

Cloquet Public Schools

Regular Meeting

Monday, November 13, 2023 at 6:00 PM
Garfield Board Room
302 14th Street
Cloquet, MN 55720
302 - 14th Street, Cloquet, MN

5:30 pm Working Session

6:00 pm Regular Meeting

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3. Monday, November 27, 2023 - Regular School Board Meeting 5:30 p.m. Working Session 6:00 p.m. Regular Meeting	
4. Tuesday, November 28, 2023 - Technology Committee - 3:45 p.m. - CHS Conference Room	
5. Wednesday, November 29, 2023 - Equity Committee Meeting - 4 p.m. - Washington Elem.	
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7. Monday, December 4, 2023 - Curriculum Committee Meeting - 4 p.m. - Garfield Boardroom	
8. Wednesday, December 6, 2023 - CHS/Upper Lakes Foods Community Partnership Open House - 5 p.m. - Cloquet High School	
9. Monday, December 11, 2023 - Regular School Board Meeting 5:15 p.m. Madrigals Special Performance 5:30 p.m. Working Session 6:00 p.m. Truth in Taxation Meeting 6:15 p.m. Regular Meeting	
XIV. Adjournment	

* If any one board member wishes to remove an item from the consent agenda for discussion, that item should be added to the board meeting agenda prior to its approval.



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2. Building and Department Reports

VI. Claims, Hand Checks, Food Service Reports

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3. Hand Checks, November 1, 2023
4. Hand Checks, November 2, 2023
5. Food Service Report, September 2023

VII. Consent Items

1. Resignation Letters

- a. 3 hours/day Floater Food Service Staff (Vickie Rindal)
- b. Program Assistant at Kids Corner (Diana Munter)

2. Recommendations for Employment

- a. EDHS Paraprofessional at CAAEP (Elizabeth Tobolaski)
- b. 6.5 hrs./day Long Term Substitute Paraprofessional at Washington Elementary (Shari Steffes)
- c. 4 hrs./day ECSE Consistent Support at Li'l Lumberjacks/Churchill (Amy Salo)
- d. Health Consultant for Li'l Lumberjacks and Li'l Thunder Learning Centers (Nicolle Lourey)
- e. Program Aide Assistant at Li'l Lumberjacks Learning Center (Tianna Morgan)
- f. 4.5 hrs./day Paraprofessional at NLA (Lucinda Barnes)

3. Extra Service Contracts

- a. Updated Activity Funded Updated and New School Musical Stipends
- b. Student Council and Building Leadership Team at CAAEP (Lauren Empson) November-June
- c. Nordic Ski Volunteers

4. Permission to Post

- a. 8 hrs./day Head Custodian at the Garfield Building
- b. Homebased Teacher at NLA
- c. 2023-2024 Targeted Services After-School Program Staff

VIII. School Board Committee Report

1. District Health, Safety & Crisis Committee Meeting Summary, October 26, 2023
2. Student Enrollment Report as of November 8, 2023

IX. Agenda Addendums

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1. Teacher Negotiations Update
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XIV. Adjournment

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October 23, 2023

Board Chair N. Sandman called the working session to order at 5:30 p.m.

Topics discussed:

Dr. Cary reviewed state law immunization requirements and upcoming compliance/waiver deadline for families. He gave an update on current negotiations, new stadium and a teacher request for leave. B Wilton, Building and Ground Director, reviewed the remaining projects associated with the outdoor sports complex. Questions were asked about the MS pool repair and new solar panel installation timeline. There being nothing further to discuss, Board Chair N. Sandman adjourned the meeting at 6:00 p.m.

October 23, 2023

The Regular Meeting of the School Board of Independent School District No. 94, in the City of Cloquet on October 23, 2023, was called to order by Board Chair N. Sandman at 6:01 p.m.

Roll Call – The following members were present on roll call:

- Nathan Sandman, Board Chair
- Melissa Juntunen, Board Clerk
- David Battaglia, Board Treasurer
- Sarah Buhs
- Gary Huard
- Ken Scarbrough

Present in Person:

- Dr. Michael Cary, Superintendent
- Mary Marciniak, Exec. Asst. to the Superintendent
- Candace Nelis, Business Manager
- Brock Wilton, Director of Building and Grounds
- Bill Bauer, Technology Support Specialist
- Dara Topping, EMC Representative

Building principals, teacher representatives, AIE Director, Community Education Director, District Facilities & Grounds Director will be excused from attending Board meetings until further notice.

APPROVAL OF BOARD AGENDA

- RESOLVED by K. Scarbrough to approve the October 23, 2023, board agenda, as presented. D. Battaglia seconded the motion, and the resolution was approved by unanimous yea vote of all members present on roll call.

APPROVAL OF MEETING MINUTES

- RESOLVED by S. Buhs to approve the October 9, 2023, school board meeting minutes, as presented. G. Huard seconded the motion, and the resolution was approved by unanimous yea vote of all members present on roll call.

OPEN FORUM AND RECEPTION OF DELEGATIONS, PETITIONS, AND COMMUNICATIONS

- Building and Department Reports were reviewed.
- No Public Comment was given.

CONSIDER APPROVAL OF CLAIMS AND WIRES

- RESOLVED M. Juntunen to approve Claims, October 17, 2023; Hand Checks, October 12 and 19, 2023, as presented. D. Battaglia seconded the motion, and the resolution was approved by unanimous yea vote of all members present on roll call.

CONSENT ITEMS

- RESOLVED by G. Huard to approve the Consent Items, as presented.

1. Recommendations of Employment:

	<u>NAME</u>	<u>POSITION/LOCATION</u>	<u>SALARY**</u>	<u>START DATE</u>
a.	Cameron Lindner	Homebound Teacher (6 hrs/week)	\$32.66/hr.	10/23/23
b.	Sydney Wick	6.5 hrs./day Paraprofessional at CHS	Step 1	10/24/23
c.	April Brannan	30 hrs./week ECSE Paraprofessional	Step1	10/24/23 (Sub 10/10/23)
d.	Amy Kettlehut	4 hrs./day ECSE Paraprofessional	Step 1	10/24/23 (sub 10/16/23)
e.	Christine Hyde	Recreational Instructor with CE	% of fees	10/2/23

f.	Rianna Ryan	Program Assistant at Kids Corner	\$15.97	10/13/23
g.	Montana Solomon	Program Aide at Li'l Thunder	\$12.62/hr.	9/1/23
h.	Cheyenne Curtiss	Program Aide at Li'l Lumberjacks	\$15.15/hr.	10/1/23
i.	Annika Nelson	Program Aide Asst. at Li'l Lumberjacks	\$10.69/hr.	10/5/23
j.	Jasmine Alberti	Program Aide Asst. at Li'l Lumberjacks	\$10.69/hr.	10/2/23

2. *Permission to Post*

- a. Homebound Teacher at Cloquet Middle School
- b. EDHS Paraprofessional for 2023-2024 at CAAEP
- c. 6.5 hrs./day Long Term Substitute Paraprofessional at Washington Elementary School
- d. 4 hrs./day ECSE Paraprofessional at FDL Headstart
- e. 4 hrs./day ECSE Paraprofessional at Li'l Lumberjacks

3. *Staffing Adjustments*

- a. Iris Keller, Sign Language Interpreter, increase weekly hours by 1.5 hours
 - b. Tara Anderson, AIE Tutor, from 6.5 hrs./day to 7 hrs./day for Check and Connect
- N. Sandman seconded the motion, and the resolution was approved by unanimous yeas vote of all members present on roll call.

SCHOOL BOARD COMMITTEE REPORTS

- Student enrollment report from October 17, 2023, was reviewed.

NEW BUSINESS

- RESOLVED by G. Huard to deny the request by Leah Lee for discretionary leave of extended absence under MN Statute 1422A.46, as presented. D. Battaglia seconded the motion, and the resolution was denied by unanimous vote of all members present on roll call.
- RESOLVED by N. Sandman to deny accepting the resignation from Leah Lee, 1.0 FTE Junior High Teacher at CAAEP, as presented. G. Huard seconded the motion, and the resolution was denied by unanimous vote of all members present on roll call.
- RESOLVED by S. Buhs to approve the 2023-2025 Non-Certified Administrative Support Association contract, as presented. K. Scarbrough seconded the motion, and the resolution was approved by unanimous yeas vote of all members present on roll call.
- RESOLVED by G. Huard to approve the resolution accepting the donation from Cloquet Youth Lacrosse Association for new jerseys, as presented. N. Sandman seconded the motion, and the resolution was approved by unanimous yeas vote of all members present on roll call.
- RESOLVED by K. Scarbrough to approve the annual resolution establishing combined polling place, as presented. G. Huard seconded the motion, and the resolution was approved by unanimous yeas vote of all members present on roll call.

SUPERINTENDENT'S REPORT

- Dr. Cary covered all major topics in the working session. He told the board that the district is almost to the end of the 1st quarter and things are running smoothly.

UPCOMING MEETINGS/EVENTS

- Wednesday, October 25, 2023 - Equity Committee Meeting - 4 p.m. - Washington Elem.
- Thursday, October 26, 2023 - District Health, Safety & Crisis Team Cmte. Mtg. - 4 p.m. - Garfield Boardroom
- Monday, November 6, 2023 - Curriculum Committee - 4 p.m. - Garfield Boardroom
- November 6-10 - National School Psychologist Week
- Thursday, November 9, 2023 - National Community Education Day
- Monday, November 13 and 27, 2023 – SB Mtgs - 5:30 p.m. Working Session, 6:00 p.m. Regular Meeting
- Tuesday, November 14, 2023 - DAC Meeting - 4 p.m. - Garfield Boardroom
- Tuesday, November 21, 2023 - Community Ed Advisory Committee Meeting - 5:30 p.m. - CE Conference Room
- Wednesday, December 6, 2023 - CHS/Upper Lakes Foods Community Partnership Open House - 5 p.m. - CHS

- Monday, December 11, 2023 – SB Mtg- 5:15 p.m. Madrigals Special Performance, 5:30 p.m. Working Session, 6:00 p.m. Truth in Taxation Meeting, 6:15 p.m. Regular Meeting

ADJOURNMENT

There being nothing further to discuss, Board Chair N. Sandman adjourned the meeting at 6:11 p.m.

ATTEST:

Clerk of the School Board

Chair of the School Board

**Independent School District No. 94
Cloquet, Minnesota**

Basic Financial Statements

June 30, 2023



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**Independent School District No. 94
Board of Education and Administration
June 30, 2023**

<u>Board of Education</u>	<u>Position</u>	<u>Term Expires</u>
Nate Sandman	Chairperson	December 31, 2024
Melissa Juntunen	Clerk	December 31, 2024
David Battaglia	Treasurer	December 31, 2026
Gary Huard	Director	December 31, 2026
Sarah Buhs	Director	December 31, 2026
Ken Scarbrough	Director	December 31, 2024
 <u>Administration</u>		
Dr. Michael Cary	Superintendent	

Independent Auditor's Report

To the School Board
 Independent School District No. 94
 Cloquet, Minnesota

Report on the Audit of the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 94, Cloquet, Minnesota, as of and for the year ended June 30, 2023, and the related notes to basic financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 94, as of June 30, 2023, and the respective changes in financial position, and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Independent School District No. 94 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The management of Independent School District No. 94 is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

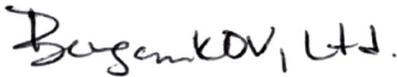
Supplementary Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 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, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



St. Cloud, Minnesota
November 6, 2023

Independent School District No. 94

Management's Discussion and Analysis

Year Ended June 30, 2023

As management of Independent School District No. 94 (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2023.

Financial Highlights

Key financial highlights for the 2022-2023 fiscal year include the following:

- Revenues were \$48,445,657 of which 64% were state aids, 14% were property taxes and the balance of 22% in other categories.
- Net position increased by \$5,874,995 during the current year.
- The General Fund total unassigned fund balance decreased by \$575,696.
- The District increased its long-term liabilities in outstanding bonds, financed purchases, compensated absences and leases by \$529,719.

Overview of the Financial Statements

The financial section of the annual financial statements consists of four parts - Independent Auditor's Report, required supplementary information which includes Management's Discussion and Analysis (this section), the basic financial statements and supplementary information. The basic financial statements include two kinds of statements that present different views of the District.

Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The *statement of net position (deficit)* includes all of the District's assets, deferred outflows of resources, and 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 statements report the District's net position (deficit) and how they have changed.

The *statement of net position* presents information on all of the District's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between the two reported as net position (deficit). Over time, increases or decreases in net position (deficit) may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. To assess the overall health of the District you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

The *statement of activities* presents information showing how the District's net position (deficit) changed during the fiscal year. All changes in net position (deficit) are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (i.e., uncollected taxes and earned but unused compensated absences).

The government-wide financial statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include instruction, support services, operation and maintenance of plant, student transportation, and operation of non-instructional services.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements, state statutes, and to control and manage money for particular purposes. All of the funds of the District can be divided into two categories: *governmental funds* and *fiduciary funds*.

Independent School District No. 94

Management's Discussion and Analysis {Continued}

Year Ended June 30, 2023

Fund Financial Statements (Continued)

Governmental funds - Most of the District's basic services are included in governmental funds. Governmental fund financial statements focus on near-term inflows of cash and other financial assets that can readily be converted to cash, as well as the balances at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

Because this information does not encompass the additional long-term focus of the government-wide statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. A reconciliation is provided to facilitate a comparison between governmental fund financial statements and government-wide financial statements.

Fiduciary funds - The District is the trustee, or fiduciary, for assets that belong to others, such as the postemployment benefit trust. The District is responsible for ensuring that the assets reported in this fund are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position. We exclude these activities from the government-wide financial statements because the District cannot use these assets to finance its operation.

Financial Analysis of the District as a Whole

Net position (deficit) may serve over time as a useful indicator of a District's financial position. In the case of the District, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$10,791,281 as of June 30, 2023.

Statement of Net Position (Deficit) June 30, 2023

	2022	2023
Current and other assets	\$ 24,657,849	\$ 28,008,233
Capital assets	61,256,811	62,134,865
Total assets	85,914,660	90,143,098
Deferred outflows of resources	10,099,130	9,575,472
Long-term liabilities	69,791,122	82,734,402
Other liabilities	10,130,876	13,637,357
Total liabilities	79,921,9	96,371,759
Deferred inflows of resources	32,758,068	14,138,092
Net position (deficit)		
Net investment in capital assets	7,310,913	9,100,504
Restricted	3,089,676	2,897,794
Unrestricted (deficit)	(27,066,865)	(22,789,579)
Total net position (deficit)	\$ (16,666,276)	\$ (10,791,281)

Independent School District No. 94

Management's Discussion and Analysis {Continued}

Year Ended June 30, 2023

Financial Analysis of the District as a Whole (Continued)

	Change in Net Position (Deficit) For the years ended June 30, 2023	
	2022	2023
Revenues		
Program revenues		
Charges for services	\$ 1,993,785	\$ 2,596,765
Operating grants and contributions	15,078,479	15,430,896
Capital grants and contributions	821,831	543,364
General revenues		
Property taxes	7,017,917	6,983,476
State and federal aids	21,281,776	22,381,825
Other	103,578	636,616
Total revenues	46,297,366	48,572,942
Expenses		
District and school administration	1,564,997	1,826,726
District support services	929,061	1,165,718
Regular instruction	18,751,195	16,527,571
Vocational instruction	464,946	477,369
Exceptional instruction	6,316,566	6,256,583
Instructional support services	1,950,983	1,583,868
Pupil support services	2,449,272	2,393,065
Sites and buildings	2,549,918	3,546,796
Fiscal and other fixed cost programs	7,694	200,550
Food service	1,245,590	1,445,825
Community service	1,823,179	2,255,238
Unallocated depreciation expense	2,798,072	3,009,257
Interest and fiscal charges on long-term debt	1,887,844	2,009,381
Total expenses	42,739,317	42,697,947
Change in net position (deficit)	3,558,049	5,874,995
Net position (deficit), beginning of year	(20,224,325)	(16,666,276)
Net position, end of the year	\$ (16,666,276)	\$ (10,791,281)

Financial Analysis of the District's Funds

The government-wide presentations are designed to present users with a more complete picture of the District's financial position and results of operation, traditional fund accounting basis provides users with information that can be used by the District to make decisions in the near-term.

Independent School District No. 94

Management's Discussion and Analysis {Continued}

Year Ended June 30, 2023

General Fund Budgetary Highlights

The General Fund (which includes the District's general, transportation and capital activities) adopted an original revenue budget of \$37,007,996, which was revised to \$37,371,895, as a result of change in pupil unit projections and federal covid funding. The General Fund adopted an original expenditure budget of \$37,712,075, which was revised to \$38,304,316, as a result of settled contracts, federal covid expenses and supply budgets.

While the District's final budget for the General Fund anticipated that expenditures would exceed revenue by \$932,421 the actual results for the year showed expenditures exceeded revenues and other financing sources by \$754,211.

- Actual revenues were \$2,154,773 more than anticipated, largely due to spending more COVID-19 related grant dollars than anticipated.
- Actual expenditures were \$3,738,233 more than anticipated due to COVID-19 related grant expenditures as well as new lease agreement.

Debt Service Fund

The Debt Service Fund balance increased \$48,128 during fiscal year 2023. Fund balance was \$1,385,005 at June 30, 2023.

Capital Asset and Debt Administration

Capital Assets

By the end of fiscal year 2023, the District had invested \$97,740,396 in a broad range of capital and right to use assets, including school buildings, athletic facilities, computer equipment and administrative offices. Total depreciation/amortization expense for the year was \$3,332,482. More detailed information about the District's capital assets is presented in Note 3 to the financial statements.

Debt Administration

At June 30, 2023, the District had \$57,834,612, in general obligation bonds, financed purchase and lease obligations. The District's debt rating from Moody's was A1, underlying rating of Aa2 enhanced rating. Under current state statutes, the District's general obligation bonded debt issuances are subject to a legal limitation of 10 percent of the fair market value of property in the District. The District is within its legal authority for bonded debt.

The District also had \$28,573,035 of net pension liability, \$650,806 of compensated absences payable, and a \$786,152 net OPEB liability at June 30, 2023.

More detailed information about the District's long-term liabilities is presented in Notes 4, 6, and 7 to the financial statements.

Factors Bearing on the District's Future

In FY 24, the District is expecting a plateau in student enrollment. We anticipate approximately 0% increase from 2022-2023 to 2023-2024 and .5%-1% increase per year over the coming years. Cloquet Schools has benefited from the covid funding streams to add District supports for our students. We have been able to continue to offer great programming because of our positive fund balance over the last few years.

Independent School District No. 94

Management's Discussion and Analysis {Continued}

Year Ended June 30, 2023

Contacting the District's Financial Management

This financial report is 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 this report or need additional financial information, contact the Business Office, Independent School District No. 94, 302 14th Street, Cloquet, Minnesota, 55720, or call 218-879-6721.

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BASIC FINANCIAL STATEMENTS

Independent School District No. 94
Statement of Net Position
June 30, 2023

	Governmental Activities
Assets	
Cash and investments	\$ 17,504,155
Current property taxes receivable	3,375,879
Delinquent property taxes receivable	85,692
Accounts receivable	314,163
Due from Department of Education	5,419,521
Due from other Minnesota school districts	1,019,060
Due from other governmental units	67,588
Lease receivable	43,826
Inventory	15,413
Prepaid items	162,936
Capital assets not being depreciated	
Land	1,365,665
Construction in progress	2,009,083
Capital assets net of accumulated depreciation (amortization)	
Land improvements	1,088,030
Buildings and improvements	55,088,940
Equipment	769,858
Leased assets	1,813,289
Total assets	90,143,098
Deferred Outflows of Resources	
Deferred outflows of resources related to pensions	9,317,066
Deferred outflows of resources related to OPEB	258,406
Total deferred outflows of resources	9,575,472
Total assets and deferred outflows of resources	\$ 99,718,570
Liabilities	
Accounts payable	\$ 3,361,581
Salaries and benefits payable	4,005,934
Interest payable	870,548
Due to other Minnesota school districts	260,591
Unearned revenue	28,500
Bond principal payable (net of premium)	
Payable within one year	4,190,000
Payable after one year	51,525,917
Leases payable:	
Payable within one year	466,932
Payable after one year	1,361,683
Financed purchase agreements payable	
Payable within one year	290,080
Compensated absences payable	
Payable within one year	163,191
Payable after one year	487,615
Net pension liability payable after one year	28,573,035
Net OPEB liability payable after one year	786,152
Total liabilities	96,371,759
Deferred Inflows of Resources	
Property taxes levied for subsequent year's expenditures	7,236,157
Deferred inflows of resources related to lease receivable	43,826
Deferred inflows of resources related to OPEB	1,947,944
Deferred inflows of resources related to pensions	4,910,165
Total deferred inflows of resources	14,138,092
Net Position	
Net investment in capital assets	9,100,504
Restricted for	
Debt service	669,387
Food service	874,599
Community service	553,946
Other purposes	799,862
Unrestricted	(22,789,579)
Total net position	(10,791,281)
Total liabilities, deferred inflows of resources, and net position	\$ 99,718,570

See notes to basic financial statements.

Independent School District No. 94
Balance Sheet - Governmental Funds
June 30, 2023

	General Fund	Debt Service Fund	Nonmajor Funds	Total Governmental Funds
Assets				
Cash and investments	\$ 9,076,020	\$ 3,630,815	\$ 4,797,320	\$ 17,504,155
Current property taxes receivable	1,092,031	1,914,372	369,476	3,375,879
Delinquent property taxes receivable	27,448	48,662	9,582	85,692
Accounts receivable	314,163	-	-	314,163
Due from Department of Education	5,289,331	103,296	26,894	5,419,521
Due from other Minnesota school districts	1,019,060	-	-	1,019,060
Due from other governmental units	67,588	-	-	67,588
Lease receivables	43,826	-	-	43,826
Inventory	-	-	15,413	15,413
Prepaid items	162,936	-	-	162,936
	<u>\$ 17,092,403</u>	<u>\$ 5,697,145</u>	<u>\$ 5,218,685</u>	<u>\$ 28,008,233</u>
Liabilities				
Accounts payable	\$ 2,317,658	\$ -	\$ 1,043,923	\$ 3,361,581
Salaries and benefits payable	3,937,140	-	68,794	4,005,934
Due to other Minnesota school districts	260,591	-	-	260,591
Unearned revenue	-	-	28,500	28,500
Total liabilities	<u>6,515,389</u>	<u>-</u>	<u>1,141,217</u>	<u>7,656,606</u>
Deferred Inflows of Resources				
Property taxes levied for subsequent year's expenditures	2,134,867	4,263,478	837,812	7,236,157
Deferred inflows of resources related to lease receivable	43,826	-	-	43,826
Unavailable revenue - delinquent taxes	27,448	48,662	9,582	85,692
Total deferred inflows of resources	<u>2,206,141</u>	<u>4,312,140</u>	<u>847,394</u>	<u>7,365,675</u>
Fund Balances				
Nonspendable	162,936	-	15,413	178,349
Restricted	799,862	1,385,005	3,217,144	5,402,011
Committed	1,710,582	-	-	1,710,582
Assigned	1,016,244	-	-	1,016,244
Unassigned	4,681,249	-	(2,483)	4,678,766
Total fund balances	<u>8,370,873</u>	<u>1,385,005</u>	<u>3,230,074</u>	<u>12,985,952</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 17,092,403</u>	<u>\$ 5,697,145</u>	<u>\$ 5,218,685</u>	<u>\$ 28,008,233</u>

**Independent School District No. 94
Reconciliation of the Balance Sheet to
the Statement of Net Position - Governmental Funds
June 30, 2023**

Total fund balances - governmental funds \$ 12,985,952

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

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

Cost of capital assets	97,740,396
Less accumulated depreciation	(35,605,531)

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

Long-term liabilities at year-end consist of:

Bond principal payable	(52,650,000)
Premium on bonds payable	(3,065,917)
Lease payable	(1,828,615)
Financed Purchase payable	(290,080)
Compensated absences payable	(650,806)
Net pension liability	(28,573,035)
Net OPEB liability	(786,152)

Deferred outflows of resources and deferred inflows of resources are created as a result of differences in timing and estimates related to pension and OPEB that are not recognized in the governmental funds.

