – due in more than one year	-	-	272,666
Total long-term liabilities	<u>-</u>	<u>-</u>	<u>1,408,497</u>
Total liabilities	53,059	319,794	1,467,082
Deferred inflows of resources			
OPEB plan deferments	-	-	845,368
Net position			
Unrestricted	<u>\$ 617,995</u>	<u>\$ 5,860,705</u>	<u>\$ (650,284)</u>

Totals	
2023	2022
\$ 8,448,368	\$ 7,443,745
2,821	-
-	5,000
<u>8,451,189</u>	<u>7,448,745</u>
62,530	68,931
305,690	368,410
1,692	1,691
32,164	33,276
26,421	40,314
65,471	77,227
<u>431,438</u>	<u>520,918</u>
1,135,831	1,394,342
272,666	309,227
<u>1,408,497</u>	<u>1,703,569</u>
1,839,935	2,224,487
<u>845,368</u>	<u>593,014</u>
<u>\$ 5,828,416</u>	<u>\$ 4,700,175</u>

INTERMEDIATE SCHOOL DISTRICT NO. 917

Internal Service Funds
 Combining Statement of Revenue, Expenses, and Changes in Net Position
 Year Ended June 30, 2023
 (With Comparative Totals for the Year Ended June 30, 2022)

	<u>Dental Self-Insurance</u>	<u>Medical Self-Insurance</u>	<u>Post-Employment Employee Benefits</u>
Operating revenue			
Charges for services			
Contributions from governmental funds	\$ 500,539	\$ 4,505,443	\$ 125,865
Operating expenses			
Post-employment severance and health benefits (change in severance)	-	-	(12,285)
Medical benefit claims	-	3,771,538	-
Dental benefit claims	485,861	-	-
Total operating expenses	<u>485,861</u>	<u>3,771,538</u>	<u>(12,285)</u>
Operating income	14,678	733,905	138,150
Nonoperating revenue			
Investment earnings	<u>19,946</u>	<u>174,521</u>	<u>47,041</u>
Change in net position	34,624	908,426	185,191
Net position			
Beginning of year	<u>583,371</u>	<u>4,952,279</u>	<u>(835,475)</u>
End of year	<u>\$ 617,995</u>	<u>\$ 5,860,705</u>	<u>\$ (650,284)</u>

Totals	
<u>2023</u>	<u>2022</u>
\$ 5,131,847	\$ 5,468,949
(12,285)	206,223
3,771,538	4,005,741
485,861	481,670
<u>4,245,114</u>	<u>4,693,634</u>
886,733	775,315
<u>241,508</u>	<u>9,198</u>
1,128,241	784,513
<u>4,700,175</u>	<u>3,915,662</u>
<u>\$ 5,828,416</u>	<u>\$ 4,700,175</u>

INTERMEDIATE SCHOOL DISTRICT NO. 917

Internal Service Funds
 Combining Statement of Cash Flows
 Year Ended June 30, 2023
 (With Comparative Totals for the Year Ended June 30, 2022)

	<u>Dental Self-Insurance</u>	<u>Medical Self-Insurance</u>	<u>Post-Employment Employee Benefits</u>
Cash flows from operating activities			
Contributions from governmental funds	\$ 500,209	\$ 4,491,196	\$ 125,865
Post-employment severance and health benefit payments	-	-	(39,037)
Payments for medical claims	-	(3,831,449)	-
Payments for dental claims	(483,669)	-	-
Net cash flows from operating activities	<u>16,540</u>	<u>659,747</u>	<u>86,828</u>
Cash flows from investing activities			
Investment income received	<u>19,946</u>	<u>174,521</u>	<u>47,041</u>
Net change in cash and cash equivalents	36,486	834,268	133,869
Cash and temporary investments			
Beginning of year	<u>634,568</u>	<u>5,343,410</u>	<u>1,465,767</u>
End of year	<u>\$ 671,054</u>	<u>\$ 6,177,678</u>	<u>\$ 1,599,636</u>
Reconciliation of operating income to net cash flows from operating activities			
Operating income	\$ 14,678	\$ 733,905	\$ 138,150
Adjustments to reconcile operating income to net cash flows from operating activities			
Changes in assets and liabilities			
Accounts and interest receivable	-	(2,821)	-
Prepaid items	600	4,400	-
OPEB plan deferments	-	-	258,755
Accounts and contracts payable	1,592	(64,312)	-
Due to other governmental units	-	1	-
Severance benefits payable	-	-	(50,454)
Total OPEB liability	-	-	(259,623)
Unearned revenue	<u>(330)</u>	<u>(11,426)</u>	<u>-</u>
Net cash flows from operating activities	<u>\$ 16,540</u>	<u>\$ 659,747</u>	<u>\$ 86,828</u>

Totals	
<u>2023</u>	<u>2022</u>
\$ 5,117,270	\$ 5,452,369
(39,037)	(64,607)
(3,831,449)	(4,047,166)
(483,669)	(482,218)
763,115	858,378
241,508	9,198
1,004,623	867,576
7,443,745	6,576,169
\$ 8,448,368	\$ 7,443,745
\$ 886,733	\$ 775,315
(2,821)	—
5,000	(4,077)
258,755	10,444
(62,720)	(37,225)
1	252
(50,454)	(61,527)
(259,623)	191,776
(11,756)	(16,580)
\$ 763,115	\$ 858,378
\$ 763,115	\$ 858,378

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OTHER INFORMATION

INTERMEDIATE SCHOOL DISTRICT NO. 917

Government-Wide Revenue by Type
Last Ten Fiscal Years

Year Ended June 30,	Program Revenues			General Revenues	Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Investment Earnings and Other	
2014	\$ 7,619,433 30%	\$ 17,064,879 67%	\$ 581,454 2%	\$ 97,720 -	\$ 25,363,486 100%
2015	7,876,725 30%	18,073,067 67%	559,401 2%	125,715 1%	26,634,908 100%
2016	8,765,738 30%	20,327,694 68%	554,908 2%	139,795 0%	29,788,135 100%
2017	8,910,685 28%	21,223,814 67%	539,240 2%	845,477 3%	31,519,216 100%
2018	9,660,814 28%	23,146,660 67%	557,650 2%	580,576 3%	33,945,700 100%
2019	11,429,417 29%	26,541,284 67%	548,350 1%	1,070,943 3%	39,589,994 100%
2020	10,276,311 24%	30,724,528 73%	591,900 1%	699,517 2%	42,292,256 100%
2021	9,775,850 23%	31,662,477 74%	553,065 1%	691,977 2%	42,683,369 100%
2022	10,185,407 24%	31,382,042 74%	552,753 1%	470,690 1%	42,590,892 100%
2023	9,604,486 22%	32,021,946 74%	652,365 1%	1,168,419 3%	43,447,216 100%

INTERMEDIATE SCHOOL DISTRICT NO. 917

Government-Wide Expenses by Program
Last Ten Fiscal Years

Year Ended June 30,	Administrative and Support Services	Secondary Vocational/ DCALS	Special Education Programs	Food Service	Interest and Fiscal Charges on Debt	Total
2014	\$ 1,892,695 8%	\$ 3,483,868 14%	\$ 19,239,348 77%	\$ 108,123 -	\$ 326,431 1%	\$ 25,050,465 100%
2015	1,867,491 8%	3,182,362 12%	20,634,460 79%	116,426 -	316,820 1%	26,117,559 100%
2016	1,886,824 8%	2,993,362 11%	22,764,328 81%	131,729 -	307,246 1%	28,083,489 100%
2017	3,088,390 8%	3,590,904 10%	30,535,125 81%	143,390 -	301,437 1%	37,659,246 100%
2018	2,370,386 6%	4,185,093 11%	31,992,143 82%	136,447 -	246,834 1%	38,930,903 100%
2019	1,943,841 6%	2,399,143 8%	26,491,744 85%	159,619 -	241,276 1%	31,235,623 100%
2020	1,980,504 5%	4,104,278 10%	36,440,788 85%	114,859 -	235,435 1%	42,875,864 100%
2021	2,149,317 5%	4,274,114 10%	36,829,246 85%	91,751 -	229,451 1%	43,573,879 100%
2022	2,285,177 5%	3,679,900 9%	34,835,199 84%	179,672 -	736,468 2%	41,716,416 100%
2023	2,758,167 7%	3,054,916 8%	32,849,150 84%	149,919 -	741,446 2%	39,553,598 100%

INTERMEDIATE SCHOOL DISTRICT NO. 917

General Fund Revenue by Source
Last Ten Fiscal Years

	Year Ended June 30,	Tuition Revenue	Investment Earnings (Charges)	Other Revenue	State Revenue	Federal Revenue	Total
Secondary education	2014	\$ 3,113,264	\$ 1,301	\$ 3,335	\$ 118,957	\$ 154,147	\$ 3,391,004
	2015	3,013,776	553	7,604	105,919	151,510	3,279,362
	2016	3,110,396	3,872	1,638	175,196	161,193	3,452,295
	2017	3,052,790	4,528	1,408	185,739	139,698	3,384,163
	2018	3,548,099	10,887	866	181,063	150,934	3,891,849
	2019	4,188,911	37,628	5,934	223,735	142,549	4,598,757
	2020	3,671,622	32,575	1,171	547,390	156,934	4,409,692
	2021	3,325,041	1,816	53	711,216	173,421	4,211,547
	2022	3,490,172	3,815	2,568	532,838	157,368	4,186,761
	2023	2,747,280	91,044	2,560	374,528	445,370	3,660,782
Special education	2014	3,396,148	1,119	568,794	16,689,111	5,000	20,660,172
	2015	3,652,478	400	629,749	17,783,764	5,000	22,071,391
	2016	4,579,099	8,973	644,251	19,900,805	—	25,133,128
	2017	4,857,838	8,952	548,626	20,873,915	—	26,289,331
	2018	5,193,103	26,198	458,843	23,243,634	—	28,921,778
	2019	6,145,683	43,324	909,380	27,625,713	—	34,724,100
	2020	6,087,994	19,033	504,261	30,519,723	—	37,131,011
	2021	6,175,809	1,357	302,689	30,924,352	370,437	37,774,644
	2022	6,156,089	4,562	548,188	30,875,595	149,778	37,734,212
	2023	6,316,370	135,811	568,030	30,348,646	1,029,461	38,398,318
Services allocation	2014	432,465	—	5,654	36,921	—	475,040
	2015	468,174	—	7,116	32,284	—	507,574
	2016	417,720	—	7,755	15,648	—	441,123
	2017	432,832	—	5,462	30,377	—	468,671
	2018	457,002	—	7,003	29,193	—	493,198
	2019	466,049	—	4,012	29,978	—	500,039
	2020	—	—	75	25,500	—	25,575
	2021	—	—	7,088	26,265	—	33,353
	2022	—	(37)	7,167	38,131	—	45,261
	2023	—	—	5,472	27,865	273,372	306,709
District support services	2014	—	—	31,060	—	—	31,060
	2015	—	—	2,240	—	—	2,240
	2016	—	—	—	—	—	—
	2017	—	—	—	—	—	—
	2018	—	—	—	—	—	—
	2019	—	—	—	—	—	—
	2020	—	—	—	—	—	—
	2021	—	—	—	—	—	—
	2022	—	—	—	—	—	—
	2023	—	—	—	—	—	—

INTERMEDIATE SCHOOL DISTRICT NO. 917

General Fund Revenue by Source (continued)
Last Ten Fiscal Years

	Year Ended June 30,	Tuition Revenue	Investment Earnings (Charges)	Other Revenue	State Revenue	Federal Revenue	Total
Capital expenditure	2014	\$ 559,095	\$ 28,959	\$ -	\$ -	\$ -	\$ 588,054
	2015	559,401	28,344	-	-	-	587,745
	2016	554,908	31,711	-	-	-	586,619
	2017	555,220	45,416	-	-	-	600,636
	2018	505,000	3,843	-	-	-	508,843
	2019	523,500	4,197	-	-	-	527,697
	2020	522,700	3,336	5,500	-	-	531,536
	2021	526,800	155	-	-	-	526,955
	2022	525,700	358	-	-	-	526,058
	2023	524,500	9,468	-	-	-	533,968
Secondary resale	2014	-	-	119,308	-	-	119,308
	2015	-	-	62,472	-	-	62,472
	2016	-	-	72,784	-	-	72,784
	2017	-	-	27,382	-	-	27,382
	2018	-	-	24,148	-	-	24,148
	2019	-	-	29,593	-	-	29,593
	2020	-	-	17,999	-	-	17,999
	2021	-	-	3,280	-	-	3,280
	2022	-	-	17,597	-	-	17,597
	2023	-	-	2,219	-	-	2,219
Special education resale	2014	-	-	16,693	-	-	16,693
	2015	-	-	13,514	-	-	13,514
	2016	-	-	10,977	-	-	10,977
	2017	-	-	10,636	-	-	10,636
	2018	-	-	9,385	-	-	9,385
	2019	-	-	12,877	-	-	12,877
	2020	-	-	10,054	-	-	10,054
	2021	-	-	1,389	-	-	1,389
	2022	-	-	8,584	-	-	8,584
	2023	-	-	9,871	-	-	9,871
Student activities	2014	-	-	-	-	-	-
	2015	-	-	-	-	-	-
	2016	-	-	-	-	-	-
	2017	-	-	-	-	-	-
	2018	-	-	-	-	-	-
	2019	-	-	-	-	-	-
	2020	-	-	3,564	-	-	3,564
	2021	-	-	2,330	-	-	2,330
	2022	-	-	1,706	-	-	1,706
	2023	-	-	1,684	-	-	1,684

INTERMEDIATE SCHOOL DISTRICT NO. 917

General Fund Expenditures by Object
Last Ten Fiscal Years

	Year Ended June 30,	Salary Expenditures	Employee Benefits Expenditures	Purchased Services Expenditures	Other Expenditures	Allocated Overhead	Total
Secondary education	2014	\$ 1,894,098	\$ 702,336	\$ 521,496	\$ 92,923	\$ 260,228	\$ 3,471,081
	2015	1,818,549	684,389	506,510	91,810	280,631	3,381,889
	2016	1,766,552	613,991	466,365	102,689	296,790	3,246,387
	2017	1,849,994	629,643	413,106	238,242	270,734	3,401,719
	2018	1,939,231	657,156	445,562	100,948	256,317	3,399,214
	2019	2,068,260	757,912	461,012	209,959	216,229	3,713,372
	2020	2,360,808	869,042	475,221	212,921	183,085	4,101,077
	2021	2,541,811	936,625	512,497	95,076	172,333	4,258,342
	2022	2,329,508	860,284	487,116	103,795	188,628	3,969,331
	2023	2,133,600	766,749	603,824	137,510	195,197	3,836,880
Special education	2014	12,056,948	4,645,254	1,660,968	640,865	1,056,905	20,060,940
	2015	13,075,819	4,966,320	1,763,028	803,025	1,118,880	21,727,072
	2016	14,518,245	5,231,164	2,201,135	1,073,110	1,183,974	24,207,628
	2017	15,576,866	5,191,320	2,382,990	1,056,040	1,256,491	25,463,707
	2018	17,216,772	5,800,717	2,412,031	1,377,018	1,399,608	28,206,146
	2019	19,587,249	6,954,251	3,814,927	1,948,708	1,522,784	33,827,919
	2020	21,472,374	7,792,000	4,348,076	1,760,063	1,738,965	37,111,478
	2021	22,211,531	8,246,772	3,917,383	1,228,771	1,911,960	37,516,417
	2022	22,442,016	8,108,559	3,106,377	2,308,679	2,126,934	38,092,565
	2023	22,114,977	7,775,811	3,835,126	2,424,195	2,208,320	38,358,429
Services allocation	2014	799,495	259,349	676,557	56,770	(1,317,131)	475,040
	2015	863,256	250,344	732,924	60,561	(1,399,511)	507,574
	2016	914,218	237,668	674,770	95,229	(1,480,762)	441,123
	2017	987,354	267,621	673,348	67,572	(1,527,224)	468,671
	2018	1,035,133	280,301	773,447	60,242	(1,655,925)	493,198
	2019	1,090,570	329,963	738,997	79,522	(1,739,013)	500,039
	2020	1,166,024	361,888	301,730	117,983	(1,922,050)	25,575
	2021	1,323,877	394,553	314,138	78,680	(2,084,293)	26,955
	2022	1,439,798	454,834	270,772	188,803	(2,315,562)	38,645
	2023	1,761,160	527,171	268,575	166,334	(2,403,517)	319,723
District support services	2014	—	—	31,087	18,351	—	49,438
	2015	—	—	2,240	—	—	2,240
	2016	—	—	—	—	—	—
	2017	—	—	—	—	—	—
	2018	—	—	—	—	—	—
	2019	—	—	—	—	—	—
	2020	—	—	—	—	—	—
	2021	—	—	—	—	—	—
	2022	—	—	—	—	—	—
	2023	—	—	671	—	—	671

INTERMEDIATE SCHOOL DISTRICT NO. 917

General Fund Expenditures by Object (continued)
Last Ten Fiscal Years

	Year Ended June 30,	Salary Expenditures	Employee Benefits Expenditures	Purchased Services Expenditures	Other Expenditures	Allocated Overhead	Total
Capital expenditure	2014	\$ -	\$ -	\$ 137,765	\$ 559,095	\$ -	\$ 696,860
	2015	-	-	19,362	559,401	-	578,763
	2016	-	-	25,950	577,708	-	603,658
	2017	-	-	40,812	3,954,374	-	3,995,186
	2018	-	-	7,712	615,346	-	623,058
	2019	-	-	3,000	523,500	-	526,500
	2020	-	-	2,199	522,700	-	524,899
	2021	-	-	3,699	526,800	-	530,499
	2022	-	-	3,900	525,700	-	529,600
	2023	-	-	5,400	524,500	-	529,900
Secondary resale	2014	-	-	20,863	101,682	-	122,545
	2015	-	-	35,614	38,986	-	74,600
	2016	-	-	5,642	83,044	-	88,686
	2017	-	-	2,430	22,527	-	24,957
	2018	-	-	1,654	20,734	-	22,388
	2019	-	-	1,698	19,840	-	21,538
	2020	-	-	2,417	16,191	-	18,608
	2021	-	-	469	520	-	989
	2022	-	-	2,812	11,723	-	14,535
	2023	-	-	350	4,650	-	5,000
Special education resale	2014	-	-	1,262	18,338	-	19,600
	2015	-	-	-	11,829	-	11,829
	2016	-	-	935	10,458	-	11,393
	2017	-	-	-	12,728	-	12,728
	2018	-	-	245	12,199	-	12,444
	2019	-	-	20	12,888	-	12,908
	2020	-	-	-	6,300	-	6,300
	2021	-	-	-	1,070	-	1,070
	2022	-	-	-	9,497	-	9,497
	2023	-	-	380	4,786	-	5,166
Student activities	2014	-	-	-	-	-	-
	2015	-	-	-	-	-	-
	2016	-	-	-	-	-	-
	2017	-	-	-	-	-	-
	2018	-	-	-	-	-	-
	2019	-	-	-	-	-	-
	2020	-	-	19	2,501	-	2,520
	2021	-	-	-	1,621	-	1,621
	2022	-	-	-	1,099	-	1,099
	2023	-	-	-	2,144	-	2,144

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OTHER REQUIRED REPORTS

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PRINCIPALS

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

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

To the School Board and Management of
Intermediate School District No. 917
Rosemount, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Intermediate School District No. 917 (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 15, 2023.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

(continued)

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*.

PURPOSE OF THIS REPORT

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

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

Minneapolis, Minnesota
December 15, 2023



PRINCIPALS

Thomas A. Karnowski, CPA
Paul A. Radosevich, CPA
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Kalen T. Karnowski, CPA

INDEPENDENT AUDITOR'S REPORT
ON MINNESOTA LEGAL COMPLIANCE

To the School Board and Management of
Intermediate School District No. 917
Rosemount, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Intermediate School District No. 917 (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 15, 2023.

MINNESOTA LEGAL COMPLIANCE

In connection with our audit, we noted that the District failed to comply with provisions of the claims and disbursements section 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 as described in the Schedule of Findings as finding 2023-001. Also, in connection with our audit, nothing came to our attention that caused us to believe that the District failed to comply with the provisions of the contracting – bid laws, depositories of public funds and public investments, conflicts of interest, public indebtedness, miscellaneous provisions, and uniform financial accounting and reporting standards sections of the *Minnesota Legal Compliance Audit Guide for School Districts*, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the District's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

DISTRICT'S RESPONSE TO FINDING

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the legal compliance finding identified in our audit and described in the accompanying Schedule of Findings. The District's response was not subjected to the other 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 compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this report is not suitable for any other purpose.

Malloy, Montague, Karnowski, Radosevich & Co., P.A.
Minneapolis, Minnesota
December 15, 2023

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INTERMEDIATE SCHOOL DISTRICT NO. 917

Schedule of Findings
Year Ended June 30, 2023

MINNESOTA LEGAL COMPLIANCE FINDING

2023-001 UNTIMELY PAYMENT OF INVOICES

Criteria – Minnesota Statutes § 471.425, Subd. 2.

Condition – Minnesota Statutes require prompt payment of local government bills within a standard payment period of 45 days from receipt for governing boards of joint powers organizations. Intermediate School District No. 917 (the District) did not pay two of its invoices in a timely manner based on statutory requirements.

Questioned Costs – Not applicable.

Context – We noted 2 of 25 disbursements we selected for testing were not paid within the statutory timeline.

Repeat Finding – This is a current year finding.

Cause – This was an oversight by district personnel.

Effect – The District did not meet statutory requirements for the payment of invoices.

Recommendation – We recommend that the District review its payment procedures to ensure all invoices are paid within the statutory time limit.

Corrective Action Plan

Actions Planned – The District will review its disbursement policies to verify compliance in the future.

Official Responsible – Nicolle Roush, Executive Director of Business Services.

Planned Completion Date – June 30, 2024.

Disagreement With or Explanation of Finding – The District is in agreement with this finding.

Plan to Monitor – The Executive Director of Business Services will oversee the process to ensure the District's future compliance.

INTERMEDIATE SCHOOL DISTRICT NO. 917
Uniform Financial Accounting and Reporting Standards
Compliance Table
June 30, 2023

	Audit	UFARS	Audit – UFARS
General Fund			
Total revenue	\$ 42,913,551	\$ 42,913,551	\$ –
Total expenditures	\$ 43,057,913	\$ 43,057,912	\$ 1
Nonspendable			
460 Nonspendable fund balance	\$ 119,347	\$ 119,347	\$ –
Restricted			
401 Student activities	\$ 3,620	\$ 3,620	\$ –
402 Scholarships	\$ –	\$ –	\$ –
403 Staff development	\$ –	\$ –	\$ –
407 Capital projects levy	\$ –	\$ –	\$ –
408 Cooperative revenue	\$ –	\$ –	\$ –
413 Projects funded by COP	\$ –	\$ –	\$ –
414 Operating debt	\$ –	\$ –	\$ –
416 Levy reduction	\$ –	\$ –	\$ –
417 Taconite building maintenance	\$ –	\$ –	\$ –
424 Operating capital	\$ –	\$ –	\$ –
426 \$25 taconite	\$ –	\$ –	\$ –
427 Disabled accessibility	\$ –	\$ –	\$ –
428 Learning and development	\$ –	\$ –	\$ –
434 Area learning center	\$ –	\$ –	\$ –
435 Contracted alternative programs	\$ –	\$ –	\$ –
436 State approved alternative program	\$ –	\$ –	\$ –
438 Gifted and talented	\$ –	\$ –	\$ –
440 Teacher development and evaluation	\$ –	\$ –	\$ –
441 Basic skills programs	\$ –	\$ –	\$ –
448 Achievement and integration	\$ –	\$ –	\$ –
449 Safe schools levy	\$ –	\$ –	\$ –
451 QZAB payments	\$ –	\$ –	\$ –
452 OPEB liability not in trust	\$ –	\$ –	\$ –
453 Unfunded severance and retirement levy	\$ –	\$ –	\$ –
459 Basic skills extended time	\$ –	\$ –	\$ –
467 Long-term facilities maintenance	\$ –	\$ –	\$ –
472 Medical Assistance	\$ –	\$ –	\$ –
464 Restricted fund balance	\$ 46,961	\$ 46,961	\$ –
475 Title VII – Impact Aid	\$ –	\$ –	\$ –
476 PILT	\$ –	\$ –	\$ –
Committed			
418 Committed for separation	\$ –	\$ –	\$ –
461 Committed fund balance	\$ –	\$ –	\$ –
Assigned			
462 Assigned fund balance	\$ 575,075	\$ 575,075	\$ –
Unassigned			
422 Unassigned fund balance	\$ 9,334,454	\$ 9,334,454	\$ –
Food Service			
Total revenue	\$ 126,893	\$ 126,893	\$ –
Total expenditures	\$ 149,657	\$ 149,657	\$ –
Nonspendable			
460 Nonspendable fund balance	\$ –	\$ –	\$ –
Restricted			
452 OPEB liability not in trust	\$ –	\$ –	\$ –
464 Restricted fund balance	\$ –	\$ –	\$ –
Unassigned			
463 Unassigned fund balance	\$ –	\$ –	\$ –
Community Service			
Total revenue	\$ –	\$ –	\$ –
Total expenditures	\$ –	\$ –	\$ –
Nonspendable			
460 Nonspendable fund balance	\$ –	\$ –	\$ –
Restricted			
426 \$25 taconite	\$ –	\$ –	\$ –
431 Community education	\$ –	\$ –	\$ –
432 ECFE	\$ –	\$ –	\$ –
440 Teacher development and evaluation	\$ –	\$ –	\$ –
444 School readiness	\$ –	\$ –	\$ –
447 Adult basic education	\$ –	\$ –	\$ –
452 OPEB liability not in trust	\$ –	\$ –	\$ –
464 Restricted fund balance	\$ –	\$ –	\$ –
Unassigned			
463 Unassigned fund balance	\$ –	\$ –	\$ –

INTERMEDIATE SCHOOL DISTRICT NO. 917
Uniform Financial Accounting and Reporting Standards
Compliance Table (continued)
June 30, 2023

	Audit	UFARS	Audit – UFARS
Building Construction			
Total revenue	\$ –	\$ –	\$ –
Total expenditures	\$ –	\$ –	\$ –
Nonspendable			
460 Nonspendable fund balance	\$ –	\$ –	\$ –
Restricted			
407 Capital projects levy	\$ –	\$ –	\$ –
413 Projects funded by COP	\$ –	\$ –	\$ –
467 Long-term facilities maintenance	\$ –	\$ –	\$ –
464 Restricted fund balance	\$ –	\$ –	\$ –
Unassigned			
463 Unassigned fund balance	\$ –	\$ –	\$ –
Debt Service			
Total revenue	\$ –	\$ –	\$ –
Total expenditures	\$ –	\$ –	\$ –
Nonspendable			
460 Nonspendable fund balance	\$ –	\$ –	\$ –
Restricted			
425 Bond refundings	\$ –	\$ –	\$ –
433 Maximum effort loan	\$ –	\$ –	\$ –
451 QZAB payments	\$ –	\$ –	\$ –
467 Long-term facilities maintenance	\$ –	\$ –	\$ –
464 Restricted fund balance	\$ –	\$ –	\$ –
Unassigned			
463 Unassigned fund balance	\$ –	\$ –	\$ –
Trust			
Total revenue	\$ –	\$ –	\$ –
Total expenditures	\$ –	\$ –	\$ –
401 Student activities	\$ –	\$ –	\$ –
402 Scholarships	\$ –	\$ –	\$ –
422 Net position	\$ –	\$ –	\$ –
Custodial Fund			
Total revenue	\$ –	\$ –	\$ –
Total expenditures	\$ –	\$ –	\$ –
401 Student activities	\$ –	\$ –	\$ –
402 Scholarships	\$ –	\$ –	\$ –
448 Achievement and integration	\$ –	\$ –	\$ –
464 Restricted fund balance	\$ –	\$ –	\$ –
Internal Service			
Total revenue	\$ 5,373,355	\$ 5,373,355	\$ –
Total expenditures	\$ 4,245,114	\$ 4,245,114	\$ –
422 Net position	\$ 5,828,416	\$ 5,828,416	\$ –
OPEB Revocable Trust Fund			
Total revenue	\$ –	\$ –	\$ –
Total expenditures	\$ –	\$ –	\$ –
422 Net position	\$ –	\$ –	\$ –
OPEB Irrevocable Trust Fund			
Total revenue	\$ –	\$ –	\$ –
Total expenditures	\$ –	\$ –	\$ –
422 Net position	\$ –	\$ –	\$ –
OPEB Debt Service Fund			
Total revenue	\$ –	\$ –	\$ –
Total expenditures	\$ –	\$ –	\$ –
Nonspendable			
460 Nonspendable fund balance	\$ –	\$ –	\$ –
Restricted			
425 Bond refundings	\$ –	\$ –	\$ –
464 Restricted fund balance	\$ –	\$ –	\$ –
Unassigned			
463 Unassigned fund balance	\$ –	\$ –	\$ –

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

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Intermediate School District 917

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1300 145th Street East, Rosemount, MN 55068

(651) 423-8229 * <http://www.isd917.org>

TO: Intermediate School District 917 School Board members
FROM: Dr. Michael Favor, Superintendent
DATE: January 8th, 2024
REGARDING: Review and approval of Temporary Work Agreements and other employee earnings

Pertinent Facts:

- Temporary Employee Agreements and other earnings outside of union or non-union contracts must be reviewed and approved by the board each fiscal year. These reports are brought to the board quarterly.
- Enclosed for your review and approval is the Temporary Work Agreements (TWA's) second quarter report October 1, 2023 through December 15, 2023, totaling is \$21,505.35. Costs incurred are from trainings, meetings outside of workday, Interpreting and homebound supports (see TWA Q2 report for further details).
- In addition to TWA's, the district has Other Employee Earnings report second quarter report October 1, 2023 through December 31, 2023, totaling \$2,799.45. The costs incurred are from trainings unplanned additional time and a referral bonus. (see Other Employee Earnings Q2 for further details).

Recommendation: Board approval recommendation to approve TWA's and the other earnings reports in the amount of \$24,304.80.

ISD 917 Vision

Intermediate School District 917 models an innovative culture with diverse pathways serving students and families through equitable practices with highly trained staff.

ISD 917 Core Values

Collaboration * Empathy * Innovation * Stewardship * Communication * Integrity * Personalization * Equity * Diversity

Intermediate School District 917
Accounts Receivable Aged Report As of 12/31/23

Member Districts	31-60 Days	61-90 Days	Over 90 Days	Totals
ISD 192	\$ 6,813.23	\$ -	\$ -	\$ 6,813.23
	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -
Totals	\$ 6,813.23	\$ -	\$ -	\$ 6,813.23
All Others				
MDE	\$ -	\$ -	\$ 1,472,752.06	\$ 1,472,752.06
Misc employee receivables	\$ -	\$ -	\$ 3,956.58	\$ 3,956.58
	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -
Totals	\$ -	\$ -	\$ 1,476,708.64	\$ 1,476,708.64
Grand Total	\$ 6,813.23	\$ -	\$ 1,476,708.64	\$ 1,483,521.87
Total Receivables				\$ 3,661,368.16

Prepared by: T. Welch

Intermediate School District #917 School Board

RESOLUTION

Board member _____ introduced the following Resolution:

WHEREAS, Intermediate School District #917 provides educational services to member and non-member districts throughout Dakota County and beyond, and

WHEREAS, the quality of these educational opportunities offered by Intermediate School District #917 are unquestionably high, and

WHEREAS, Intermediate School District #917 students have demonstrated a high degree of success as a result of their participation in Intermediate School District #917 programs, and

WHEREAS, the success of Intermediate School District #917 programs and student achievement is enhanced by the talents and efforts of our paraprofessional staff, and

WHEREAS, the week of January 22-26, 2024, has been designated as “Paraprofessional Recognition Week” by the Governor of the State of Minnesota,

NOW, THEREFORE, BE IT RESOLVED, by the School Board of Intermediate School District #917 and on behalf of the participating school districts, parents and students as follows:

The School Board of Intermediate School District #917 formally recognizes the outstanding efforts and performance of its program and classroom assistants, intervener assistants, technical tutors, and registered behavior technician assistants, and thanks these talented and dedicated people for their service and dedication to the students of our intermediate district.

The motion for the adoption of the foregoing resolution was duly seconded by Member _____, and the following voted against the same: _____.

Whereupon said resolution was declared duly passed and adopted.

Enacted by the School Board of Intermediate School District #917 this 9th day of January, 2024.

Cindy Nordstrom
Lisa Ehleringer
Hannah Simmons

Lesley Chester
Wendy Felton
Byron Schwab

Tom Bennett
David Anderson
Lisa Hedén



Intermediate School District 917

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1300 145th Street East, Rosemount, MN 55068

(651) 423-8229 * <http://www.isd917.org>

To: ISD 917 School Board

Date: January 9, 2024

Re: Summary of Contract Changes for Local 3904's (Teachers/Licensed Staff) 2023-2025 Contract

On December 18, 2023, Local 3904 and Intermediate School District 917 negotiating staff came to a tentative agreement on the 2023-2025 contract, following eight (8) interest-based collective bargaining sessions.

Initially, there were a total of 21 issues that were brought forth by either Local 3904 or ISD 917. Throughout the interest-based process, ten (10) issues were dropped. Of the remaining eleven (11) issues, eight (8) were language-based issues and three (3) were primarily financial.

The following is a summary of the changes agreed to between Local 3904 and ISD 917:

1. Total package cost was 14.46% over two years (2023-2024 and 2024-2025).
2. Preparation for DCALS/CTE was aligned with the preparation time set forth for those in the special education department.
3. The District now has the ability to have Licensed School Nurses work an additional five (5) days, which will be used for before-school preparation of student medical plans and program procedures.
4. Salary schedule changes:
 - a. In the first year, each step received an increase of \$2500 and 2.5%.
 - i. The first step was also dropped in year one, decreasing the number of steps from fifteen (15) to fourteen (14) for the duration of the contract.
 - b. In the second year, each step received an increase of 5%.
 - c. Steps in each of the BA lanes were adjusted so all steps saw an increase.
 - i. In previous contracts, for example, those in the BA lane would increase their salary up to step eight (8), then all subsequent steps would be the same salary.
 - d. Step advancement was changed from a certain number of workdays to a date (2/1).
5. Starting in the 2024-2025 school year, the lane change process was modified from twice a year at two specific times (9/15 and 1/15) to once a year at any time with the change taking effect on the first workday following the date the final degree/credits were earned. In addition, the number of CEUs needed for lane changes were differentiated for certain employees within this group based on the time needed to complete a CEU compared to semester credits.

ISD 917 Vision

Intermediate School District 917 models an innovative culture with diverse pathways serving students and families through equitable practices with highly trained staff.

ISD 917 Core Values

Collaboration * Empathy * Innovation * Stewardship * Communication * Integrity * Personalization * Equity * Diversity



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6. School psychologists' additional certification stipend was increased from \$250 to \$1250.
7. HSA insurance changes (no changes to co-pay plan):
 - a. Individual increased from a district contribution of \$775 to \$780 in January 2025.
 - b. Family increased from a district contribution of \$1600 to \$1800 in January 2025.
8. Leaves of absence language was modified to comply with Minnesota State Statute 181.9445 through 181.9448 that outlines mandatory Earned Sick & Safe Time for Minnesota employers, which goes into effect on January 1, 2024.
 - a. Restricted periods where PTO cannot be used were modified slightly to give a little more flexibility surrounding three-day weekends, such as President's Day.
9. Memorandum of Understanding (MOU) attachments D - I changes:
 - a. Attachment D - MOU: Retirement Benefits for Qualifying Employees:
 - i. Clarification of language.
 - b. Attachment E - MOU: Mentors and Cognitive Coaches:
 - i. Clarification of language and changing the cognitive coach stipend back to a flat amount per person, rather than an hourly rate.
 - c. Attachment F - MOU: DCALS Summer School Pay:
 - i. Removed from the contract.
 - d. Attachment G - MOU: Teacher Hiring Incentive:
 - i. Added teachers of the Deaf/Hard of Hearing (DHH) to the incentive, along with teachers of the Blind/Visually Impaired (BVI) and removed the tuition reimbursement option.
 - e. Attachment H - MOU: Additional Compensation for Student Numbers
 - i. Clarification of language, including reference to MN Rule 3525.2340.
 - f. Addition of Attachment I - MOU: Teacher of Licensure:
 - i. A stipend of \$50 per student per quarter was added when a teacher serves as the teacher of licensure (i.e. they hold the licensure that corresponds to the student's disability) for a student's IEP team because the teacher of the caseload to whom the student is assigned holds a licensure that does not match the disability.

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AGREEMENT

between

INTERMEDIATE SCHOOL DISTRICT NO. 917

and

**EDUCATION MINNESOTA
INTERMEDIATE SCHOOL DISTRICT 917
LOCAL 3904**

representing
the
Teachers
of the School District

Effective July 1, ~~2024~~2023, through June 30, ~~2023~~2025

Board Approved January ~~4, 2022~~9, 2024

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AGREEMENT

ARTICLE I PURPOSE

Section 1. Parties: THIS AGREEMENT, entered into between the school board of Intermediate School District 917, Rosemount, Minnesota (hereinafter referred to as the school board or school district) and Education Minnesota, Intermediate School District 917, Local 3904 (hereinafter referred to as the exclusive representative or Local 3904) pursuant to and in compliance with the Public Employment Labor Relations Act of 1971, as amended, (hereinafter referred to as the PELRA) to provide the terms and conditions of employment for the employees, as defined in Article III of this Agreement, during the duration of this Agreement.

ARTICLE II RECOGNITION OF EXCLUSIVE REPRESENTATIVE

Section 1. Recognition: In accordance with the PELRA, the school district recognizes Education Minnesota, Intermediate School District 917, Local 3904 as the exclusive representative of employees employed by the school district, as defined in Article III of this Agreement, which exclusive representative shall have those rights and duties as prescribed by the PELRA and as described in the provisions of this Agreement.

Section 2. Appropriate Unit: The exclusive representative shall represent all of the employees of the school district as defined in this Agreement and in PELRA.

Section 3. Exclusive Representative Leave Time: When negotiating sessions are scheduled between the exclusive representative and the school district or with the state mediator during school hours, two members of the employees' negotiating team will be released from their regular teaching responsibilities for this purpose without any loss of salary. The remainder of the employees' negotiating team will be released without loss of pay with Local 3904 reimbursing the school district at the regular daily substitute employee rate of pay. If a substitute employee is not hired, Local 3904 will be charged for any other costs incurred by the school district up to the regular daily substitute employee rate of pay. When an employee is being warned, reprimanded, or disciplined for any infraction of rules or failure to make adequate progress on a performance improvement plan, leave for employee representation will be on an as need basis at the expense of the school district. Whenever possible, such meetings will be held after student contact time but during regular duty hours.

At the beginning of each school year, Local 3904 shall be credited with forty (40) hours to be used at the discretion of the Local for the purpose of conducting its duties as exclusive representative. Local 3904 has the option of purchasing additional days at the regular daily substitute employee rate of pay as agreed between the parties. In the case that a substitute employee is not hired, Local 3904 will be charged for any costs incurred by the school district

up to the regular daily substitute employee rate of pay. Local 3904's president will notify the superintendent of his/her designee at least three (3) working days prior to the date of intended leave. The superintendent may waive the three (3) day notice.

ARTICLE III DEFINITIONS

Section 1. Terms and Conditions of Employment: Terms and conditions of employment shall mean the hours of employment, the compensation therefor including fringe benefits except retirement contributions or benefits other than employer payment of, or contributions to, premiums for group insurance coverage of retired employees or severance pay, and the employer's personnel policies affecting the working conditions of the employees. In the case of professional employees, the term does not mean educational policies of a school district. The terms in both cases are subject to the provisions of Minn. Stat. § 179A.07 regarding the rights of public employers and the scope of negotiations. Also included in the terms and conditions of employment regarding resignation and contract release are the timelines described in Minn. Stat. 122A.40, subd. 7.

Section 2. Employee: All employees employed by the school district in a position for which the person must be licensed by the appropriate state licensing agency, including all employees employed by the school district in a position of teacher as defined in Minn. Stat. § 179A.03, Subd. 18, which include physical therapist, occupational therapist, art therapist, music therapist, speech language pathologist, audiologist, licensed school nurse, licensed school social worker, school psychologist, mental health professional, and mental health practitioner, but excluding the following: superintendent, business manager, directors, coordinators, and supervisors, who devote more than fifty percent (50%) of their time to administrative or supervisory duties, confidential employees, supervisory employees, essential employees, and such other employees excluded by law.

Section 3. Other Terms: Terms not defined in this Agreement shall have those meanings as defined by the PELRA.

ARTICLE IV EMPLOYEE RIGHTS

Section 1. Right to Views: Nothing contained in this Agreement shall be construed to limit, impair or affect the right of any employee or his/her representative to the expression or communication of a view, grievance, complaint or opinion on any matter related to the conditions or compensation of public employment or their betterment, as long as the same is not designed to and does not interfere with the full, faithful and proper performance of the duties of employment or circumvent the rights of Local 3904.

Section 2. Right to Join: Employees shall have the right to form and join labor or employee organizations and shall have the right not to form and join such organizations. Employees in

an appropriate unit shall have the right by secret ballot to designate an exclusive representative for the purpose of negotiating grievance procedures and the terms and conditions of employment for such employees with the school board of such unit.

Section 3. Use of Communications Facilities: Local 3904 shall have the right to post notices of activities and matters of exclusive representative concern on designated bulletin boards in each school building site, in areas not normally accessible to students or the public.

Section 4. Use of School Buildings, Facilities, Equipment, and Inter-School Mail: Local 3904 shall have the right to usage of such school district buildings, equipment, facilities and inter-school mail as is permitted pursuant to school district policy, and under such conditions as set forth in school district policy.

Section 5. Dues Checkoff: Employees shall have the right to request and be allowed dues checkoff for the exclusive representative. The District agrees to deduct dues for membership in Local 3904 for any employee who has authorized such checkoff. Dues deductions will be made in equal amounts each regular salary check of the employee for eight (8) months, beginning in October and ending in May. One week prior to the October 15 payroll cutoff, the Local shall furnish the business office with a list of the appropriate deductions for each member. Deductions for employees employed after the commencement of the school year shall be appropriately prorated to complete payment by the following May. The dues checkoff authorization shall continue in effect until termination of the employee or of revocation by the employee. Revocation shall be in writing to the Local and allowed only during the window provided by Education Minnesota. The Local will notify the District if this window changes from the prior year by June 30. The District shall transmit the dues to Local 3904 monthly.