Deferred outflows of resources related to pensions	9,317,066
Deferred inflows of resources related to pensions	(4,910,165)
Deferred outflows of resources related to OPEB	258,406
Deferred inflows of resources related to OPEB	(1,947,944)

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

85,692

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

(870,548)

Total net position - governmental activities

\$ (10,791,281)

Independent School District No. 94
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds
Year Ended June 30, 2023

	General Fund	Debt Service Fund	Nonmajor Funds	Total Governmental Funds
Revenues				
Local property taxes	\$ 2,380,009	\$ 3,853,651	\$ 757,776	\$ 6,991,436
Other local and county revenues	2,673,072	1	1,565,978	4,239,051
Revenue from state sources	29,573,769	1,014,532	376,185	30,964,486
Revenue from federal sources	4,899,818	-	956,670	5,856,488
Sales and other conversion of assets	-	-	394,196	394,196
Total revenues	<u>39,526,668</u>	<u>4,868,184</u>	<u>4,050,805</u>	<u>48,445,657</u>
Expenditures				
Current				
Administration	2,011,411	-	-	2,011,411
District support services	1,006,205	-	-	1,006,205
Elementary and secondary regular instruction	19,421,617	-	-	19,421,617
Vocational education instruction	592,289	-	-	592,289
Special education instruction	7,143,812	-	-	7,143,812
Instructional support services	1,685,415	-	-	1,685,415
Pupil support services	2,486,935	-	-	2,486,935
Sites and buildings	4,501,532	-	-	4,501,532
Fiscal and other fixed cost programs	200,550	-	-	200,550
Food service	-	-	1,393,016	1,393,016
Community education and services	-	-	2,107,061	2,107,061
Capital outlay				
Administration	39,077	-	-	39,077
District support services	136,853	-	-	136,853
Elementary and secondary regular instruction	540,907	-	-	540,907
Vocational education instruction	6,501	-	-	6,501
Special education instruction	61,014	-	-	61,014
Pupil support services	65,313	-	-	65,313
Sites and buildings	1,310,945	-	1,096,392	2,407,337
Food service	-	-	1,969	1,969
Community education and services	-	-	184,319	184,319
Debt service				
Principal	746,596	2,715,000	419,279	3,880,875
Interest and fiscal charges	85,577	2,105,056	163,659	2,354,292
Total expenditures	<u>42,042,549</u>	<u>4,820,056</u>	<u>5,365,695</u>	<u>52,228,300</u>
Excess of revenues over (under) expenditures	(2,515,881)	48,128	(1,314,890)	(3,782,643)
Other Financing Sources (Uses)				
Bond issuance	-	-	2,715,000	2,715,000
Bond premium	-	-	84,212	84,212
Proceeds from leases	1,761,670	-	-	1,761,670
Total other financing sources	<u>1,761,670</u>	<u>-</u>	<u>2,799,212</u>	<u>4,560,882</u>
Net change in fund balances	(754,211)	48,128	1,484,322	778,239
Fund Balances				
Beginning of year	9,125,084	1,336,877	1,745,752	12,207,713
End of year	<u>\$ 8,370,873</u>	<u>\$ 1,385,005</u>	<u>\$ 3,230,074</u>	<u>\$ 12,985,952</u>

**Independent School District No. 94
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances to the
Statement of Activities - Governmental Funds
Year Ended June 30, 2023**

Net change in fund balances - total governmental funds \$ 778,239

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

Capital outlay is reported in governmental funds as an expenditure. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation/amortization expense.

Capital outlay	4,210,537
Depreciation/amortization	(3,332,483)

Compensated absences are recognized as paid in the governmental funds but recognized as the expense is incurred in the Statement of Activities.	(157,377)
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Principal payments on long-term debt are recognized as expenditures in the governmental funds but as an increase in the net position in the Statement of Activities.	3,861,184
--	-----------

Governmental funds recognize pension contributions as expenditures at the time of payment in the funds, whereas the Statement of Activities factors in items related to pensions on a full accrual perspective.	4,738,801
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Governmental funds recognize OPEB contributions as expenditures at the time of payment whereas the Statement of Activities factors in items related to OPEB on a full accrual perspective.	(19,666)
--	----------

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and thus requires use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	37,246
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Governmental funds report the effect of bond discounts and premiums and deferred amounts on refunding when the debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.	243,144
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Proceeds from the sale of long-term debt are recognized as other financing sources in the governmental funds increasing fund balance but having no effect on net position in the Statement of Activities.	(4,476,670)
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Delinquent property taxes receivable will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.	<u>(7,960)</u>
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Change in net position - governmental activities	<u><u>\$ 5,874,995</u></u>
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Independent School District No. 94
Statement of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual - General Fund
Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Local property taxes	\$ 2,226,016	\$ 2,322,348	\$ 2,380,009	\$ 57,661
Other local and county revenues	1,331,280	1,451,280	2,673,072	1,221,792
Revenue from state sources	29,666,269	29,596,389	29,573,769	(22,620)
Revenue from federal sources	3,784,431	4,001,878	4,899,818	897,940
Total revenues	<u>37,007,996</u>	<u>37,371,895</u>	<u>39,526,668</u>	<u>2,154,773</u>
Expenditures				
Current				
Administration	1,753,060	1,972,255	2,011,411	39,156
District support services	875,359	872,620	1,006,205	133,585
Elementary and secondary regular instruction	18,749,068	19,012,583	19,421,617	409,034
Vocational education instruction	524,540	583,106	592,289	9,183
Special education instruction	7,175,089	7,401,946	7,143,812	(258,134)
Instructional support services	2,062,776	1,931,536	1,685,415	(246,121)
Pupil support services	2,592,660	2,489,586	2,486,935	(2,651)
Sites and buildings	2,905,794	2,964,955	4,501,532	1,536,577
Fiscal and other fixed cost programs	130,000	130,000	200,550	70,550
Capital outlay				
Administration	25,000	25,000	39,077	14,077
District support services	96,825	96,825	136,853	40,028
Elementary and secondary regular instruction	206,800	208,800	540,907	332,107
Vocational education instruction	-	-	6,501	6,501
Special education instruction	19,500	19,500	61,014	41,514
Instructional support services	9,925	9,925	-	(9,925)
Pupil support services	6,000	6,000	65,313	59,313
Sites and buildings	119,000	119,000	1,310,945	1,191,945
Debt service				
Principal	440,980	440,980	746,596	305,616
Interest and fiscal charges	19,699	19,699	85,577	65,878
Total expenditures	<u>37,712,075</u>	<u>38,304,316</u>	<u>42,042,549</u>	<u>3,738,233</u>
Excess of revenues under expenditures	<u>\$ (704,079)</u>	<u>\$ (932,421)</u>	<u>(2,515,881)</u>	<u>\$ (1,583,460)</u>
Other financing sources (uses)				
Proceeds from leases	<u>-</u>	<u>-</u>	<u>1,761,670</u>	<u>1,761,670</u>
Net change in fund balances	<u>\$ (704,079)</u>	<u>\$ (932,421)</u>	<u>(754,211)</u>	<u>\$ 178,210</u>
Fund Balances				
Beginning of year			<u>9,125,084</u>	
End of year			<u>\$ 8,370,873</u>	

**Independent School District No. 94
Statement of Fiduciary Net Position
June 30, 2023**

	Scholarships	OPEB Irrevocable Trust Fund
Assets		
Cash and investments	\$ 32,542	\$ 3,531,116
Total assets	32,542	\$ 3,531,116
Net Position		
Held in trust for OPEB	32,542	3,531,116
Total net position and liabilities	\$ 32,542	\$ 3,531,116

**Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2023**

	Scholarships	OPEB Irrevocable Trust Fund
Additions		
Contributions	\$ 32,542	\$ 260,490
Investment income	-	255,735
Total additions	32,542	516,225
Deductions		
Payments to retirees	-	773,280
Change in net position	32,542	(257,055)
Net Position		
Beginning of year	-	3,788,171
End of year	\$ 32,542	\$ 3,531,116

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Independent School District No. 94
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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

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

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

B. Basic Financial Statement Information

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) display information about the reporting government as a whole. These statements include all the financial activities of the District, except for the fiduciary funds. The fiduciary funds are only reported in the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position at the fund financial statement level.

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

Independent School District No. 94
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statement Information (Continued)

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

Separate fund financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

The OPEB Irrevocable Trust Fund and the Scholarships Custodial Fund are presented in the fiduciary fund financial statements. Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the District, these funds are not incorporated into the government-wide statements.

C. Measurement Focus and Basis of Accounting

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

1. Revenue Recognition

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

2. Recording of Expenditures

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

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

Independent School District No. 94
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

Description of Funds:

Major Funds:

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

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

Nonmajor Funds:

Food Service Special Revenue Fund – This fund is used to account for the financial activities of the District's Food Service Program.

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

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

Postemployment Debt Service Fund – Debt Service – This fund is used for the accumulation of levy proceeds and the repayment of the principal and interest on the OPEB bonds.

Fiduciary Funds:

Custodial Fund – This fund is used to account for the financial resources relating to scholarships.

OPEB Irrevocable Trust Fund – This fund is used to account for the financial resources relating to post-employment benefits.

D. Deposits and Investments

The District's total deposits and investments are comprised of two major components, each with its own set of legal and contractual provisions as described below and on the following page.

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

Independent School District No. 94
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Deposits and Investments (Continued)

1. District Funds Other than the OPEB Trust Fund

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

Cash and investments at June 30, 2023, were comprised of deposits and investments as outlined in Note 2.B.

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

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

In accordance with GASB Statement No. 79, the various MSDLAF, and MNTrust Funds are valued at amortized cost, which approximates fair value. There are no restrictions or limitations on withdrawals from MSDLAF liquid class, or MNTrust investment shares Funds. Investments in MSDLAF max class must be deposited for a minimum of 14 calendar days. Withdrawals prior to the 14 day restriction period may be subject to a penalty and there is a 24 hour hold on all requests for redemptions.

2. OPEB Trust Fund

These funds represent investments administered by the District's OPEB Trust Fund investment managers. As of June 30, 2023, they were comprised of money market funds, exchange traded funds, MNTrust Investment Shares Portfolio, U.S. Treasuries, and State and Local Government Obligations.

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Minnesota Statutes authorize the OPEB Trust Fund to invest in obligations of the U.S. Treasury, agencies and instrumentalities, shares of investment companies whose only investments are in the aforementioned securities, obligations of the State of Minnesota or its municipalities, bankers' acceptances, future contracts, corporate bonds, common stock, and foreign stock of the highest quality, mutual funds, repurchase and reverse agreements, commercial paper of the highest quality with a maturity no longer than 270 days and in the State Board of Investments.

Independent School District No. 94
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Deposits and Investments (Continued)

2. OPEB Trust Fund (Continued)

In accordance with GASB Statement No 79 the mutual funds and MNTrust Investments shares portfolio are valued at amortized cost which approximates fair value. There are no restrictions or limitations on withdrawals from these accounts.

E. Property Tax Receivable

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

F. Property Taxes Levied for Subsequent Year's Expenditures

Property taxes levied for subsequent year's expenditures consist principally of property taxes levied in the current year which will be collected and recognized as revenue in the District's following year to properly match those revenues with the budgeted expenditures for which they were levied. This amount is equal to the amount levied by the School Board in December 2022, less various components and their related adjustments as mandated by the state. These portions of that levy were recognized as revenue in fiscal year 2023. The remaining portion of the levy will be recognized when measurable and available.

G. Inventories

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

H. Prepaid Items

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

I. Property Taxes

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

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

Independent School District No. 94
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Capital Assets

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

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

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

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

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

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

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

Key estimates and judgments related to leases include (1) the discount rate, (2) lease term, (3) lease payments, and (4) amortization.

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

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

Independent School District No. 94
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until that time. A deferred outflows of resources related to pensions and OPEB is recorded for various estimate differences that will be amortized and recognized over future years.

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

M. Long-Term Obligations

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

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

N. Compensated Absences

Certain District employees are entitled to payment of unused sick and vacation leave days at various rates upon retirement. A liability is recorded on the statement of Net Position for earned but unpaid amounts.

Independent School District No. 94
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Pensions

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

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

P. Post Employment Benefits other than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District and additions to/deductions from the District's fiduciary net position have been determined on the same basis as they are reported by the District. For this purpose, the District recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for the MNTrust securities are valued at amortized cost, which approximates fair value.

Q. Risk Management

The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; natural disasters, and injuries to employees for which the District carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three years. There were no significant reductions in the District's insurance coverage during the year ending June 30, 2023.

R. Fund Equity

In the fund financial statements, governmental funds report various levels of spending constraints.

- Nonspendable Fund Balances – These are amounts that cannot be spent because they are not in spendable form as they are legally or contractually required to be maintained intact and include prepaids and inventory.
- Restricted Fund Balances – These amounts are subject to externally enforceable legal restrictions.
- Committed Fund Balances – These amounts are comprised of unrestricted funds used for a specific purpose. The government's highest level of decision making authority is the School Board. A majority vote of the school board is required to establish or modify a commitment.

Independent School District No. 94
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Fund Equity (continued)

- Assigned Fund Balances – The School Board, by majority vote, may assign fund balances to be used for specific purposes when appropriate. The School Board also delegates the power to assign fund balances to the Business Manager or to the Superintendent. Assignments so made shall be reported to the school board on a monthly basis.
- Minimum Fund Balance Policy – The District will strive to maintain a minimum unassigned General Fund balance of 20% of the subsequent annual expenditure budget.

S. Net Position

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

T. 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 of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenditures/expense during the reporting period. Actual results could differ from those estimates.

U. Budgetary Information

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

1. Prior to July 1, the Superintendent submits to the School Board, a proposed operating budget for the year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. The Superintendent is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the School Board.
3. Formal budgetary integration is employed as a management control device during the year for the General, Debt Service, Capital Project, and Special Revenue Funds.
4. Budgets for the General, Debt Service, Capital Project, and Special Revenue Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
5. Budgets are as originally adopted or as amended by the School Board. Budgeted expenditure appropriations lapse at year-end.

Independent School District No. 94
Notes to Basic 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.

Custodial Credit Risk – Deposits: For deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy requires the District's deposits be collateralized as required by *Minnesota Statutes* § 118.03 for an amount exceeding FDIC, SAIF, BIF, or FCUA coverage. As of June 30, 2023, the District's bank balance was not exposed to custodial credit risk because it was insured and fully collateralized with securities held by the pledging financial institution's trust department or agent and in the District's name.

As of June 30, 2023, the District had the following deposits:

District checking	\$ 129,131
Non-pooled Cash - Construction	10,858
	\$ 139,989
	\$ 139,989

B. Investments

As of June 30, 2023, the District had the following investments:

Investment	Amount	Maturities				Percentage of Pool	S&P/Moodys Rating
		Less than 1 Year	1-2 Years	3-5 years	Over 5 years		
Pooled Investments							
MSDLAF+ Max Class	\$ 7,312,994	\$ 7,312,994	\$ -	\$ -	\$ -	49.82%	AAAm
MSDLAF Liquid Class	748,612	748,612	-	-	-	5.10%	AAAm
State and Local Government Obligations	2,082,346	1,581,863	500,483	-	-	14.19%	A--AAA
Federal Home Loan Bank Bonds	617,929	203,349	-	414,580	-	4.21%	Aaa
US Treasuries	928,469	387,204	541,265	-	-	6.33%	N/A
Negotiable CDs	765,216	-	197,472	567,744	-	5.21%	N/A
Commercial Paper	1,531,930	1,531,930	-	-	-	10.44%	A1
MN Trust Investment Shares Portfolio	690,631	690,631	-	-	-	4.71%	AAAm
Total pooled investments	14,678,127	12,456,583	1,239,220	982,324	-	100.00%	
Non-Pooled Investments - School Building Bonds							
MN Trust Investment Shares Portfolio	37,380	37,380	-	-	-	1.37%	AAAm
US Treasury	2,681,201	2,681,201	-	-	-	98.63%	A1
Total non-pooled investments - School building bonds	2,718,581	2,718,581	-	-	-	100.00%	
Non-Pooled Investments - Irrevocable OPEB Trust							
Vanguard TOT ETF	853,744	853,744	-	-	-	24.18%	N/A
Vanguard TSM ETF	803,875	803,875	-	-	-	22.77%	N/A
US Treasuries	1,801,379	971,180	473,742	356,457	-	51.01%	N/A
MN Trust Investment Shares Portfolio	19,492	19,492	-	-	-	0.55%	AAAm
State and Local Government Obligations	52,626	-	-	-	52,626	1.49%	AA-
Total non-pooled investments - Irrevocable OPEB Trust	3,531,116	2,648,291	473,742	356,457	52,626	100.00%	
Total investments - Pooled and Non-pooled district funds	\$ 20,927,824	\$ 17,823,455	\$ 1,712,962	\$ 1,338,781	\$ 52,626		

Independent School District No. 94
Notes to Basic Financial Statements

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

Credit Risk: This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits investments in commercial paper and corporate bonds to be in the top two ratings issued by nationally recognized statistical rating organizations. The District's policy limits investments to securities that meet the ratings requirements set by state statute. The District's investments were rated, as applicable, in the tables, on the previous page, by Standard & Poor's (S&P) and Moody's Investor Services.

Concentration of Credit Risk: This is the risk of loss attributed to the magnitude of an investment in a single issuer. The District's policy places no limit on the amount the District may invest in any one issuer, although the investment policy states that the District may diversify its investments to avoid incurring unreasonable risks inherent in over-investing in specific instruments, individual financial institutions, or maturities. The District was exposed to concentration of credit risk at June 30, 2023, School Building bond funds invested in Natixis New York Commercial Paper (10.4%) exceeded 5% of the respective investment portfolios.

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

Custodial Credit Risk – Investments: For an investment, this is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investment policy states that securities will be held by an independent third-party custodian.

The District has the recurring fair value measurements for pooled investments and as of June 30, 2023:

- \$5,160,675 of pooled investments were valued at Level 2.
- \$52,626 of Irrevocable OPEB Trust Fund investments were valued at Level 2.

C. Deposits and Investments

The following is a summary of total deposits and investments:

Total deposits (Note 2.A.)	\$ 139,989
Total investments (Note 2.B.)	<u>20,927,824</u>
Total deposits and investments	<u><u>\$ 21,067,813</u></u>

Independent School District No. 94
Notes to Basic Financial Statements

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

C. Deposits and Investments (Continued)

Statement of Net Position	
Cash and investments	\$ 17,504,155
Statement of Fiduciary Net Position	
Cash and investments	
OPEB Irrevocable Trust	3,531,116
Scholarships	<u>32,542</u>
Total deposits and investments	<u>\$ 21,067,813</u>

Independent School District No. 94
Notes to Basic Financial Statements

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 1,365,665	\$ -	\$ -	\$ 1,365,665
Construction in progress	-	2,009,083	-	2,009,083
Total capital assets not being depreciated	<u>1,365,665</u>	<u>2,009,083</u>	<u>-</u>	<u>3,374,748</u>
Other Capital assets				
Land improvements	2,404,613	32,388	-	2,437,001
Buildings and improvements	85,898,921	311,372	-	86,210,293
Equipment	3,010,776	96,024	-	3,106,800
Leased Equipment	433,629	459,709	-	893,338
Leased Building	459,831	1,301,961	43,576	1,718,216
Total other assets at historical cost	<u>92,207,770</u>	<u>2,201,454</u>	<u>43,576</u>	<u>94,365,648</u>
Less accumulated depreciation for				
Land improvements	1,225,214	123,757	-	1,348,971
Buildings and improvements	28,564,097	2,557,256	-	31,121,353
Equipment	2,213,011	123,931	-	2,336,942
Less accumulated amortization for				
Leased Equipment	149,762	302,998	-	452,760
Leased Building	164,540	224,541	43,576	345,505
Total other accumulated depreciation and amortization	<u>32,316,624</u>	<u>3,332,483</u>	<u>43,576</u>	<u>35,605,531</u>
Total capital assets being depreciated, net	<u>59,891,146</u>	<u>(1,131,029)</u>	<u>-</u>	<u>58,760,117</u>
Governmental activities, capital assets, net	<u>\$ 61,256,811</u>	<u>\$ 878,054</u>	<u>\$ -</u>	<u>\$ 62,134,865</u>

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

Administration	\$ 1,376
Elementary and secondary regular instruction	11,844
Special education instruction	910
Instructional support services	9,312
Pupil support services	22,188
Sites and buildings	249,998
Food service	23,546
Community education and services	4,052
Unallocated depreciation	<u>3,009,257</u>
Total depreciation/amortization expense	<u>\$ 3,332,483</u>

Independent School District No. 94
Notes to Basic Financial Statements

NOTE 4 – LONG-TERM DEBT

A. Components of Long-Term Liabilities

	Issue Date	Interest Rates	Original Issue	Final Maturity	Principal Outstanding	Due Within One year
Long-term liabilities						
G.O. Bonds						
2015B School						
Building Bonds	6/11/2015	2.00%-5.00%	\$ 45,450,000	2/1/2036	\$ 43,340,000	\$ 2,490,000
2016A Alternative Facilities						
Refunding Bonds	6/29/2016	3.00%	4,080,000	2/1/2027	970,000	235,000
2016B Taxable OPEB						
Refunding Bonds	6/29/2016	2.25%-2.88%	4,660,000	2/1/2030	3,085,000	410,000
2018A Facilities						
Maintenance Bonds	4/5/2018	3.00%-5.00%	4,710,000	2/1/2024	865,000	865,000
2021A Capital						
Facilities Bonds	2/18/2021	1.00%-3.00%	1,860,000	2/1/2031	1,675,000	190,000
2023A Capital						
Facilities Bonds	6/15/2023	4.60%-6.00%	2,715,000	2/1/2036	2,715,000	-
Total bonds					<u>52,650,000</u>	<u>4,190,000</u>
Premium on bonds					3,065,917	-
Lease payable					1,828,615	466,932
Financed purchase payable					290,080	290,080
Compensated absences payable					<u>650,806</u>	<u>163,191</u>
Total all long-term liabilities					<u>\$ 58,485,418</u>	<u>\$ 5,110,203</u>

General Obligation Bonds are paid from the Debt Service Fund. The General Obligation Taxable OPEB Bond is paid from Postemployment Benefit Debt Service Fund. The financed purchase and leases are payable from the General Fund. Compensated absences are paid from the General, Food Service and Community Service Funds.

B. Changes in Long-Term Liabilities

	Beginning Balance	Additions	Reductions	Ending Balance
Long-term liabilities				
G.O. Bonds	\$ 53,020,000	\$ 2,715,000	\$ 3,085,000	\$ 52,650,000
Lease liability	564,149	1,761,670	497,204	1,828,615
Financed purchase	569,060	-	278,980	290,080
Compensated absences payable	493,429	362,646	205,269	650,806
Premium on bonds	<u>3,309,061</u>	<u>84,212</u>	<u>327,356</u>	<u>3,065,917</u>
Total long-term liabilities	<u>\$ 57,955,699</u>	<u>\$ 4,923,528</u>	<u>\$ 4,393,809</u>	<u>\$ 58,485,418</u>

**Independent School District No. 94
Notes to Basic Financial Statements**

NOTE 4 – LONG-TERM DEBT (CONTINUED)

C. Minimum Debt Payments for Bonds

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

Year Ending June 30,	G.O. Bonds		Lease Liability		Total
	Principal	Interest	Principal	Interest	
2024	\$ 4,190,000	\$ 2,182,702	\$ 466,932	\$ 75,063	\$ 6,914,697
2025	3,560,000	2,062,915	201,651	64,488	5,889,054
2026	3,715,000	1,904,190	50,703	57,392	5,727,285
2027	3,880,000	1,737,678	54,956	54,760	5,727,394
2028	3,795,000	1,562,978	62,022	51,857	5,471,857
2029-2033	20,005,000	5,320,300	439,936	201,541	25,966,777
2034-2036	13,505,000	1,102,728	552,415	62,249	15,222,392
Total	<u>\$ 52,650,000</u>	<u>\$ 15,873,491</u>	<u>\$ 1,828,615</u>	<u>\$ 567,350</u>	<u>\$ 70,919,456</u>

The District has entered into lease agreements for financing the acquisition of certain equipment and building improvements. These lease agreements qualify as financed purchases for accounting purposes, therefore, have been recorded at the present value of their future minimum payments as of the inception date.

The future minimum finance purchase obligations and the net present value of these minimum lease payments were as follows:

Year Ending June 30,	Principal	Interest	Total
2024	<u>\$ 290,080</u>	<u>\$ 8,600</u>	<u>\$ 298,680</u>

D. Lease Obligations

The District entered into multiple lease agreements shown per schedules above. These leases have varying start dates, monthly loan payment amounts, and end dates.

NOTE 5 – FUND BALANCES/NET POSITION

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

Independent School District No. 94
Notes to Basic Financial Statements

NOTE 5 – FUND BALANCES/NET POSITION (CONTINUED)

A. Fund Balances

Fund balances are classified on the following page to reflect the limitations and restrictions of the respective funds.

	General Fund	Debt Service	Other Nonmajor Funds	Total
Nonspendable for				
Inventory	\$ -	\$ -	\$ 15,413	\$ 15,413
Prepaid items	162,936	-	-	162,936
Total nonspendable	<u>162,936</u>	<u>-</u>	<u>15,413</u>	<u>178,349</u>
Restricted/reserved for				
Operating Capital	247,973	-	-	247,973
Medical Assistance	182,499	-	-	182,499
Impact Aid	19,213	-	-	19,213
Achievement and Integration	81,874	-	-	81,874
Staff Development	255	-	-	255
Building Construction	-	-	1,683,181	1,683,181
Long-term Facilities Maintenance	268,048	-	24,145	292,193
Community Education	-	-	203,043	203,043
Early Childhood and Family Education	-	-	170,291	170,291
School Readiness	-	-	152,722	152,722
Community Service	-	-	23,775	23,775
Food Service	-	-	859,186	859,186
Debt Service	-	1,385,005	100,801	1,485,806
Total restricted/reserved	<u>799,862</u>	<u>1,385,005</u>	<u>3,217,144</u>	<u>5,402,011</u>
Committed for				
Severance	1,710,582	-	-	1,710,582
Assigned for				
Curriculum	(96,701)	-	-	(96,701)
Transporation	534,768	-	-	534,768
Extracurricular activities	578,177	-	-	578,177
Total assigned	<u>1,016,244</u>	<u>-</u>	<u>-</u>	<u>1,016,244</u>
Unassigned	4,681,249	-	(2,483)	4,678,766
Total fund balance	<u>\$ 8,370,873</u>	<u>\$ 1,385,005</u>	<u>\$ 3,230,074</u>	<u>\$ 12,985,952</u>

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

Independent School District No. 94
Notes to Basic Financial Statements

NOTE 5 – FUND BALANCES/NET POSITION (CONTINUED)

A. Fund Balances (Continued)

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

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

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

Restricted/Reserved for Title VII – Impact Aid Funds – This balance represents the unspent resources from the Title VII – Impact Aid Funds.

Restricted/Reserved for Achievement and Integration Revenue – This balance represents unspent resources available from the achievement and integration program.

Restricted/Reserved for Staff Development – This balance represents unspent staff development revenues set aside from general education revenue that were restricted/reserved for staff development related to Finance Code 316. Expenditures for staff development must equal at least 2% of the basic general education revenue, unless legal stipulations are met (*Minnesota Statutes* § 122A.61, subdivision 1).

Restricted for Building Construction – This balance represents available resources in the District's Building Construction Fund restricted for future construction projects.

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

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

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

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

Restricted for Community Service – This balance represents amounts restricted for the activities of the Community Service program not otherwise restricted/reserved. At June 30, 2023, the balance was negative \$2,483.

Independent School District No. 94
Notes to Basic Financial Statements

NOTE 5 – FUND BALANCES/NET POSITION (CONTINUED)

A. Fund Balances (Continued)

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

Restricted for Debt Service – This balance represents the positive fund balance of the debt service funds.

Committed for Severance– This balance represents resources set aside for future severance payments.

Assigned Fund Balance – These balances represent amount set aside by management for specific uses as noted in the table on the previous page. Assigned for curriculum is negative due to the District spending more than the annual assigned amount, this amount will be replenished in future year’s allocations.

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

The District participates in various pension plans. Total pension expense for the year ended June 30, 2023, was (\$2,535,295). The components of pension expense are noted in the following plan summaries.

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

Teachers' Retirement Association

A. Plan Description

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

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

B. Benefits Provided

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

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

**Independent School District No. 94
Notes to Basic Financial Statements**

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

Teachers' Retirement Association (Continued)

B. Benefits Provided (Continued)

Tier I Benefits

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

With these provisions:

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

Tier II Benefits

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

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

**Independent School District No. 94
Notes to Basic Financial Statements**

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

Teachers' Retirement Association (Continued)

B. Benefits Provided (Continued)

Tier II Benefits (Continued)

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

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

C. Contribution Rate

Per *Minnesota Statutes*, Chapter 354 sets the contribution rates for employees and employers. Rates for each fiscal year ended June 30, 2021, June 30, 2022, and June 30, 2023, were:

June 30, 2021		June 30, 2022		June 30, 2023	
Employee	Employer	Employee	Employer	Employee	Employer
11.0%	12.13%	11.0%	12.34%	11.0%	12.55%
7.5%	8.13%	7.5%	8.34%	7.5%	8.55%

**Independent School District No. 94
Notes to Basic Financial Statements**

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

C. Contribution Rate (Continued)

The following is a reconciliation of employer contributions in TRA's fiscal year 2022 ACFR "Statement of Changes in Fiduciary Net Position" to the employer contributions used in Schedule of Employer and Non-Employer Pension Allocations. Amounts are reported in thousands.

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

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

Independent School District No. 94
Notes to Basic Financial Statements

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

Teachers' Retirement Association (Continued)

D. Actuarial Assumptions

The total pension liability in the June 30, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Key Methods and Assumptions Used in Valuation of Total Pension Liability

Actuarial Information

Valuation date	July 1, 2022
Measurement date	June 30, 2022
Experience study	June 28, 2019 (demographic and economic assumptions)
Actuarial cost method	Entry Age Normal
Actuarial assumptions	
Investment rate of return	7.00%
Price inflation	2.50%
Wage growth rate	2.85% before July 1, 2028, and 3.25% after June 30, 2028.
Projected salary increase	2.85% to 8.85% before July 1, 2028, and 3.25% to 9.25% after June 30, 2028.
Cost of living adjustment	1.0% for January 2019 through January 2023, then increasing by 0.1% each year up to 1.5% annually.

Mortality Assumption

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

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

**Independent School District No. 94
Notes to Basic Financial Statements**

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

Teachers' Retirement Association (Continued)

D. Actuarial Assumptions (Continued)

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

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

Changes in actuarial assumptions since the 2021 valuation:

- None

E. Discount Rate

The discount rate used to measure the total pension liability was 7.0%. There was no change in the discount rate since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year 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 (SEIR).

F. Net Pension Liability

On June 30, 2023, the District reported a liability of \$22,260,769 for its proportionate share of the 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 TRA in relation to total system contributions including direct aid from the State of Minnesota, City of Minneapolis, and Minneapolis School District. District proportionate share was 0.2780% at the end of the measurement period and 0.2640% for the beginning of the year.

Independent School District No. 94
Notes to Basic Financial Statements

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

Teachers' Retirement Association (Continued)

F. Net Pension Liability (Continued)

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

District's proportionate share of net pension liability	\$ 22,260,769
State's proportionate share of the net pension liability associated with the District	1,650,731

For the year ended June 30, 2023, the District recognized pension expense of (\$3,306,584). Included in this amount, the District recognized \$226,981 as pension expense for the support provided by direct aid.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 315,124	\$ 185,049
Net collective difference between projected and actual earnings on plan investments	1,006,617	-
Changes in actuarial assumptions	3,386,605	4,414,286
Changes in proportion	1,029,532	108,359
District's contributions to TRA subsequent to the measurement date	1,504,299	-
Total	\$ 7,242,177	\$ 4,707,694

The \$1,504,299 reported as deferred outflows of resources related to pensions resulting from District contributions to TRA subsequent to the measurement date will be recognized as a relation of the net pension liability in the year ended June 30, 2024.

**Independent School District No. 94
Notes to Basic Financial Statements**

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

Teachers' Retirement Association (Continued)

F. Net Pension Liability (Continued)

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

Year Ended June 30,	Pension Expense Amount
2024	\$ (3,246,499)
2025	795,272
2026	422,530
2027	2,941,073
2028	117,808
Total	\$ 1,030,184

G. Pension Liability Sensitivity

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

District proportionate share of NPL		
1% Decrease in Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
\$ 35,092,891	\$ 22,260,769	\$ 11,742,431

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

H. Pension Plan Fiduciary Net Position

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

Independent School District No. 94
Notes to Basic Financial Statements

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

Public Employees' Retirement Association

A. Plan Description

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

General Employees Retirement Plan

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

B. Benefits Provided

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

General Employees Plan Benefits

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

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

Independent School District No. 94
Notes to Basic Financial Statements

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

Public Employees' Retirement Association (Continued)

C. Contributions

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

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.5% of their annual covered salary in fiscal year 2023 and the District was required to contribute 7.5% for Coordinated Plan members. The District's contributions to the General Employees Fund for the year ended June 30, 2023, were \$444,553. The District's contributions were equal to the required contributions as set by state statute.

D. Pension Costs

General Employees Fund Pension Costs

At June 30, 2023, the District reported a liability of \$6,312,266 for its proportionate share of the General Employees Fund's net pension liability. The District's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the State's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the District totaled \$185,200.

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 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 PERA's participating employers. The District's proportionate share was 0.0797% at the end of the measurement period and 0.0790% for the beginning of the period.

School's proportionate share of net pension liability	\$ 6,312,266
State of Minnesota's proportionate share of the net pension liability associated with the School	185,200
	185,200
Total	\$ 6,497,466

For the year ended June 30, 2023, the District recognized pension expense of \$771,289 for its proportionate share of the General Employees Plan's pension expense. Included in this amount, the District recognized \$27,673 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

**Independent School District No. 94
Notes to Basic Financial Statements**

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

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

At June 30, 2023, the District reported its proportionate share of deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 52,725	\$ 67,095
Changes in actuarial assumptions	1,416,412	26,543
Net Collective Difference between projected and actual investments earnings	138,780	-
Changes in proportion	22,419	108,833
District's contributions to PERA subsequent to the measurement date	444,553	-
Total	\$ 2,074,889	\$ 202,471

The \$444,553 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2024	\$ 505,670
2025	537,971
2026	(186,625)
2027	570,849
Total	\$ 1,427,865

**Independent School District No. 94
Notes to Basic Financial Statements**

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

Public Employees' Retirement Association (Continued)

E. Long-Term Expected Return on Investment

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

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

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. The long-term rate of return on pension plan investments used in the determination of the total liability is 6.5%. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 6.5% was deemed to be within that range of reasonableness for financial reporting purposes.

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

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

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

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

**Independent School District No. 94
Notes to Basic Financial Statements**

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

Public Employees' Retirement Association (Continued)

F. Actuarial Methods and Assumptions (Continued)

The following changes in actuarial assumptions and plan provisions occurred in 2022:

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

G. Discount Rates

The discount rate used to measure the total pension liability in 2022 was 6.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in *Minnesota Statutes*. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

H. Pension Liability Sensitivity

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

	1% Decrease in Discount Rate (5.5%)	Current Discount Rate (6.5%)	1% Increase in Discount Rate (7.5%)
District's proportionate share of the PERA net pension liability	\$ 9,970,555	\$ 6,312,266	\$ 3,311,905

I. Pension Plan Fiduciary Net Position

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

**Independent School District No. 94
Notes to Basic Financial Statements**

NOTE 7 – POST EMPLOYMENT HEALTH CARE PLAN

A. Plan Description

The District administers a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) which provides medical, dental and life insurance benefits to eligible retired employees and their dependents in accordance with the terms of the plan.

The District has established an irrevocable trust fund to account for accumulated plan assets available to pay for current and future postemployment health care costs. The Trust does not issue a stand-alone financial report, but is included in this report of the District.

B. Benefits Paid

At retirement, employees of the District receiving a retirement or disability benefit, or eligible to receive a benefit from a Minnesota public pension plan may continue to participate in the District's group insurance plan. The District contributes a portion of the premium and HSA or HRA contributions as established by contracts with bargaining units or other employment contracts. These contracts state the years, age, and retiring dates needed to qualify for these postemployment benefits. The General Fund typically liquidates the liability related to OPEB.

C. Members

As of the June 30, 2022, valuation date, the following were covered by the benefit terms:

Active employees electing coverage	215
Active employees waiving coverage	176
Retirees electing coverage	<u>117</u>
Total	<u><u>508</u></u>

D. Contributions

Retirees contribute to the health care plan at the same rate as District employees. This results in the retirees receiving an implicit rate subsidy. Contribution requirements are established by the District, based on the contract terms with insurance providers.

**Independent School District No. 94
Notes to Basic Financial Statements**

NOTE 7 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

E. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation on as of June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Key Methods and Assumptions Used in Valuation of Total OPEB Liability

Investment rate of return	6.00%
Discount rate	4.60%
Inflation	2.50%
Healthcare cost trend increases	6.8% for FY2023, decreasing to 3.9% in FY2076 and later years.
 Mortality Assumptions	
Teachers	RP-2014 mortality tables with projected mortality improvements based on scale MP-2015 and other adjustments.
Non-teachers	Pub-2010 General mortality tables with projected mortality improvements based on scale MP-2021, and other adjustments.

Estimated geometric nominal rates of return for each major asset class included in the OPEB plan's asset allocation as of the measurement date are summarized in the following table:

Asset Class	Target	Long-Term Expected Nominal Rate of Return
Domestic equity	28 %	7.41 %
International equity	17	7.82
Fixed income	50	4.8
Real estate and alternatives	5	6.29
Cash and equivalents	0	3.27
Total	100 %	6.52 %

The details of the investments and the investment policy are described in Note 2 of the District's financial statements. For the year ended June 30, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 6.39%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Independent School District No. 94
Notes to Basic Financial Statements

NOTE 7 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

F. Total OPEB Liability

The District's net OPEB liability of \$786,152 was measured as of June 30, 2023, and was determined by an actuarial valuation as of June 30, 2022.

Changes in the Total OPEB liability are as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at July 1, 2022	\$ 4,713,758	\$ 4,006,327	\$ 707,431
Changes for the year			
Service cost	146,252	-	146,252
Interest	203,019	-	203,019
Difference between expected and actual experience	(207,554)	-	(207,554)
Changes in assumptions	(25,416)	-	(25,416)
Employer contributions	-	(218,156)	218,156
Net investment income	-	255,986	(255,986)
Benefit payments	(512,791)	(512,791)	-
Administrative expense	-	(250)	250
Net changes	(396,490)	(475,211)	78,721
Balances at June 30, 2023	\$ 4,317,268	\$ 3,531,116	\$ 786,152

Changes of assumptions and other inputs reflect a change in the discount rate from 4.41% in 2022 to 4.60% in 2023 based on an increase in the index rate for 20-year, tax exempt municipal bond rates. The long-term investment return assumption was changed from 5.00% to 6.00% based on updated capital market assumptions.

The following presents the District's net OPEB asset calculated using the discount rate of 4.60% as well as the liability measured using 1 percent lower and 1 percent higher than the current discount rate.

	1% Decrease in Discount Rate (3.60%)	Current Discount Rate (4.60%)	1% Increase in Discount Rate (5.60%)
Net OPEB Liability	\$ 992,845	\$ 786,152	\$ 583,525

Independent School District No. 94
Notes to Basic Financial Statements

NOTE 7 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

G. OPEB Liability Sensitivity

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

	1% Decrease in Discount Rate (5.80%)	Current Discount Rate (6.80%)	1% Increase in Discount Rate (7.80%)
Net OPEB Liability	\$ 488,701	\$ 786,152	\$ 1,121,700

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

For the year ended June 30, 2023, the District recognized OPEB expense of (\$198,490). At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	\$ 204,218	\$ -
Differences between expected and actual liability	-	672,602
Changes of assumptions	54,188	1,275,342
Total	\$ 258,406	\$ 1,947,944

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	Total
2024	\$ (398,469)
2025	(392,726)
2026	(251,971)
2027	(289,994)
2028	(127,430)
Thereafter	(228,948)
Total	\$ (1,689,538)

Independent School District No. 94
Notes to Basic Financial Statements

NOTE 8 – COMMITMENT

As of June 30, 2023, the District had remaining construction commitments related to the Athletic Complex of \$2,101,004.

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REQUIRED SUPPLEMENTARY INFORMATION

Independent School District No. 94
Cloquet Schools
Schedule of Changes in Net OPEB Liability
and Related Ratios

	<u>June 30, 2017</u>	<u>June 30, 2018</u>	<u>June 30, 2019</u>
Total OPEB Liability			
Service cost	\$ 375,729	\$ 364,255	\$ 343,389
Interest	322,047	364,859	376,722
Differenced between expected and actual experience	-	-	(666,377)
Changes of assumptions	(246,684)	(593,835)	(1,285,849)
Benefit payments	<u>(532,516)</u>	<u>(553,702)</u>	<u>(643,982)</u>
Net change in total OPEB liability	<u>(81,424)</u>	<u>(418,423)</u>	<u>(1,876,097)</u>
Beginning of year	<u>8,343,199</u>	<u>8,261,775</u>	<u>7,843,352</u>
End of year	<u>\$ 8,261,775</u>	<u>\$ 7,843,352</u>	<u>\$ 5,967,255</u>
Plan Fiduciary Net Pension (FNP)			
Employer contributions	\$ 194,229	\$ 223,683	\$ 224,963
Net investment income	428,743	372,040	63,167
Other additions	-	-	-
Benefit payments	(532,516)	(553,702)	(643,982)
Administrative expense	(250)	(250)	(250)
Other changes	-	-	-
Net change in plan fiduciary net position	<u>90,206</u>	<u>41,771</u>	<u>(356,102)</u>
Beginning of year	<u>5,089,935</u>	<u>5,180,141</u>	<u>5,221,912</u>
End of year	<u>\$ 5,180,141</u>	<u>\$ 5,221,912</u>	<u>\$ 4,865,810</u>
Net OPEB liability	<u>\$ 3,081,634</u>	<u>\$ 2,621,440</u>	<u>\$ 1,101,445</u>
Plan FNP as a percentage of the total OPEB liability	62.70%	66.58%	81.54%
Covered-employee payroll	\$ 19,035,000	\$ 20,222,000	\$ 20,717,000
Net OPEB liability as a percentage of covered-employee payroll	16.19%	12.96%	5.32%

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

<u>June 30, 2020</u>	<u>June 30, 2021</u>	<u>June 30, 2022</u>	<u>June 30, 2023</u>
\$ 230,324	\$ 258,644	\$ 173,951	\$ 146,252
266,552	239,010	163,514	203,019
-	(270,816)	(30,591)	(207,554)
100,404	(400,565)	(291,853)	(25,416)
<u>(522,032)</u>	<u>(500,499)</u>	<u>(669,540)</u>	<u>(512,791)</u>
<u>75,248</u>	<u>(674,226)</u>	<u>(654,519)</u>	<u>(396,490)</u>
<u>5,967,255</u>	<u>6,042,503</u>	<u>5,368,277</u>	<u>4,713,758</u>
<u>\$ 6,042,503</u>	<u>\$ 5,368,277</u>	<u>\$ 4,713,758</u>	<u>\$ 4,317,268</u>
\$ -	\$ 150,302	\$ 218,156	\$ (218,156)
215,398	700,796	(444,266)	255,986
-	874	-	-
(522,032)	(500,499)	(669,540)	(512,791)
(250)	(250)	(250)	(250)
-	-	(7,922)	-
<u>(306,884)</u>	<u>351,223</u>	<u>(903,822)</u>	<u>(475,211)</u>
<u>4,865,810</u>	<u>4,558,926</u>	<u>4,910,149</u>	<u>4,006,327</u>
<u>\$ 4,558,926</u>	<u>\$ 4,910,149</u>	<u>\$ 4,006,327</u>	<u>\$ 3,531,116</u>
<u>\$ 1,483,577</u>	<u>\$ 458,128</u>	<u>\$ 707,431</u>	<u>\$ 786,152</u>
75.45%	91.47%	84.99%	81.79%
\$ 21,450,928	\$ 19,839,548	\$ 23,739,308	\$ 21,053,815
6.92%	2.31%	2.98%	3.73%

**Independent School District No. 94
Cloquet Schools
Schedule of Investment Returns**

	<u>June 30, 2017</u>	<u>June 30, 2018</u>	<u>June 30, 2019</u>	<u>June 30, 2020</u>
Annual money-weighted rate of return, net of investment expense	8.71%	7.46%	1.21%	4.78%

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

<u>June 30, 2021</u>	<u>June 30, 2022</u>	<u>June 30, 2023</u>
16.13%	-9.05%	6.39%

Independent School District No. 94
Schedule of District's and Non-Employer Proportionate Share
(if Applicable) of Net Pension Liability
Last Ten Years General Employees Retirement Fund

For Plan's Fiscal Year Ended June 30,	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Share of State of Minnesota's Proportionated Share of the Net Pension Liability	District's Proportionate Share of the State of Minnesota's Share of the Net Pension of Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.0842%	\$ 3,955,294	\$ -	\$ 3,955,294	\$ 4,421,821	89.4%	78.75%
2015	0.0791%	4,099,373	-	4,099,373	4,573,467	89.6%	78.19%
2016	0.0810%	6,576,798	85,940	6,662,738	5,026,373	130.8%	68.91%
2017	0.0832%	5,311,433	66,804	5,378,237	5,351,427	99.3%	75.90%
2018	0.0851%	4,720,999	154,872	4,875,871	5,718,440	82.6%	79.53%
2019	0.0829%	4,583,355	142,494	4,725,849	5,865,920	78.1%	80.23%
2020	0.0824%	4,940,257	152,446	5,092,703	5,877,653	84.1%	79.06%
2021	0.0790%	3,373,654	103,135	3,476,789	5,690,387	59.3%	87.00%
2022	0.0797%	6,312,266	185,200	6,497,466	5,970,853	105.7%	76.67%

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

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

For Plan's Fiscal Year Ended June 30,	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Share of State of Minnesota's Proportionated Share of the Net Pension Liability	District's Proportionate Share of the State of Minnesota's Share of the Net Pension of Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.2526%	\$ 11,639,626	\$ 818,923	\$ 12,458,549	\$ 11,532,629	100.9%	81.50%
2015	0.2364%	14,623,678	1,793,756	16,417,434	11,978,373	122.1%	76.77%
2016	0.2442%	58,247,527	5,846,286	64,093,813	12,702,213	458.6%	44.88%
2017	0.2500%	49,904,535	4,824,697	54,729,232	13,457,507	370.8%	51.57%
2018	0.2605%	16,361,838	1,537,381	17,899,219	14,394,147	113.7%	78.07%
2019	0.2616%	16,674,439	1,475,892	18,150,331	14,853,593	112.3%	78.21%
2020	0.2662%	19,667,213	1,648,122	21,315,335	15,467,475	127.2%	75.48%
2021	0.2640%	11,553,429	974,520	12,527,949	15,798,672	73.1%	86.63%
2022	0.2780%	22,260,769	1,650,731	23,911,500	17,182,938	129.6%	76.17%

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

**Independent School District No. 94
Schedule of District Contributions
General Employees Retirement Fund
Last Ten Years**

Fiscal Year Ending June 30,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2014	\$ 320,582	\$ 320,582	\$ -	\$ 4,421,821	7.25%
2015	343,010	343,010	-	4,573,467	7.50%
2016	376,978	376,978	-	5,026,373	7.50%
2017	401,357	401,357	-	5,351,427	7.50%
2018	428,883	428,883	-	5,718,440	7.50%
2019	439,944	439,944	-	5,865,920	7.50%
2020	440,824	440,824	-	5,877,653	7.50%
2021	426,779	426,779	-	5,690,387	7.50%
2022	447,814	447,814	-	5,970,853	7.50%
2023	444,553	444,553	-	5,927,373	7.50%

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

Fiscal Year Ending June 30,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2014	\$ 807,284	\$ 807,284	\$ -	\$ 11,532,629	7.00%
2015	898,378	898,378	-	11,978,373	7.50%
2016	952,666	952,666	-	12,702,213	7.50%
2017	1,009,313	1,009,313	-	13,457,507	7.50%
2018	1,079,561	1,079,561	-	14,394,147	7.50%
2019	1,145,212	1,145,212	-	14,853,593	7.71%
2020	1,225,024	1,225,024	-	15,467,475	7.92%
2021	1,284,432	1,284,432	-	15,798,672	8.13%
2022	1,433,057	1,433,057	-	17,182,938	8.34%
2023	1,504,299	1,504,299	-	17,594,140	8.55%

Independent School District No. 94
Notes to Required Supplementary Information

TRA Retirement Fund

2022 Changes

Changes in Actuarial Assumptions

- None

2021 Changes

Changes in Actuarial Assumptions

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

2020 Changes

Changes in Actuarial Assumptions

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

2019 Changes

Changes in Actuarial Assumptions

- None

2018 Changes

Changes in Actuarial Assumptions

- The discount rate was increased to 7.5% from 5.12%.
- The cost of living adjustment (COLA) was reduced from 2.0% each January 1 to 1.0%, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.1% each year until reaching the ultimate rate of 1.5% on January 1, 2028.
- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit are exempt.
- The COLA trigger provision, which would have increased the COLA to 2.5% if the funded ratio was at least 90% for two consecutive years, was eliminated.
- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019, and ending July 1, 2024 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt.
- Augmentation on deferred benefits will be reduced to 0% beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.0% to 3.0%, effective July 1, 2018. Interest due on payments and purchases from members, employers was reduced from 8.5% to 7.5%, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next six years (7.71% in 2018, 7.92% in 2019, 8.13% in 2020, 8.34% in 2021, 8.55% in 2022, and 8.75% in 2023). In addition, the employee contribution rate will increase from 7.50% to 7.75% on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.