The District shall provide, in electronic form to the Local, the names, addresses, telephone numbers, District email addresses, birthdays, not including the year of birth, full-time equivalence (FTE) statuses, worksite locations, and assignments of all bargaining unit members employed. On request, The District shall provide the Local with a current bargaining unit list. Such requests shall be filled within five (5) workdays.

ARTICLE V SCHOOL BOARD RESPONSIBILITIES

Section 1. Management Responsibilities: The exclusive representative recognizes the right and obligation of the school board to efficiently manage and conduct the operation of the school district within its legal limitations and with its primary obligations to provide educational opportunities for students of the school district and the State of Minnesota.

Section 2. Effect of Laws, Rules and Regulations: The exclusive representative recognizes that all employees covered by this Agreement shall perform the teaching and nonteaching services prescribed by the school board and shall be governed by the laws of the State of Minnesota, and by school board rules, regulations, policies, directives, and orders issued by

properly designated officials of the school district. The exclusive representative also recognizes the right, obligation and duty of the school board and its duly designated officials to promulgate rules, regulations, policies, directives and orders from time to time as deemed necessary by the school board insofar as such rules, regulations, policies, directives and orders are not inconsistent with the terms of this Agreement and recognizes that the school board, all employees covered by this Agreement, and all provisions of this Agreement are subject to the laws of the State of Minnesota, Federal laws, rules and regulations and orders of the State and Federal governmental agencies. Any provisions of this Agreement found to be in violation of any such laws, rules, regulations, directives, or orders shall be null and void and without force and effect.

Section 3. Inherent Managerial Rights: The parties recognize that the school district is not required to meet and negotiate on matters of inherent managerial policy, which include, but are not limited to, such areas of discretion or policy as the functions and programs of the employer, its overall budget, utilization of technology, the organizational structure and selection and direction and number of personnel, and that all management rights and management functions not expressly delegated in this Agreement are reserved to the school district.

ARTICLE VI
HOURS OF SERVICE - LENGTH OF SCHOOL YEAR

Section 1. Duty Week: The basic work week, inclusive of a duty-free lunch, shall be forty (40) hours for regular full-time employees as scheduled by the school district. The duty day shall consist of not more than six (6) hours of student contact time. The remainder of the workday shall be for other professional activities. No employee shall be assigned a duty day other than consecutive hours of employment, except by agreement between the individual employee and the school district. Part-time employees may be employed for a lesser number of hours as determined by the school district.

Section 2. Preparation time: Within a full-time student contact day an employee's schedule shall include a minimum of 45 minutes of daily preparation time. Preparation time will be scheduled in no less than 30-minute increments ~~except as noted in item A below and will adhere to Minnesota Statute 122A.50~~. Part-time instructional staff shall be assigned preparation time on a pro rata basis. ~~Preparation time will be accommodated in the following manner for DCALS staff:~~

a. _____ DCALS career*
~~and technical staff preparation time will be from 9:55 AM to 10:15 AM and 25 minutes before student contact and 25 minutes after student contact.~~

b. _____ DCALS
~~alternative learning center staff will have a minimum of 45 minutes of preparation time identified within the daily schedule of student classes.~~

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Exceptions to the scheduling of preparation time may be made by mutual agreement, in writing, between the school district and Local 3904. The loss of preparation time due to an assigned duty shall be compensated at the employee's salary schedule hourly rate.

Section 3. Duty Free Lunch: In the event, because of scheduling complications, an employee is assigned by the school district to duties during their 30-minute duty-free lunch period, the employee shall be reimbursed at the employee's salary schedule hourly rate for the time assigned.

Section 4. Additional Duties: In addition to the basic school day, employees shall be required to reasonably participate in school activities beyond the employee's basic day as is required by the school district or its designated representative. The normal duties for employees include a reasonable share of co-curricular and supervisory activities, as determined by the school district.

Section 5. Employee Duty Days: The school board shall, prior to April 15 of each year, establish the number of school days and employee duty days for the next school year, and the employee shall perform services on those days as determined by the school board, including those legal holidays on which the school board is authorized to conduct school, and pursuant to such authority has determined to conduct school. The calendar shall include no less than 173 and no more than 175 student contact days for both secondary and special education employees.

Section 6. Duty Year - Regular Employees: Except for employees as described in Section 7 hereof, the basic duty year for regularly contracted full-time employees, upon which the employee's annual salary is based shall be 187 duty days for employees who are in their first year of employment with 917, 186 duty days for employees who are in their second year of employment with 917 and 185 duty days for remaining employees.

Section 7. Extended Duty Days: Certain positions require varying ~~extended time~~ assignments ~~length~~ for full-time employees, from year to year, beyond the regular 185- to 187-day duty year defined in ~~the this~~ contract ~~and~~ agreed ~~to-upon~~ by the school board and Local 3904. Such extended time may be required by the school district for certain positions as follows:

POSITION DUTY YEAR

- a. Dakota County Juvenile Services Center Employee: ~~(+Up to 222 days)-~~
 - i. The above mentioned teaching staff shall have the option of taking five (5) consecutive days as unpaid non-duty days during any school year. The administration will establish the procedures for requesting these days and the parameters to be used for approval.
- a-b. Licensed School Nurses: Up to 190 days

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~~The above mentioned teaching staff shall have the option of taking five consecutive teaching days as unpaid non-duty days during any school year. The administration will establish the procedures for requesting these days and the parameters to be used for approval.~~

Section 8. Noninstructional and Nonsupervisory Duty: The District will at times need to ask a teacher to complete a task that is not directly related to classroom instruction, student supervision, or professional development. A good example of this type of a task is moving their instructional supplies and their professional equipment from one space to another. When an employee is directed to move from one space to another the following expectations will be followed:

Subd. 1. If an employee volunteers to move from one space to another, then there is no additional compensation for them to complete their move.

Subd. 2. Compensation Options: If an employee is directed to move from one space to another, the program administrator will determine the most appropriate compensation option. Below are the two possible options:

- a. The affected teacher will be provided time without student contact during their already contracted time to complete the packing, unpacking, and light duty moving tasks. The teacher will be paid their hourly rate as they are already contracted to be working at that time. There will be no additional compensation beyond their hourly rate if the teacher performs the transfer related work during their contracted time.
- b. The affected teacher will be contracted to do the transfer-related moving work outside of their existing contracted time. In this circumstance, the teacher will be compensated for additional time at a rate of \$20.00 per hour.

Subd. 3. The time provided must be preapproved by a program administrator on a temporary work agreement by the employee's supervisor. The supervisor may approve up to four (4) hours for a move between two spaces in the same building, or up eight (8) for a move between spaces in two different buildings.

Section 9. Application: The parties further agree that extended duty day assignments beyond the regular duty year assignments, as provided in Section 7 hereof, shall be by Letter of Assignment. Such assignment shall not be subject to the continuing contract law (Minn. Stat. § 122A.40) nor unrequested leave of absence provisions as contained in Article X hereof. However, the provisions of Minn. Stat. § 122A.40 and Article X hereof shall be applicable to the employee's basic assignment during the traditional duty year.

Section 10. Part-time Employees: The school district reserves the right to contract employees for a lesser number of duty days or duty hours than provided in this Article, with a pro rata

salary adjustment reflecting the particular lesser number of duty days or duty hours for such employee.

Section 11. Calendar Development: Prior to establishing the calendar as provided in Section 5 hereof, the school district will convene a Calendar Development Committee. The school board will appoint three (3) administrators representing secondary and special education and one (1) school board member to the committee. Local 3904 will appoint four (4) members representing secondary and special education to the committee. The committee will develop calendar options for a common calendar for secondary and special education programs. The Calendar Development Committee's recommended options, including designated preparation time, will be presented for school board consideration at the April board meeting.

Section 12. Modifications in Calendar, Length of School Day:

Subd. 1. In the event of energy shortage, severe weather, or other exigency, the school district reserves the right to modify the school calendar, and, if school is closed on a normal duty day(s), the employee shall perform duties on such other day(s) in lieu thereof as the school board or its designated representative shall determine, if any.

Subd. 2. In the event of energy shortage, severe weather, or other exigency, the school district further reserves the right to modify the length of the school day, as the school district shall determine, but with the understanding that the total number of hours shall not be increased, i.e., a four (4) day week with increased hours per day but the total weekly hours not more than the regular five (5) day week.

Subd. 3. Prior to modifying the scheduled length of the school day pursuant to Subd. 2 hereof or scheduling more than two (2) makeup days pursuant to Subd. 1 hereof, the school district shall afford to the exclusive representative the opportunity to meet and confer on such matters.

ARTICLE VII
BASIC SALARIES

Section 1. Rates of Pay for Regular Duty Year: 187 Duty Days for employees who are in their first year of employment with 917; 186 Duty Days for employees who are in their second year of employment with 917; 185 Duty Days for remaining employees:

Subd. 1. ~~2021-2022-2023~~ Rates of Pay: The wages and salaries reflected in Salary Schedule A, attached hereto, shall be effective for the ~~2021-2022-2023~~ school year, subject to the provisions of Subd. 3 hereof, and eligible employees shall be placed on the ~~15~~14-step ~~conversion~~ schedule as agreed upon between the bargaining unit and the District, at a salary greater than the employee's ~~current~~ salary, for the ~~2021-2022-2023~~ school year. ~~New non-degreed hires shall have~~

~~initial placement based upon training and experience. Due to step one (1) on the salary schedule being eliminated and the renumbering of the remaining fourteen (14) steps, employees shall remain on their current step, which acts as a step increase from the 2022-2023 school year. Employees on step fifteen (15) shall be placed on step fourteen (14) as that is now the highest step.~~

Subd. 2. ~~2022~~2024-~~2023~~2025 Rates of Pay: The wages and salaries reflected in Salary Schedule B, attached hereto, shall be effective for the ~~2022~~2024-~~2023~~2025 school year, subject to the provisions of Subd. 3 hereof, and eligible employees shall advance one step on the salary schedule for the ~~2022~~2024-~~2023~~2025 school year over their prior year's placement.

Subd. 3. Status of Salary Schedules: The salary schedules shall not be construed as a part of an employee's continuing contract. In the event a successor agreement is not entered into prior to July 1, ~~2023~~2025, an employee shall be compensated according to the ~~2022~~2024-~~2023~~2025 salary until such time that a successor agreement is executed.

Subd. 4. Longevity: Employees shall receive a longevity stipend beyond the salaries delineated in Schedules A and B as follows:

	<u>21-22</u>	<u>22-23</u>
Beginning in the 16-17 years of employment in the district	\$1,700	\$2,200
Beginning in the 18-20 years of employment in the district	\$2,300	\$2,800
Beginning in the 21-25 years of employment in the district	\$3,900	\$4,400
Beginning at 26+ years of employment in the district	———— \$5,000	\$5,500

The first year of employment shall be defined as any days of employment prior to the last student day of the regular school calendar in the first employment agreement. The next regular school calendar becomes the second year of employment.

Subd. 5. Withholding of Salary Increases: An individual employee's advancement on the salary schedule is subject to the right of the school district to withhold increments, lane changes, or other salary increases for grounds as described in Minn. Stat. § 122A.40, Subd. 9 (a) through (d) or Minn. Stat. § 122A.40, Subd. 13 (1) through (6). An action withholding a salary increase shall be subject to the grievance procedure.

Subd. 6. Step Advancement: ~~A teacher commencing work in a given school year prior to February 1 shall be entitled to step advancement in the following school year. A teacher commencing work after February 1 in a given school year shall be eligible for any modification in the step upon which the teacher is hired, but shall not be eligible for step advancement in the subsequent school year. Employees must be~~

~~employed in an assignment with a minimum of 740 hours in order to be eligible to receive a year of credit for purposes of step advancement.~~

Subd. 7. Lane Advancement: Employees shall advance on the salary schedule as follows:

- a. Grade and Credits: To apply on the salary schedule, all credits beyond the bachelor's degree must be graduate credits and carry a grade equivalent of B or higher. ~~If a course is offered only with a pass or no pass grade, such pass grade shall be deemed equivalent to a "B". The employee shall pay for the cost of the graduate credits, which shall not occur during student contact time in any case and shall not occur during the contract day unless pre-approved by the Superintendent or designee in their sole and unreviewable discretion.~~ Courses must include methods of direct contact between a college or university faculty person and the employee. Such methods can include e-mail, telepresence, blogs, etc.
- b. Prior Approval: All credit hours, in order to be considered for application on the salary schedule, must be approved by the superintendent or his/her designee in writing prior to the taking of the course. ~~The determination to grant or deny such credits shall not be subject to the grievance procedure, though pre-approval may not be unreasonably withheld.~~
- c. Advanced Degree Program: An employee shall be paid on the master's degree lane or specialist's degree lane only if the degree program is germane to the teaching assignment as approved by the superintendent or his/her designee and the degree program is approved in writing by the superintendent or his/her designee in advance.
- d. -Application: Credits to apply to lanes beyond a particular degree lane, must be earned subsequent to the earning of the degree, and must be taken at an accredited college or university.
- e. Exception: An employee must have a master's degree to advance to the MA or higher lane. However, in special circumstances where a traditional master's degree is not available or not applicable to the employee's assignment, the superintendent may, at his sole discretion, recognize supplemental credits amounting to a ~~BA-BA+~~40 to qualify for

placement on the master's degree lane. Such exception shall not apply beyond the MA lane. The exercise of the superintendent's discretion as provided herein is not subject to the arbitration step of the grievance procedure.

- f. Definition: Reference to credits in this section shall mean semester credits.
- g. Superintendent Review: In the event of a negative ruling by a designee on credit or degree request, upon request of the employee, the superintendent shall review such decision. The decision of the superintendent shall be final and shall not be subject to the grievance procedure.
- h. Effective Date: For the 2023-2024 school year, individual contracts will be modified to reflect qualified lane changes at the beginning of the school year or January 1 providing an official transcript of qualified credits is submitted to the ~~personnel~~ human resources office no later than September 15th or January 15th of each year. Credits submitted by transcript after September 15th or January 15th even though otherwise qualifying shall not be considered until the following period. If a transcript is not available by September 15th or January 15th, other satisfactory evidence of successful completion of the course will be accepted pending receipt of the official transcript; however, any pay adjustment shall not be made until the official transcript is received. No more than two lanes changed will be permitted in one fiscal year (July 1 to June 30).

Starting in the 2024-2025 school year and beyond, following graduate credit pre-approval and submission of the 'Lane Change Request Form,' individual contracts will be modified to reflect qualified lane changes one (1) time per school year (July 1 to June 30), where employees move no more than two lanes, provided an official transcript of qualified credits and all related required paperwork is submitted to the Human Resources department (HR@isd97.org). Retro-pay in alignment with the employee's new, approved lane placement will occur as soon as practicable and will be effective the first workday following the date the last graduate credit or degree was obtained. Lane change requests submitted after May 15 will be held and applied, if approved, at the beginning of the subsequent school year.

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- i. During negotiation years, when a contract is not in place, all requests for lane changes will be held and applied, if approved, after the contract is ratified but will be effective as listed in 'h' above.

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Subd. 8. Non-BA degreed Tier 2 License Lane Advancement: Employees' advancement on the salary schedule (referenced currently in Article VII, subd. 1) shall be achieved utilizing item a., item d., or a combination of a. and d., which follows:

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- a. Article VII, Section 1, Subd. 7.b – (Credit hours for non-BA degreed employees may include undergraduate credits to a maximum of the BA+30 lane.)
- b. Article VII, Section 1, Subd. 7.g
- c. Article VII, Section 1, Subd. 7.h
- d. Lane changes for non-BA degreed employees will require 180 contact hours per lane change to BA+30 and 270 contact hours to move to or beyond the MA lane, with 120 hours as the maximum number of paid employment hours that may be used. The contact hours may be accomplished utilizing any of the following means:
 - (1) Industry Based Seminars and Training. Clock hours and contact hours granted on an hour per hour basis.
 - (2) Industry Skill-Based Certification: When an Industry Skill-Based Certification does not quantify number of contact clock hours, the employee requesting the lane change must submit a detailed explanation of the preparation necessary to receive this certification. The superintendent shall review the certification criteria and shall make the decision for approval, which shall not be subject to the grievance procedure.
 - (3) Paid Employment After Initial Placement: Employment outside of ISD 917 in either an instructional role or work environment which is representative of the trade being taught. In all cases, the outside experience must be related to the program in which the employee is teaching. This must be outside of the employee's normal teaching work hours or day, or through an industry leave. One week (40 hours) of preapproved work experience for purposes of

improving instructional capabilities equals ten clock hours. To move to or beyond the MA lane, 120 hours is the maximum number of paid employment hours that may be used.

e. Procedure when non-degreed employee receives degree.

- (1) In the event that a non-degreed employee who has advanced in salary lanes in accordance with the provisions of Subd. 8 receives a baccalaureate degree, such employee shall, upon submission to the School District personnel office of a certified transcript indicating the awarding of a baccalaureate degree from an accredited college or university, advance one "step" in addition to any step increase that would normally accrue at the start of a new school year. Such change in lane shall occur in accordance with Article VII, Section 1, Subd. 7.h.
- (2) The current "lane" in which the newly degreed employee had previously been assigned shall remain the same. Any additional lane changes must be achieved through the earning of graduate level credits as described in Subd. 7 above and must total the current lane placement before the employee becomes eligible for a lane change. The provisions of Subd. 8, shall continue to apply to an employee as described in a. above.

Subd. 9. Lane changes for Physical and Occupational Therapists, Audiologists, Mental Health Professionals, Speech Language Pathologists, and Licensed School Nurses: In addition to the Lane Advancement procedures in Subd. 7, A through H, Physical and Occupational Therapists, Audiologists, Mental Health Professionals, Speech Language Pathologists, and Licensed School Nurses may apply to have Continuing Education Units (CEU) recognized for lane changes. The following procedures apply:

- a. CEU course work must be approved by the appropriate professional association.
- b. Physical and Occupational Therapists, Audiologists, Mental Health Professionals, Speech Language Pathologists, and Licensed School Nurses will use the same form as teachers to request prior approval of credits (but in this case CEUs) to be used toward lane changes.
- c. CEUs applied to this subdivision must be paid for by the Physical and Occupational Therapists, Audiologists, Mental Health Professionals, Speech Language Pathologists, or Licensed School Nurses and not by the District.

d. Conversion of CEUs to graduate semester credits will be processed as follows:

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- i. Licensed School Nurses and Mental Health Professionals: 150 CEUs will equal 10 semester credits of graduate work.
- ii. School Social Workers with a Master's degree: 150 CEUs will equal 10 semester credits of graduate work.
- iii. Audiologists, Occupational Therapists, Physical Therapists, and Speech Language Pathologists: 15 CEUs will equal 10 semester credits of graduate work.
- a. ~~Fifteen (15) CEUs will equal one (1) semester credit of graduate work.~~

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b. e. Article VII, Section 1, Subd. 7, B, E, F, H and ~~H-I~~ shall also apply to CEU recognition consideration.

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Section 2. Additional Duty Assignments: Instructors who accept assignments to sponsor and supervise a student club or organization or the Chair of the Relicensure Committee shall receive an annual stipend in addition to expenses incurred for travel, lodging, registration, and meals while attending the club or organization's activity related events. The following is the stipend formula:

~~2021-2022 and 2022-2023~~

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Sponsor/Supervise (students attend in-state events) Base Stipend = \$450
 Sponsor/Supervise (students qualify and attend National Events)
 additional stipend = \$900
 Chair of the Relicensure Committee - \$450

Section 3. Trainer/Inservice Presenter: An employee who is assigned to train, teach, or otherwise inservice other staff members in addition to their regular job responsibilities shall be compensated at the hourly rate of the employee's contract. If the training occurs during a time that the employee would otherwise be scheduled for their contracted duties, then this hourly compensation is in addition to their contracted pay. All such training assignments must be made in writing by the appropriate director, assistant director, principal, or by the superintendent.

The employee will be compensated at the hourly rate of the employee's contract for preparation for the initial training only. For each professional development training presented, a teacher may be compensated up to one (1) hour of prep time for each one (1) hour of the length of the training session per fiscal year. The employee must provide documentation for time spent in preparation outside of the employee's duty day.

Section 4. Extra Duty Hours: An employee who is assigned, required, or has prior approval to continue working beyond the basic work week, outside the regular duty day or on non-duty days shall be considered as working extra duty hours. Extra duty hours could include, but are not limited to, training sessions, in-service attendance, or student intake meetings. Extra duty

hours will be compensated at the hourly rate pro rata of the employee's contract. One hour of extra duty will be equal to one hour of pay.

Section 5. Special Assignments: An employee who is assigned additional work or a project of benefit to the District or who represents the District shall be considered on special assignment. Special assignments could include, but are not limited to, curriculum planning, standards development, program planning/development, industry committee membership, or outside agency committee membership. Normal classroom preparation and other regular duties assigned to employees will not be considered special assignments. Special assignments will take place after the regular duty day and require pre-approval or assignment by a director. Compensation for special assignments will be at the hourly rate pro rata of the employee's contract. In the event that the District has secured a grant for some service or activity that provides for payment different from the special assignment rate specified herein, the rate specified by the grant shall control.