Independent School District No. 94
Notes to Required Supplementary Information

TRA Retirement Fund (Continued)

2017 Changes

Changes in Actuarial Assumptions

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

2016 Changes

Changes in Actuarial Assumptions

- The discount rate was decreased to 4.66% from 8.0%.
- The COLA was not assumed to increase for funding or the GASB calculation. It remained at 2% for all future years.
- The price inflation assumption was lowered from 3% to 2.75%.
- The general wage growth and payroll growth assumptions were lowered from 3.75% to 3.5%.
- Minor changes as some durations for the merit scale of the salary increase assumption.
- The pre-retirement mortality assumption was changed to the RP 2014 white collar employee table, male rates set back six years and female rates set back five years. Generational projection uses the MP 2015 scale.
- The post-retirement mortality assumption was changed to the RP 2014 white collar annuitant table, male rates set back three years and female rates set back three years, with further adjustments of the rates. Generational projection uses the MP 2015 scale.
- The post-disability mortality assumption was changed to the RP 2014 disabled retiree mortality table, without adjustment.
- Separate retirement assumptions for members hired before or after July 1, 1989, were created to better reflect each group's behavior in light of different requirements for retirement eligibility.
- Assumed termination rates were changed to be based solely on years of service in order to better fit the observed experience.
- A minor adjustment and simplification of the assumption regarding the election of optional form of annuity payment at retirement were made.

Independent School District No. 94
Notes to Required Supplementary Information

TRA Retirement Fund (Continued)

2015 Changes

Changes of Benefit Terms

- The DFRFA was merged into TRA on June 30, 2015

Changes in Actuarial Assumptions

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

Independent School District No. 94
Notes to Required Supplementary Information

General Employees Fund

2022 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2021 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2020 Changes

Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.5% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.0%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019, experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019, experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019, experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019, experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the Pub-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint and Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint and Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions

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

Independent School District No. 94
Notes to Required Supplementary Information

General Employees Fund (Continued)

2019 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2018 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2017 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

Independent School District No. 94
Notes to Required Supplementary Information

General Employees Fund (Continued)

2016 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

Independent School District No. 94
Notes to Required Supplementary Information

Post Employment Benefits

2023 Changes

Changes in Actuarial Assumptions and Plan Provisions

- Change in the discount rate from 4.41% in 2022 to 4.60% in 2023 based on updated investment return assumptions, 20-year municipal bond rates, and updated asset sufficiency projections.
- The long-term expected rate of return on OPEB plan investments was changed from 5.00% to 6.00% based on updated capital market assumptions.
- Healthcare trend rates were reset to reflect updated cost increase expectations.
- Medical per capita claims costs were updated to reflect recent experience.
- Mortality rates were updated from the rates used in the 7/1/2020 PERA General Employees Plan valuation to the rates used in the 7/1/2022 valuation.
- The percentage of future retirees not eligible for a medical explicit subsidy assumed to elect medical coverage at retirement from 20% to 15% to reflect recent plan experience.
- The inflation assumption was changed from 2.25% to 2.50% based on an updated historical analysis of inflation rates and forward-looking market expectations.

2022 Changes

Changes in Actuarial Assumptions and Plan Provisions

- Change in the discount rate from 3.14% in 2021 to 4.41% in 2022 based on an increase in the index rate for 20-year, tax exempt municipal Bonds from 1.92% in 2021 to 3.69% in 2022.

2021 Changes

Changes in Actuarial Assumptions and Plan Provisions

- The discount rate was changed from 3.95% to 3.14% based on updated expectations of long-term returns on trust assets and 20-year municipal bond rates.
- The long-term expected rate of return on OPEB plan investments was changed from 6.00% to 5.00% based on updated capital market assumptions.
- Healthcare trend rates were reset to reflect updated cost increase expectations.
- Medical per capita claims costs were updated to reflect recent experience, including an adjustment to reflect age/gender-based risk scores published by the Society of Actuaries.
- Withdrawal, retirement, mortality, and salary increase rates were updated from the rates used in the 7/1/2018 PERA General Employees Plan and 7/1/2018 Teachers Retirement Association valuations to the rates used in the 7/1/2020 valuations.
- The inflation assumption was changed from 2.50% to 2.25% based on an updated historical analysis of inflation rates and forward-looking market expectations.

2020 Changes

Changes in Actuarial Assumptions and Plan Provisions

- Changes of assumptions and other inputs reflect a change in the discount rate from 4.49% in 2019 to 3.95% in 2020 based on a decrease in the index rate for 20-year, tax exempt municipal bonds from 3.13% in 2019 to 2.45% in 2020.
- The medical trend rates were updated to exclude the Affordable Care Act's excise tax on high cost health insurance plans due to its repeal.

Independent School District No. 94
Notes to Required Supplementary Information

Post Employment Benefits (Continued)

2019 Changes

Changes in Actuarial Assumptions and Plan Provisions

- Changes of assumptions and other inputs reflect a change in the discount rate from 4.79% in 2018 to 4.49% in 2019 based on a decrease in the expected long-term rate of return on assets from 6.25% in 2018 to 6.0% in 2019.
- Retiree premiums and active District subsidy amount have been updated to current levels.
- Eligible participants of the plans have been updated based on contracts.

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SUPPLEMENTARY INFORMATION

Independent School District No. 94
Combining Balance Sheet -
Nonmajor Governmental Funds
June 30, 2023

	<u>Special Revenue</u>			Building Construction Fund
	<u>Food Service</u>	<u>Community Service</u>	<u>Total Special Revenue</u>	
Assets				
Cash and investments	\$ 869,695	\$ 811,338	\$ 1,681,033	\$ 2,729,439
Current property taxes receivable	-	142,491	142,491	-
Delinquent property taxes receivable	-	4,115	4,115	-
Due from Department of Education	-	25,342	25,342	-
Inventory	15,413	-	15,413	-
	<u>15,413</u>	<u>-</u>	<u>15,413</u>	<u>-</u>
Total assets	<u>\$ 885,108</u>	<u>\$ 983,286</u>	<u>\$ 1,868,394</u>	<u>\$ 2,729,439</u>
Liabilities				
Accounts payable	\$ 3,825	\$ 17,985	\$ 21,810	\$ 1,022,113
Salaries and benefits payable	6,684	62,110	68,794	-
Unearned revenue	-	28,500	28,500	-
Total liabilities	<u>10,509</u>	<u>108,595</u>	<u>119,104</u>	<u>1,022,113</u>
Deferred Inflows of Resources				
Property taxes levied for subsequent year's expenditures	-	323,228	323,228	-
Unavailable revenue - delinquent taxes	-	4,115	4,115	-
Total deferred inflows of resources	<u>-</u>	<u>327,343</u>	<u>327,343</u>	<u>-</u>
Fund Balances				
Nonspendable	15,413	-	15,413	-
Restricted	859,186	549,831	1,409,017	1,707,326
Unassigned	-	(2,483)	(2,483)	-
Total fund balances	<u>874,599</u>	<u>547,348</u>	<u>1,421,947</u>	<u>1,707,326</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 885,108</u>	<u>\$ 983,286</u>	<u>\$ 1,868,394</u>	<u>\$ 2,729,439</u>

Post- Employment Benefits Debt Service Fund	Total Nonmajor Funds
\$ 386,848	\$ 4,797,320
226,985	369,476
5,467	9,582
1,552	26,894
-	15,413
\$ 620,852	\$ 5,218,685
\$ -	\$ 1,043,923
-	68,794
-	28,500
-	1,141,217
514,584	837,812
5,467	9,582
520,051	847,394
-	15,413
100,801	3,217,144
-	(2,483)
100,801	3,230,074
\$ 620,852	\$ 5,218,685

Independent School District No. 94
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances - Nonmajor Governmental Funds
Year Ended June 30, 2023

	<u>Special Revenue</u>			Building Construction Fund
	<u>Food Service</u>	<u>Community Service</u>	<u>Total Special Revenue</u>	
Revenues				
Local property taxes	\$ -	\$ 325,102	\$ 325,102	\$ -
Other local and county revenues	1,000	1,536,552	1,537,552	28,426
Revenue from state sources	62,520	298,148	360,668	-
Revenue from federal sources	949,819	6,851	956,670	-
Sales and other conversion of assets	387,004	7,192	394,196	-
Total revenues	<u>1,400,343</u>	<u>2,173,845</u>	<u>3,574,188</u>	<u>28,426</u>
Expenditures				
Current				
Food service	1,393,016	-	1,393,016	-
Community education and services	-	2,107,061	2,107,061	-
Capital outlay				
Sites and buildings	-	-	-	1,096,392
Food service	1,969	-	1,969	-
Community education and services	-	184,319	184,319	-
Debt service				
Principal	-	49,279	49,279	-
Interest and fiscal charges	-	-	-	76,163
Total expenditures	<u>1,394,985</u>	<u>2,340,659</u>	<u>3,735,644</u>	<u>1,172,555</u>
Excess of revenues over (under) expenditures	5,358	(166,814)	(161,456)	(1,144,129)
Other Financing Sources (Uses)				
Bond issuance	-	-	-	2,715,000
Bond premium	-	-	-	84,212
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,799,212</u>
Net change in fund balances	5,358	(166,814)	(161,456)	1,655,083
Fund Balances				
Beginning of year	<u>869,241</u>	<u>714,162</u>	<u>1,583,403</u>	<u>52,243</u>
End of year	<u>\$ 874,599</u>	<u>\$ 547,348</u>	<u>\$ 1,421,947</u>	<u>\$ 1,707,326</u>

Post- Employment Benefits Debt Service Fund	Total Nonmajor Funds
\$ 432,674	\$ 757,776
-	1,565,978
15,517	376,185
-	956,670
-	394,196
<u>448,191</u>	<u>4,050,805</u>
-	1,393,016
-	2,107,061
-	1,096,392
-	1,969
-	184,319
370,000	419,279
87,496	163,659
<u>457,496</u>	<u>5,365,695</u>
(9,305)	(1,314,890)
-	2,715,000
-	84,212
-	<u>2,799,212</u>
(9,305)	1,484,322
<u>110,106</u>	<u>1,745,752</u>
<u>\$ 100,801</u>	<u>\$ 3,230,074</u>

Independent School District No. 94
Uniform Financial Accounting and Reporting Standards
Compliance Table
Year Ended June 30, 2023

	Audit	UFARS	Audit-UFARS		Audit	UFARS	Audit-UFARS
01 GENERAL FUND				06 BUILDING CONSTRUCTION FUND			
Total revenue	\$ 39,526,668	\$ 39,526,663	\$ 5	Total revenue	\$ 28,426	\$ 28,425	\$ 1
Total expenditures	42,042,549	42,042,549	-	Total expenditures	1,172,555	1,172,554	1
<i>Nonspendable:</i>				<i>Nonspendable:</i>			
4.60 Nonspendable fund balance	162,936	162,936	-	4.60 Nonspendable fund balance	-	-	-
<i>Restricted/reserved:</i>				<i>Restricted/reserved:</i>			
4.01 Student Activities	-	-	-	4.07 Capital Projects Levy	-	-	-
4.02 Scholarships	-	-	-	4.13 Building Projects Funded by COP/LP	-	-	-
4.03 Staff Development	255	255	-	4.67 LTFM	24,145	24,145	-
4.07 Capital Projects Levy	-	-	-	<i>Restricted:</i>			
4.08 Cooperative Programs	-	-	-	4.64 Restricted fund balance	1,683,181	1,683,181	-
4.13 Building Projects Funded by COP/LP	-	-	-	<i>Unassigned:</i>			
4.14 Operating Debt	-	-	-	4.63 Unassigned fund balance	-	-	-
4.16 Levy Reduction	-	-	-	07 DEBT SERVICE FUND			
4.17 Taconite Building Maintenance	-	-	-	Total revenue	\$ 4,868,184	\$ 4,868,183	\$ 1
4.24 Operating Capital	247,973	247,973	-	Total expenditures	4,820,056	4,820,056	-
4.26 \$25 Taconite	-	-	-	<i>Nonspendable:</i>			
4.27 Disabled Accessibility	-	-	-	4.60 Nonspendable Fund Balance	-	-	-
4.28 Learning and Development	-	-	-	<i>Restricted/reserved:</i>			
4.34 Area Learning Center	-	-	-	4.25 Bond refunding	-	-	-
4.35 Contracted Alternative Programs	-	-	-	4.33 Maximum effort loan aid	-	-	-
4.36 State Approved Alternative Program	-	-	-	4.51 QZAB payments	-	-	-
4.38 Gifted and Talented	-	-	-	4.67 LTFM	-	-	-
4.40 Teacher Development and Evaluation	-	-	-	<i>Restricted:</i>			
4.41 Basic Skills Programs	-	-	-	4.64 Restricted fund balance	1,385,005	1,385,005	-
4.48 Achievement and Integration	81,874	81,874	-	<i>Unassigned:</i>			
4.49 Safe School Crime	-	-	-	4.63 Unassigned fund balance	-	-	-
4.51 QZAB Payments	-	-	-	08 TRUST FUND			
4.52 OPEB Liabilities not Held in Trust	-	-	-	Total revenue	\$ -	\$ -	\$ -
4.53 Unfunded Severance and Retirement Levy	-	-	-	Total expenditures	-	-	-
4.59 Basic Skills Extended Time	-	-	-	4.01 Student Activities	-	-	-
4.67 LTFM	268,048	268,048	-	4.02 Scholarships	-	-	-
<i>Restricted:</i>				4.22 Net position	-	-	-
4.72 Medical Assistance	182,499	182,499	-	18 CUSTODIAL FUND			
4.64 Restricted fund balance	-	-	-	Total revenue	\$ 32,542	\$ 32,543	\$ (1)
4.75 Title VII - Impact Aid	19,213	19,214	(1)	Total expenditures	-	-	-
4.76 Payments in Lieu of Taxes	-	-	-	4.01 Student Activities	-	-	-
<i>Committed:</i>				4.02 Scholarships	32,543	32,543	-
4.18 Committed for separation	1,710,582	1,710,582	-	4.48 Achievement and Integration	-	-	-
4.61 Committed	-	-	-	4.64 Restricted fund balance	-	-	-
<i>Assigned:</i>				20 INTERNAL SERVICE FUND			
4.62 Assigned fund balance	1,016,244	1,016,244	-	Total revenue	\$ -	\$ -	\$ -
<i>Unassigned:</i>				Total expenditures	-	-	-
4.22 Unassigned fund balance	4,681,249	4,681,248	1	<i>Unassigned:</i>			
02 FOOD SERVICE FUND				4.22 Net position	-	-	-
Total revenue	\$ 1,400,343	\$ 1,400,343	\$ -	25 OPEB REVOCABLE TRUST			
Total expenditures	1,394,985	1,394,986	(1)	Total revenue	\$ -	\$ -	\$ -
<i>Nonspendable:</i>				Total expenditures	-	-	-
4.60 Nonspendable fund balance	15,413	15,413	-	<i>Unassigned:</i>			
<i>Restricted/reserved:</i>				4.22 Net position	-	-	-
4.52 OPEB liabilities not held in trust	-	-	-	45 OPEB IRREVOCABLE TRUST			
<i>Restricted:</i>				Total revenue	\$ 516,225	\$ 516,226	\$ (1)
4.64 Restricted fund balance	859,186	859,185	1	Total expenditures	773,280	773,280	-
<i>Unassigned:</i>				<i>Unassigned:</i>			
4.63 Unassigned fund balance	-	-	-	4.22 Net position	3,531,116	3,531,116	-
04 COMMUNITY SERVICE FUND				47 OPEB DEBT SERVICE			
Total revenue	\$ 2,173,845	\$ 2,173,846	\$ (1)	Total revenue	\$ 448,191	\$ 448,191	\$ -
Total expenditures	2,340,659	2,340,661	(2)	Total expenditures	457,496	457,494	2
<i>Nonspendable:</i>				<i>Nonspendable:</i>			
4.60 Nonspendable fund balance	-	-	-	4.60 Nonspendable fund balance	-	-	-
<i>Restricted/reserved:</i>				<i>Restricted:</i>			
4.26 \$25 Taconite	-	-	-	4.64 Restricted fund balance	100,801	100,802	(1)
4.31 Community Education	203,043	203,043	-	<i>Unassigned:</i>			
4.32 ECFE	170,291	170,291	-	4.63 Unassigned fund balance	-	-	-
4.40 Teacher Development and Evaluation	-	-	-				
4.44 School Readiness	152,722	152,722	-				
4.47 Adult Basic Education	-	-	-				
4.52 OPEB Liabilities not Held in Trust	-	-	-				
<i>Restricted:</i>							
4.64 Restricted fund balance	23,775	23,773	2				
<i>Unassigned:</i>							
4.63 Unassigned fund balance	(2,483)	(2,483)	-				

Independent School District No. 94
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

<u>Federal Agency/Pass Through Agency/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Expenditures</u>
U.S. Department of Agriculture		
Through Minnesota Department of Education		
Child Nutrition Cluster		
Noncash Assistance - Commodities	10.555	\$ 99,748
School Breakfast Program	10.553	125,198
National School Lunch Program	10.555	702,225
Special Milk Program for Children	10.556	1,620
Summer Food Service Program for Children	10.559	18,936
Total Child Nutrition Cluster		<u>947,727</u>
Child and Adult Care Food Program	10.558	<u>2,092</u>
Total U.S. Department of Agriculture		<u>949,819</u>
U.S. Department of Interior		
Through Fond du Lac Band of Lake Superior Chippewa		
Indian Education Assistance to Schools	15.130	<u>69,530</u>
U.S. Department of Education		
Direct Programs		
Impact Aid	84.041	368,086
Title VII - Indian Education	84.060	161,073
Through Minnesota Department of Education		
Title I, Part A	84.010	344,783
Title II, Part A	84.367	2,267
Title IV, Part A - Safe and Drug Free Schools	84.186	28,520
Striving Readers Literacy	84.371	627,620
Special Education Cluster		
Special Education	84.027	755,856
Special Education - Preschool Grants	84.173	21,127
Total Special Education Cluster		<u>776,983</u>
Grants for Infants and Families	84.181	32,043
COVID-19 American Rescue Plan Individuals with Disabilities Education Act	84.181X	14,980
Special Education - State Personnel Development	84.323	149,210
COVID-19 ESSER III – 90% Formula Allocation	84.425U	1,373,489
COVID-19 ESSER II Fund – 90% Formula Allocation	84.425D	760,312
Total Education Stabilization Funds		<u>2,133,801</u>
Through Independent School District No. 704		
Career and Technical Education Grants	84.048	12,486
Total U.S. Department of Education		<u>4,651,852</u>
U.S. Department of Health & Human Services		
Through Minnesota Department of Education		
COVID-19 Minnesota COVID-19 Testing Program	93.323	160,131
U.S. Department of Treasury		
Through Minnesota Department of Education		
COVID-19 Summer Preschool Program	21.027	6,850
COVID-19 Pandemic Enrollment Loss	21.027	15,864
Total CSLFRF and U.S. Department of Treasury		<u>22,714</u>
Total Federal Expenditures		<u>\$ 5,854,046</u>

Independent School District No. 94
Notes to the Schedule of Expenditures of Federal Awards

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes of net assets, or cash flows of the District.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 – PASS-THROUGH GRANT NUMBERS

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

NOTE 4 – INVENTORY

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

NOTE 5 – INDIRECT COST RATE

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

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

Independent Auditor's Report

To the School Board
Independent School District No. 94
Cloquet, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 94, Cloquet, Minnesota, as of and for the year ending June 30, 2023, and the related notes to basic financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 6, 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 preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs in Accordance with the Uniform Guidance, that we consider to be a significant deficiency identified as audit finding 2023-001.

Report on Compliance and Other Matters

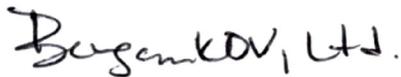
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

District's Response to the Finding

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

Purpose of this Report

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



St. Cloud, Minnesota
November 6, 2023

**Report on Compliance for Each Major Federal Program
and Report on Internal Control over Compliance Required by
the Uniform Guidance**

Independent Auditor's Report

To the School Board
Independent School District No. 94
Cloquet, Minnesota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the District's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended June 30, 2023. The District's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Cost in Accordance with the Uniform Guidance.

In our opinion, the District complied in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

Report on Internal Control over Compliance (Continued)

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

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

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



St. Cloud, Minnesota
November 6, 2023

**Independent School District No. 94
Schedule of Findings and Questioned Costs
in Accordance with the Uniform Guidance**

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Internal control over financial reporting:

- Material weakness identified? No
- Significant deficiency identified? Yes, Audit Finding 2023-001

Noncompliance material to financial statements noted? No

Federal Awards

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

Internal control over major programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None reported

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

Identification of Major Programs

Assistance Listing No: 84.425
Name of Federal Program or Cluster: Education Stabilization Funds

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

Auditee qualified as low risk auditee? Yes

**Independent School District No. 94
Schedule of Findings and Questioned Costs
in Accordance with the Uniform Guidance**

SECTION II – FINANCIAL STATEMENT FINDINGS

Audit Finding 2023-001

Criteria:

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

Condition:

The District does not have adequate segregation of accounting duties.

Context:

During the year ended June 30, 2023, the District had a lack of segregation of accounting duties due to a limited number of office employees. This lack of segregation of accounting duties can be demonstrated in the following areas, which is not intended to be an all-inclusive list:

- The Business Manager can reconcile receipts received, enter receipts into the accounting system, and prepare the bank reconciliation.
- The Business Manager has access to all areas of the accounting system.
- The Business Manager reconciles property taxes and state and federal receivables and capital assets without review.
- Activities advisors collect receipts for certain extracurricular activities. We noted that adequate documentation of receipts related to certain extracurricular activities is not retained.

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

This finding impacts internal control for all significant accounting functions.

Effect or Potential Effect:

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

Cause:

There are a limited number of office employees.

**Independent School District No. 94
Schedule of Findings and Questioned Costs
in Accordance with the Uniform Guidance**

SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

Audit Finding 2023-001 (Continued)

Recommendation:

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

Responsible Official's Response:

CORRECTIVE ACTION PLAN (CAP):

1. Explanation of Disagreement with Audit Finding
There is no disagreement with the audit finding.
2. Actions Planned in Response to Finding
Administration will add additional internal controls where the benefit exceeds the cost.
3. Official Responsible for Ensuring CAP
Candace Nelis, Business Manager is the official responsible for ensuring corrective action of the deficiency.
4. Planned Completion Date for CAP
The planned completion date for the CAP is June 30, 2024.
5. Plan to Monitor Completion of CAP
The School Board will be monitoring this CAP.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no questioned costs.

SECTION IV – PRIOR YEAR FINDINGS AND QUESTIONED COSTS

None

Minnesota Legal Compliance

Independent Auditor's Report

To the School Board
Independent School District No. 94
Cloquet, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 94, Cloquet, Minnesota, as of and for the year ended June 30, 2023, and the related notes to basic financial statements, and have issued our report thereon dated November 6, 2023.

In connection with our audit, nothing came to our attention that caused us to believe that the District failed to comply with the provisions of the contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and uniform financial accounting and reporting standards for school districts sections of the *Minnesota Legal Compliance Audit Guide for School Districts*, promulgated by the State Auditor pursuant to *Minnesota Statutes* § 6.65, insofar as they relate to accounting matters. However, our audit as not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the District's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

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

BergankDV, Ltd.

St. Cloud, Minnesota
November 6, 2023

**Independent School District No. 94
Cloquet, Minnesota**

Communications Letter

June 30, 2023

**Independent School District No. 94
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**Report on Matters Identified as a Result of
the Audit of the Basic Financial Statements**

To the School Board and Management
Independent School District No. 94
Cloquet, Minnesota

In planning and performing our audit of the basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 94, Cloquet, Minnesota, as of and for the year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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

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

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

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

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

The accompanying memorandum also includes financial analysis provided as a basis for discussion. The matters discussed herein were considered by us during our audit and they do not modify the opinion expressed in our Independent Auditor's Report dated November 6, 2023, on such statements.

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

BergankDV, Ltd.

St. Cloud, Minnesota
November 6, 2023

Independent School District No. 94 Significant Deficiency

Lack of Segregation of Accounting Duties

During the year ended June 30, 2023, the District had a lack of segregation of accounting duties due to a limited number of office employees. The lack of segregation of accounting duties could adversely affect the District's ability to initiate, record, process, and report financial data consistent with the assertions of management in the basic financial statements. This lack of segregation of accounting duties can be demonstrated in the following areas, which is not intended to be an all-inclusive list:

- The Business Manager can reconcile receipts received, enter receipts into the accounting system, and prepare the bank reconciliation.
- The Business Manager has access to all areas of the accounting system.
- The Business Manager reconciles property taxes, state and federal receivables, and capital assets without review.
- Activities advisors collect receipts for certain extracurricular activities. We noted that adequate documentation of receipts related to certain extracurricular activities is not retained.

Management is aware of this condition and has taken certain steps to compensate for the lack of segregation. However, due to the number of accounting staff needed to properly segregate all of the accounting duties, the cost of obtaining desirable segregation of accounting duties can often exceed benefits which could be derived. Due to this reason, management has determined a complete segregation of accounting duties is impractical to correct.

We recommend management, along with the School Board, remain aware of this situation, and continually monitor the accounting system including changes that occur.

Independent School District No. 94 Required Communication

We have audited the basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of and for the year ended June 30, 2023. Professional standards require that we advise you of the following matters related to our audit.

Our Responsibility in Relation to the Basic Financial Statement Audit

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

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

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

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

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

Our Responsibility in Relation to *Government Auditing Standards*

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

Independent School District No. 94 Required Communication

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

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

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

Planned Scope and Timing of the Audit

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

Compliance with All Ethics Requirements Regarding Independence

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

Significant Risks Identified

We have identified the following significant risks of material misstatement:

- Management Override of Controls – Overall Financial Statements – Management override of internal control is considered a risk in substantially all engagements as management may be incentivized to produce better results.
- Improper Revenue Recognition – Revenue recognition is considered a fraud risk on substantially all engagements as it generally has a significant impact on the results of the governments operations. In addition, complexities exist surrounding the calculation and recording of various revenue sources including property taxes and state aid.
- Risk of Misappropriation of Assets – If accounting duties cannot be appropriately segregated, there is a risk of unauthorized disbursements being made from the District.
- Incorrect Capital Asset Balances – Capital asset balances are generally material to the financial statements. Due to the significance of the balances and activity, amounts could be misstated due to error.

Independent School District No. 94 Required Communication

Qualitative Aspects of the District's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the District is included in the notes to the basic financial statements. There have been no initial selection of accounting policies and no changes to significant accounting policies or their application during 2023. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

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

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

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

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

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

Lease Liability and Right-to-Use Lease Assets – These balances are based on estimates and judgments determined by the District related to the discount rate, lease term, and lease payments.

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

Financial Statement Disclosures

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

Independent School District No. 94 Required Communication

Significant Difficulties Encountered during the Audit

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

Uncorrected and Corrected Misstatements

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

We identified the following uncorrected misstatement of the basic financial statements. Management has determined its effect is immaterial, both individually and in the aggregate, to the basic financial statements taken as a whole and each opinion unit.

- Right of use assets and liabilities were under stated.
- Food service unearned revenue was under stated and related revenue was over stated.

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

Disagreements with Management

matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the District's basic financial statements or the auditor's report. No such disagreements arose during the course of our audit.

Representations Requested from Management

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

Management's Consultations with Other Accountants

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

Other Significant Matters, Findings, or Issues

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

Independent School District No. 94 Required Communication

Other Information Included in Annual Reports

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

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

With respect to the supplementary information accompanying the basic financial statements, we made certain inquiries of management and evaluated the form, content and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the basic financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the basic financial statements or to the basic financial statements themselves.

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

**Independent School District No. 94
Financial Analysis**

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

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

Average Daily Membership and Pupil Units

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

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

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

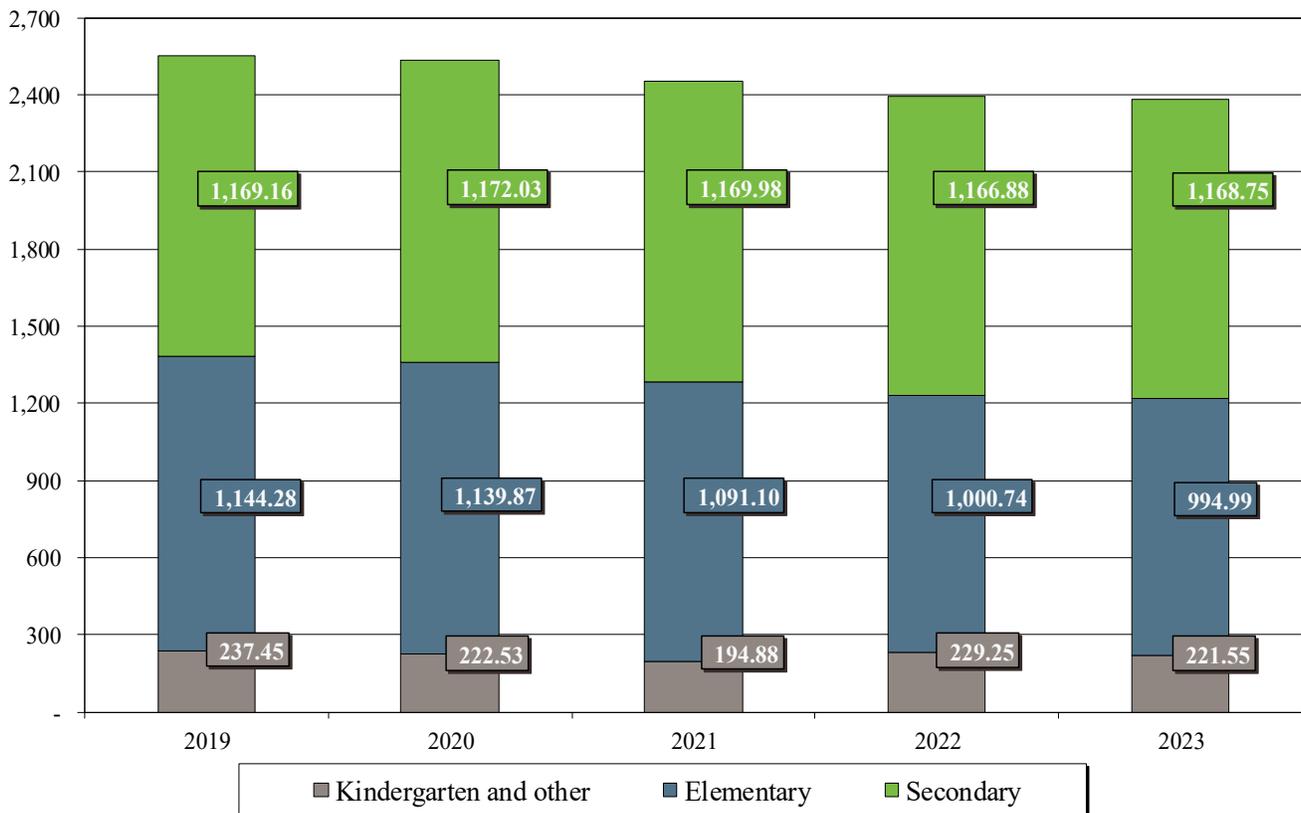
Independent School District No. 94 Financial Analysis

Average Daily Membership and Pupil Units (Continued)

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

ADM	2019	2020	2021	2022	2023
Kindergarten and other	237.45	222.53	194.88	229.25	221.55
Elementary	1,144.28	1,139.87	1,091.10	1,000.74	994.99
Secondary	1,169.16	1,172.03	1,169.98	1,166.88	1,168.75
Total Resident ADM	2,550.89	2,534.43	2,455.96	2,396.87	2,385.29

Resident Students (ADM)



* Estimate

The table and graph above illustrate the change in resident ADM. The District experienced a decrease in 2023 of approximately 12 resident ADM based on 2023 estimates. Over the past five years, ADM has decreased approximately 166 units, or 6.5%.

Independent School District No. 94 Financial Analysis

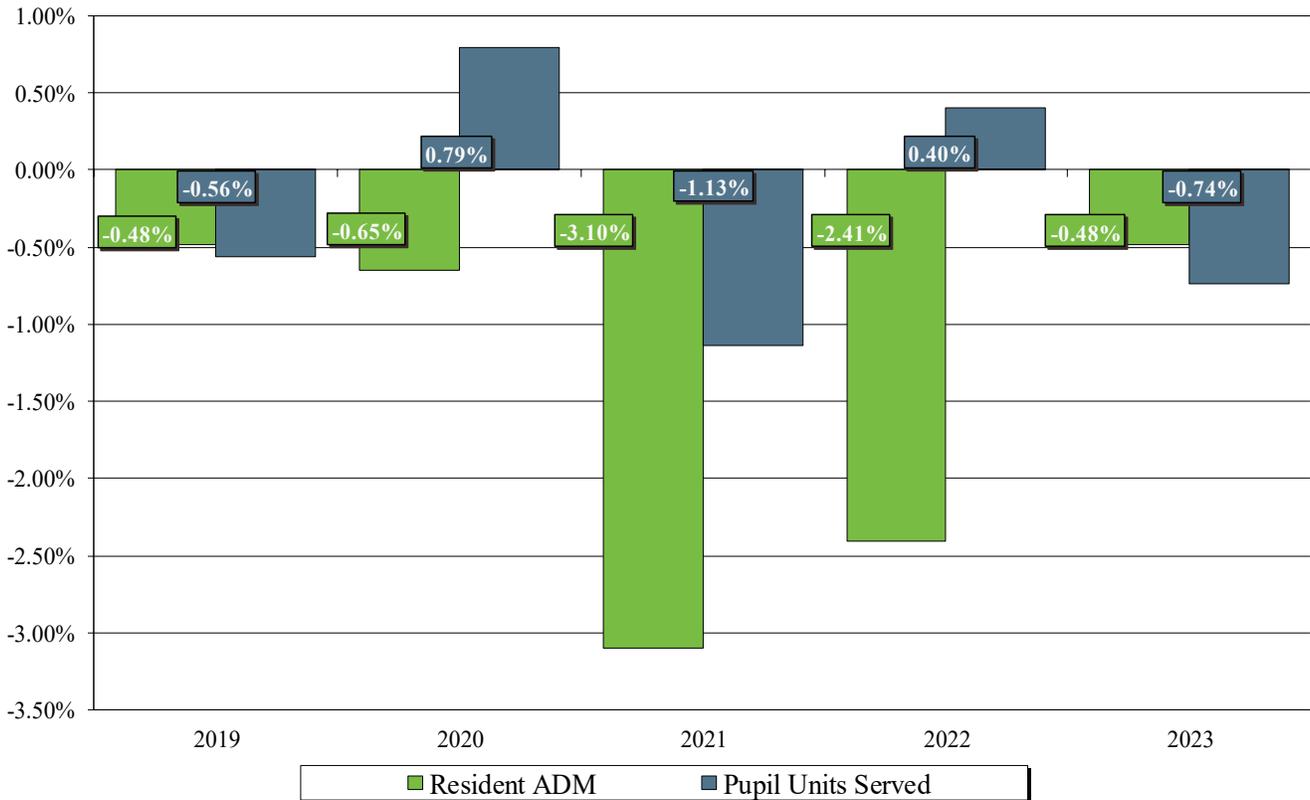
Average Daily Membership and Pupil Units (Continued)

Year 2019-2023	Pupil Units Weighting					
	Handicapped	Half/Full	Elementary	Elementary		
	Pre-Kindergarten	Kindergarten	Kindergarten	Grades 1-3	Grades 4-6	Secondary
	1.000	1.000	1.000	1.000	1.000	1.200

The adjusted pupil units table and graph below converts the resident ADM into weighted or adjusted pupil unit data for the past five years, taking into consideration the above weighting factors and open enrollment. The District's weighted pupil units decreased in 2023 by approximately 22 units or 0.7%.

Adjusted Pupil Units	2019	2020	2021	2022	2023
Residents	2,776.83	2,761.92	2,681.63	2,625.52	2,612.30
Residents going elsewhere	(381.28)	(360.69)	(343.22)	(332.73)	(294.05)
Nonresidents coming in	609.13	627.23	655.73	713.46	665.84
Total Adjusted Pupil Units	3,004.68	3,028.46	2,994.14	3,006.25	2,984.09

Change in Resident ADM and Pupil Units Served



* Estimate

**Independent School District No. 94
Financial Analysis**

General Fund Budget and Actual

The graph below outlines the District's final budget and actual results for the General Fund. In June 2022, the District approved a General Fund budget anticipating expenditures would exceed revenues by \$704,079. This budget was modified in February 2023, increasing revenue by \$363,899 and increasing expenditures by \$592,241. As a result of 2023 activity, expenditures exceeded revenues by \$2,515,881. In addition, there were proceeds from leases in for \$1,761,670, leading to a decrease in fund balance of \$754,211.

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Local property taxes	\$ 2,226,016	\$ 2,322,348	\$ 2,380,009	\$ 57,661
Revenue from state sources	29,666,269	29,596,389	29,573,769	(22,620)
Other sources	5,115,711	5,453,158	7,572,890	2,119,732
Total revenues	<u>37,007,996</u>	<u>37,371,895</u>	<u>39,526,668</u>	<u>2,154,773</u>
Expenditures				
Administration	1,778,060	1,997,255	2,050,488	53,233
District support services	972,184	969,445	1,143,058	173,613
Regular instruction	18,955,868	19,221,383	19,962,524	741,141
Vocational education instruction	524,540	583,106	598,790	15,684
Special education instruction	7,194,589	7,421,446	7,204,826	(216,620)
Instructional support services	2,072,701	1,941,461	1,685,415	(256,046)
Pupil support services	2,598,660	2,495,586	2,552,248	56,662
Sites, buildings, and equipment	3,024,794	3,083,955	5,812,477	2,728,522
Debt service	460,679	460,679	832,173	371,494
Fiscal and other fixed cost program	130,000	130,000	200,550	70,550
Total expenditures	<u>37,712,075</u>	<u>38,304,316</u>	<u>42,042,549</u>	<u>3,738,233</u>
Other Financing Sources				
Proceeds from leases	-	-	1,761,670	1,761,670
Net change in fund balance	<u>\$ (704,079)</u>	<u>\$ (932,421)</u>	<u>\$ (754,211)</u>	<u>\$ 178,210</u>

Revenues were more than the final budget by \$2,154,773 or 5.8%. Other sources were over budget due to higher than anticipated COVID-19 related grants.

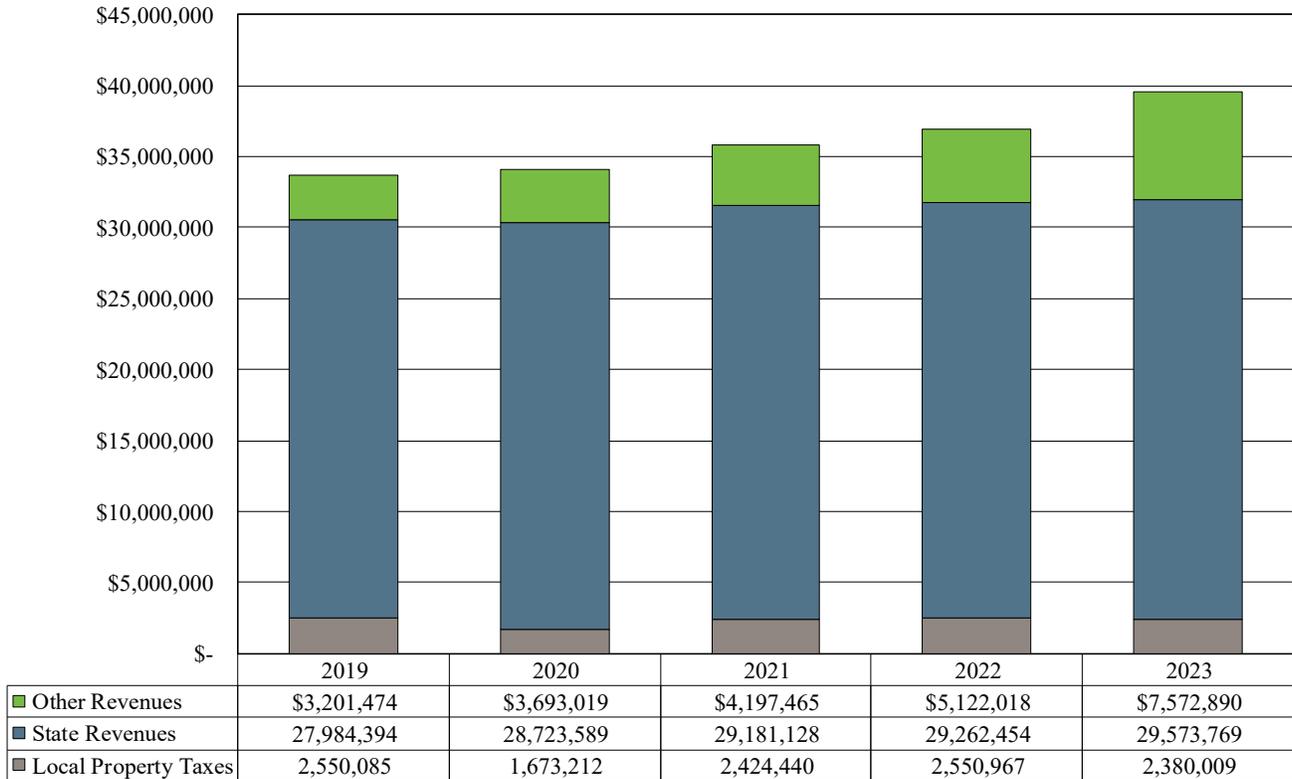
Expenditures were over budget \$3,738,233, or 9.8%. Regular instruction costs were overbudget due to additional supplies purchased with federal funds that were not included in the budget. Special education costs were underbudget due to budgeting conservatively for wage and benefit increases. Sites, buildings, and equipment was overbudget due to new leases that were not included in the budget as well as construction costs that were not budgeted. Debt service expenditures were overbudget due to payments on the new leases that were not included in the budget.

Independent School District No. 94 Financial Analysis

General Fund Sources of Revenue

General Fund sources of revenue are summarized as follows for the last five years:

General Fund Sources of Revenue



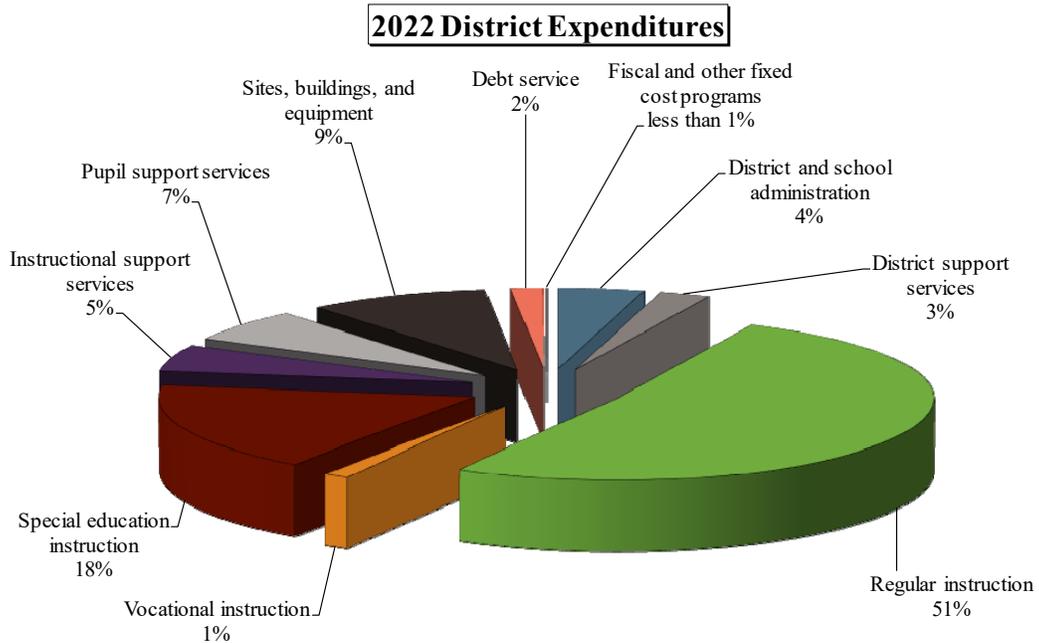
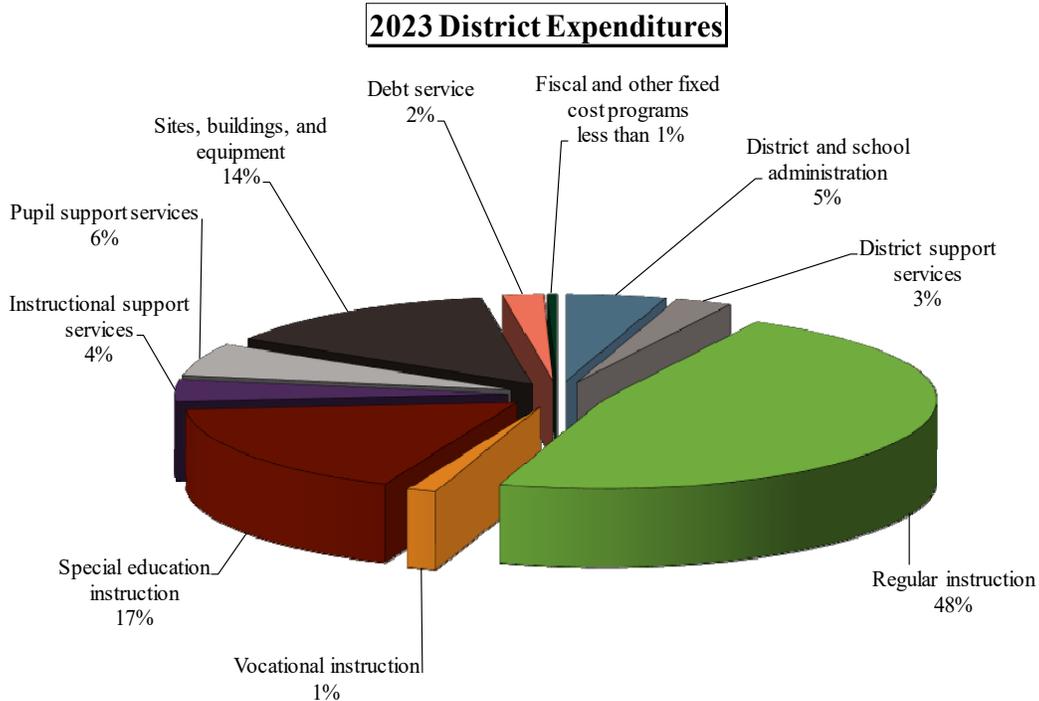
Total General Fund revenues increased approximately \$2,591,229, or 7.0%, from \$36,935,439 in 2022 to \$39,526,668 in 2023.

State revenue, which makes up the largest percentage of the District's revenue at 74.8%, increased from the prior year by \$311,315 due to an increase in the formula allowance offset by the decrease in students served. Local property taxes, which represent 6.0% of the District's revenues, decreased \$170,958 with a decrease in the levy. Other revenues make up the remaining 19.2% and increased \$2,450,872 from the prior year due to increased interest revenue received due to improving market conditions, and increased amounts of COVID-19 related federal grants.

Independent School District No. 94 Financial Analysis

General Fund Expenditures

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



The three instruction categories of regular, vocational, and special education stayed relatively consistent and made up 70% and 66% of the total expenditures for 2022 and 2023, respectively.

Independent School District No. 94 Financial Analysis

General Fund Revenue per Student (ADM) Served

The table below shows a comparison of total revenue per ADM received by Minnesota school districts and the District.