Section 6. Placement of New Employees:

Subd. 1. General Process: A new employee shall be placed on the lane of the salary schedule as covered by the rules as provided in Section 1 hereof and on such step as agreed between the new employee and the school district.

Subd. 2. Employee who has been a teacher in 917, returning to a teaching position: A person who has been employed as a teacher in ISD 917, who was previously employed for a number of years in a position that is not a teaching position, (a.) does not forfeit their previously earned seniority as a teacher, nor do they (b.) earn seniority in the teacher group while they are not in a teaching position. This process is used in determining teacher seniority used for seniority-based decisions such as unrequested leave.

Example A: Teacher A has five years of teaching seniority established in ISD 917; they move to a dean position for four years. If they return to a teaching position in ISD 917, they will be credited with five years of their previous seniority as a teacher.

Example B: Teacher B has five years of teaching experience in a different school district, and they are hired as a dean in ISD 917 and work as a dean for four years. If they move to a teaching position in ISD 917, their previous experience as a teacher in another district will not be counted as teaching seniority in ISD 917. They will be credited with zero years of teaching seniority in ISD 917.

Section 7. Travel Expense: Employees required by the school district to use their own vehicles in the performance of their duties shall be reimbursed for such travel pursuant to school district policy, which rate shall be not less than the State of Minnesota provides for state employees.

Section 8. Substitute Employees: A person employed during the school year as a replacement long-term substitute shall be paid a salary as agreed between that person and the school district, prorated to reflect the portion of the year for which hired. Additional information is included in Board Policy 456.

Section 9. Summer School Assignment: Notification shall be sent to instructors informing them of summer school or extended time dates and hours not later than May 1 of the current contract year. Notification of selection to teach summer school or extended time assignments shall be sent to instructors by June 1 of the current contract year.

Section 10. Summer Assignment Compensation: Employees with summer assignments, except for extended employees as described in Article VI, Section 7 hereof, shall be compensated for such duties as assigned by the school district at the hourly rate pro rata of the employee's contract.

Section 11. School District Right: Nothing in this Article shall be construed to prohibit the school district from compensating an employee at a rate higher than that required by Section 1 of this Agreement.

Section 12. Part-time Employees: Part-time employees employed less than an average of fourteen (14) hours per week and 65 days per year shall be compensated at a rate not less than current school district policy.

Section 13. Substitute Employees: Substitute employees employed less than an average of fourteen (14) hours per week and 100 days per year shall be compensated at a rate not less than current school district policy.

Section 14. Lead Employees: In its discretion the school district may appoint one or more lead employees. In such event, the appointment shall be made for a one (1) year term only, and the school district may or may not renew such appointment in its discretion. In the event of such an appointment, the employee shall receive a stipend of \$3,000 per annum. A job description shall be promulgated by the school district and the school district shall meet and confer with Local 3904 prior to implementation of the job description.

Section 15. Reimbursement for Additional Certification: Assignments requiring licensure beyond or outside that required of teachers and the Professional Educators Licensing and Standards Board/ (PELSB) will be awarded an annual stipend of \$250 to help offset their additional expenses for CEU's and/or certification and licensing fees. These assignments ~~may~~ include employees serving in the roles of: audiologist; licensed school nurse; occupational therapist; orientation and mobility specialist; physical therapist; ~~school psychologist;~~ speech/language pathologist; mental health professional; and school social worker.

Those serving in the role of a school psychologist who are nationally certified (NCSP) will be awarded an annual stipend of \$1250 to help offset their additional expenses for national

certification through the National Association of School Psychologist or the American Psychological Association.

All additional certification stipends in this section will be paid annually on the last paycheck in May. Employees hired after January 1, who are eligible for the stipends outlined in this section, will receive half of the stipend amount.

ARTICLE VIII
403B MATCHING CONTRIBUTION

Section. 1. Eligibility: To be eligible for the full contribution, an employee must be regularly employed in an assignment of at least 1110 hours during the contract year, and such benefits shall not apply to substitute employees. For employees employed in an assignment of less than 1110 hours, but at least 550 hours per year, the school district will make a contribution according to Section 2 below. To be eligible for a contribution under this Article, an employee must have completed one (1) year of employment. The first year of employment shall be defined as any days of employment prior to the last student day of the regular school calendar in the first employment agreement. The next regular school calendar becomes the second year of employment with each successive school year adding to the years of employment. To be eligible for the District match, an employee must have started their second continuous school year contract before the annual 403(b) open enrollment period.

Section. 2. Contribution: The school district will match the employee contribution up to a maximum as listed in the following schedule for full time employees, according to years of employment in the District. For eligible employees as defined in Section 1, employed less than full-time, the school district will make a 50% matching contribution, as listed in the following schedule.

Years of Continuous Employment in the District	2024 2023-2022 2024 and 2022 2024-2023 2025	
	1110+ hr/yr	550-1109 hr/yr
1 to 4	\$360	\$180
5 to 9	\$860	\$430
10 to 15	\$1,060	\$530
16 to 20	\$1,260	\$630
21+	\$1,460	\$730

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Section. 3. Authorization Agreement: A salary reduction authorization agreement must be completed by the eligible employee by October 1 of the current year for the employee to participate in the 403(b) matching contribution plan.

Section 4. Unpaid Leaves: Employees on unpaid leaves may not participate in the matching program while on leave.

Section 5. Matching Requirement: The school district's contribution, in any event, shall not exceed the employee's matching contribution within the limitations of this Article.

Section 6: Approved Vendors: A list of district-approved vendors will be made available on the district website.

~~VALIC (formerly AIG Retirement)
403(b) and Roth 403(b) only~~

~~Ameriprise Financial Services, Inc.
403(b) only~~

~~Educators Financial Services, Inc (ESI)
403(b) and Roth 403(b) only~~

~~AXA Equitable Life Assurance
403(b) and Roth 403(b) only~~

~~Fidelity Investments
403(b) only for Plan Nbr 67454~~

~~Voya Financial (formerly ING—Aetna Life Insurance)
403(b) only~~

~~Minnesota Deferred Comp. Plan
457 only~~

~~Horace Mann Life Insurance
403(b) only~~

~~Waddel & Reed
403(b) and Roth 403(b) only~~

ARTICLE IX GROUP INSURANCE

Section 1. Selection of Carrier: The selection of the insurance carrier and policy shall be made by the school district.

Section 2. Health and Hospitalization Insurance:

Subd. 1. Individual Coverage: The school district, effective January 1, ~~2022~~2024, shall contribute a sum not to exceed \$595 per month toward the cost of the premium for individual coverage for each eligible employee employed by the school district who qualifies for and is enrolled in the school district's health and hospitalization plan. Any additional cost of the premium shall be borne by the employee and paid by payroll deduction. This subdivision shall not apply to those eligible employees who select coverage under the high deductible health plan described in Subdivision 3. Effective January 1, ~~2023~~2025, the school district shall contribute a sum not to exceed \$595 per month toward the cost of the premium for individual coverage for each eligible employee employed by the school district who qualifies for and is enrolled in the school district's health and hospitalization plan. Any additional cost of the premium shall be borne by the employee and paid by payroll deduction. This subdivision shall not apply to those eligible employees who select coverage under the high deductible health plan described in Subdivision 3.

Subd. 2. Family Coverage: The school district, effective January 1, ~~2022~~2024, shall contribute a sum not to exceed \$1435 per month toward the cost of the premium for family coverage for each eligible employee employed by the school district who qualifies for and is enrolled in the school district's health and hospitalization plan and who qualifies for family coverage. Any additional cost of the premium shall be borne by the employee and paid by payroll deduction. This subdivision shall not apply to those eligible employees who select coverage under the high deductible health plan described in Subdivision 4. Effective January 1, ~~2023~~2025, the school district shall contribute a sum not to exceed \$1435 per month toward the cost of the premium for family coverage for each eligible employee employed by the school district who qualifies for and is enrolled in the school district's health and hospitalization plan and who qualifies for family coverage. Any additional cost of the premium shall be borne by the employee and paid by payroll deduction. This subdivision shall not apply to those eligible employees who select coverage under the high deductible health plan described in Subdivision 4.

Subd. 3. -Individual High Deductible Coverage:

(a) Eligible employees shall have the option of enrolling in a high deductible coverage option of the school district's health and hospitalization plan. The high deductible coverage shall be a qualified high deductible health plan within the meaning of Section 223 of the Internal Revenue Code of 1986, as amended from time to time. Each eligible employee enrolled in the high deductible coverage shall be eligible for a contribution to a health savings account ("HSA") of such employee in accordance with the Intermediate School District No. 917 Flex Choice Plan (the "Flex Choice Plan"). Effective January 1, ~~2022~~2024, the total monthly contribution by the school district toward the cost of the premium of the high deductible

coverage, the HSA contribution, and the HSA administrative fees attributable to such eligible employee shall not exceed \$~~755775~~. Effective, January 1, ~~2023~~2025, the total monthly contribution by the school district toward the cost of the premium of the high deductible coverage, the HSA contribution, and the HSA administrative fees attributable to such eligible employee shall not exceed \$~~775780~~.

(b) The school district shall contribute toward the cost of the premium for each eligible employee employed by the school district who qualifies for and is enrolled in individual coverage under the high deductible coverage option of the school district's health and hospitalization plan a monthly amount equal to the total monthly contribution identified in subsection (a) minus the monthly HSA contribution identified in subsection (c) and the monthly HSA administrative fees.

(c) The school district shall contribute an amount equal to one-half of the applicable deductible to the HSA of each eligible employee employed by the school district who qualifies for and is enrolled in individual coverage under the high deductible coverage option of the school district's health and hospitalization plan. Such contributions shall be made monthly on a pro rata basis. Such employees shall also be eligible, through the Flex Choice Plan, to make pre-tax contributions to the HSA via salary reduction. The school district shall select the vendor of the HSA to which such contributions shall be made. Once deposited in an employee's HSA, such contributions, whether made by the school district or via salary reduction, shall not be subject to restriction by the school district and the employee may access and/or transfer such funds to a different HSA to the fullest extent permitted by law. Such employees also shall be eligible to participate in a Limited Scope Health Care Reimbursement Plan through the Flex Choice Plan, which shall allow reimbursement of medical expenses to the fullest extent permitted by law for an individual receiving contributions to an HSA.

Subd. 4.- Family High Deductible Coverage:

(a) Eligible employees shall have the option of enrolling in a high deductible coverage option of the school district's health and hospitalization plan. The high deductible coverage shall be a qualified high deductible health plan within the meaning of Section 223 of the Internal Revenue Code of 1986, as amended from time to time. Each eligible employee enrolled in the high deductible coverage shall be eligible for a contribution to a health savings account ("HSA") of such employee in accordance with the Intermediate School District No. 917 Flex Choice Plan (the "Flex Choice Plan"). Effective January 1, ~~2022~~2024, the total monthly contribution by the school district toward the cost of the premium of the high deductible

coverage, the HSA contribution, and the HSA administrative fees attributable to such eligible employee shall not exceed \$1600. Effective, January 1, ~~2023~~2025, the total monthly contribution by the school district toward the cost of the premium of the high deductible coverage, the HSA contribution, and the HSA administrative fees attributable to such eligible employee shall not exceed \$~~4600~~1800.

(b) The school district shall contribute toward the cost of the premium for each eligible employee employed by the school district who qualifies for and is enrolled in family coverage under the high deductible coverage option of the school district's health and hospitalization plan amount equal to the total contribution identified in subsection (a) minus the HSA contribution identified in subsection (c) and the HSA administrative fees.

(c) The school district shall contribute an amount equal to one-half of the applicable deductible to the HSA of each eligible employee enrolled in the family high deductible coverage. Such contributions shall be made monthly on a pro rata basis. Such employees shall also be eligible, through the Flex Choice Plan, to make pre-tax contributions to the HSA via salary reduction. The school district shall select the vendor of the HSA to which such contributions shall be made. Once deposited in an employee's HSA, such contributions, whether made by the school district or via salary reduction, shall not be subject to restriction by the school district and the employee may access and/or transfer such funds to a different HSA to the fullest extent permitted by law. Such employees also shall be eligible to participate in a Limited Scope Health Care Reimbursement Plan through the Flex Choice Plan, which shall allow reimbursement of medical expenses to the fullest extent permitted by law for an individual receiving contributions to an HSA.

Subd. 5 Changes in Coverage under High Deductible Coverage: If an eligible employee who qualifies for and is enrolled in coverage under the high deductible coverage option of the school district's health and hospitalization plan changes the type of coverage during a calendar year (e.g., from individual coverage under the high deductible coverage option to family coverage under the high deductible coverage option; from family coverage under the high deductible coverage option to individual coverage under the high deductible coverage option; from family or individual coverage under the high deductible coverage option to no coverage under the high deductible coverage option), the school district's contribution to the employee's HSA shall change accordingly. The change in the amount of HSA contributions shall be effective coincident with the change in the type of coverage under the high deductible coverage option.

Section 3. Dental Insurance:

Subd. 1. Individual Coverage: The school district, effective, January 1, ~~2022~~2024, shall contribute a sum not to exceed \$56 per month toward the cost of the premium for such individual coverage for each eligible employee employed by the school district who qualifies for and is enrolled in the school district's dental insurance plan.

Any additional cost of the premium, shall be borne by the employee and paid by payroll deduction.

Subd. 2. Family Coverage: The school district, effective January 1, ~~2022~~2024, shall contribute a sum not to exceed \$124 per month toward the cost of the premium for family coverage for each eligible employee employed by the school district who qualifies for and is enrolled in the school district's dental insurance plan and who qualifies for family coverage. Any additional cost of the premium shall be borne by the employee and paid by payroll deduction.

Section 4. Group Income Protection: The school district will pay each month the premium for income protection insurance for each eligible employee. The income protection plan shall include the following:

- a. Benefits begin after ninety (90) calendar days of total disability.
- b. The monthly income benefit shall be 66-2/3 percent of basic monthly earnings (exclusive of any additional compensation from this District or any other source).

Section 5. Life Insurance: The school district will pay the life insurance premium for a \$100,000 term life insurance policy for each eligible employee. The value of this benefit will be included in the employee's taxable income as required by the Internal Revenue Code Section 79.

Section 6. Claims Against the School District: The parties agree that any description of insurance benefits contained in this Article is intended to be informational only and the eligibility of any employee for benefits shall be governed by the terms of the insurance policy purchased by the school district pursuant to this Article. It is further understood that the school district's only obligation is to purchase an insurance policy and pay such amounts as agreed to herein and no claim shall be made against the school district as a result of a denial of insurance benefits by an insurance carrier, provided the employee has requested such insurance in writing and the superintendent has acknowledged receipt of such request in writing.

Section 7. Duration of Insurance Contribution: An employee is eligible for school district contributions as provided in this Article as long as the employee is employed by the school district. Upon termination of employment, all district participation and contribution shall cease, except as otherwise provided by law. Employees who work the full school year and resign

effective at the end of the school year or are placed on unrequested leave of absence effective at the end of the school year, shall be eligible for school district contribution as provided in this article through the following August 31st.

Section 8. Eligibility: Insurance benefits as outlined in this Article shall apply only to employees regularly employed at least 1,110 hours per year and such benefits shall not apply to substitute employees. For employees employed less than 1,110 hours, but at least 550 hours per year, the school district will make a pro rata contribution.

ARTICLE X
LEAVES OF ABSENCE

Section 1. PTO Leave: Personal Time Off (PTO) is defined as absence used for illness, bereavement, adoption, religious holidays, personal use and paid childcare leave. Personal Time Off does not include such absences as jury duty (Section 4) and unpaid childcare leave.

Subd. 1. Full-Time Employees: All full-time employees ~~as defined in Article III, Section 2 working under this contract at eight (8) hours per day/40 hours per week, shall be credited with thirteen (13) days of Personal Time Off (PTO) per contract school year, ten (10 of which (i.e. 80 hours) may be used in accordance with Minnesota State Statute 181.9445 through 181.9448 that outlines mandatory Earned Sick & Safe Time for Minnesota employers. The credit PTO shall be made frontloaded at the beginning of each school year. Part-time and job share employees shall accrue PTO days on a pro-rata basis.~~ Employees who take medical or parental leave of absence, under this article, shall retain all their ~~number of PTO, and sick leave days up to the date of the employee's leave for use during the employee's leave of absence and accrual will continue so long as the employee is using paid leave. No additional PTO days shall accrue for the period of time that the employee is on unpaid leave. If an employee leaves the District having used more PTO days than he/she earned, the District shall reduce the employee's final paycheck for any unearned PTO days on a pro-rata basis.~~

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Subd. 2. Part-Time and Job Share Employees: ~~Part-time and job share employees working 0.8 FTE or more will be frontloaded their PTO at the beginning of the year, which will prorated from thirteen (13) days at a minimum of 80 hours. 80 hours of their prorated, frontloaded PTO may be used in accordance with Minnesota State Statute 181.9445 through 181.9448 that outlines mandatory Earned Sick & Safe Time for Minnesota employers.~~

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~~Part-time and job share employees working less than 0.8 FTE will accrue PTO days on a pro-rata basis based on the employee's total hours worked compared to a full-time employee, which may all be used in accordance with Minnesota State Statute 181.9445 through 181.9448 that outlines mandatory Earned Sick & Safe Time for~~

Minnesota employers. Employees who take medical or parental leave of absence, under this article, shall retain all their PTO.

Subd. 3. For the purposes of consistency of contracts and policies referring to paid time off, such as time off allotted for illness or medical/dental appointments, as "leave" types, time off aligned with Minnesota's Earned Sick and Safe Time statutes shall be referred to as "Earned Sick and Safe Leave" or "ESSL."

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Subd. 24. At the end of each contract year, unused paid leave days (PTO and/or sick leave) days will be processed as follows:

a. a. An employee's unused PTO hours will be rolled into a sick leave bank.

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b. If an employee's accrued sick leave balance equals forty-five (45) unused sick leave days or more as of the end of the contract year, then five (5) unused PTO days will be sold back at the rate of two hundred (\$200) per day (part-time employees will be prorated based on hours worked per week with 40 hours as the basis for full time). Any remaining PTO days beyond the five (5) days sold back will be added to each employee's previously accrued sick leave balance, except as provided below. In the event a PTO sell back is required under this paragraph and the employee's unused PTO balance at the end of the contract year is less than five (5) days, the amount of PTO sold will be equal to the employee's accrued PTO balance. Returning employees shall receive the monies for their PTO sell back on their end-of-August paycheck, following the conclusion of the school year, except for retiree employees, who shall receive the monies on the middle-of-June paycheck.

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c. b.—Employees hired prior to December 1 of the given contract year, who have used five (5) or less PTO days at the end of each contract year shall receive a District contribution of two hundred dollars (\$200) in their name to the Minnesota State Retirement System (MSRS) Health Care Savings Plan. This contribution shall correspond with the end-of-August paycheck for returning employees, following the conclusion of the school year, except for retiree employees, whose contribution shall correspond with the middle-of-June paycheck.

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c. ~~Employees who use six (6) or less PTO days at the end of each contract year are eligible to be granted up to five (5) consecutive days of PTO leave in the next school year. This option may not be granted in consecutive school years.~~

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Subd. 35. ~~The first three (3) days used for illness each contract year will be deducted from that year's PTO days. Subsequent days used for illness will be~~

~~deducted from an employee's accrued sick leave balance unless the employee wishes to have them taken from the current year's PTO days. An employee may use their ten (10) PTO days allotted for ESSL in accordance with the state statute. PTO and accumulated sick leave may be used by employees for illness of the employee, and the employee's child under 18, and/or the employee's parent or parent-in-law. For purposes of this subdivision, "child" includes stepchild, grandchild, biological, adopted, and foster child. For purposes of this subdivision, "parent" includes stepparent, biological, and adoptive parent. The employee may also use PTO days and accumulated sick leave not to exceed twenty (20) days per 12-month period for illness of or injury to the employee's adult child, spouse, sibling, parent, grandparent, parent-in-law, or stepparent. In extenuating circumstances, an employee may make an additional request for use of Accumulated Sick Leave to the Superintendent/designee. Should the employee and their circumstance qualify for Family Medical Leave Act protection, the employee may be eligible for time-off beyond the twenty (20) days noted herein per the Family Medical Leave Act and the district leave policies.~~

Subd. 46. After three (3) consecutive days of absence due to illness, or when there is probable cause to support the belief that an employee is misrepresenting the use of leave for illness, the District may require an employee to furnish a medical certificate from the attending ~~physician-medical provider~~ indicating such absence was due to illness or disability. Requests for documentation following the use of ESSL will adhere to state statute. The District may require certification by the attending ~~physician-medical provider~~ stating that the employee is in good health and able to resume the employee's duties upon return. In the event that a medical certification will be required, the employee will be so advised.

Subd. 57. In addition to other leaves and benefits provided for in this Continuing Bargaining Agreement, employees may take leaves under the provisions of all applicable state and federal laws, including the Family and Medical Leave Act. FMLA leaves shall run concurrently with any of the other leaves provided for in this Continuing Bargaining Agreement. Nothing in this contract shall be interpreted to diminish any benefit provided for in law, including those provided in the FMLA.

Subd. 68. To use PTO days without giving a reason for the absence, the employee must give at least a three (3) day notice and receive preapproval from their program administrator and the approving administrator will consider the safety and operational continuity of the program. In circumstances when the program cannot be safely and effectively operated without the employee, the program administrator may deny the request for use of PTO.

~~For reasons of~~ A three (3)-day notice is not needed for ESSL, illness, or bereavement, a three-day notice is not required unless the use is for foreseeable reasons, such as planned medical or dental appointments.

In the situation of a request for use of PTO with less than a three (3) day notice, it is required that employees provide an explanation of why a three (3) day notice was not possible and the reason for the absence ~~is required. For reasons other than illness or bereavement, employees must receive pre-approval from their program administrator and the approving administrator will consider the safety and operational continuity of the program. In circumstances when the program cannot be safely and effectively operated without the teacher, the program administrator may deny the request for use of PTO.~~

Subd. 79. PTO shall be granted in ~~one quarter-hour (0.25) increments when no substitute is needed. If a substitute is needed, PTO shall be granted in ½ day or four-hour increments. Supervisors shall not approve requests for the use of PTO days typically shall not be granted for on~~ the day preceding or the day following ~~holidays, vacation periods, Minnesota Educators' Academy (MEA) break, the long weekend that includes the fourth (4th) Thursday in November, winter break, or spring break, conference days or in-service/workshop days,~~ and the first ten (10) and the last ten (10) student contact days of the school year except for reasons of ESSL, illness, or bereavement. ~~PTO days shall not be granted during parent conference days or in-service days except for reasons of illness or bereavement.~~ PTO requests may be denied on a particular day if other employees in the same unit or educational site have already been granted PTO leave which would be disruptive to the functioning of the particular program. In addition, PTO will not be approved on any day for which the number of teachers at a building site requesting the use of PTO exceeds the number needed to safely and effectively operate the program.

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Any Requests for exceptions to the expectations herein require the approval of the superintendent or their designee through a review process. Employees seeking exceptions in order to use PTO during the restricted periods listed above must reach out to the Director of Human Resources.

Subd. 810. No more than three (3) consecutive PTO days may be granted except for childbirth, adoption, absence due to extended illness, ESSL, or bereavement, though extended absences must adhere to the leave of absence request process outlined in district policies, and as described in Section 1, subd. 2.c.

Employees who worked a full school year and used six (6) or less PTO days during that previous school year are eligible to be granted up to five (5) consecutive days of PTO leave in the next school year.

Subd. 911. An employee who is entitled to PTO leave pay, or has accumulated sick leave, who is then receiving Worker's Compensation, may not be paid PTO leave pay in an amount greater than the difference between such Worker's Compensation and the employee's basic salary. Under such circumstances, only that fraction of a

PTO leave day not covered by Worker's Compensation insurance shall be deducted from accrued leave.

~~Subd. 10. Each school year, it shall be the option of each bargaining unit member to contribute one (1) accumulated PTO leave day to establish and maintain a paid sick leave bank up to 150 days. On or before June 1, the business office will electronically prompt bargaining unit members to indicate whether or not they wish to contribute to the sick leave bank. The paid sick leave bank shall be administered by the President of the Association and the Superintendent. Paid sick leave days may be available for bargaining unit members or their immediate family members who have exhausted all their paid sick leave options. No bargaining unit member may be granted from the pool of sick leave days more than is needed to become eligible for long-term disability. Eligibility decisions are not subject to the grievance procedures.~~

~~Subd. 412. A student related injury workers' compensation paid leave bank has been established by the District. The leave bank shall be administered by the President of the Association and the Superintendent. The student related injury workers' compensation paid leave bank shall be used for requests from unit members for up to three (3) days of pay if the injury is of such duration that it does not provide for a Minnesota Workers' compensation wage loss benefit. Requests for use of paid leave from the bank must be made to the President of the Association and the Superintendent will not be done on the absence tracking system but will be made on the Employee Absence Report Form on the ISD 917 website in the section: For 917 Staff; District Forms; District Business, and Employee Forms. Eligibility decisions are not subject to the grievance procedures.~~

~~Subd. 4213. Employees who are assigned to an extended contract under Article VI, Section 7, Extended Duty Days for the Juvenile Service Center (JSC), shall earn additional PTO leave days on a pro rata basis consistent with the number of additional days of assignment. The calculation of additional days will be based upon the actual days worked in the preceding school year (July 1 through June 30). The additional PTO leave days earned will accrue to the employee in the following year. Additional time will be calculated to the closest ½ day, rounded up.~~

~~Subd. 13. Upon termination of an employee's employment for any reason, all PTO days and accumulated sick leave shall be immediately and automatically cancelled. If the employee is rehired within one year, the previously accumulated PTO days and accumulated sick leave shall be reinstated.~~

Section 2. Medical Leave

~~Subd. 1. Personal Medical Leave of Absence: An employee who is unable to work because of a personal illness or disability may, upon written request to human~~

resources per procedure outlined on the School District's website, be granted a medical leave of absence. Such leave shall run concurrently, that is at the same time, with Family Medical Leave Act (FMLA) provisions, if the employee is eligible under FMLA as noted in subdivision two (2) of this section. The employee's accrued paid leave must be exhausted before the employee transitions to an unpaid personal medical leave of absence.

Maternity-Pregnancy Leave: The start of a personal physical disability absence for prenatal care, pregnancy, delivery, and recovery from childbirth shall be determined by the employee's physician. The end of a personal physical disability absence for childbirth shall also be determined by the employee's physician. This must be communicated to the School District in writing. Leaves extending beyond the physician's documentation shall fall under parental leave and may be eligible under the Family Medical Leave Act as noted in subdivision two (2) of this section.

Subd. 2. Family Medical Leave of Absence: In accordance with the Family Medical Leave Act (FMLA), eligible employees are entitled to twelve (12) workweeks of unpaid leave within a rolling twelve (12)-month period. Non-contract days, such as winter and spring breaks, summer, and weekends shall not count toward the twelve (12) workweeks and accrued paid leave shall not be deducted.

- a) FMLA Eligibility: Over the twelve (12) months prior to leave, employees must have been employed with the School District for at least twelve (12) months and worked 1,250 hours within the twelve (12)-month period preceding the leave. Any use of PTO, sick leave, or unpaid time off are not ~~be~~ counted toward the 1,250-hour benchmark.
- b) Pursuant to law, FMLA Leave shall be granted for any of the following reasons:
 - i. The employee's own serious health condition, as defined by the FMLA.
 - ii. The employee's need to care for an immediate family member (spouse, child, parent) with a serious health condition, as defined by the FMLA.
 - iii. The placement (adoption or foster care) or birth of a child up to one year after the child's birth or placement.
- c) FMLA Leave will run concurrently, that is at the same time, with any paid leave and any and all of the employee's accrued paid leave must be exhausted before the employee transitions to an unpaid leave of absence.
- d) Spouses who work for the School District shall be allowed a combined total of twelve (12) weeks unpaid FMLA leave during any twelve (12)-month period for the birth or adoption of a child, or to care for a parent's serious health condition. However, the combined limitation does not apply to FMLA leave taken by one spouse in the School District to care for the other spouse in the School District.

Subd. 3. Notification and Request for Medical Leave: An employee must give written notice to human resources requesting a medical leave of absence at least three (3) calendar months before the beginning of the requested medical leave or within 24 hours of receipt of notice of arrival of an adopted child, if notice is received less than three (3) calendar months before the leave start date, or as soon as possible following the onset of a serious health condition. The request for medical leave shall adhere to procedure outlined on the School District's website.

Subd. 4. Medical Verification: The employee shall be required to provide the School District with medical verification from a qualified healthcare provider for their own or the family member's serious health condition when requesting the leave of absence.

Subd. 5. Returning from Medical Leave: An employee on a medical leave of absence under this Section must notify human resources or his/her administrative designee in writing, at least one (1) week prior to his/her intention to return from leave.

- a) If the employee is returning from a personal medical leave of absence, the employee must also provide medical verification from a qualified healthcare provider of the employee's release from medical restrictions allowing them to return to full capacity at work.

The employee may provide medical verification from a qualified healthcare provider of the employee's work restrictions due to the employee's serious medical condition, and the School District will attempt to accommodate those restrictions if possible.

- b) Upon return from a medical leave, the employee shall be returned to the former position held from which the employee was granted the leave, or an equivalent position should that position no longer be available or the School District determines the timing of the employee's return would interfere with student achievement.

Subd. 6. Probationary Period: Periods of time for which the employee is on medical leave may extend the employee's probationary period pursuant to Minnesota Statute (122A.41, Subdivision 1).

Section 3. Parental Leave

Subd. 1. An employee shall be afforded a parental leave of absence of no more than twelve (12) months in duration for the care of a newborn child or an adopted child, provided that the employee is caring for the child on a full-time basis. The parental leave will run concurrently, that is at the same time, as family medical leave

should the leave be an FMLA-qualified leave of absence.

Subd. 2. Notification and Request for Parental Leave: An employee shall give written notice to human resources, per procedure outlined on the School District's website, requesting a parental leave of absence at least three (3) calendar months before the beginning of the requested leave or within 24 hours of receipt of notice of the arrival of an adopted child, if notice is received less than three (3) calendar months before the leave start date.

Subd. 3. Returning from Parental Leave: For partial school year leaves, an employee on a parental leave of absence under this Section must confirm with human resources his/her intention to return from parental leave at least two (2) weeks prior to his/her approved leave end date. For full school-year leaves, an employee on a parental leave of absence under this Section must confirm with human resources or his/her administrative designee in writing, his/her intention to return from parental leave in August of the next school year by April 1 of the leave school year.

Upon return from a parental leave, the employee shall be returned to the former position held from which the employee was granted the leave, or an equivalent position should that position no longer be available or the School District determines the timing of the employee's return would interfere with student achievement.

Subd. 4. Failure of the employee to return from a parental leave pursuant to the agreed upon return date with the School District, may constitute job abandonment and be grounds for termination.

Subd. 5. The School District may adjust the proposed beginning or end date of a parental leave to coincide with a natural break in the school year.

Subd. 6. Probationary Period: Periods of time for which the employee is on parental leave may extend the employee's probationary period pursuant to Minnesota Statute (122A.41, Subdivision 1).

Section 4. Civic Duty/Military Leave

Subd. 1. Jury Duty: An employee summoned to serve on a jury shall request to be excused from such jury service. Employees who are not excused will be permitted time off without the loss of pay contingent upon the employee reimbursing the School District any fees / per diem received from the court for said jury duty. If/when an employee is dismissed from jury duty, the employee must return to work. Any allowable expenses reimbursed by the court, such as mileage, parking, and meals, may be retained and are the sole responsibility of the teacher to seek through the court. The District shall assume no responsibility to seek reimbursement, nor pay

reimbursement for said expenses.

Subd. 2. Subpoenaed Witness: An employee subpoenaed in cases involving the School District or students (e.g., a parent custody case) served within the School District, will be permitted time off without the loss of pay and will be allowed to retain any allowable expenses reimbursed by the court. An employee subpoenaed in cases unrelated to the School District, will be permitted time off and use of paid or unpaid leave will be at the discretion of the Superintendent. Any allowable expenses reimbursed by the court, such as mileage, parking, and meals, may be retained and are the sole responsibility of the teacher to seek through the court. The District shall assume no responsibility to seek reimbursement, nor pay reimbursement for said expenses.

Subd. 3. Military: Military leave shall be granted pursuant to State and Federal laws.

Section 5. General Unpaid Personal Leave

Subd. 1. An employee shall be afforded a general unpaid personal leave of absence, subject to the provisions in this section and District policy 464, through written request from the employee to the Superintendent. Any leave within this section must also be approved by the School Board if it extends beyond five (5) days. The granting of such leave shall be at the sole discretion of the School Board.

A general leave may be granted by the School Board for extended personal illness, extended illness of the employee's immediate family member, additional educational requirements, or other reasons acceptable to the School Board.

Subd. 2. A general leave of absence pursuant to this section shall be leave without pay and the employee will not be permitted to use accrued leave to subsidize his/her general leave of absence.

Subd. 3. An employee on an approved general leave of absence for a full school year or the spring semester of the school year, shall notify the Superintendent in writing of his/her intention to return for the upcoming school year no later than April 1 of the leave school year. For leaves that do not end at the conclusion of a school year, an employee on a general leave of absence under this Section must notify the Superintendent in writing, of his/her intention to return from general leave at least one (1) month prior to his/her approved leave end date.

Section 6. Insurance Implications

Subd. 1. Qualified FMLA Leaves: An employee on a leave under this article that qualifies per the Family Medical Leave Act (FMLA) is eligible to continue to participate in group insurance programs, if permitted under the insurance policy

provisions, and shall continue to pay the employee contribution to the insurance premium for any month during which the FMLA-qualified leave falls.

Subd. 2. Other Leaves: For leaves under this article that do not qualify per the FMLA, the employee shall pay the full insurance premium (School District and employee contributions) for any month in which the employee does not work at least one (1) day.

Subd. 3. Payment: The employee is responsible for paying the School District business office the monthly amounts due for any insurance programs the employee wishes to retain in advance of the end of the corresponding month on such a date determined by the School District. However, the employee may elect to discontinue insurance programs. The right to continue participation in such group insurance programs shall automatically discontinue upon termination of employment, except as otherwise provided by law.

Section 7. Accrued Benefits:

Subd. 1. Employees on Medical or Parental Leaves: An employee on a medical or parental leave under this article shall retain his/her number of PTO and sick leave days, experience credit for pay purposes, and other accrued benefits, if any, up to the date that the employee went on leave for use during the employee's leave of absence, as noted in sections two (2) and three (3) of this article, and accrual will continue so long as the employee is using paid leave. No additional PTO days, experience credit for pay purposes, or other benefits shall accrue for the period of time that the employee is on unpaid leave.

Subd. 2. Employees on General Leaves: An employee on a general leave under this article shall retain his/her number of PTO and sick leave days, experience credit for pay purposes, and other accrued benefits, if any, up to the date that the employee went on leave for use upon the employee's return from leave. No additional PTO days, experience credit for pay purposes, or other benefits shall accrue for the period that the employee is on unpaid leave.

Section 8. Seniority: For purposes of seniority standing, an employee on leave, pursuant to this Article, shall retain the employee's original seniority date during such leave of absence.

~~Section 9. Eligibility: Leave benefits as outlined in this Article shall apply only to employees regularly employed at least 185 days per year and at least forty (40) hours per week. Employees regularly employed for a lesser period of time, but at least an average of fourteen (14) hours per week and 65 days per year, shall be entitled to leave benefits on a pro rata basis. Employees employed less than an average of fourteen (14) hours per week and 65 days per year, shall not be eligible for the benefits of this Article.~~

ARTICLE XI
UNREQUESTED LEAVE OF ABSENCE

Section 1. Purpose: The purpose of this Article is to implement the provisions of Minn. Stat. § 122A.40, Subd. 10, which Article, when adopted, shall constitute a plan for unrequested leave because of discontinuance of position, lack of pupils, financial limitations or merger of classes caused by consolidation of districts.

Subd. 1. "Employee" means a continuing contract employee who is regularly employed at least an average of fourteen (14) hours per week and 65 days per year. An employee employed less than an average of fourteen (14) hours per week and 65 days per year and substitute employees shall not acquire seniority.

Section 2. Definitions:

Subd. 1. For purposes of this Article the terms defined shall have the meanings respectively ascribed to them.

Subd. 2. "Seniority or Seniority Date": For purposes of this Article, seniority means length of continuous service by a continuing contract employee commencing with the first day of employment in the school district. Probationary employees and substitute employees as defined in Minn. Stat. § 125.35, Subd. 5, are excluded. However, upon completion of the probationary period, an employee's seniority date shall relate back to the first day of employment. Leaves of absence approved by the school district shall not modify an employee's seniority date as defined herein.

Subd. 3. "Qualified – Employee": For purposes of this Article, to be qualified for a position shall mean as follows:

- a. The employee holds a current license(s) for the position.
- b. The employee has taught within the particular licensure area, on regular assignment in School District 917, within the immediate past five (5) years.

Section 3. Application:

Subd. 1. Seniority List: An updated seniority list shall be published no later than February 15 of each year. The list shall indicate the beginning employment date, licensure and current position(s). The list will be digitally posted and linked to the staff only access portion of the ISD 917 website under "For 917 Staff." An email will be sent by the superintendent's designee indicating to staff that the seniority list has been posted and Local 3904 shall be provided with a copy of the list.

Subd. 2. Ties in Seniority: In the event of a tie in seniority date, the tie shall be broken by lot.

Subd. 3. Grievability: A challenge to placement on the seniority list may be made in accordance with the grievance procedure in this contract.

Subd. 4. Removal from Seniority List: Employees resigning or terminated for cause shall be removed from the seniority list.

Subd. 5. No Break in Service: In determining the length of seniority, an employee whose employment has been legally terminated by resignation, or termination pursuant to Minn. Stat. § 122A.40 but whose employment was subsequently reinstated, by action of the school district and the employee, without interruption of regular service, shall retain his/her original seniority date.

Section 4. Unrequested Leave of Absence:

Subd. 1. The school district may place on unrequested leave of absence, without pay or fringe benefits, such employees as may be necessary because of discontinuance of position, lack of pupils, financial limitations, or merger of classes. Such leave shall be effective no later than the close of the school year or at such earlier time as mutually agreed between the employee and the school district.

Subd. 2. Employees proposed to be placed on unrequested leave shall receive notice pursuant to Minn. Stat. § 122A.40:

Following School Board action on discontinued positions and School Board action proposing placement of teachers in unrequested leave of absence, each teacher proposed for placement on unrequested leave of absence shall receive notice of the proposed placement that:

- a. States the applicable grounds as provided in Minn. Stat. § 122A.40, Subd. 11 for the proposed placement;
- b. Provides notice to the teacher of their right to request a hearing on the proposed placement within 14 days from the receipt of the notice; and
- c. Provides notice to the teacher that failure to request a hearing will be deemed as acquiescence to the School Board's proposed placement action.

Subd. 3. An employee who has acquired continuing contract rights must not be placed on unrequested leave while Tier 1-licensed, Tier 2-licensed, or probationary teachers are retained in positions for which the teacher who has acquired continuing contract rights is licensed. Tier 3 and 4 continuing contract teachers shall be placed on unrequested leave of absence in inverse order of seniority providing the

operation of inverse seniority order leaves remaining employees licensed and qualified as provided in Section 2 hereof to be assigned to the programs and course offerings of the school district. In the event of a staff reduction where the inverse operation of seniority would result in the remaining employees not being licensed or qualified as provided in Section 2 hereof for assignment to school district programs, the school district may deviate from inverse seniority and retain either junior or probationary employees in such number as necessary to staff said programs with licensed and qualified employees as defined in Section 2 hereof.

Subd. 4. Employees placed on such leave shall receive notice by June 1 of the school year prior to the commencement of such leave with reasons therefor. A hearing will be provided as set forth in Minn. Stat. § 122A.40 Subd. 14, if a written request for a hearing is received by the school board within fourteen (14) days after the employee received notice of proposed placement on unrequested leave of absence.

Subd. 5. Any employee placed on such leave may engage in teaching or any other occupation during such period and may be eligible for unemployment compensation if otherwise eligible under the law for such compensation and such leave will not result in a loss of credit for years of service in the District earned prior to the commencement of such leave.

Subd. 6. An employee placed on unrequested leave of absence may engage in teaching or any other occupation during the period of this leave. The unrequested leave of absence must not impair the continuing contract rights of the employee or result in a loss of credit for previous years of service. Nothing in the subdivision shall be construed to impair the rights of employees placed on the unrequested leave of absence to receive unemployment benefits, if otherwise eligible.

Subd. 7. Seniority rights as provided in this Agreement shall apply only to positions covered by this Agreement and shall not apply to positions outside this appropriate unit.

Section 5. Reinstatement:

Subd. 1. No new employee shall be employed by the school district while any employee licensed and qualified for the position as defined in Section 2 hereof is on unrequested leave of absence. The order of reinstatement shall be in seniority order, except the school district may deviate from seniority or recall if the senior employee(s) is not licensed and qualified as provided in Section 2 hereof.

Subd. 2. When placed on unrequested leave, an employee shall file with the school district personnel office his/her name and address to which any notice of reinstatement or availability of position shall be mailed by certified mail. Proof of

service by the person in the school district depositing in the mail such notice to the employee at the last known address shall be sufficient and it shall be the responsibility of any employee on unrequested leave to provide for forwarding of mail or for address changes. Failure of a notice to reach an employee shall not be the responsibility of the school district if any notice has been mailed as provided herein.

Subd. 3. Except as otherwise provided in Subdivision 4 hereof, if a position as provided in Subd. 1 above becomes available for a qualified employee on unrequested leave, the school district shall mail the notice by certified mail to such employee, who shall have fifteen (15) calendar days from the date of mailing of such notice to accept the reemployment. If written acceptance is not received by the school board within such fifteen (15) calendar day period, it shall constitute a waiver on the part of any employee to any further rights of employment or reinstatement and shall forfeit any future reinstatement or employment rights.

Subd. 4. The school district may, but is not required to, offer a temporary position of less than sixty (60) working days to employees on the recall list. An employee shall have the right to refuse a temporary position of less than a full school year without any forfeiture of future reinstatement rights. Notwithstanding the provisions of Subdivision 3 hereof, temporary positions occurring within the school year shall require the employee to respond within three (3) calendar days indicating acceptance or rejection of reinstatement rights to a temporary position. For purposes of this subdivision, a temporary position shall mean a substitute position or other temporary position anticipated to last less than a full school year.