ISD No. 94	2019	2020	2021	2022	2023*
Property taxes	\$ 880	\$ 567	\$ 850	\$ 847	\$ 864
State aid	9,969	10,194	10,798	10,440	10,731
Other	1,178	1,345	1,278	1,902	2,748
Total	\$ 12,027	\$ 12,106	\$ 12,926	\$ 13,189	\$ 14,342

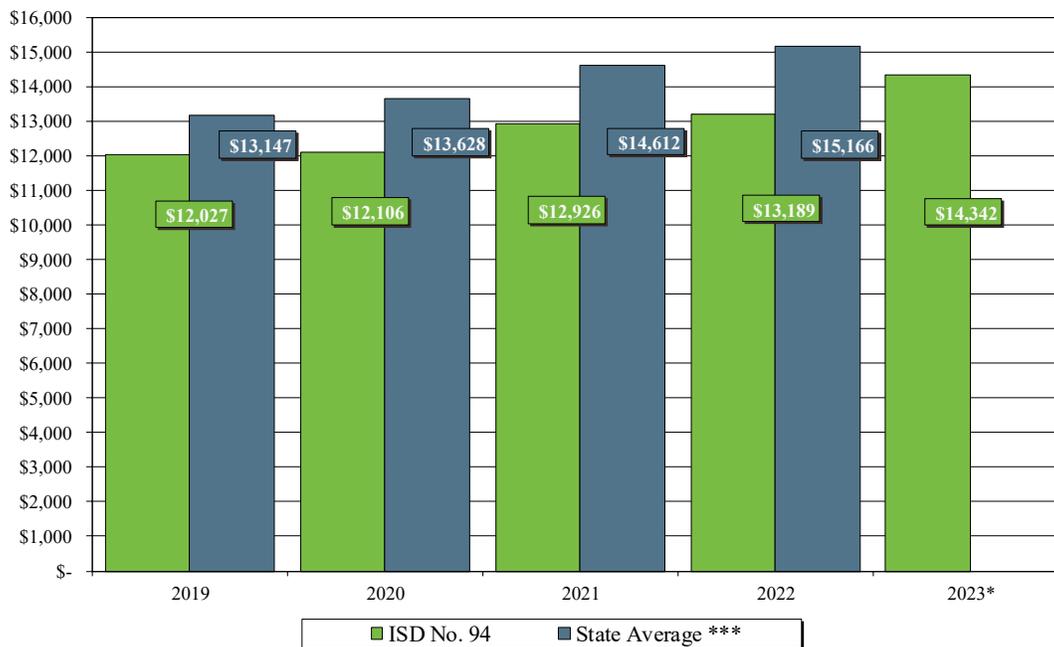
State Average ***	2019	2020	2021	2022	2023
Property taxes	\$ 1,996	\$ 2,180	\$ 2,381	\$ 2,443	N/A
State aid	10,118	10,393	10,758	10,782	N/A
Other	1,033	1,055	1,473	1,941	N/A
Total	\$ 13,147	\$ 13,628	\$ 14,612	\$ 15,166	N/A

** Source: State-wide averages were taken from the MDE publication, *School District Profiles*.

* Estimate

The mix of revenue components from district-to-district varies due to factors such as the strength of property values, mix of property types, operating and bond referendums, enrollment trends, density of population, types of programs offered, and countless other criteria. The District revenue per ADM served increased \$1,056 in 2023, primarily due to the overall revenue increase as discussed earlier. The District's revenue per student served has consistently been below state-wide averages.

General Fund Revenues Per ADM Served



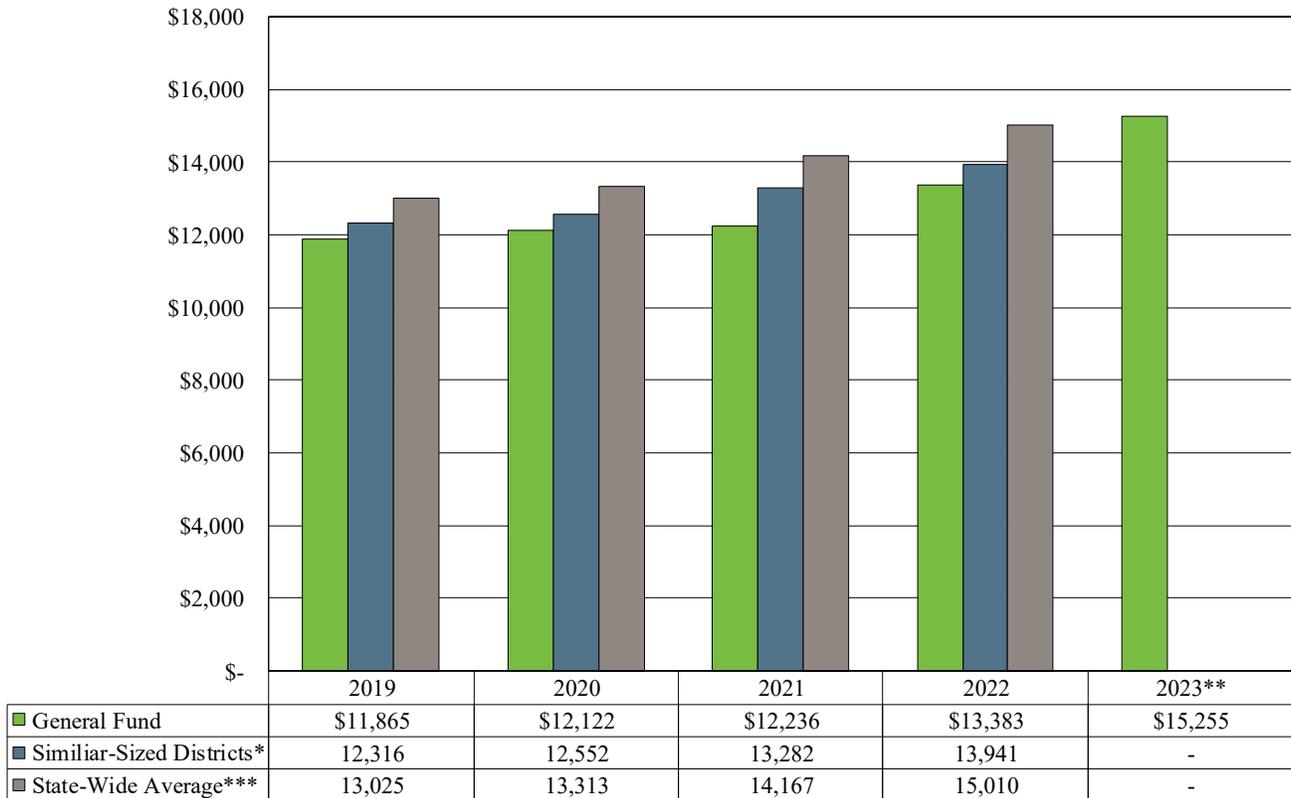
*** Source: Minnesota Department of Education (MDE) publication, *School District Profiles*, 2023 data not yet available

Independent School District No. 94 Financial Analysis

General Fund Expenditures Per Student (ADM) Served

The District's expenditures per ADM served increased \$1,842 in 2023. The District's spending per student has been below state-wide averages but has been more consistent with that of similar-sized districts.

General Fund Expenditures Per ADM Served



* Source: *School District Profiles*, Total PK-12 General Fund expenditures, average sized districts in the 2,000-3,999 range for 2019-2022

** Estimate, other district and State information not yet available

*** Source: Minnesota Department of Education (MDE) publication, *School District Profiles*.

**Independent School District No. 94
Financial Analysis**

General Fund Operations

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

Total revenues for the General Fund increased in 2023 by 7.0% and expenditures increased by 9.8%, as previously discussed. There were also proceeds from issuance of lease of \$1,761,670. The result of operations produced a decrease in fund balance of \$754,211.

Year Ended June 30,	2019	2020	2021	2022	2023
Revenues	\$ 33,735,953	\$ 34,089,820	\$ 35,803,033	\$ 36,935,439	\$ 39,526,668
Expenditures	33,287,336	34,133,755	35,236,481	38,274,778	42,042,549
Excess of revenues over (under) expenditures	448,617	(43,935)	566,552	(1,339,339)	(2,515,881)
Net other financing sources	-	-	-	798,077	1,761,670
Net change in fund balance	448,617	(43,935)	566,552	(541,262)	(754,211)
Change in accounting principle	-	328,583	-	-	-
Fund balance, July 1	8,366,529	8,815,146	9,099,794	9,666,346	9,125,084
Fund balance, June 30	8,815,146	9,099,794	9,666,346	9,125,084	8,370,873
Less nonspendable fund balance	(76,877)	(87,909)	(55,079)	(31,836)	(162,936)
Less restricted fund balance	(1,527,289)	(787,075)	(924,491)	(909,228)	(799,862)
Less committed fund balance	(1,710,582)	(1,710,582)	(1,710,582)	(1,710,582)	(1,710,582)
Less assigned fund balance	(140,730)	(798,418)	(1,193,074)	(1,216,493)	(1,016,244)
Unassigned					
Fund Balance, June 30	\$ 5,359,668	\$ 5,715,810	\$ 5,783,120	\$ 5,256,945	\$ 4,681,249

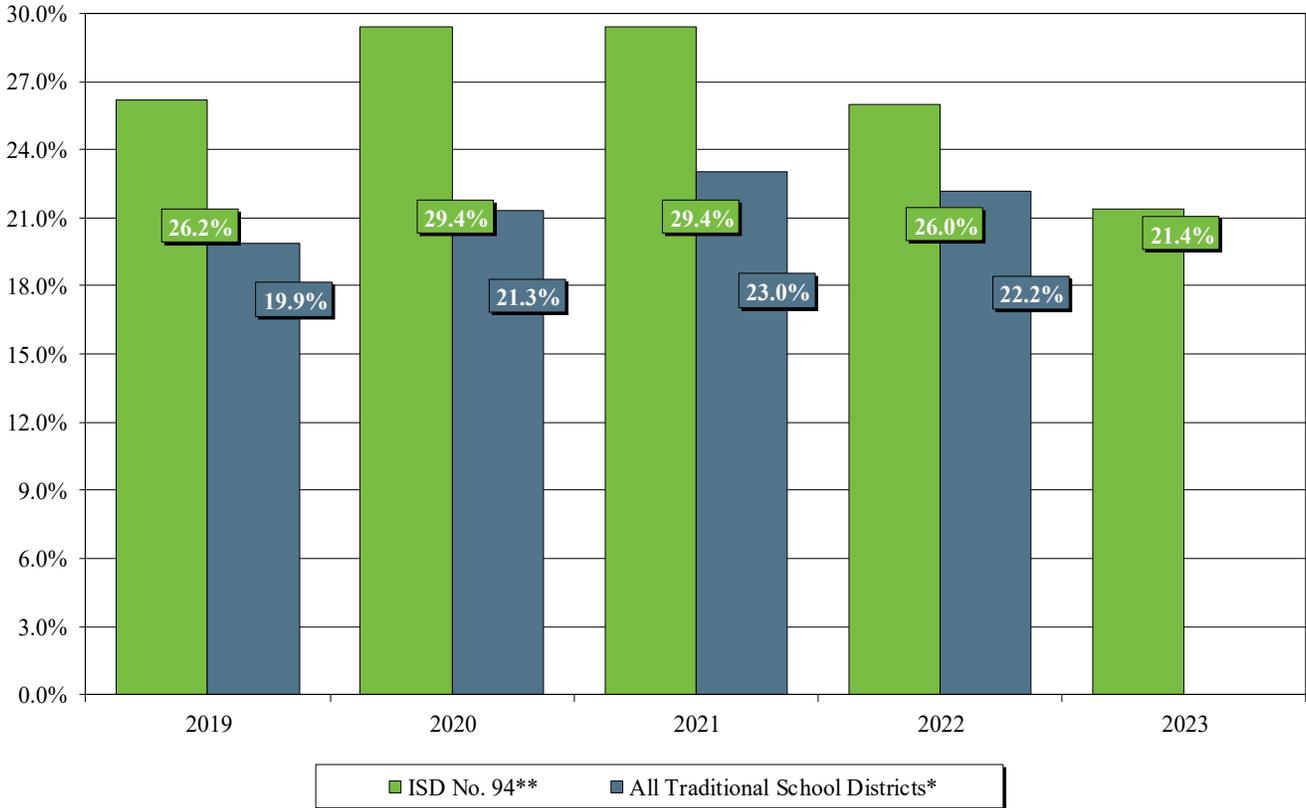
The decrease in total fund balance is primarily in the unassigned fund balance category, which decreased by \$575,696. This decrease was based on operations.

Independent School District No. 94 Financial Analysis

General Fund Financial Health

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

Unrestricted Fund Balance as a Percent of Expenditures



* Information was obtained from the MDE web site report *Fiscal Year 2013-2022 General Fund Unreserved Balance*. 2023 information is not available.

** Obtained from MDE Uniform Financial Accounting and Reporting Standards (UFARS) Compliance Report.

Since June 30, 2019, unrestricted fund balance has decreased \$46,458 while expenditures have increased \$8.7 million. The District's fund balance percentage has exceeded the state-wide average for each of the four years presented.

**Independent School District No. 94
Financial Analysis**

Food Service Fund

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

Year Ended June 30,	2019	2020	2021	2022	2023
Revenues	\$ 1,158,361	\$ 1,120,582	\$ 1,230,199	\$ 1,669,749	\$ 1,400,343
Expenditures	1,176,654	1,150,145	1,093,691	1,272,324	1,394,985
Excess of revenues over (under) expenditures	(18,293)	(29,563)	136,508	397,425	5,358
Fund balance, July 1	383,164	364,871	335,308	471,816	869,241
Fund Balance, June 30	\$ 364,871	\$ 335,308	\$ 471,816	\$ 869,241	\$ 874,599

Food Service Fund revenues exceeded expenditures for three of the five years presented. In 2023, fund balance increased by \$5,358 to \$874,599. Revenues decreased from 2022 to 2023 due to a lower reimbursement rate from the federal government and not all meals being reimbursed. Expenditures increased due to increased food costs.

At June 30, 2023, the District had six months of expenditures in fund balance based on a nine month operating year.

Community Service Fund

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

Year Ended June 30,	2019	2020	2021	2022	2023
Revenues	\$ 2,092,169	\$ 1,812,584	\$ 1,834,335	\$ 2,026,954	\$ 2,173,845
Expenditures	1,911,261	1,815,213	1,700,089	1,943,068	2,340,659
Excess of revenues over (under) expenditures	180,908	(2,629)	134,246	83,886	(166,814)
Fund balance, July 1	317,751	498,659	496,030	630,276	714,162
Fund Balance, June 30	\$ 498,659	\$ 496,030	\$ 630,276	\$ 714,162	\$ 547,348

Community Service Fund expenditures exceeded revenues during 2023, resulting in a decrease in fund balance of \$166,814. Revenues increased \$146,891 due to an increase in programming, while expenditures increased \$397,591 from the prior year due to the increase in programming as well as capital related costs.

Independent School District No. 94 Legislative Summary

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

American Indian Education Aid

Beginning in 2024, a school district or charter school enrolling at least 20 American Indian students will receive the greater of the sum of \$40,000 plus \$500 per American Indian student over the 20-count threshold or the amount of American Indian Education aid received in 2015.

American Rescue Plan (ARP) Act

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

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

Area Learning Center (ALC) Transportation Aid

ALC transportation aid reimburses school districts for costs associated with transportation of students to and from an ALC program. Total statewide revenue is capped at \$1,000,000 annually. School districts can apply for this new funding stream for 2024 and beyond.

Basic Alternative Teacher Compensation Aid (Q-Comp)

The total cap for basic alternative teacher compensation aid increased from \$88,118,000 to \$88,461,000 for 2024 and 2025 and \$89,486,000 for 2026 and beyond.

Basic General Education Aid

The formula allowance for 2023 is set at \$6,863 and for 2024, the formula allowance is set at \$7,138, which is a 4% increase over 2023. The formula allowance for 2025 is \$7,281, or a 2% increase from 2024.

Basic Skills Revenue

The allowable uses for basic skills funding for 2024 and beyond have changed. Guidance on specific changes is included in the 2024 UFARS Manual.

Building and Cybersecurity

Local education agencies may apply for grants to improve security and cybersecurity. The grants may be used for security-related facility improvements and cybersecurity insurance premiums. State-wide funding of \$24,332,000 has been appropriated for these grants.

Safe school revenue has also been expanded to include cyber security measures.

Independent School District No. 94 Legislative Summary

Compensatory Education Revenue

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

Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act

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

Gender-Neutral Single-User Restroom Grants

Local education agencies may apply for grants to remodel, construct, or repurpose space for gender-neutral single-user restrooms. Grants to school districts are capped at \$75,000 per site. State-wide funding of \$1,000,000 has been appropriated for these grants.

Lease Levy Authority

Minnesota Statutes 2023 § 126C.40, subdivision 1 grants authority to intermediate, cooperative units, and joint powers districts to levy for the costs of leasing administrative and classroom space. Levy authority is capped at \$65 per adjusted pupil unit of the member district(s). The proportionate share of deferred maintenance expenditures of district-owned buildings or sites leased to an intermediate, cooperative unit, or joint powers district may also be levied.

Local Optional Revenue

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

Long-term Facilities Maintenance (LTFM) Revenue

Joint powers districts may be included in the LTFM program along with intermediate and secondary cooperative districts.

Additionally, LTFM plans must include provisions for gender-neutral bathrooms, which has been added to the allowable list of LTFM expenses. No new LTFM funding is available for these expenses.

Online Learning Students

The Online Instruction Act repeals and replaces the Online Learning Act. Local education agencies can provide online instruction to enrolled students with a limit of 40 students per course. Entities must apply to MDE to provide online instruction to non-enrolled students.

Operating Referendum

Minnesota Statutes 2023 § 126C.17, subdivision 9 has been added, which allows School Boards to renew an existing operating referendum authority one-time through board resolution using the same per-pupil amounts and length of time. Board approval must happen by June 15 in the fiscal year prior to the last fiscal year generating revenue.

Independent School District No. 94 Legislative Summary

Pension Bill and Pension Adjustment Revenue

TRA required contributions have increased to 7.75% for employees effective for fiscal year 2024. Required employer contributions increase 0.2% in fiscal year 2024 until a required contribution rate of 8.75% is reached.

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

School Breakfast Program

Early childhood special education students are now eligible to participate in the School Breakfast program.

School Library Aid

New program revenue has been added to be used for school district libraries including media specialist salary and benefits, equipment, furniture, supplies, IT infrastructure, and electric and material resources.

For school districts, 2024 aid amounts to \$16.11 multiplied by the adjusted pupil units or \$40,000, whichever is greater.

For charter schools, 2024 aid amounts to \$16.11 multiplied by the adjusted pupil units or \$20,000, whichever is greater.

Special Education Aids

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

An additional \$1,689 per ADM will be provided beginning in 2024 based on students served at special education sites where the federal instruction setting is greater than 3 for special education cooperatives, education districts, and intermediates.

Student Support Personnel Revenue

A new aid has been added to be used to hire new positions for student support services or to increase the full time equivalent of a current position, to maintain a position that would otherwise be eliminated, or to make a temporary position permanent.

"Student Support Services Personnel" means an individual licensed to serve as a school counselor, school psychologist, school social worker, school nurse, or chemical dependency counselor in Minnesota.

Student support services personnel aid is calculated based on the fiscal year per pupil allocation multiplied by the district's total adjusted pupil units, or \$40,000, whichever is greater. The aid cannot exceed expenditures.

Independent School District No. 94 Legislative Summary

Transportation Sparsity Revenue

Under *Minnesota Statutes* § 126C.10, subdivision 18a, qualifying districts with eligible expenses greater than revenue will receive an increase in additional revenue from 18.2% to 35% of calculated unfunded pupil transportation expenses beginning in 2024.

Unemployment Insurance Aid

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

Voluntary Prekindergarten (VPK)/School Readiness Plus

VPK seats are included in the calculation of general education revenue. Seats are funded at 0.6 ADM. The number of seats funded are set at 7,160 for 2024, 10,160 for 2025 with a state-wide cap of \$50 million, and 12,360 for 2026 and later.

Independent School District No. 94 Emerging Issues

Executive Summary

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

- **Implementation Guide No. 2021-1 – Amending Capitalization Requirements**
GASB has issued Implementation Guide No. 2021-1, amending previously issued guidance regarding capitalization requirements for capital assets that are significant in the aggregate but below the government's capitalization threshold individually.
- **Accounting Standard Update – GASB Statement No. 100 – Accounting Changes and Error Corrections**
GASB has issued GASB Statement No. 100 relating to accounting and financial reporting for accounting changes and error corrections. The requirements of this Statement will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability.
- **Accounting Standard Update – GASB Statement No. 101 – Compensated Absences**
GASB has issued GASB Statement No. 101 relating to accounting and financial reporting for compensated absences. The unified recognition and measurement model in this Statement will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave.

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

Implementation Guide No. 2021-1 – Amending Capitalization Requirements

Implementation Guide No. 2021-1, amended previously issued guidance contained in Implementation Guide No. 2015-1 regarding capitalization requirements for capital assets that are significant in the aggregate.

Original guidance stated that it *may be* appropriate for a government to establish a capitalization policy that would require capitalization for certain types of assets with individual acquisition costs that are less than the threshold for an individual asset.

Amended guidance states that a government *should* capitalize assets whose individual acquisition costs are less than the threshold for an individual asset if those assets in the aggregate are significant. Computers and classroom furniture are common examples of asset types that could be significant collectively. The amended guidance clarifies that if 100 computers costing \$1,500 each totaling a \$150,000 aggregate amount is significant, the government *should* capitalize the computers. Information provided above was obtained from www.gasb.org.

Independent School District No. 94
Emerging Issues

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

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

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

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

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

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

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

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

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

Independent School District No. 94 Emerging Issues

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

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

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

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

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

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

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

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

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

Department Reports

Churchill Elementary:

Hello From Churchill,

The Churchill Halloween Carnival was a huge success. Over 600 people attended including students and their families as well many other community members. Thank you to our PIE group for this great event! School conferences are being held on November 3rd, 6th and 8th. Churchill will hold a Veterans Day Music program with our third-grade students on November 10th. Churchill's PIE group is hosting a fundraiser McTeacher's Night on November 21st. PLC meetings continue to focus on our implementation of the Into Reading series and teachers are attending LETRS training in support of the Read Act. Churchill 4th grade will attend Say It! Sing It! Play It! In Cherokee on Thursday, November 16th. The event is being held at the FDLTCC Auditorium.

Submitted by David Wangen, Churchill Elementary Principal

Washington Elementary:

It has been a very busy couple weeks at Washington!

-On Friday, October 27th we hosted our biggest-yet Fall Ball at Washington. It was packed, and our students had a wonderful time!! Hats off to our second-grade team for hosting the event, and many thanks to the staff and parents who helped supervise and support the fun family event!

-Conferences took place on November 3rd, 6th, and 8th. It was great to have such a terrific turnout!

-Over the past week we also had Just Kids Dental onsite cleaning teeth and vision screening for our students in grades 1-4. We are very fortunate to have so many great community partners looking out for our students and partnering to meet their needs!

-4th graders recently did a fall field trip to Hartley Nature Center. Both groups had brisk days, but overall they learned a lot and had fun too!

-November is "Native American Heritage Month" and we are highlighting some Indigenous music on Fridays, and participating in "Rock your Mocs" day on November 15th. American Indian students continue to participate in weekly lunch groups with focused teaching and time to socialize and have fun!

-As of today, Washington is up to 510 students. Five of those students have enrolled in the past week! We are thankful to have an amazing team who flexibly adapts to meet the changing and growing needs of our student body.

-Next week will be another busy one too! On Tuesday, the 14th, we have a PIE meeting at 6:30pm in the Washington media center, and on Thursday the 16th, our 3rd graders have a music concert at 6:30pm in the Washington gym! Board members are always welcome to join us anytime!! 😊

Submitted by Robbi Mondati, Washington Elementary Principal

Cloquet Middle School:

5th Grade Camp Out with Jeff Lindstrom

This year, for Mr. Lindstrom's annual campout, he had 16 students and 5 Chaperones. The lowest temp was 46 degrees at 4 a.m.

The students enjoyed portaging with a canoe, backpacking, casting fishing poles, starting a fire using flint, and finishing the story around a campfire. Of course, no campfire is complete without hotdogs and smores to enjoy!

Unity Day, Mike Doyle

CMS celebrated Unity Day on October 18th by encouraging students and staff to wear orange.

Unity Day aims to bring together youth, parents, educators, businesses, and community members across the nation to emphasize the message that bullying is unacceptable and that all students deserve to be safe in school, online, and in the community. Bullying can be prevented through sharing kindness, promoting acceptance, and encouraging inclusion.

Book Fair, Rachel Hill

Total sales: \$5,136.70 (Including tax)

This earns us Scholastic Dollars to use in the Scholastic Store.

CMS library spent \$506.22 of these Scholastic Dollars to buy 98 books. Several titles were purchased to replace titles that were lost or damaged, to purchase additional copies of popular titles (like The Baby-Sitters Club graphic novels), and bookmarks for library contest prizes.

We could preorder copies of the newest Diary of a Wimpy Kid, which comes out at the end of this month.

Top Ten Books Sold

1. Baby-Sitters Club: Stacey's Mistake #14
2. FNAF Graphic Novel Vol 3
3. Nugly
4. FGTEEV Out of Time
5. Diary of a Wimpy Kid: No Brainer #18
6. Scarlet & Violet Handbook
7. Backcountry
8. Camp Scare
9. I Survived the American Revolution Graphic Novel
10. One Piece Vol 1

Submitted by Thomas Brenner, Cloquet Middle School Principal

Cloquet High School:

- The Fall musical – Little Shop of Horrors – will be on stage at CHS Nov. 16-19. Tickets are available on our website.
- The Volleyball team finished as the section runner up last week.
- We had two boys – Evan Rothamel and Andrew Shepard – participate in the state cross country meet last weekend.
- Winter sports are already rolling – Girls hockey has started and the rest of the winter sports start in the next week or two.
- Justin Tiarks presented to our staff about Trauma Informed practices on the Nov. 3rd in-service day.
- We're offering the ASVAB test on Nov. 16th.

Submitted by Steve Battaglia, Cloquet High School Principal

Cloquet Area Alternative Education Programs:

The students of CAAEP are entering 2nd quarter and class changes.