Subd. 5. Any employee placed on unrequested leave of absence shall remain on the unrequested leave of absence list for a period of five (5) years from the date unrequested leave was commenced, unless the employee forfeits such right by failure to accept a position for which licensed and qualified as provided in Subd. 3 hereof, and thereafter no further rights to reinstatement shall exist.

Section 6. Filing of Licenses: In any year in which a reduction of teaching staff is occurring, and the school district is placing employees on unrequested leave of absence, only those licenses actually received by the superintendent's office for filing as of January 15 of such year shall be considered for purposes of determining lay off within areas of license for the following school year. A license filed after January 15 shall be considered for purposes of recall, but not for the current reduction.

Section 7. Effect: This Article shall govern all employees as defined herein and shall not be construed to limit the rights of any other licensed employee not covered by the Master Agreement or other Master Agreement affecting such licensed personnel.

ARTICLE XII

EMPLOYEE SUPERVISION

Section 1. Employee Improvement Plans

Subd. 1. Prior to formal or informal disciplinary procedures being employed in cases of minor misconduct or in cases where the behavior or poor performance does not constitute a serious infraction of the contract, code of conduct, district policies, rules or directives of superiors, the school district may, in its discretion, attempt to improve an employee's performance and/or correct an employee's behavior by implementing an "employee improvement plan."

Subd. 2. The purpose of an employee improvement plan is to improve the employee's performance up to the standards and expectations of the school district. Should the employee fail to raise his/her level of performance to the school district's expectations, or the behavior issues continue, the school district may resort to the disciplinary measures delineated in Section 2 of this Article.

Subd. 3. All employee improvement plans will be placed in the employee's personnel file along with any notations as to the employee's progress in improving performance.

Section 2. Employee Discipline

Subd. 1. Employee discipline is the school district's process for assuring compliance with the terms and conditions of the collective bargaining agreement, the Employee's Code of Ethics, Board policies and rules, directives issued by the employee's supervisors or other administrators, and generally accepted norms of behavior. Discipline is intended to correct unacceptable behavior and improve performance. The school district shall render disciplinary measures only for just cause and shall ensure that employee rights to "due process" are protected.

Subd. 2. Oral or Written Reprimands. The school district shall typically follow a progressive discipline approach as outlined in this Article depending upon the gravity of the misconduct or the level of performance issues. The school district may, at its sole discretion, move immediately to a higher level of discipline, depending upon the severity of the misconduct or lack of performance.

- (a) Oral Reprimand. Oral reprimands may be issued to employees in the event of relatively minor infractions. Oral reprimands shall not be grievable under Article XIII of this Agreement.
- (b) Written Reprimand. Written reprimands (Notices of Deficiency) may be issued by the school district for more serious misconduct or when oral warnings have not corrected the employee's behavior or performance. Written reprimands will be placed in the employee's file. Employees may

respond in writing to written reprimands and such responses shall be placed in the employee's personnel file. Written reprimands are grievable under Article XIII of this Agreement. The standards of review are whether or not any material in the employee's personnel file is false or inaccurate or is without just cause. Any material found through the grievance procedure to be false or inaccurate or without just cause shall be expunged from the employee's file.

Subd. 3. Suspension.

- (a) An employee may be suspended without pay for grounds as described in Minn. Stat. § 122A.40, Subd. 9(a) through (d) or Minn. Stat. § 122A.40, Subd. 13(1) through (6). Any suspension is subject to the grievance procedure under Article XIII of this Agreement.
- (b) Suspension shall take effect upon written notification from the Superintendent of Schools or designated administrator to the employee stating the grounds for suspension. The employee shall have the right to invoke the grievance procedures set forth in Article XIII of this Agreement at the arbitration level provided written notification requesting arbitration is received by the superintendent within fifteen (15) days after receipt of the written notice of suspension.
- (c) The suspension shall take effect upon receipt by the employee of the written notice of suspension or shall take effect as otherwise indicated in the written notice of suspension. The suspension shall continue in effect for the time period provided in the written notice or as otherwise decided by the school board, but not to exceed a period of thirty (30) teaching days.

ARTICLE XIII
GRIEVANCE PROCEDURE

Section 1. Definition: A "grievance" shall mean an allegation by an employee(s) resulting in a dispute or disagreement between the employee(s) and the school district as to the interpretation or application of terms and conditions of employment as contained in this Agreement. More than one employee may be on a single grievance if the allegation involves a common set of facts and a common claim.

Section 2. Representative: The employee(s) or school district may be represented during any step of the procedure by any person or agent designated by such party to act in his/her behalf.

Section 3. Definitions and Interpretations:

Subd. 1. Extension: Time limits specified in this Agreement may be extended by mutual agreement.

Subd. 2. Days: Reference to days regarding time periods in this procedure shall refer to working days. A working day is defined as all weekdays not designated as holidays by state law or by the school calendar.

Subd. 3. Computation of Time: In computing any period of time prescribed or allowed by procedures herein, the date of the act, event, or default for which the designated period of time begins to run shall not be included. The last day of the period so computed shall be counted.

Subd. 4. Filing and Postmark: The filing or service of any notice or document herein shall be timely if it bears a postmark of the United States mail within the time period.

Section 4. Time Limitation and Waiver: Grievances shall not be valid for consideration unless the grievance is submitted in writing to the school district setting forth the facts and the particular relief sought within fifteen (15) days after the date of the event giving rise to the grievance occurred. Failure to file any grievance within such period shall be deemed a waiver thereof. Failure to appeal a grievance from one level to another within the time periods hereafter provided shall constitute a waiver of the grievance. An effort shall first be made to adjust an alleged grievance informally between the employee(s) and the school board designee, and if informally resolved such resolution of the alleged grievance shall be evidenced by a written statement executed by the employee(s) and the school board designee.

Section 5. Adjustment of Grievance: The school district and the employee(s) shall attempt to adjust all grievances which may arise during the course of employment of any employee within the school district in the following manner:

Subd. 1. Level I: If the grievance is not satisfactorily resolved through informal discussions with the employee's immediate supervisor, the grievant may file a formal written grievance with the appropriate director within fifteen (15) working days of the alleged violation. Within ten (10) working days after receipt of a written grievance the director or designee(s) shall meet with the grievant. Within five (5) working days after the meeting, the director shall render a written decision, a copy of which shall be provided to Local 3904.

Subd. 2. Level II: In the event the grievance is not resolved in Level I, the decision rendered may be appealed to the superintendent, provided such appeal is made in writing within seven (7) working days after receipt of the decision in Level I. If the grievance is appealed to the superintendent, the superintendent, or his/her designee, shall set a time to meet regarding the grievance within ten (10) working days after receipt of the appeal. Within seven (7) working days after the meeting, the superintendent, or his/her designee, shall issue a decision in writing.

Section 6. School Board Review: The school board reserves the right to review any decision issued under Level I or Level II of this procedure at its own instance, provided the school district provides written notice within ten (10) working days after a decision in Level I or Level II has been rendered. At its option, the school board may also review a grievance at the written request of the grievant, providing such written request is made within ten (10) working days after receipt of the Level II decision. In the event the school board determines to review a grievance, it shall hold a hearing and issue a decision within twenty (20) working days after the written notice by the school district or within twenty (20) working days after receipt of the request for review by the grievant. Local 3904 shall receive written advance notice as to the date of said hearing. In the event of such review, the school board reserves the right to affirm, reverse or modify such decision. At the option of the school board, a committee or representative(s) of the school board may be designated by the school board to hear the appeal at this level and report its findings and recommendations to the school board.

Section 7. Denial of Grievance: Failure by the school district or its representative to issue a decision within the time periods provided herein shall constitute a denial of the grievance and the employee(s) may appeal it to the next level.

Section 8. Arbitration Procedures: In the event that the employee(s) and the school district are unable to resolve any grievance, the grievance may be submitted to arbitration as defined herein:

Subd. 1. Request: A request to submit a grievance to arbitration must be in writing signed by the aggrieved party, and such request must be filed in the office of the superintendent within twelve (12) days following the decision of the school board in Section 6, or within twelve (12) days following notice that the school board has elected not to review the matter.

Subd. 2. Prior Procedure Required: No grievance shall be considered by the arbitrator which has not been first duly processed in accordance with the grievance procedure and appeal provisions, unless the parties have mutually agreed to a waiver of step(s).

Subd. 3. Selection of Arbitrator: Upon the proper submission of a grievance under the terms of this procedure, the parties shall, within ten (10) days after the request to

arbitrate, attempt to agree upon the selection of an arbitrator. If no agreement on an arbitrator is reached, either party may request the BMS to appoint an arbitrator, pursuant to PELRA, providing such request is made within twenty (20) days after request for arbitration. The request shall ask that the appointment be made within thirty (30) days after the receipt of said request. Failure to request an arbitrator from the BMS within the time periods provided herein shall constitute a waiver of the grievance.

Subd. 4. Hearing: The grievance shall be heard by a single arbitrator and both parties may be represented by such person or persons as they may choose and designate, and the parties shall have the right to a hearing at which time both parties will have the opportunity to submit evidence, offer testimony, and make oral or written arguments relating to the issues before the arbitrator. The proceeding before the arbitrator shall be a hearing de novo.

Subd. 5. Decision: The decision by the arbitrator shall be rendered within thirty (30) days after the close of the hearing. Decisions by the arbitrator in cases properly before him/her shall be final and binding upon the parties, subject, however, to the limitations of arbitration decisions as provided in the PELRA. The arbitrator shall issue a written decision and order which shall be based upon substantial and competent evidence presented at the hearing. All witnesses shall be sworn upon oath by the arbitrator.

Subd. 6. Expenses: Each party shall bear its own expenses in connection with arbitration including expenses relating to the party's representatives, witnesses and any other expenses which the party incurs in connection with presenting its case in arbitration. A transcript or recording shall be made of the hearing at the request of either party. The parties shall share equally fees and expenses of the arbitrator, and any other expenses which the parties mutually agree are necessary for the conduct of the arbitration. The requesting party shall pay the full cost of transcribing or recording of the proceedings and transcript copy. If both parties request a transcript or recording, the cost shall be equally shared. If the second party orders a transcript after the first party has paid for transcribing and recording, the second party shall also reimburse the first party for one-half (1/2) of those costs incurred, in addition to paying for the transcript copy.

Subd. 7. Jurisdiction: The arbitrator shall have jurisdiction over disputes or disagreements relating to grievances properly brought before the arbitrator pursuant to the terms of this procedure. The jurisdiction of the arbitrator shall not extend to proposed changes in terms and conditions of employment as defined herein and contained in this written Agreement, nor shall an arbitrator have jurisdiction over any grievance which has not been submitted to arbitration in compliance with the terms of the grievance and arbitration procedure as outlined herein.

Section 9. Grievance Form: A form which must be used for filing grievances shall be provided by the school district (Attachment C). Such form shall be readily accessible in all school buildings.

Section 10. Election of Remedies and Waiver: A party instituting any action, proceeding or complaint in a federal or state court of law, or before an administrative tribunal, federal agency, state agency, or seeking relief through any statutory process for which relief may be granted, the subject matter of which may constitute a grievance under this Agreement, shall immediately thereupon waive any and all rights to pursue a grievance under this Article. Upon instituting a proceeding in another forum as outlined herein, the employee(s) shall waive his/her right to initiate a grievance pursuant to this Article, or, if the grievance is pending in the grievance procedure, the right to pursue it further shall be immediately waived. This section shall not apply to actions to compel arbitration as provided in this Agreement or to enforce the award of an arbitrator.

ARTICLE XIV MEET AND CONFER

Section 1. Meet and Confer: Representatives of Local 3904 and representatives of the school district shall meet and confer pursuant to PELRA.

Section 2. Meet and Confer Meetings:

Subd. 1. Local 3904 and the school district may be represented by up to and including four (4) representatives at each meet and confer meeting.

Subd. 2. Meet and confer meetings will be held upon reasonable notice, at the request of either party, but not less than once each semester.

Subd. 3. The public employer shall provide the facilities and set the time for such conferences to take place after conferring with Local 3904.

Section 3. Itinerant Employee Schedules

Subd. 1. If itinerant personnel encounter a disagreement with the school district regarding requirements for scheduling prep time or lunch or both, they may request review of their detailed schedules at a Meet and Confer meeting.

- a. The Meet and Confer representatives may review the employee schedule details and recommend solution options for District consideration or the Meet and Confer representatives may refer the disagreement to a professional panel for recommendations of solution options for District consideration. The professional panel will be appointed by the Meet and Confer representatives and will consist of

one Assistant Special Education Director (not the supervisor of the employee), one employee who also works in the same program, and one board member from the Personnel Committee. The Superintendent will be an ex-officio member of the professional review panel to assist in scheduling meetings and gathering background information for the review.

Subd. 2. The use of the Meet and Confer process for review of itinerant staff schedules because of prep time or lunch time disagreements does not prevent the employee from using the grievance section of the contract.

ARTICLE XV
VACANCIES AND POSTING

Section 1. Publishing of Notices of Vacancy:

Subd. 1. The school district shall post written notice in the Employment section on the District website and will send notice to each employee's school e-mail of licensed staff vacancies with position qualifications. The District may fill vacancies temporarily during the process of reviewing and interviewing applicants.

Subd. 2. Any employee possessing the necessary qualifications may apply for a vacancy and all qualified applications shall be considered.

Section 2. Transfers - Involuntary:

Subd. 1. Notice of involuntary transfer shall be given to the employees of the department involved as soon as practicable. A list of open teaching positions in the school district shall be made available to all employees being involuntarily transferred or reassigned. Such employees may apply for positions, in order of preference, to which they desire to be transferred.

Subd. 2. Strong efforts will be made on the part of the administration to inform staff each year of their placement for the next school year prior to the statutory final date for resignation (currently April 1 or July 15).

Section 3. Decision:

Subd. 1. Programmatic considerations, seniority, employee qualifications, and employee preference, shall be the criteria used by the school district when filling vacancies, and rotating or transferring staff.

Subd. 2. Staff not selected for vacant or open positions or staff being involuntarily reassigned shall upon written request be afforded an opportunity to meet with the Superintendent regarding such decision.

Subd. 3. Notwithstanding the provisions of this Article, it is understood and agreed that the final choice relating to staffing decisions remains in the discretion of the school district.

Subd. 4. If the employee resigns from their assigned position after the statutory resignation date has passed, the District will release the teacher from their assigned position contingent on the hire of a suitable replacement.

Subd. 5. To appeal the decision to not release an employee from their contract, the employee shall upon written request be afforded an opportunity to meet with the Superintendent regarding such decision.

ARTICLE XVI SEVERANCE/RETIREMENT

Section 1. Retiree Health Coverage: Health coverage following the termination of employment shall be made available to the extent required under, and in accordance with, Minnesota Statutes Section 471.61, subd. 2b. The District makes no contribution towards the premium cost of such coverage.

Section 2. Cut-Off Date: The benefits of this Article hereafter shall not apply to an employee employed after July 1, 1993.

Section 3. Eligibility: Full-time employees who have completed at least fifteen (15) years of continuous service with the school district, and who are at least fifty-five (55) years of age, shall be eligible for severance pay pursuant to the provisions of this Article upon submission of a written resignation accepted by the school board. Years of service will be calculated based on years of continuous service completed from employment date or return date if an employee has a break in employment. Severance pay shall not be granted to any employee who is discharged for cause by the school district. This Article shall apply only to employees who terminate services with the District and withdraw from full time contracted active teaching service after the execution of this contract and shall not be retroactive to any employee who terminated prior to said execution date. If an employee eligible for this benefit dies before terminating services, the payment shall be made to the estate of the deceased.

Section 4. Amount of Severance: Eligible employees, upon retirement, shall receive as severance pay unused sick leave days, not to exceed thirty-five (35) days.

Section 5. Method of Pay-out:

- a. Subject to the limitations listed below, the school district will contribute an amount equal to the value of the employee's severance pay directly into the School Board approved 403b vendor account. The retiree will not receive any direct payment from the school district for the severance pay.
- b. The school district's annual contribution into the School Board approved 403b vendor account must not exceed the IRS contribution limit. If the amount calculated in A exceeds the available limits in the year of separation, the excess amount will be paid out in cash and not be tax sheltered.
- c. The school district contribution(s) (into the approved 403b vendor account) will be made according to the same timeline as was provided for the direct payment of the severance pay.
- d. The school district will make the severance pay contributions to the School Board approved 403b vendor. For purposes of calculating the maximum IRS contribution limit, the school district will provide the retiree or approved vendor with contribution information for the previous twelve (12) months of employment. The vendor agrees to calculate the maximum IRS contribution limit.

Section 6. Notice: To be eligible for the benefits of this section, unless waived by the school district, an employee must notify the school district no later than March 1 of the intention to resign at the conclusion of the school year.

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ARTICLE XVII DURATION

Section 1. Term and Reopening Negotiations: This Agreement shall remain in full force and effect for a period commencing on July 1, ~~2021~~2023, through June 30, ~~2023~~2025, and thereafter pursuant to PELRA. If either party desires to modify or amend this Agreement commencing July 1, ~~2023~~2025, it shall give written notice of such intent no later than May 1, ~~2023~~2025. Unless otherwise mutually agreed, the parties shall not commence negotiations more than 90 days prior to the expiration of this Agreement.

Section 2. Effect: This Agreement constitutes the full and complete Agreement between the school board and the exclusive representative representing the employees of the school district. The provisions herein relating to terms and conditions of employment supersede any and all prior agreements, resolutions, practices, school district policies, rules or regulations concerning terms and conditions of employment inconsistent with these provisions.

Section 3. Finality: Any matters relating to the current contract term, whether or not referred to in this Agreement, shall not be open for negotiation during the term of this Agreement.

Section 4. Severability: The provisions of this Agreement shall be severable, and if any provision thereof or the application of any such provision is held invalid, it shall not affect any other provisions of this Agreement or the application of any provisions thereof.

IN WITNESS WHEREOF, the parties have executed this Agreement as follows:

Education Minnesota
Intermediate School District 917
Local 3904

Intermediate School District No. 917

President

Chair

Chief Employee Negotiator

Clerk

| Dated: January ~~49, 2022~~2024

Dated: January ~~49, 2022~~2024

**Intermediate School District 917
Salary Schedule A
2021-2023-2022-2024**

	<i>Range-1</i>	<i>Range-2</i>	<i>Range-3</i>	<i>Range-4</i>	<i>Range-5</i>	<i>Range-6</i>	<i>Range-7</i>	<i>Range-8</i>	<i>Range-9</i>
Step	BA	BA+10	BA+20	BA+30	MA	MA+10	MA+20	MA+30	MA+40 or SP
1	41,747	42,925	44,103	45,282	46,567	47,854	49,139	50,424	51,710
2	43,190	44,409	45,630	46,849	48,180	49,510	50,840	52,171	53,502
3	44,684	45,946	47,209	48,472	49,849	51,226	52,603	53,980	55,358
4	46,231	47,537	48,844	50,150	51,575	53,000	54,426	55,851	57,276
5	47,831	49,183	50,536	51,888	53,363	54,838	56,313	57,788	59,264
6	49,724	51,131	52,537	53,943	55,477	57,011	58,546	60,080	61,614
7	51,693	53,155	54,619	56,081	57,677	59,271	60,868	62,463	63,957
8	53,741	55,262	56,784	58,304	59,964	61,624	63,282	64,942	66,601
9	53,741	55,262	59,035	60,617	62,343	64,067	65,793	67,519	69,246
10	53,741	55,262	61,377	63,021	64,815	66,610	68,405	70,201	71,995
11	53,741	55,262	64,115	65,835	67,710	69,586	71,461	73,336	75,213
12	53,741	55,262	66,979	68,775	70,735	72,695	74,655	76,614	78,575
13	53,741	55,262	69,970	71,847	73,896	75,943	77,991	80,041	82,088
14	53,741	55,262	69,970	71,847	77,565	79,716	81,866	84,018	86,167
15	53,741	55,262	69,970	71,847	81,419	83,676	85,934	88,193	90,451

		<i>Range 1</i>	<i>Range 2</i>	<i>Range 3</i>	<i>Range 4</i>	<i>Range 5</i>	<i>Range 6</i>	<i>Range 7</i>	<i>Range 8</i>	<i>Range 9</i>
Old/Previous Step from 2022-2023	New Step	BA	BA+10	BA+20	BA+30	MA	MA+10	MA+20	MA+30	MA+40 or SP
1	NA	46,147	47,378	48,610	49,843	51,186	52,531	53,874	55,218	56,563
2	1	47,655	48,929	50,206	51,481	52,872	54,263	55,653	57,045	58,436
3	2	49,217	50,537	51,857	53,177	54,617	56,056	57,496	58,935	60,377
4	3	50,834	52,200	53,567	54,932	56,422	57,912	59,403	60,892	62,383
5	4	52,508	53,920	55,336	56,748	58,291	59,833	61,376	62,918	64,461
6	5	54,487	55,957	57,428	58,898	60,502	62,105	63,710	65,314	66,918
7	6	56,545	58,074	59,605	61,132	62,802	64,468	66,137	67,805	69,367
8	7	58,686	60,276	61,867	63,458	65,192	66,927	68,662	70,396	72,131
9	8	58,980	60,578	64,220	65,875	67,679	69,483	71,287	73,091	74,897

<u>10</u>	<u>9</u>	<u>59,275</u>	<u>60,880</u>	<u>66,669</u>	<u>68,388</u>	<u>70,264</u>	<u>72,141</u>	<u>74,018</u>	<u>75,895</u>	<u>77,771</u>
<u>11</u>	<u>10</u>	<u>59,571</u>	<u>61,185</u>	<u>69,533</u>	<u>71,331</u>	<u>73,291</u>	<u>75,251</u>	<u>77,213</u>	<u>79,173</u>	<u>81,135</u>
<u>12</u>	<u>11</u>	<u>59,869</u>	<u>61,491</u>	<u>72,526</u>	<u>74,404</u>	<u>76,454</u>	<u>78,502</u>	<u>80,552</u>	<u>82,601</u>	<u>84,650</u>
<u>13</u>	<u>12</u>	<u>60,168</u>	<u>61,798</u>	<u>75,654</u>	<u>77,616</u>	<u>79,758</u>	<u>81,899</u>	<u>84,040</u>	<u>86,182</u>	<u>88,323</u>
<u>14</u>	<u>13</u>	<u>60,469</u>	<u>62,107</u>	<u>76,033</u>	<u>78,004</u>	<u>83,594</u>	<u>85,844</u>	<u>88,092</u>	<u>90,340</u>	<u>92,587</u>
<u>15</u>	<u>14</u>	<u>60,771</u>	<u>62,418</u>	<u>76,413</u>	<u>78,394</u>	<u>87,623</u>	<u>89,983</u>	<u>92,344</u>	<u>94,706</u>	<u>97,067</u>

Intermediate School District 917
Salary Schedule B
2022/2024-2023/2025

	<i>Range 1</i>	<i>Range 2</i>	<i>Range 3</i>	<i>Range 4</i>	<i>Range 5</i>	<i>Range 6</i>	<i>Range 7</i>	<i>Range 8</i>	<i>Range 9</i>
Step	BA	BA+10	BA+20	BA+30	MA	MA+10	MA+20	MA+30	MA+40 or SP
1	42,582	43,783	44,985	46,188	47,499	48,811	50,121	51,432	52,744
2	44,054	45,297	46,542	47,786	49,143	50,500	51,857	53,215	54,572
3	45,578	46,866	48,153	49,441	50,846	52,250	53,655	55,059	56,465
4	47,155	48,488	49,821	51,153	52,607	54,060	55,515	56,968	58,422
5	48,788	50,166	51,547	52,925	54,430	55,935	57,440	58,944	60,450
6	50,719	52,153	53,588	55,022	56,587	58,151	59,717	61,282	62,847
7	52,727	54,219	55,712	57,202	58,834	60,457	62,085	63,712	65,236
8	54,816	56,367	57,919	59,471	61,163	62,856	64,548	66,240	67,933
9	54,816	56,367	60,215	61,829	63,589	65,349	67,109	68,869	70,631
10	54,816	56,367	62,604	64,281	66,114	67,942	69,774	71,605	73,435
11	54,816	56,367	65,398	67,152	69,064	70,977	72,891	74,803	76,717
12	54,816	56,367	68,318	70,150	72,150	74,148	76,148	78,147	80,146
13	54,816	56,367	71,370	73,284	75,374	77,462	79,551	81,641	83,730
14	54,816	56,367	71,370	73,284	79,116	81,311	83,504	85,698	87,890
15	54,816	56,367	71,370	73,284	83,047	85,349	87,653	89,957	92,260

	<i>Range 1</i>	<i>Range 2</i>	<i>Range 3</i>	<i>Range 4</i>	<i>Range 5</i>	<i>Range 6</i>	<i>Range 7</i>	<i>Range 8</i>	<i>Range 9</i>
Step	BA	BA+10	BA+20	BA+30	MA	MA+10	MA+20	MA+30	MA+40 or SP
1	50,038	51,376	52,716	54,055	55,515	56,976	58,436	59,898	61,358
2	51,678	53,063	54,450	55,836	57,348	58,859	60,371	61,882	63,395
3	53,376	54,810	56,245	57,678	59,243	60,807	62,373	63,937	65,502
4	55,133	56,616	58,102	59,586	61,205	62,825	64,445	66,063	67,684
5	57,211	58,755	60,299	61,842	63,527	65,210	66,895	68,580	70,264
6	59,372	60,978	62,585	64,189	65,942	67,692	69,444	71,195	72,835
7	61,621	63,290	64,960	66,631	68,452	70,274	72,095	73,916	75,738
8	61,929	63,606	67,431	69,168	71,063	72,957	74,851	76,745	78,642
9	62,238	63,924	70,003	71,807	73,777	75,748	77,719	79,690	81,659
10	62,550	64,244	73,010	74,897	76,955	79,014	81,074	83,132	85,192
11	62,862	64,565	76,152	78,124	80,276	82,427	84,579	86,731	88,882

<u>12</u>	<u>63,177</u>	<u>64,888</u>	<u>79,437</u>	<u>81,497</u>	<u>83,746</u>	<u>85,993</u>	<u>88,242</u>	<u>90,491</u>	<u>92,739</u>
<u>13</u>	<u>63,493</u>	<u>65,213</u>	<u>79,834</u>	<u>81,904</u>	<u>87,774</u>	<u>90,136</u>	<u>92,496</u>	<u>94,857</u>	<u>97,217</u>
<u>14</u>	<u>63,810</u>	<u>65,539</u>	<u>80,233</u>	<u>82,314</u>	<u>92,004</u>	<u>94,482</u>	<u>96,962</u>	<u>99,441</u>	<u>101,920</u>

ATTACHMENT C

GRIEVANCE REPORT FORM
INTERMEDIATE SCHOOL DISTRICT NO. 917

Name: _____ Building: _____

Date Grievance Occurred:

Statement of the Facts:

Specific Provisions of Agreement Allegedly Violated:

Particular Relief Sought:

Dated: _____

Signature of Grievant

ATTACHMENT D

**Memorandum of Understanding:
Retirement Benefits for Qualifying Employees**

As a result of contract negotiations, the parties hereby agree to the following retirement ~~incentive plan~~ benefits:

Full time ~~active member~~ employees working under the ~~of~~ Local 3904 contract, who have completed fifteen (15) years of continuous service with ISD 917, who are at least 55 years of age, and who are eligible for Teachers Retirement Association (TRA) retirement benefits shall be eligible for a \$7,500 deposit into the retiring employees' MSRS Post-Retirement Health Care Savings Plan. This benefit is available to qualifying employees in fiscal years 2022-2024 and 2023-2025.

In order to be eligible for the retirement incentive, qualifying employees, must submit a letter of retirement to the Human Resources Office (HR@isd917.org) by 4:00 PM on April 1, 2022-2024 or 2023-2025.

The parties intend that this MOU be subject to the grievance procedure outlined in Article XIII of the 2021-2023-2025 Contract.

IN WITNESS WHEREOF, the parties have executed this Letter of Agreement as follows:

EDUCATION MINNESOTA,
INTERMEDIATE SCHOOL DISTRICT
NO. 917, LOCAL 3904

INTERMEDIATE SCHOOL
DISTRICT NO. 917

President

Chair

Chief Employee Negotiator

Clerk

Dated: January 49, 2022—2024

Dated: January 49, 2022-2024

ATTACHMENT E

~~LETTER OF UNDERSTANDING~~ **Memorandum of Understanding: Mentors and Cognitive Coaches**

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This ~~Letter~~ **Memorandum** of Understanding is entered into between Intermediate School District 917 (hereinafter referred to as the "School District") and Education Minnesota, Intermediate School District 917, Local 3904 (hereinafter referred to as Local 3904) and the parties hereto agree as follows:

1. The School District and Local 3904 are parties to a collective bargaining agreement governing terms and conditions of employment for employees covering the period July 1, ~~2024~~2023, through June 30, ~~2023~~2025.
2. To comply with the provisions of Minn. Stat. 122A.40, subdivision 8 relating to peer review, the parties hereby agree as follows in sustaining a peer review program:

Section 1. Purpose: The intent of the program shall be to promote professional growth and development.

Section 2. Guide: The ISD 917 Educator Induction and Mentor Program Guide and the Cognitive Coaching Program Guide will be distributed to first- and second-year employees during their orientation day ~~during as part of~~ back-to-school workshop.

Section 3. Mentoring and Cognitive Coaching for Probationary Employees: Shall be subject to the following:

1. By June 15 of each year or if hired after June 15, within two weeks of their hire date, each probationary employee will be paired by the School District with a continuing contract employee who will serve as a mentor and a continuing contract employee who has been trained as a cognitive coach. The School District will make a reasonable attempt to identify one continuing contract employee to serve as mentor and one as a cognitive coach. If no continuing contract employee is available to serve as a mentor, a non-continuing contract employee may be assigned.
2. Those employees who agree to participate as a mentor shall commit to two (2) school years in the program.
3. The mentor and mentee shall fulfill the responsibilities described in the Program Guide.
4. The participating employee and mentor employee shall mutually determine a schedule for the cognitive coaching process, subject to approval by the

employees' supervisor. The mentor coach will receive a \$500 stipend for the first year and \$400 stipend for the second year for each probationary ~~teacher~~ employee mentored. The cognitive coach will receive a \$300 stipend for each probationary employee coached in their first and second year ~~will be paid at their hourly rate not to exceed \$500 for a first-year teacher and not to exceed \$400 for a second-year teacher. The cognitive coach will submit timesheets for hours engaged in cognitive coaching with each probationary teacher assigned to them.~~

5. Both the mentor's and cognitive coach's stipend will be prorated on a quarterly basis should the probationary employee start or leave mid-year or not work for an extended period of time, such as while on a leave of absence. Stipends in this MOU will be paid annually on the last paycheck in May.

5.6. Any information obtained during the cognitive coaching process shall be confidential and shall not be included in any formal evaluations.

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Section 4. Peer Review for Continuing Contract Employees: Continuing contract employees will pair with a continuing contract employee for peer review during the three-year review cycle each of the two (2) years in the cycle not reviewed by a qualified and trained reviewer.

IN WITNESS WHEREOF, the parties have executed this Letter Memorandum of Understanding as follows:

EDUCATION MINNESOTA,
INTERMEDIATE SCHOOL DISTRICT
917, LOCAL 3904

INTERMEDIATE SCHOOL
DISTRICT NO. 917

President

Chair

Chief Employee Negotiator

Clerk

Dated: January 49, 2022—2024

Dated: January 49, 20222024

ATTACHMENT F

Memorandum of Understanding

~~As a result of contract negotiations, the parties hereby agree to the following DCALS Summer School pay and preparation time structure.~~

~~Summer classes taught for credit in the same schedule as traditional school calendar classes will be paid at the employee's hourly rate pro rata to their teaching contract. The employee's paid time will be based on class time plus 15 minutes per 60 minutes of class time for preparations.~~

~~Employees who supervise summer school online classes will be paid at the employee's hourly rate pro rata to their teaching contract for the hours supervising the online computer lab at DCALS and the hours pre-approved for student follow-up to complete classes.~~

~~All summer school employee assignments will be authorized on a Temporary Work Agreement prior to May 20, 2022, and May 20, 2023, for the summer school sessions or online classes.~~

~~The parties intend that this MOU be subject to the grievance procedure outlined in Article XII of the 2021-2023 contract.~~

~~Education Minnesota _____ Intermediate School District 917
Intermediate School District #917
Local 3904~~

~~_____
President _____ Chair~~

~~_____
Employee Negotiator _____ Clerk~~

~~Dated: January 4, 2022 _____ Dated: January 4, 2022~~

ATTACHMENT GE

EDUCATOR DEVELOPMENT AND EVALUATION JOINT AGREEMENT

I. PURPOSE

This Agreement is entered into between Education Minnesota Intermediate School District 917 Local 3904 ("Union") and Intermediate School District No. 917 ("District"). The Union and the District are parties to a collective bargaining agreement governing the terms and conditions of employment for teachers employed by the District, pursuant to the Public Employment Labor Relations Act ("PELRA"), Minn. Stat. § 179A.01 *et seq.*

Through joint agreement, the parties have developed an educator development and evaluation process pursuant to the requirements of Minn. Stat. § 122A.40, Subd. 8 (EDE Process).

The EDE Process created by a joint Union-District committee and ratified by the Union's general membership and adopted by the District School Board is detailed in the EDE Process document dated June 3, 2014, and as attached and incorporated.

II. TERM

The EDE Process will take effect on July 1, 2014. This Agreement will remain in effect until the parties agree to modifications or until one party notifies the other party of its intent to withdraw from the Agreement at the beginning of the next school year. Such notice must be given prior to March 1 of the school year prior to withdrawal. The Agreement will end on June 30th following the notification of withdrawal. Both parties understand that the state plan created and published by the Minnesota Department of Education ("MDE") pursuant to Minn. Stat. § 122A.40, Subd. 8(c) ("State Plan") will be implemented at that time unless the parties agree on a successor process.

III. TEACHER

The EDE Process Plan is applicable to teachers, school counselors, licensed school nurses, school social workers, school psychologists, speech/language pathologists and career and technical teachers.

IV. EDE PROCESS COMMITTEE

A joint Union and District EDE Committee shall be responsible for overseeing implementation of the EDE Process to move from the current teacher development, evaluation and peer review process used in the District.

- A. Members. The Committee will consist of a total of nine representative, five representatives from the Union and four representatives from District administration.

- B. Meetings. The Committee must meet at least four times during each school year. Summer meetings may be scheduled if necessary.
- C. Duties.
 - 1. The Committee will work to ensure that communications about the EDE Process to teachers and administrators occurs in a timely and consistent manner.
 - 2. The Committee will make recommendations to the District and Union on modifications to the EDE process.
 - 3. The Committee will review any statutory changes to the requirements in Minn. Stat. § 122A.40, Subd. 8 and any changes to the State Plan, if applicable, and make recommendations to the District and Union on modifications to the EDE process.

V. PLAN MODIFICATIONS

The parties agree any suggested modifications to the EDE Process will be discussed at an EDE Process Committee meeting. Any modifications to the EDE Process will be made by mutual agreement. Neither party may unilaterally modify the EDE Process. The EDE Process in effect will remain in effect until proposed modifications have been adopted by the EDE Process Committee or the parties through the ratification and adoption process.

VI. POSTING REQUIREMENTS

The Committee will determine the appropriate electronic venue to post copies of the EDE Process so that it is always available. In addition, electronic copies will be sent to all staff at the commencement of the EDE Process, to new staff at the start of each subsequent school year, and to any staff upon request. Notice to all teachers and administrators must be provided electronically within ten (10) days of any changes to the EDE Process.

VII. COMPENSATION

Compensation for duties or positions associated with the EDE Process will be paid in accordance with the collective bargaining agreement between the parties.

VIII. GRIEVABILITY

The parties agree that this Agreement and items incorporated herein will be processed in accordance with the grievance process of the collective bargaining agreement between the parties.

EDUCATION MINNESOTA,
INTERMEDIATE SCHOOL DISTRICT
917, LOCAL 3904

President

Chief Employee Negotiator

| Dated: January ~~49, 2022~~ 2024

INTERMEDIATE SCHOOL DISTRICT
NO. 917

Chair

Clerk

Dated: January ~~49, 2022~~ 2024

ATTACHMENT HG

**Memorandum of Understanding:
BVI and DHH Teachers' Hiring Incentive**

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Purpose of the Memorandum:

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As a result of contract negotiations, the parties hereby agree to the following hiring incentive for teachers of the Blind/Visually Impaired (BVI) and teachers of the Deaf/Hard of Hearing (DHH) ~~or tuition reimbursement incentive for teachers who are approved to enroll in preapproved courses to qualify for licensure as a teacher of the Blind/Visually Impaired.~~ The parties hereby agree that there is a severe shortage of teachers of the Blind/Visually Impaired (BVI) and teachers of the Deaf/Hard of Hearing (DHH) due to not having approved ~~BVI~~ training programs in the ~~State-state~~ of Minnesota ~~or the training programs in Minnesota do not align with the vision of the ISD 917 program(s).~~

BVI & DHH Teacher Hiring Incentive Procedures:

- ~~1. 1.~~—A new hire teacher of the Blind/Visually Impaired (BVI) and of the Deaf/Hard of Hearing (DHH) will be paid a hiring incentive stipend of \$5,000 each year of the first three (3) school years of employment. The stipend will be added to the annual salary and paid as part of their monthly payroll distribution.
- ~~2. Should a teacher of the Blind/Visually Impaired or of the Deaf/Hard of Hearing (DHH) be hired mid-year, the hiring incentive stipend will be prorated based on the number of days worked in that year and the teacher's partial year of employment will count as the first of three (3) school years for stipend eligibility purposes.~~

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BVI Tuition Reimbursement Incentive Procedures:

~~1. Teachers in ISD 917 may submit a written request for consideration to participate in the tuition reimbursement program to their direct supervisor. Participation in the reimbursement shall be subject to the recommendation of the Director of Special Education to the Superintendent whose approval shall be final and not subject to the grievance process.~~

~~2. Reimbursement of tuition for preapproved graduate courses shall be limited to six semester credits (or equivalent) per fiscal year and the maximum reimbursement amount shall not exceed 2/3 the cost of six graduate semester credits at the University of Minnesota. Reimbursement shall be subject to credits earned with a grade of "C" or better and shall be subject to the superintendent's approval whose decision is final and not subject to the grievance process. A request for tuition reimbursement shall be made within 60 days of course completion and shall include an official grade report from the college or university.~~

~~3. If a teacher in the tuition reimbursement program for licensure as a teacher of the Blind/Visually Impaired drops from the licensure program or separates from employment with~~

~~ISD 917 prior to obtaining the BVI license, the teacher will repay ISD 917 in full for tuition reimbursement to the teacher.~~

~~4. If a teacher in the tuition reimbursement program for licensure as a teacher of the Blind/Visually Impaired does not remain employed with ISD 917 as a full time teacher of the Blind/Visually Impaired for three years after the date of full BVI licensure, the teacher will repay ISD 917 for tuition reimbursed on a prorated basis for each of the three years not served. For example, if after one year the teacher resigns from ISD 917, 1/3 of the tuition reimbursed will be forgiven and 2/3 will remain owing. If the teacher becomes a part-time teacher, the employment forgiveness time to ISD 917 will be based on a proration of their part-time contract. If a teacher in the tuition reimbursement program is placed on URL, the tuition reimbursement owed will be forgiven.~~

~~5. A teacher in the tuition reimbursement program for licensure as a teacher of the Blind/Visually Impaired expressly agrees that the teacher's last paycheck will be withheld and used to repay ISD 917 for tuition owing. If the last paycheck is insufficient to repay the tuition debt in full, the teacher will repay the remaining tuition owing on a schedule as determined by ISD 917 at the time of the teacher's separation from employment.~~

It is the parties' express understanding and agreement that nothing in this ~~tuition reimbursement program or~~ hiring incentive program constitutes a violation of the Minnesota Wage Law, Minn. Stat. 181.79 by ISD 917. A teacher knowingly and voluntarily enters into the ~~tuition reimbursement program or~~ hiring incentive program upon acceptance of an offer of employment with ISD 917. A teacher will not bring any suit, claim, complaint, or other legal action of any type based on or arising from this ~~tuition reimbursement program or~~ hiring incentive program against ISD 917 under Minnesota Statute Chapter 181 or any other state or federal employment or wage statute or rule. A teacher participating in the ~~BVI tuition reimbursement program or~~ hiring incentive program will indemnify and hold harmless ISD 917 for any claims based on or arising from this MOU.

IN WITNESS WHEREOF, the parties have executed this Memorandum of Understanding as follows:

Education Minnesota
Intermediate School District 917
Local 3904

Intermediate School District 917

President

Chair

Chief Employee Negotiator

Clerk

| Dated: January ~~49, 2022~~ 2024

Dated: January ~~49, 2022~~ 2024

ATTACHMENT H

MEMORANDUM OF UNDERSTANDING:

Additional Compensation for Student Numbers Exceeding MN Rule 3525.2340

As a part of contract negotiations, the parties hereby agree to the following protocol for compensating teachers when students join their class due to the absence of their regular teacher.

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A process has been implemented to manage the decisions, procedures, and documentation to compensate teachers as outlined in this memorandum of understanding. ~~This process is intended primarily for setting III and IV sites where there are multiple teachers in similar programs.~~

The elements of this process will include:

- When a teacher is absent and their students are divided among other teachers, the teachers who receive additional students will be compensated ~~if/when~~ the number of students in their care exceeds MN Rule 3525.2340 ~~the described program maximum, or and~~ if the teacher's absence would otherwise require a substitute, but no substitute was obtained.
- When a teacher is absent, the teacher(s) who receives the additional students will receive additional hourly pay at the District's current substitute pay rate. If the students are divided amongst multiple teachers whose student numbers exceeds MN Rule 3525.2340, the teachers will divide the hourly substitute pay a stipend equally. to the hourly substitute pay rate (\$25.00 per hour in 2021-2022).
- ~~The stipend will be divided between the collaborating teachers in an even manner.~~
- There is a one (1) hour minimum for the process to be initiated, and it will be documented in half-hour increments after the one (1) hour minimum.
- The time will be reconciled and documented as soon as possible after the day that the re-distribution occurs.
- The assistant director/principal, or their designee, will be responsible for developing the plan for coverage and assigning students to the teacher(s).
- ~~All participating teachers will agree to the plan.~~
- This agreement process will not necessarily eliminate other processes such as subbing ~~during~~ aduring preparation period.
- Committing to the implementation will not be "cost-out" against the contract.
- The business office and special education leadership will develop the procedure.