On November 22nd, we will be holding a CAAEP Celebration Circle to honor those students of 1st quarter who have made significant gains in their scholastic achievement and personal growth and development. On this same day, we will have a "Phoenix, Pheast and Phun day. This day will include 5 activities for students to rotate through, a room set up with student made food for all to graze on and more.

The teachers of CAAEP will be "working" at McDonalds on November 15th and look forward to community support from an increase of patrons coming to McDonalds that evening. A percentage of the profits for that evening will come back to CAAEP for student activities.

The CAAEP student ambassadors for Restorative Practices and Dave Perry, coordinator of RP, will hold trainings for students of other districts to learn about the RP process and what being an ambassador entails. This youth leadership exchange has had a very positive and beneficial outcome for the students of CAAEP and for the students of the other districts.

Submitted by Connie Hyde, CAAEP Principal

Community Education

Adults with Disabilities

AWD had their annual Halloween party. It was a huge hit and one of the busiest we've seen for our dances since COVID. We added games this year to encourage our clients to get up more—it worked like a charm! Lots more participation and fun.

Last week, we had a Halloween Cooking Class---our cooking classes always fill up and we have had to turn people away. This is a good problem to have.

Kids Corner

Kids Corner just had our Fall ball! We had so much fun doing face painting, caramel apple making, movie day, trick treating, pumpkin painting and more! The kids and staff had a blast!

On Friday, November 3 (non-school day) we spent the day outside as well as worked on some fun activities planned for our non-school day curriculum.

Li'l Lumberjacks

Parent Fall Fun Night was held on Friday, October 27th. We had a good turnout with costumes, activities and snacks.

Pep Squad

On Saturday Nov 4, the Pep Squad competed at the TUTC Spooktacular competition. This was their 1st competition experience. The team was awarded 1st Place High Gold for their routine "We've Got Spooky Spirit"





Submitted by Erin Bates, Community Education Director

Business Department:

Candace Nelis, Business Manager, will be attending in person.

American Indian Education Department:

Greetings School Board Members,

Makoons Club has had a great start. With full rosters at both Churchill and Washington, we have been creating a waiting list with the possibility to expand. This week the participants will be making kinnikinic bags and learning about offering Asemia. They will also be using a Moccasin pattern to “rock their moc’s” for Native American Heritage Month. We are anxiously waiting for snow to stick to add additional book titles with storytelling to Makoons Club.

An extended invitation to School Board members to join CAAEP IHSL Kevin Kot, Spiritual Advisor Ricky Defoe, CAAEP students and staff, in a Manidoo-Kii’an ceremony. This Spirit Pole ceremony will be Wednesday November 15th at 9:45am at Garfield School.

The last few weeks include a lot of meetings. JOM & LIEC, Diversity Equity & Inclusion, Community Schools Visit at Denfeld, BWCA Planning, MDE-Office of American Indian Education Field Hearing in Cass Lake, and daily grant discussions.

The State American Indian Education Plan is due by November 30, 2023. A working document was shared at LIEC to include discussion, development and revisions to the plan. Our parent committee members are very active in supporting current and new initiatives. Miigwech for their commitment and dedicating time inside their busy days.

Submitted by Teresa Angell, American Indian Education 131

Building and Grounds

Brock Wilton, Building and Grounds Director, will be attending in person.

Technology

T.J. Smith, Technology Director, is on a leave of absence.

Cloquet Public Schools
Detail Payment Register By Check
Fund Summary

Fund Description		Total
01	General	\$657,235.05
02	Food Services	\$96,943.76
03	Transportation	\$124,223.44
04	Community Services	\$14,879.45
05	Capital Expenditure	\$10,236.21
06	Building Construction	\$3,945.00
07	Debt Redemption #94	\$4,175.00
12	Activities	\$51,497.67
Report Total		\$963,135.58

Cloquet Public Schools Check Register by Bank and Check

Batch	Co	Bank	Pymt No	Check No	Pay Type	Grp	Code	Rcd	Vendor	Print	Recon	Void	Currency	Pmt/Void Date	Amount
0094		2	101953	21951	Check	1	6390		ACHESON, JANE	Yes	No	No	USD	11/14/2023	160.39
			101918	21952	Check	1	3897		ACP	Yes	No	No	USD	11/14/2023	173.70
			101846	21953	Check	1	10159		ADVANCED SERVICES, INC	Yes	No	No	USD	11/14/2023	1,600.00
			101837	21954	Check	1	00570		AG O'BRIEN COMPANY	Yes	No	No	USD	11/14/2023	2,770.00
			101995	21955	Check	1	9300		ALLEN, CHANDRA	Yes	No	No	USD	11/14/2023	579.68
			102006	21956	Check	1	9798		AMERICA'S FUNDRAISING EXPRESS	Yes	No	No	USD	11/14/2023	1,228.80
			101954	21957	Check	1	6516		ANDERSON, HEIDI	Yes	No	No	USD	11/14/2023	1,086.90
			101960	21958	Check	1	7142		ANDERSON, LISA	Yes	No	No	USD	11/14/2023	304.00
			101929	21959	Check	1	4680		ANDREN PAINT COMPANY	Yes	No	No	USD	11/14/2023	680.00
			101983	21960	Check	1	8863		ANGELL, TERESA	Yes	No	No	USD	11/14/2023	60.00
			101838	21961	Check	1	02547		APPLE INC	Yes	No	No	USD	11/14/2023	599.98
			101839	21962	Check	1	02766		ARCC	Yes	No	No	USD	11/14/2023	850.00
			101871	21963	Check	1	10935		ARROWHEAD WATER	Yes	No	No	USD	11/14/2023	63.80
			101949	21964	Check	1	6134		AT&T MOBILITY	Yes	No	No	USD	11/14/2023	1,018.70
			101840	21965	Check	1	03250		B & B MARKET	Yes	No	No	USD	11/14/2023	202.00
			101977	21966	Check	1	8609		BALOW, JORDAN J	Yes	No	No	USD	11/14/2023	95.00
			101974	21967	Check	1	8268		BATES, ERIN	Yes	No	No	USD	11/14/2023	257.52
			101843	21968	Check	1	10036		BEARABOO	Yes	No	No	USD	11/14/2023	310.50
			101969	21969	Check	1	7979		BECKMAN, STEVE	Yes	No	No	USD	11/14/2023	117.00
			101994	21970	Check	1	9295		BENSON, WENDY IRENE	Yes	No	No	USD	11/14/2023	205.84
			101841	21971	Check	1	05105		BERNICKS VENDING	Yes	No	No	USD	11/14/2023	2,363.59
			101842	21972	Check	1	05150		BEST OIL COMPANY	Yes	No	No	USD	11/14/2023	173.91
			101868	21973	Check	1	10877		BILDEN JOLI	Yes	No	No	USD	11/14/2023	6.53
			101945	21974	Check	1	5724		BLUE CROSS BLUE SHIELD	Yes	No	No	USD	11/14/2023	1,421.34
			101955	21975	Check	1	6644		BOND TRUST SERVICES	Yes	No	No	USD	11/14/2023	475.00
			102003	21976	Check	1	9781		BRAIN POP	Yes	No	No	USD	11/14/2023	2,106.00
			101980	21977	Check	1	8734		BRAUN INTERTEC CORPORAITON	Yes	No	No	USD	11/14/2023	3,945.00
			102001	21978	Check	1	9548		BRENNER MARK	Yes	No	No	USD	11/14/2023	35.00
			101993	21979	Check	1	9285		BRENNER, MICHELLE MARIE	Yes	No	No	USD	11/14/2023	205.84
			101963	21980	Check	1	7378		BSN SPORTS LLC	Yes	No	No	USD	11/14/2023	5,448.71
			101877	21981	Check	1	11033		BUILDING SYSTEMS SOLUTIONS INC	Yes	No	No	USD	11/14/2023	4,835.00
			101901	21982	Check	1	2566		BUYTAERT, KATY	Yes	No	No	USD	11/14/2023	49.99
			101921	21983	Check	1	4072		CAMPBELL, CORINNE	Yes	No	No	USD	11/14/2023	35.16
			101996	21984	Check	1	9301		CARMENS RESTAURANT	Yes	No	No	USD	11/14/2023	1,786.40
			101866	21985	Check	1	10843		CARTER DEB	Yes	No	No	USD	11/14/2023	315.00
			101942	21986	Check	1	55545		CINTAS CORPORATION LOCATION 2	Yes	No	No	USD	11/14/2023	686.70
			101865	21987	Check	1	10835		CITY LAUNDERING CO	Yes	No	No	USD	11/14/2023	168.19
			101849	21988	Check	1	10401		CITY OF CLOQUET	Yes	No	No	USD	11/14/2023	9,035.78
			101851	21989	Check	1	10470		CLOQUET COMMUNITY EDUCATION	Yes	No	No	USD	11/14/2023	320.00
			101989	21990	Check	1	9113		CLOQUET PLUMBING & HEATING LLI	Yes	No	No	USD	11/14/2023	798.00
			101874	21991	Check	1	11006		CLOQUET SANITARY	Yes	No	No	USD	11/14/2023	8,405.04

Cloquet Public Schools

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0094	2		101880	21992	Check	1	11051		CLOQUET TRANSIT CO	Yes	No	No	USD	11/14/2023	120,653.33
			101889	21993	Check	1	11550		COMMUNITY PRINTING	Yes	No	No	USD	11/14/2023	8,293.90
			101999	21994	Check	1	9490		CONSERV FLAG CO	Yes	No	No	USD	11/14/2023	111.95
			101893	21995	Check	1	14301		DEMCO INC	Yes	No	No	USD	11/14/2023	657.97
			101951	21996	Check	1	6287		DENMAN, ALAN	Yes	No	No	USD	11/14/2023	191.10
			101939	21997	Check	1	5509		DOHNANSKY, ELIZABETH	Yes	No	No	USD	11/14/2023	60.00
			101947	21998	Check	1	5930		DULUTH LAWN & SPORT	Yes	No	No	USD	11/14/2023	150.57
			101952	21999	Check	1	6347		EDUCATORS BENEFIT CONSULTANT	Yes	No	No	USD	11/14/2023	266.89
			101990	22000	Check	1	9125		EHLERS INVESTMENTS PARTNERS I	Yes	No	No	USD	11/14/2023	3,700.00
			101973	22001	Check	1	8229		ESSE, DAVID	Yes	No	No	USD	11/14/2023	432.30
			101882	22002	Check	1	11076		FLASHFORGE USA INC	Yes	No	No	USD	11/14/2023	1,439.00
			101895	22003	Check	1	19730		FOND DU LAC COMMUNITY COLLEG	Yes	No	No	USD	11/14/2023	42,000.00
			101896	22004	Check	1	19740		FOND DU LAC OJIBWAY SCHOOL	Yes	No	No	USD	11/14/2023	485,833.41
			101919	22005	Check	1	3900		FRABONIS	Yes	No	No	USD	11/14/2023	351.10
			101872	22006	Check	1	10966		GENERAL LEATHERCRAFT MFG	Yes	No	No	USD	11/14/2023	279.59
			101847	22007	Check	1	10240		GENERAL PARTS LLC	Yes	No	No	USD	11/14/2023	3,415.43
			101985	22008	Check	1	9009		GILBERT, SYDNEY	Yes	No	No	USD	11/14/2023	206.98
			101898	22009	Check	1	21450		GOPHER SPORT	Yes	No	No	USD	11/14/2023	1,003.00
			101890	22010	Check	1	12271		GREAT LAKES OFFICE SOLUTIONS I	Yes	No	No	USD	11/14/2023	5,366.91
			101958	22011	Check	1	7030		GRUSSENDORF NURSERY	Yes	No	No	USD	11/14/2023	980.00
			101910	22012	Check	1	3083		HARTLEY NATURE CENTER	Yes	No	No	USD	11/14/2023	750.00
			101879	22013	Check	1	11050		HEXUM GREG	Yes	No	No	USD	11/14/2023	200.00
			101950	22014	Check	1	6140		HILL RACHEL	Yes	No	No	USD	11/14/2023	638.38
			101887	22015	Check	1	11097		HILL ROGER	Yes	No	No	USD	11/14/2023	130.00
			101944	22016	Check	1	5684		HILLYARD INC MINNEAPOLIS	Yes	No	No	USD	11/14/2023	4,285.01
			101948	22017	Check	1	5992		HORIZON COMMERCIAL POOL SUPP	Yes	No	No	USD	11/14/2023	2,489.43
			101998	22018	Check	1	9455		INCIDENT IQ, LLC	Yes	No	No	USD	11/14/2023	3,618.80
			101987	22019	Check	1	9072		INNOVATIVE OFFICE SOLUTIONS LL	Yes	No	No	USD	11/14/2023	11,023.06
			101878	22020	Check	1	11049		INSTITUTE ON COMMUNITY INTERG	Yes	No	No	USD	11/14/2023	1,180.00
			101870	22021	Check	1	1093		ISD #0094 FOOD SERVICE	Yes	No	No	USD	11/14/2023	1,899.83
			101900	22022	Check	1	2526		ISD #0094 - VAN	Yes	No	No	USD	11/14/2023	562.67
			101876	22023	Check	1	11023		J.J. KELLER & ASSOCIATES INC	Yes	No	No	USD	11/14/2023	149.00
			101925	22024	Check	1	4331		JAZDZEWSKI, JAMIE	Yes	No	No	USD	11/14/2023	411.80
			101909	22025	Check	1	3036		JOHNSON, HEATHER	Yes	No	No	USD	11/14/2023	677.78
			101970	22026	Check	1	8020		KARNAS, JAMES	Yes	No	No	USD	11/14/2023	95.00
			101975	22027	Check	1	8418		KEMPS LLC	Yes	No	No	USD	11/14/2023	9,864.45
			101875	22028	Check	1	11008		KIDS CORNER	Yes	No	No	USD	11/14/2023	1,932.00
			101906	22029	Check	1	2924		KILROY, MICHELLE	Yes	No	No	USD	11/14/2023	180.18
			101981	22030	Check	1	8749		KNUTSEN, JESSICA	Yes	No	No	USD	11/14/2023	400.34
			101897	22031	Check	1	2076		KOLODGE, JENNIFER	Yes	No	No	USD	11/14/2023	366.30
			101907	22032	Check	1	29600		L & M SUPPLY	Yes	No	No	USD	11/14/2023	891.98

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0094		2	101908	22033	Check	1	29895		LAKE SUPERIOR COLLEGE	Yes	No	No	USD	11/14/2023	383.66
			102005	22034	Check	1	9792		LEAF	Yes	No	No	USD	11/14/2023	24.75
			101927	22035	Check	1	4544		LENARZ, COLLETTE	Yes	No	No	USD	11/14/2023	315.72
			102004	22036	Check	1	9784		LINDAMOOD-BELL LEARNING PROCI	Yes	No	No	USD	11/14/2023	2,487.10
			101916	22037	Check	1	3602		LINDE GAS & EQUIPMENT INC	Yes	No	No	USD	11/14/2023	288.89
			101873	22038	Check	1	10995		LINDNER ANN	Yes	No	No	USD	11/14/2023	68.16
			101962	22039	Check	1	7161		LINE MICHELLE	Yes	No	No	USD	11/14/2023	608.00
			101862	22040	Check	1	10798		LUMBERJACK DESIGN AND FABRIC/	Yes	No	No	USD	11/14/2023	275.50
			101956	22041	Check	1	6675		MASC	Yes	No	No	USD	11/14/2023	1,445.00
			101979	22042	Check	1	8722		MCDONALD, JAMIE	Yes	No	No	USD	11/14/2023	389.27
			101913	22043	Check	1	32051		MCGRAW HILL SCHOOL EDUCATION	Yes	No	No	USD	11/14/2023	1,200.49
			101914	22044	Check	1	34186		MENARDS	Yes	No	No	USD	11/14/2023	3,979.06
			101894	22045	Check	1	1750		MICHAUD DISTRIBUTING	Yes	No	No	USD	11/14/2023	1,756.71
			101986	22046	Check	1	9031		MICKELSON, LARAIN LYNN	Yes	No	No	USD	11/14/2023	2,623.40
			101859	22047	Check	1	10765		MINERS INCORPORATED	Yes	No	No	USD	11/14/2023	9,736.20
			101911	22048	Check	1	3125		MINNESOTA DEPARTMENT OF HEAL	Yes	No	No	USD	11/14/2023	3,605.00
			101856	22049	Check	1	10672		MRI SOFTWARE LLC	Yes	No	No	USD	11/14/2023	20.00
			101917	22050	Check	1	38850		NASCO	Yes	No	No	USD	11/14/2023	82.60
			101861	22051	Check	1	10793		NELSON STEPHANIE	Yes	No	No	USD	11/14/2023	140.07
			101858	22052	Check	1	10743		NORTHERN ACRYLICS INC	Yes	No	No	USD	11/14/2023	122.64
			101915	22053	Check	1	3449		NORTHERN DOOR & HARDWARE INI	Yes	No	No	USD	11/14/2023	868.00
			101845	22054	Check	1	10131		NORTHERN PEST MANAGEMENT LL	Yes	No	No	USD	11/14/2023	45.00
			101922	22055	Check	1	41101		NORTHLAND AUTO PARTS	Yes	No	No	USD	11/14/2023	310.43
			101923	22056	Check	1	41104		NORTHLAND FIRE AND SAFETY	Yes	No	No	USD	11/14/2023	228.00
			101850	22057	Check	1	10456		NOVAK JANICE	Yes	No	No	USD	11/14/2023	20.00
			101971	22058	Check	1	8024		O'NEILL, THOMAS ROBERT	Yes	No	No	USD	11/14/2023	95.00
			101966	22059	Check	1	7771		PAMS LUNCHROOM LLC	Yes	No	No	USD	11/14/2023	75.90
			101892	22060	Check	1	1326		PAN O GOLD	Yes	No	No	USD	11/14/2023	2,226.71
			101891	22061	Check	1	1289		PARK AVE FITNESS	Yes	No	No	USD	11/14/2023	1,117.75
			101860	22062	Check	1	10778		PER MAR SECURITY SERVICES	Yes	No	No	USD	11/14/2023	647.28
			101972	22063	Check	1	8038		PERICH, GREGG	Yes	No	No	USD	11/14/2023	95.00
			101883	22064	Check	1	11093		PHIL'S GARAGE DOOR SERVICE	Yes	No	No	USD	11/14/2023	495.50
			101920	22065	Check	1	3994		PHONAK	Yes	No	No	USD	11/14/2023	160.00
			101926	22066	Check	1	44930		PREMIERE THEATRES	Yes	No	No	USD	11/14/2023	226.00
			101864	22067	Check	1	10830		PRING JILL	Yes	No	No	USD	11/14/2023	316.43
			101964	22068	Check	1	7442		PROFESSIONAL TURF & RENOVATIC	Yes	No	No	USD	11/14/2023	11,800.00
			101968	22069	Check	1	7967		PROSEN, SARA	Yes	No	No	USD	11/14/2023	11.42
			101928	22070	Check	1	45540		QUILL CORPORATION	Yes	No	No	USD	11/14/2023	121.23
			101869	22071	Check	1	10910		RABIDEAUX ARIANNA	Yes	No	No	USD	11/14/2023	102.43
			101957	22072	Check	1	6703		RAYMOND GEDDES CO INC	Yes	No	No	USD	11/14/2023	259.23
			101924	22073	Check	1	4115		RIESS, PAUL	Yes	No	No	USD	11/14/2023	185.63

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0094		2	101855	22074	Check	1	10542		RNR YARDWORKS LLC	Yes	No	No	USD	11/14/2023	1,102.50
			101902	22075	Check	1	2611		ROEMHILDT, REGINA	Yes	No	No	USD	11/14/2023	68.90
			101848	22076	Check	1	10337		RPM ATHLETICS LLC	Yes	No	No	USD	11/14/2023	16,000.00
			101982	22077	Check	1	8763		rSCHOOLTODAY	Yes	No	No	USD	11/14/2023	900.00
			101852	22078	Check	1	10474		RU RIDGE CORN MAZE	Yes	No	No	USD	11/14/2023	66.00
			102000	22079	Check	1	9545		SCHMITT DIRECTOR CENTER	Yes	No	No	USD	11/14/2023	939.00
			101931	22080	Check	1	48700		SCHMITT MUSIC COMPANY	Yes	No	No	USD	11/14/2023	922.48
			101933	22081	Check	1	48801		SCHOLASTIC BOOK CLUBS	Yes	No	No	USD	11/14/2023	1,251.91
			101932	22082	Check	1	48761		SCHOLASTIC BOOK FAIRS	Yes	No	No	USD	11/14/2023	1,643.10
			101961	22083	Check	1	7144		SCHOOL NUTRITION ASSOCIATION	Yes	No	No	USD	11/14/2023	197.50
			101934	22084	Check	1	48980		SCHOOL SPECIALTY LLC	Yes	No	No	USD	11/14/2023	64.94
			101857	22085	Check	1	10731		SECOLA KEITH	Yes	No	No	USD	11/14/2023	13,000.00
			101899	22086	Check	1	2300		SHI INTERNATIONAL CORP	Yes	No	No	USD	11/14/2023	2,876.00
			101967	22087	Check	1	7955		SILLANPA, GERALD W	Yes	No	No	USD	11/14/2023	504.00
			101935	22088	Check	1	50250		SKUTEVIKS FLORISTS	Yes	No	No	USD	11/14/2023	112.00
			102007	22089	Check	1	9874		SKYLINE SOCIAL & GAMES	Yes	No	No	USD	11/14/2023	320.00
			101991	22090	Check	1	9175		SMITH, TREVOR J	Yes	No	No	USD	11/14/2023	60.00
			101854	22091	Check	1	10540		SNYDER NANNETTE	Yes	No	No	USD	11/14/2023	45.04
			101888	22092	Check	1	11098		SOUTHWEST WEST CENTRAL SERV	Yes	No	No	USD	11/14/2023	50.00
			101936	22093	Check	1	51968		STACK BROTHERS MECHANICAL CC	Yes	No	No	USD	11/14/2023	152.00
			101976	22094	Check	1	8462		STARFALL EDUCATION	Yes	No	No	USD	11/14/2023	50.00
			101937	22095	Check	1	52404		STATE INDUSTRIAL PRODUCTS	Yes	No	No	USD	11/14/2023	1,951.40
			101885	22096	Check	1	11095		STOSKOPF CHAD	Yes	No	No	USD	11/14/2023	300.00
			101938	22097	Check	1	53530		SUPER DUPER INC	Yes	No	No	USD	11/14/2023	99.90
			101965	22098	Check	1	7518		SYCK, RODERICK	Yes	No	No	USD	11/14/2023	15.15
			101863	22099	Check	1	10817		TARALSETH KEVIN	Yes	No	No	USD	11/14/2023	19.45
			101904	22100	Check	1	27353		THE JAMAR COMPANY	Yes	No	No	USD	11/14/2023	997.00
			101930	22101	Check	1	4751		TKE ELEVATOR CORPORATION	Yes	No	No	USD	11/14/2023	1,424.58
			101912	22102	Check	1	3184		TREETOP PUBLISHING INC	Yes	No	No	USD	11/14/2023	494.76
			101867	22103	Check	1	10855		TREVENA BRAD	Yes	No	No	USD	11/14/2023	222.00
			102002	22104	Check	1	9713		TURNER BOBBIE	Yes	No	No	USD	11/14/2023	89.76
			101940	22105	Check	1	55438		TWIN PORTS PAPER SUPPLY	Yes	No	No	USD	11/14/2023	1,467.06
			101941	22106	Check	1	5546		TYMAN, MISTY	Yes	No	No	USD	11/14/2023	20.21
			101992	22107	Check	1	9268		UHL COMPANY INC	Yes	No	No	USD	11/14/2023	4,872.00
			101943	22108	Check	1	56350		UPPER LAKES FOODS	Yes	No	No	USD	11/14/2023	78,759.07
			101886	22109	Check	1	11096		VANNESTE SHELLY	Yes	No	No	USD	11/14/2023	300.00
			101984	22110	Check	1	8949		VANTAGE FINANCIAL	Yes	No	No	USD	11/14/2023	4,898.00
			101905	22111	Check	1	2772		VERNIER ₁₃₇	Yes	No	No	USD	11/14/2023	783.71
			101884	22112	Check	1	11094		VS ATHLETICS	Yes	No	No	USD	11/14/2023	217.50
			101946	22113	Check	1	57280		WANGEN, DAVID	Yes	No	No	USD	11/14/2023	288.20
			101959	22114	Check	1	7042		WATSON COMPANY	Yes	No	No	USD	11/14/2023	428.19