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IN WITNESS WHEREOF, the parties have executed this Memorandum of Understanding as follows:

Education Minnesota
ISD 917, Local 3904

Intermediate School District 917

President

Chair

Chief Employee Negotiator

Clerk

| Dated: January ~~49, 2022~~ 2024

Dated: January ~~49, 2022~~ 2024

| **ATTACHMENT J**

| **Memorandum of Understanding ~~for~~ Executive Orders**
Between
The School Board of Intermediate School District #917
and
Education Minnesota Teachers Local 3904
Intermediate School District 917
Local 3904

If the Governor of Minnesota issues an Executive Order that impacts the school operation, Intermediate School District 917 will meet with Local 3904 to discuss staff needs that would support their work as well as meet the needs of students' learning.

Memorandum of Understanding: Sick and Safe Leave (ESSL)

Between

The School Board of Intermediate School District #917

and

DISTRICT 917 SPECIAL EDUCATION PROGRAM ASSISTANTS' FEDERATION

LOCAL 4242 AFT

NEA, EDUCATION MINNESOTA, AFLCIO

and

OFFICE AND PROFESSIONAL EMPLOYEES

INTERNATIONAL UNION, LOCAL 12

AFLCIO, CLC

and

DAKOTA COUNTY FEDERATION OF INTERPRETERS

LOCAL #3904A - AFT, NEA, EDUCATION MINNESOTA

and

917 RELATED SERVICES NURSES EDUCATIONAL SUPPORT PROFESSIONALS

EDUCATION MINNESOTA, LOCAL 7333

and

CLASSIFIED SCHOOL YEAR EMPLOYEES

WHEREAS, Minnesota State Statutes 181.9445 through 181.9448 outlines mandatory Earned Sick & Safe Time for Minnesota employers effective January 1, 2024;

WHEREAS, on January 1, 2024, Minnesota's Earned Sick and Safe Time ("ESST") statutes require employers to provide paid leave to employees who work in the state;

WHEREAS, an employee is anyone who works at least 80 hours in a year for an employer in Minnesota, including temporary and part-time employees, but does not include independent contractors;

WHEREAS, employers must provide each employee in Minnesota with one (1) hour of ESST for every 30 hours worked, with the ability to earn at least 48 hours of ESST in one year;

WHEREAS, Intermediate School District 917's existing leave policies, in the form of sick leave for the employee groups herein, already meets Minnesota's minimum ESST requirements listed above in terms of the amount of sick leave time provided to employees;

WHEREAS, the District now seeks to clarify how its existing sick leave for the employee groups herein may be used in a manner that is consistent with the new ESST statutes.

NOW THEREFORE, the parties agree as follows:

1. For an employee, who is a member of an employment group identified above, and who fulfills a position with a set schedule, calendar, and work hours and is paid for their regular hours without a timesheet the following shall apply:
 - a. For ESST compliance purposes, the sick leave outlined in each employment group contract shall be frontloaded at the beginning of each fiscal year.
 - b. For the purposes of consistency of contracts and policies referring to paid time off, such as time off allotted for illness or medical/dental appointments, as "leave" types, time off aligned with Minnesota's Earned Sick and Safe Time statutes shall be referred to as

“Earned Sick and Safe Leave” or “ESSL.”

- c. The fiscal year for all employees begins on July 1 and ends on June 30. This will be the 12-month period the District uses for ESST compliance.
 - d. The yearly allotment of sick leave outlined in each employment group contract shall be designated as ESSL under the new ESST statutes. Employees may use their contractual sick leave for the reasons outlined in the new ESST statutes.
 - e. Unused ESSL will roll over into an employee’s traditional sick leave bank for future use as specified in each employment group contract’s sick leave language. ESSL that rolls over into an employee’s sick leave bank will not be considered statutory earned sick and safe time and may be used only for the purposes for which the District authorizes an employee to use traditional sick leave.
 - f. If an employee’s yearly allotment of sick leave outlined in each employment group contract is less than 80 hours for the fiscal year, additional sick leave will be added to equal 80 hours for the 2023-2024 fiscal year.
 - i. For example, if an employee works seven and a half (7.5) hours per day and was frontloaded ten (10) days of sick leave (i.e. 75 hours) for the July 2023 – June 2024 fiscal year, per their contract, the employee would be provided with an additional five (5) hours of sick leave to equate to a total of 80 hours for the year, regardless of how many or how few hours the employee has used of this year’s allotment.
 - ii. However, for example, if an employee works seven (7) hours per day and was frontloaded twelve (12) days of sick leave (i.e. 84 hours) for the July 2023 – June 2024 fiscal year, per their contract, the employee would not be provided with any additional sick leave.
 - g. Unused sick leave from previous fiscal years will not be considered ESST-protected by statute and may be used according to each contract’s sick leave language and only to the extent the District authorizes an employee to use traditional sick leave.
2. For a part-time employee, who work at least 80 hours, and who is a member of an employment group identified above, and who submits their hours worked for pay via a timesheet, shall accrue ESSL monthly, replacing their current allotment of sick leave, if applicable, at a prorated rate in relation to full-time, 1.0 FTE employees’ sick leave allotment outlined in the corresponding employment group contract but no less than one (1) hour of ESSL for every 30 hours worked, with the ability to accumulate at least 48 hours of ESSL each year.
 3. The provisions of this Memorandum will apply until the individual employees and employee groups affected by this Resolution renegotiate the terms and conditions of their employment with the District. The parties will address how ESST will be handled in future years when terms and conditions of employment are renegotiated.

By signing below, the parties agree to the above-described understanding.

IN WITNESS WHEREOF, the parties have executed this Memorandum of Understanding as follows:

DISTRICT #917 SPECIAL EDUCATION
PROGRAM ASSISTANTS FEDERATION,
LOCAL 4242

Intermediate School District
DISTRICT NO. 917

President
Dated: January ____, 2024

Chair

OFFICE AND PROFESSIONAL EMPLOYEES
INTERNATIONAL UNION, LOCAL 12

Clerk
Dated: January 9, 2024

President
Dated: January ____, 2024

DAKOTA COUNTY FEDERATION OF
INTERPRETERS, LOCAL 3904A

President
Dated: January ____, 2024

917 RELATED SERVICE NURSES EDUCATIONAL
SUPPORT PROFESSIONALS, LOCAL 7333

President
Dated: January ____, 2024

CLASSIFIED SCHOOL YEAR EMPLOYEES

Representative
Dated: January ____, 2024

Member _____ introduced the following Resolution and moved its adoption:

**RESOLUTION REGARDING SICK AND SAFE LEAVE (ESSL)
FOR SCHOOL-YEAR NON-UNION EMPLOYEES**

WHEREAS, Minnesota State Statutes 181.9445 through 181.9448 outlines mandatory Earned Sick & Safe Time for Minnesota employers effective January 1, 2024;

WHEREAS, on January 1, 2024, Minnesota’s Earned Sick and Safe Time (“ESST”) statutes require employers to provide paid leave to employees who work in the state;

WHEREAS, an employee is anyone who works at least 80 hours in a year for an employer in Minnesota, including temporary and part-time employees, but does not include independent contractors;

WHEREAS, employers must provide each employee in Minnesota with one (1) hour of ESST for every 30 hours worked, with the ability to earn at least 48 hours of ESST each year;

WHEREAS, Intermediate School District 917’s existing leave policy, in the form of Paid-Time Off (PTO) for the non-union employee groups identified below, already meets Minnesota’s ESST requirements in terms of the amount of PTO provided to employees;

WHEREAS, the District now seeks to clarify how its existing PTO for the employee groups herein may be used in a manner consistent with the new ESST statutes.

NOW, THEREFORE, BE IT RESOLVED by the School Board of Intermediate School District No. 917, as follows:

1. This Resolution applies to the following non-union employee groups:
 - a. Board Certified Behavior Analysts (BCBAs) & Mental Health Professional Coordinators (MHPCs)
 - b. Independent Licensed Psychologists & Centralized Intake and Due Process Coordinators
2. For the purposes of consistency of contracts and policies referring to paid time off, such as time off allotted for illness or medical/dental appointments, as “leave” types, time off aligned with Minnesota’s Earned Sick and Safe Time statutes shall be referred to as “Earned Sick and Safe Leave” or “ESSL.”
3. Full-time school-year salaried employees, per their existing contract, shall have access to thirteen (13) days (i.e. 104 hours) of PTO. Of that available PTO, up to ten (10) days (i.e. 80 hours) can be used as Sick and Safe Leave to be frontloaded at the beginning of each fiscal year starting with the fiscal year commencing July 1, 2023. Consistent with the Department of Labor and Industry’s FAQ guidance regarding ESST, the District will count leave time already provided at the start of the fiscal year and used by employees between July 1, 2023 and January 1, 2024 as meeting its obligations under the new ESST statutes.

4. School-year employees who work 0.80 FTE or greater shall have access to Sick and Safe Leave in the form of PTO to be frontloaded at the beginning of each fiscal year starting with the fiscal year commencing July 1, 2023, at a prorated rate in relation to full-time, 1.0 FTE employees' PTO allotment listed above but no less than 80 hours. Consistent with the Department of Labor and Industry's FAQ guidance regarding ESST, the District will count leave time already provided at the start of the fiscal year and used by employees between July 1, 2023 and January 1, 2024 as meeting its obligations under the new ESST statutes.
5. School-year employees who work at least 80 hours in a year up to 0.80 FTE shall accrue Sick and Safe Leave monthly, replacing their current allotment of PTO, if applicable, at a prorated rate in relation to full-time, 1.0 FTE employees' PTO allotment listed above but no less than one (1) hour of ESSL for every 30 hours worked, with the ability to accumulate at least 48 hours of ESSL each year.
6. The fiscal year for all employees begins on July 1 and ends on June 30.
7. Employees may use their ESSL for the reasons outlined in Minnesota's new ESST statutes.
8. Unused ESSL/PTO will roll over into a sick leave bank for future use consistent with each employee contract's sick leave language as non-ESST leave and may only be used for the purposes for which the District allows employees to use traditional sick leave. Employees subject to Paragraph 5 above will be allowed to carry over unused ESSL from one year to the next, subject to a maximum accrual of 80 hours unless their individual terms and conditions of employment provide for a higher amount for sick leave accrual.
9. The provisions of this Resolution will apply until the individual employees and employee groups affected by this Resolution renegotiate the terms and conditions of their employment with the District. The parties will address how ESST/ESSL will be handled in future years when terms and conditions of employment are renegotiated.

The motion for the adoption of this Resolution was duly seconded by _____ and upon a vote being taken thereon, this Resolution was declared duly passed and adopted on January 9, 2024.

Member _____ introduced the following Resolution and moved its adoption:

**RESOLUTION REGARDING SICK AND SAFE LEAVE (ESSL)
FOR NON-UNION EMPLOYEES**

WHEREAS, Minnesota State Statutes 181.9445 through 181.9448 outlines mandatory Earned Sick & Safe Time for Minnesota employers effective January 1, 2024;

WHEREAS, on January 1, 2024, Minnesota’s Earned Sick and Safe Time (“ESST”) statutes require employers to provide paid leave to employees who work in the state;

WHEREAS, an employee is anyone who works at least 80 hours in a year for an employer in Minnesota, including temporary and part-time employees, but does not include independent contractors;

WHEREAS, employers must provide each employee in Minnesota with one (1) hour of ESST for every 30 hours worked, with the ability to earn at least 48 hours of ESST each year;

WHEREAS, Intermediate School District 917’s existing leave policy, in the form of sick leave for the non-union employee groups identified below, already meets Minnesota’s ESST requirements in terms of the amount of sick leave time provided to employees;

WHEREAS, the District now seeks to clarify how its existing sick leave for the employee groups herein may be used in a manner consistent with the new ESST statutes.

NOW, THEREFORE, BE IT RESOLVED by the School Board of Intermediate School District No. 917, as follows:

1. This Resolution applies to the following non-union employee groups:
 - a. Assistant Director/Principal and Secondary Principal
 - b. Classified Full-Year Employees: Finance, Human Resources, and Information Technology
 - c. Coordinators: Communications, Innovation, & Public Relations and Technology
 - d. Custodial and Delivery Employees
 - e. Deans and Liaisons
 - f. Executive Assistant to the Superintendent & School Board
 - g. Executive Directors and Directors
 - h. Superintendent
2. For the purposes of consistency of contracts and policies referring to paid time off, such as time off allotted for illness or medical/dental appointments, as “leave” types, time off aligned with Minnesota’s Earned Sick and Safe Time statutes shall be referred to as “Earned Sick and Safe Leave” or “ESSL.”
3. Year-round salaried and hourly employees, per their existing contract, shall have access to twelve (12) days (i.e. 96 hours) of Sick and Safe Leave, replacing their current allotment of

sick leave, to be frontloaded at the beginning of each fiscal year starting with the fiscal year commencing July 1, 2023. Consistent with the Department of Labor and Industry's FAQ guidance regarding ESST, the District will count leave time already provided at the start of the fiscal year and used by employees between July 1, 2023 and January 1, 2024 as meeting its obligations under the new ESST statutes.

4. Year-round part-time salaried and hourly employees who work 0.85 FTE or greater shall have access to Sick and Safe Leave, replacing their current allotment of sick leave, to be frontloaded at the beginning of each fiscal year starting with the fiscal year commencing July 1, 2023, at a prorated rate in relation to full-time, 1.0 FTE employees' sick leave allotment listed above but no less than 80 hours. Consistent with the Department of Labor and Industry's FAQ guidance regarding ESST, the District will count leave time already provided at the start of the fiscal year and used by employees between July 1, 2023 and January 1, 2024 as meeting its obligations under the new ESST statutes.
5. Year-round part-time salaried and hourly employees who work at least 80 hours in a year up to 0.84 FTE shall accrue Sick and Safe Leave monthly, replacing their current allotment of sick leave, if applicable, at a prorated rate in relation to full-time, 1.0 FTE employees' sick leave allotment listed above but no less than one (1) hour of ESSL for every 30 hours worked, with the ability to accumulate at least 48 hours of ESSL each year.
6. The fiscal year for all employees begins on July 1 and ends on June 30.
7. Employees may use their ESSL for the reasons outlined in Minnesota's new ESST statutes.
8. Unused ESSL will roll over into a sick leave bank for future use consistent with each employee contract's sick leave language as non-ESST leave and may only be used for the purposes for which the District allows employees to use traditional sick leave. Employees subject to Paragraph 5 above will be allowed to carry over unused ESSL from one year to the next, subject to a maximum accrual of 80 hours unless their individual terms and conditions of employment provide for a higher amount for sick leave accrual.
9. The provisions of this Resolution will apply until the individual employees and employee groups affected by this Resolution renegotiate the terms and conditions of their employment with the District. The parties will address how ESST/ESSL will be handled in future years when terms and conditions of employment are renegotiated.

The motion for the adoption of this Resolution was duly seconded by _____ and upon a vote being taken thereon, this Resolution was declared duly passed and adopted on January 9, 2024.



Intermediate School District 917

Purposeful. Personalized. Partners.

1300 145th Street East, Rosemount, MN 55068 (651) 423-8229 *

<http://www.isd917.org>

Dr. Michael Favor

TO: School Board
FROM: Dr. Michael Favor
DATE: January 9, 2024
RE: Policies

The policy listed below are a first and final reading:

- 461 Staff Use of District Facilities and Equipment – no changes
- 465 Employee Time Off for Union Negotiation Activities – no changes
- 467 Staff Recognition Program – \$ change
- 483 Uniforms for School District Personnel – no changes

*Intermediate School Board Policy 461 Staff Use of District Facilities/Equipment
Board Approved November 10, 2020
Board reviewed, first and final reading, January 9, 2024*

This policy will be deleted and move to the Staff Handbook and Culture Guide

461 Staff Use of District Facilities/Equipment

District 917 School Board and Administration urges staff use of the District's facilities to develop and improve instructional aids, curriculum, instructional materials and laboratory organization. This type of activity will take place however, only when proper administrative supervision is in the facility. Use of district facilities, laboratories and/or equipment for personal gain or personal use is strictly prohibited. Tools, equipment, furnishings, materials, supplies, etc. shall only be taken from the district facility with prior written approval.

All civic projects which involve the use of school equipment and/or materials, need administrative written approval prior to any commitment being made by district staff, and said projects must be in agreement with District 917 School Board Policy.

465 EMPLOYEE TIME OFF FOR UNION NEGOTIATION ACTIVITIES

Section 1. Statutory: Pursuant to Minnesota Statute section 179A.07, subdivision 6, the School District will provide reasonable time off to employees who are elected officers or appointed representatives of a Union to conduct the duties of the exclusive representative in connection with negotiations, mediation or arbitration activities between the School District and the Union. Except as otherwise provided in this policy, such time off will be without pay.

Section 2. Avoid Interruption of Services: To the extent practicable, the School District shall endeavor to schedule meetings with employee organizations at off hours so as not to interfere with the employee work schedule.

Section 3. Attendance: When it is necessary to conduct negotiation, mediation or arbitration activities during working hours, the School District shall permit one employee of the appropriate unit, as determined by the union, to be in attendance at such session without loss of pay. If more than one employee attends such meetings, such employee will receive a deduction in wages for lost time.

Section 4. Request for Leave: An employee seeking either paid or unpaid absence pursuant to this policy shall make timely written request to the School District for such leave.

467 STAFF RECOGNITION PROGRAM

I. PURPOSE OF POLICY

The purpose of this policy is to promote the efficient and effective operation of Intermediate School District 917 through recognition of both the length of employment and service of high distinction as recognized by the employee’s peers and administration.

II. GENERAL STATEMENT OF POLICY

The School Board of Intermediate School District 917, in keeping with its obligations to its employees, has incorporated into its compensation plan for all of its employees a “staff recognition program” as described in this policy.

The School Board of Intermediate School District 917 authorizes the administration to develop a program for the recognition of staff members and their contributions to the success of Intermediate School District 917 in providing a high quality of education.

III. THIS PROGRAM SHALL INCLUDE AT A MINIMUM:

- A. **A recognition event with appropriate food served to all attendees.** This event will be held in the spring of each year and shall be open to all staff of Intermediate School District 917.

- B. **Recognition awards for years of service.** Such awards shall be appropriate for the number of years of service and shall be of a monetary value of approximately:
 - 1. For 10 years of service \$25
 - 2. For 15 years of service \$50
 - 3. For 20 years of service ~~\$75~~ **\$85**
 - 4. For 25 years of service \$100
 - 5. For 30, 35, and 40 years of service \$125
(\$100 is the District support and \$25 is fundraising.)
 - 6. For employees who retire from Intermediate School District 917, an award of a school bell of a value of approximately ~~\$50~~ **\$85** shall be made.

- C. **Recognition of individual staff for exemplar service.** Staff members may be recognized on a quarterly basis by the School Board and the administration for service to students and to the District. Employee organizations and or

departments will establish a process for determining the recipients of such recognition.

- D. **Outstanding Service.** Annually the District may recognize up to two teachers as teachers of the year. One additional non-certified staff member may be recognized as an employee of the year.

Employees of the year shall be awarded an appropriate plaque to commemorate their honor.

FYI---this is to give an example of pricing

- 1. For 10 years of service \$25-----**Plaque**
- 2. For 15 years of service \$50-----**Yetti Mug**
- 3. For 20 years of service \$75-----**Mantle Clock**
- 4. For 25 years of service \$100-----**\$\$ or engraved watch**
- 5. For 30, 35, and 40 years of service \$125 ----**Gift card**
(\$100 is the District support and \$25 is fundraising.)
- 6. For employees who retire from Intermediate School District 917, an award of a school bell of a value of approximately \$50 shall be made. **THE BELL IS AROUND \$85 now unless you want a smaller bell.**

*Intermediate School District 917 Policy 483 Uniforms for School District Personnel, Safety Eyewear, and Other Personal Protective Equipment
Board Approved November 10, 2020
Board reviewed, first and final reading, January 9, 2024*

483 UNIFORMS FOR SCHOOL DISTRICT PERSONNEL, SAFETY EYEWEAR, AND OTHER PERSONAL PROTECTIVE EQUIPMENT

The District 917 School Board recognizes that for employees in certain positions, it is appropriate for the School District to provide uniforms for use in their employment with the School District. Examples include staff working in areas where clothing becomes easily soiled (e.g., shop areas) or where sanitation makes fresh uniforms desirable (e.g. Food Service,) or in situations where consistent employee image is important.

The Board authorizes the furnishing of uniforms and other appropriate apparel (e.g., shop coats) to employees for use during their hours of employment with District 917. The administration shall develop procedures determining which positions shall have uniforms, the conditions of issuance and use, and other pertinent matters.

The District 917 School Board recognizes that state and federal laws, and reasonable safety precautions require that safety eyewear and other personal protective equipment (PPE) be worn by employees who are required to perform duties in areas requiring safety eyewear or PPE.

The District 917 School Board authorizes the purchase of safety eyewear and PPE for this purpose, and authorizes furnishing prescription safety eyewear to those employees who require corrective lenses, and who are required in the performance of their duties to be in areas requiring safety eyewear.

The administration shall develop procedures to implement this policy.