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0094		2	101844	22115	Check	1	10082		WICK ANNETTE	Yes	No	No	USD	11/14/2023	717.95
			101997	22116	Check	1	9440		WICK, MICHELLE	Yes	No	No	USD	11/14/2023	201.60
			101988	22117	Check	1	9089		WILLIAMS, APRIL	Yes	No	No	USD	11/14/2023	1,650.60
			101881	22118	Check	1	11073		WILTON BROCK	Yes	No	No	USD	11/14/2023	60.00
			101978	22119	Check	1	8634		WKLK WMOZ	Yes	No	No	USD	11/14/2023	160.00
			101853	22120	Check	1	10482		WOOD CITY MOTORS	Yes	No	No	USD	11/14/2023	1,168.62
			101903	22121	Check	1	2731		YOUNG, HEATHER	Yes	No	No	USD	11/14/2023	124.91
Bank Total: 2														\$963,135.58	
Report Total:														\$963,135.58	

Cloquet Public Schools
Detail Payment Register By Check
Fund Summary

Fund Description		Total
01	General	\$10,611.70
12	Activities	\$695.00
Report Total		\$11,306.70

Cloquet Public Schools Check Register by Bank and Check

Batch Co	Bank	Pymt No	Check No	Pay Type	Grp Code	Rcd	Vendor	Print	Recon	Void	Currency	Pmt/Void Date	Amount
0094	2	101824	21936	Check	1	9578	CONSTELLATION NEWENERGY -GA	Yes	No	No	USD	10/26/2023	4,476.20
		101825	21937	Check	1	9879	MARSHALL SCHOOL	Yes	No	No	USD	10/26/2023	40.50
		101823	21938	Check	1	10302	PETTY CASH ATTN: CANDACE NELIS	Yes	No	No	USD	10/26/2023	470.00
		101822	21939	Check	1	10177	REGION 7AA	Yes	No	No	USD	10/26/2023	6,095.00
		101826	21940	Check	1	9911	UMD DEPARTMENT OF MUSIC	Yes	No	No	USD	10/26/2023	225.00
Bank Total: 2												\$11,306.70	
Report Total:												\$11,306.70	

Cloquet Public Schools
Detail Payment Register By Check
Fund Summary

Fund Description	Total
01 General	\$252.00
Report Total	\$252.00

Cloquet Public Schools Check Register by Bank and Check

Batch	Co	Bank	Pymt No	Check No	Pay Type	Grp	Code	Rcd	Vendor	Print	Recon	Void	Currency	Pmt/Void Date	Amount
0094		2	101827	21941	Check	1	11089		PETTY CASH ATTN MICHAEL CARY	Yes	No	No	USD	11/01/2023	252.00
														Bank Total: 2	\$252.00
														Report Total:	\$252.00

Cloquet Public Schools
Detail Payment Register By Check
Fund Summary

Fund Description		Total
01	General	\$6,673.71
12	Activities	\$3,600.00
Report Total		\$10,273.71

Cloquet Public Schools Check Register by Bank and Check

Batch	Co	Bank	Pymt No	Check No	Pay Type	Grp	Code	Rcd	Vendor	Print	Recon	Void	Currency	Pmt/Void Date	Amount
0094		2	101834	21942	Check	1	9452		CARY, MICHAEL	Yes	No	No	USD	11/02/2023	46.73
			101831	21943	Check	1	11092		HISTORIC THEATRE GROUP	Yes	No	No	USD	11/02/2023	3,600.00
			101833	21944	Check	1	9394		KACHINSKE HALEY	Yes	No	No	USD	11/02/2023	39.39
			101832	21945	Check	1	9288		RASMUSSEN, BRENDA	Yes	No	No	USD	11/02/2023	90.39
			101828	21946	Check	1	10177		REGION 7AA	Yes	No	No	USD	11/02/2023	3,190.00
			101835	21947	Check	1	9626		STRICKLAND ADRIENNE	Yes	No	No	USD	11/02/2023	60.26
			101830	21948	Check	1	11091		TIARKS JUSTIN	Yes	No	No	USD	11/02/2023	3,000.00
			101829	21949	Check	1	11073		WILTON BROCK	Yes	No	No	USD	11/02/2023	246.94
Bank Total: 2														\$10,273.71	
Report Total:														\$10,273.71	

FOOD SERVICE REPORT

MONTH	September	2023
TOTAL INCOME		\$169,682.34
TOTAL COSTS		\$179,041.96
NET		<\$9,359.62>
TOTAL INCOME PER MEAL		\$4.26
TOATL COST PER MEAL		\$4.50
NET		<-\$0.24>
MEALS		39,835 YTD - 39,835

AVERAGE DAILY PARTICIPATION (ADP)

	ADP ADULTS	ADP STUDENTS	PERCENTAGE ADP STUDENTS
SENIOR HIGH	3.56	344.39	46%
MIDDLE SCHOOL	3.45	526	72%
WASHINGTON	0.45	363	77%
CHRUCHILL	2.45	233.78	70%
QUEEN OF PEACE	0	88.89	91%
CAAEP	2.17	29.45	40%
LIL' LUMBERJACKS	0	0	0%
NLA	0.45	10.17	88%
OUR SAV. NLA	0	0	0%

Totals	12.53	1595.68	65% 90% Total program
enrollment			2691
attendance			2467

FOOD SERVICE REPORT

MONTH	September	2022
TOTAL INCOME		\$134,207.55
TOTAL COSTS		\$132,074.32
NET		\$2,133.23
TOTAL INCOME PER MEAL		\$4.44
TOTAL COST PER MEAL		\$4.37
NET		\$0.07
MEALS		30,278 YTD -30,278

AVERAGE DAILY PARTICIPATION (ADP)

	ADP ADULTS	ADP STUDENTS	PERCENTAGE ADP STUDENTS
SENIOR HIGH	4.28	244.84	33%
MIDDLE SCHOOL	2.95	468.34	63%
WASHINGTON	0.45	274.62	58%
CHURCHILL	0.39	208.06	59%
QUEEN OF PEACE	0	47.06	73%
CAAEP	0.67	50.06	72%
LIL' LUMBERJACKS	0	23.17	29%
NLA	0.12	12.62	83%
OUR SAV.NLA	0	5.06	89%

TOTALS	47.94	1474.39	52% 66% Total Program
enrollment			2722
attendance			2568

FOOD SERVICE ALLOCATION
Year 2023-2024

CLOQUET SCHOOL DISTRICT

MONTH	INCOME					COSTS						TOTAL
	705-601 STUDENT BKST	701-606 ADULT FULL LUNCH	707-601 STUDENT ALA CARTE	707-606 ADULT ALA CARTE	701-601 TOTAL	707-170 SALARIES ALA CARTE	707-490 FOOD JUICE SNACKS	707-495 MILK EXTRA	705-490 FOOD BKST	705-495 MILK BKST	705-170 SALARIES BKST	
SEPT	\$0.00	\$1,118.70	\$2,328.60	\$43.25	\$3,490.55	\$1,973.50	\$1,060.95	\$105.50	\$13,683.80	\$2,631.50	\$2,911.68	\$22,366.93
OCT												
NOV												
DEC												
JAN												
FEB												
MAR												
APR												
May-June												
TOTAL												

MONTH September 2023 FOOD SERVICE REPORT

General Journal Entries Allocation of Ala Carte

INCOME		DEBIT	CREDIT
02-005-000-000-701-601	Sales of Lunches	\$3,490.55	
02-005-000-000-705-601	Student Breakfast		\$0.00
02-005-000-000-701-606	Adult Lunches		\$1,118.70
02-005-000-000-707-601	Student Ala Carte		\$2,328.60
02-005-000-000-707-606	Adult Ala Carte		\$43.25
EXPENSES			
02-005-770-000-707-1770	Salaries Ala Carte	\$1,973.50	
02-005-770-000-707-490	Food Other	\$1,060.95	
02-005-770-000-707-495	Milk Other	\$105.50	
02-005-770-000-705-490	Food Breakfast	\$13,683.80	
02-005-770-000-705-495	Milk Breakfast	\$2,631.50	
02-005-770-000-705-1770	Salaries Breakfast	\$2,911.68	
02-005-770-000-701-1770	Cooks Asst. Salaries		\$4,885.18
02-005-770-000-701-490	Food Type A		\$14,744.75
02-005-770-000-701-495	Milk Type A		\$2,737.00

MEMORANDUM

TO: Dr. Michael Cary, Superintendent

FROM: Erin Bates, Community Education Director
Caitlin McCollum, Kids Corner Coordinator

DATE: 11/06/2023

RE: Resignation of Diana Munter from her position as Program Assistant from Kids Corner effective November 30th, 2023.

RATE OF PAY: \$16.82

HOURS WORKED: up to 40 hours

START DATE: 09/03/2018

END DATE: 11/30/2023



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<http://www.isd94.org>

MEMORANDUM

TO: Dr. Michael Cary, Superintendent

FROM: Connie Hyde, Cloquet Area Alternative Education Program (CAAEP)

DATE: October 31, 2023

RE: Recommendation for Employment

I am recommending the employment of Elizabeth Tobolaski to fill the EDHS Paraprofessional position posted for the Cloquet Area Alternative Education Programs (CAAEP) for the 2023-2024 school year.

RATE OF PAY:	Current Rate
HOURS TO BE WORKED:	Allowed 90 hours for remainder of School Year
START DATE:	November 7, 2023
LENGTH OF CONTRACT:	2023-2024 School Year
BUDGETED CURRENT YEAR:	Yes
RATIONALE FOR HIRE:	Elizabeth will be a great fit with the Cloquet Area Alternative Extended Day High School Program.

(Employment is contingent upon Cloquet School Board approval.)

CH:mrt

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MEMORANDUM

TO: Dr. Michael Cary, Superintendent
FROM: Robbi Mondati, Washington School Principal
DATE: October 31, 2023
RE: Recommendation for Employment

I am recommending the employment of Shari Steffes as a long-term substitute consistent support paraprofessional at Washington Elementary. Ms. Steffes is a qualified and competent individual, who will do a nice job while our staff member is on leave.

RATE OF PAY:	\$18.93/hour
HOURS TO BE WORKED:	6.5 hours/day (8am-3pm)
START DATE:	November 16, 2023
LENGTH OF CONTRACT:	Anticipated to be approximately 6 weeks
BUDGETED CURRENT YEAR:	Yes
POSTED:	Posted, internally and externally
RATIONALE FOR HIRE:	Ms. Steffes impressed us in the interview process and has a strong history of positive work experience! Her personal references spoke extremely well of her.
STAR CODE:	999822

(Employment is contingent upon Cloquet School Board approval.)

RM/BA



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MEMORANDUM

TO: Dr. Michael Cary, Superintendent
FROM: David Wangen, Churchill School Principal
DATE: November 2, 2023
RE: Recommendation for Employment

I am recommending the employment of Amy Salo as a 4 hour/day ECSE Consistent Support Paraprofessional housed at Churchill Elementary and work location at Lil Lumberjacks. Amy will be an ECSE Paraprofessional sub starting on November 8, 2023, and her regular position with the hire date of November 14, 2023, after her official hire by the school board.

RATE OF PAY:	Sub rate as of 11/8/23 \$18.93/hour (As of 11/14/23)
HOURS TO BE WORKED:	4 hours/day (Monday – Friday)
START DATE:	November 8, 2023, as an ECSE Paraprofessional sub and upon school board hire to officially start on November 14, 2023.
LENGTH OF CONTRACT:	Ongoing
BUDGETED CURRENT YEAR:	Yes
POSTED:	Posted, internally and externally
RATIONALE FOR HIRE:	New position
STAR CODE:	999821

(Employment is contingent upon Cloquet School Board approval.)

DW/mb

MEMORANDUM

TO: Dr. Michael Cary, Superintendent
FROM: Erin Bates, Community Education Director
DATE: Friday, October 27, 2023
RE: Hiring of Nicolle Lourey

I am recommending that Nicolle Lourey be employed as the Health Consultant for Li'l Lumberjacks' and Li'l Thunder Learning Centers.

RATE OF PAY: \$75.00/hr
HOURS TO BE WORKED: 1 hour/month at Li'l Lumberjacks'
1 hour/year at Li'l Thunder
STARTING DATE: October 1, 2023
PROBATIONARY PERIOD: N/A
LENGTH OF CONTRACT: On-going
BUDGETED CURRENT YEAR: Yes
QUALIFIES FOR BENEFITS: Does not qualify

DHS requires licensed child care centers to have monthly health consultant visits for centers with infants. And annual visits for centers without infants. This visit provides assistance with health related policies and procedures to be in compliance with state statutes as well as providing updated health resources from the county, state and federal agencies.

MEMORANDUM

TO: Dr. Michael Cary, Superintendent
FROM: Erin Bates, Community Education Director
DATE: Friday, 10/27/23
RE: Hiring of Tianna Morgan

I am recommending that Tianna Morgan be employed as a Program Aide Assistant at Li'l Lumberjacks' Learning Center in partnership with the Cloquet School Work Based Learning Program.

RATE OF PAY: \$10.69/hr
HOURS TO BE WORKED: 10-15/week
STARTING DATE: September 16, 2023
PROBATIONARY PERIOD: 1 year (9/16/24)
LENGTH OF CONTRACT: On-going
BUDGETED CURRENT YEAR: Yes
QUALIFIES FOR BENEFITS: Does not qualify



Northern Lights Academy Cooperative #6096-52
302 14th Street ~ Cloquet MN 55820
Office Phone ~ 218-878-3060
Fax ~ 218-878-3061

Barb Mackey, Asst. Special Education Director
bmackey@nlacoop.org

TO: Dr. Michael Cary, Cloquet Superintendent
FROM: Barb Mackey, Northern Lights Academy Assistant Special Education Director
DATE: November 9, 2023
RE: Recommendation for Employment

I am recommending the employment of Ms. Lucinda Barnes for the posted 4.5 hour/day paraprofessional position at Northern Lights Academy Cooperative #6096-52 for the 2023-2024 school year.

RATE OF PAY: Step 1 of the 2022-2024 Paraprofessionals' Master Agreement
TOTAL COST: \$18.93 per hour
HOURS TO BE WORKED: 4.5 hours/day (Monday-Friday)
START DATE: November 14, 2023
LENGTH OF CONTRACT: On going
BUDGETED CURRENT YEAR: Yes
POSTED: Yes, internally and externally.
RATIONALE FOR HIRE:

NLA is recommending Ms. Barnes to fill one the open 4.4 hour paraprofessional positions at the Northern Lights Academy. Ms. Barnes has great references, previous work history as a paraprofessional in another district and has been doing a great job subbing in our school. We are excited to have her work with our students this school year! There were no other applicants for the position.

(Employment is contingent upon Cloquet School Board approval.)

From the Desk of:

**Paul Riess
Activities Director
Cloquet Senior High School
1000 18th Street
Cloquet, MN 55720
Phone: 218-879-3393
Fax: 218-879-6494**

To: Mary Marciniak, Superintendent Cary, School Board
From: Paul Riess- Activities Director
Re: Stipend for school musical help

Please approve the updated list of individuals listed below for helping with the school musical. These amounts in addition to any taxes and benefits will be paid out of the school musical activity account. There is no cost to the school district.

Anita Johnson- Set assistant- Rescind her amount of \$750 and reissue for \$1000

Ethan Hollinger- Light Design- \$700

If anyone has any questions regarding these recommendations, please feel free to call me.

PR



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MEMORANDUM

TO: Dr. Michael Cary, Superintendent
FROM: Connie Hyde, Cloquet Area Alternative Education Programs Principal
DATE: November 1, 2023
RE: 2023-2024 Extra Service Contracts at CAAEP

I recommend that Lauren Empson assumes the remainder of the following extra service contracts for the 2023-2024 school year due to a staff resignation:

Lauren Empson	CAAEP Student Council Co-Advisor	\$1,126.00 *
	Building Lead Team (Equity Committee)	\$2,238.00 *

* Rate to be updated with the 2023-2025 EM-C Teacher Contract and will be prorated from November 2023- June 2024.

Budgeted Current year: Yes
Reason for hire: Extra Service Contracts

(Employment is subject to Cloquet School Board approval)

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From the Desk of:

**Paul Riess
Activities Director
Cloquet Senior High School
1000 18th Street
Cloquet, MN 55720
Phone: 218-879-3393
Fax: 218-879-6494**

To: Mary Marciniak, Superintendent Cary, School Board
From: Paul Riess- Activities Director
Re: Nordic Ski Volunteers

Please approve the individuals listed below. This is for individuals who will be volunteering with our Nordic Ski team.

- Henry Slater
- Hunter Williams

PR



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To: Dr. Michael Cary
From: Brock Wilton, Building and Grounds Director
Date: November 8, 2023
Reason: Permission to Post

I am requesting permission to post for a full time, 8 hrs./day head custodian at the Garfield building.

BW:mjm

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Barb Mackey, Asst. Special Education Director
bmackey@nlacoop.org

To: Dr. Michael Cary, Superintendent for the Cloquet Public Schools
From: Barb Mackey, Assistant Special Education Director for the Northern Lights Academy
Date: November 9, 2023
Re: Permission to Post for a Homebased Teacher

The Northern Lights Academy is requesting permission to post for a homebased teacher to work with a student due to IEP team decisions for the student to work at home.

Please let me know if you have any questions.

MEMORANDUM

TO: Dr. Cary, Superintendent
FROM: Tim Prosen, CHS Assistant Principal/Targeted Services Coordinator
DATE: October 31, 2023
RE: Targeted Services After-School Program for the 23/24 School Year – Permission to Post

I recommend that we post for the following positions:

**All hires are contingent on sufficient student numbers*

Churchill

<u>Teacher</u>	<u>Hours/Week – (Jan. – March)</u>	<u>Rate of Pay</u>
Grade 1 Teacher	3	\$35.38/Hour
Grade 2 Teacher	3	\$35.38/Hour
Grade 3 Teacher	3	\$35.38/Hour
Grade 4 Teacher	3	\$35.38/Hour
1 Paraprofessional	3	per contract

Washington

<u>Teacher</u>	<u>Hours/Week – (Jan. – March)</u>	<u>Rate of Pay</u>
Grade 1 Teacher	3	\$35.38/Hour
Grade 2 Teacher	3	\$35.38/Hour
Grade 3 Teacher	3	\$35.38/Hour
Grade 4 Teacher	3	\$35.38/Hour
1 Paraprofessional	3	per contract

Middle School

<u>Teacher</u>	<u>Hours/Week – (Jan. – March)</u>	<u>Rate of Pay</u>
Grade 5 Teacher	3	\$35.38/Hour
Grade 6 Teacher	3	\$35.38/Hour
Grade 7-8 Teacher	3	\$35.38/Hour
Grade 7-8 Teacher	3	\$35.38/Hour
1 Paraprofessional	3	per contract

BUDGETED CURRENT YEAR: Yes

REASON FOR HIRE: To provide instruction to students who qualify for Targeted Services

(Employment is subject to Cloquet School Board Approval)

DISTRICT HEALTH & SAFETY, AND CRISIS COMMITTEE MEETING SUMMARY

THURSDAY, OCTOBER 26, 2023
4:00 P.M., GARFIELD BOARD ROOM

Committee Members:

- Committee Chair - Tim Prosen, CHS Asst. Principal
- Executive Assistant - Mary Marciniak
- Garfield School - David Perry
- Middle School - Mike Bushey (absent)
- Churchill School - Chris Esse
- Washington School - Scott Carlson
- School Board Representative - Sarah Buhs
- High School - Sarah Ellena
- School Resource Officer - Jared Braveheart (absent)
- Director of Facilities & Grounds - Brock Wilton
- School Board Representative - Ken Scarbrough
- School Board Representative - Gary Huard

I. Approval of May 10, 2023 Meeting Summary

S. Ellena made a motion to approve the May 10, 2023 meeting summary as presented. C. Esse seconded the motion, and it was approved by unanimous yeas of all members present at roll call.

II. Old Business

- Required 2023-2024 Building Drills
(5 Lockdown Drills, 5 Fire Drills, 1 Evacuation Drill, 1 Tornado Drill)
(Please email Mary or update shared Google sheet with dates/time when held)
- CPR/AED Recertification needed – We need to check with Dr. Cary which was in-service date was picked for the training (1/22/24?). Building reps need to email staff names that needs to be recertified to Sarah Ellena
- Updated Emergency Phone Number Lists – Mary will email the lists to team members.

III. New Business

a. Health and Safety

- Building Accident Reports for Students were reviewed by S. Ellena
- Building Accident Reports for Staff was reviewed by T. Prosen. A question was raised about purchasing safety pads with health and safety funds for NLA due to the number of staff injuries.

IV. Building Level Reports

a. Health, Safety & Crisis Building Reports

- Garfield – red button for locking the door, wrap around railings were complete.
- CHS – staff and student are being exposed second hand smoke, need vape detectors, kids are reluctant to use bathroom. District is currently looking at the costs to install. Bathroom is closed/locked when issues occur. Art exhaust fan was not working above the kiln, check to make sure it is fixed. Concern about lunches and breakfast having too much sugar options. Sarah Ellena already talked to Beth. She is looking for additional options like fruit, cheese, etc. and she will continue to work with the supplier Question about outside courtyard space and how it could be made to be more appealing.
- CMS – absent
- Churchill – Door 15 does not latch properly by gym/music room. Sidewalk part missing and tripping hazard. Key is stuck in lock. Upstairs in 4th grade bathroom there is a major fly issue.
- Washington – Chain of command – who will notify other buildings when another building goes into lockdown

V. Next Meetings

- Tuesday, January 9, 2024
- Tuesday, March 5, 2024
- Wednesday, May 8, 2024

VI. Adjournment

There being nothing further to discuss, the meeting adjourned at 4:28 p.m.

Respectfully submitted,

Mary Marciniak

Executive Assistant to the Superintendent

Cloquet Public Schools



2023-2024 Student Enrollment Report

5/25/2023	Dates	9/7	9/20	10/4	10/17	11/8														
	CHURCHILL																			
23	Handicap Kindergarten	0	0	0	0	0														
21	Early Five/Dev Kindergarten	8	9	9	10	10														
60	Kindergarten - All Day	74	73	74	73	73														
71	First Grade	73	72	71	71	70														
46	Second Grade	71	72	72	72	73														
77	Third Grade	46	46	45	45	45														
75	Fourth Grade	83	83	83	83	83														
373	TOTAL CHURCHILL	355	355	354	354	354	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	WASHINGTON																			
19	Handicap Kindergarten	0	0	0	0	0														
83	Kindergarten - All Day	94	91	92	92	92														
106	First Grade	108	107	108	109	110														
86	Second Grade	109	109	109	109	110														
100	Third Grade	88	89	89	88	88														
102	Fourth Grade	105	105	105	105	106														
496	TOTAL WASHINGTON	504	501	503	503	506	0	0	0	0	0	0	0	0	0	0	0	0	0	0
869	TOTAL ELEMENTARY	859	856	857	857	860	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Open Enrollment-Elementary																			
	MIDDLE SCHOOL																			
183	Fifth Grade	185	181	181	183	185														
200	Sixth Grade	189	188	187	186	187														
190	Seventh Grade	206	204	203	204	203														
210	Eighth Grade	198	197	196	194	197														
783	TOTAL MIDDLE SCHOOL	778	770	767	767	772	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Open Enrollment-CMS																			
	HIGH SCHOOL																			
191	Ninth Grade	221	219	218	219	216														
200	Tenth Grade	193	192	191	191	190														
192	Eleventh Grade	206	199	197	195	189														
176	Twelfth Grade	197	196	197	197	193														
759	TOTAL HIGH SCHOOL	817	806	803	802	788	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Open Enrollment-CHS																			
2411	TOTAL HK-12	2454	2432	2427	2426	2420	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	TOTAL OPEN ENROLLMENT	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	CAAEP- FULL-TIME																			
92	High School (grades 9-12)	85	90	90	88	89														
11	Junior High (grades 6-8)	4	4	4	2	1														
103	TOTAL CAAEP-Full-Time	89	94	94	90	90	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	** CAAEP - PART-TIME																			
	EDHS																			
	Extended Programming																			
	Targeted Services																			
2514	GRAND TOTAL	2543	2526	2521	2516	2510	0	0	0	0	0	0	0	0	0	0	0	0	0	0

** NOT included in totals.

**Independent School District No. 94
Cloquet, Minnesota**

Basic Financial Statements

June 30, 2023

**Independent School District No. 94
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**Independent School District No. 94
Board of Education and Administration
June 30, 2023**

<u>Board of Education</u>	<u>Position</u>	<u>Term Expires</u>
Nate Sandman	Chairperson	December 31, 2024
Melissa Juntunen	Clerk	December 31, 2024
David Battaglia	Treasurer	December 31, 2026
Gary Huard	Director	December 31, 2026
Sarah Buhs	Director	December 31, 2026
Ken Scarbrough	Director	December 31, 2024
 <u>Administration</u>		
Dr. Michael Cary	Superintendent	

Independent Auditor's Report

To the School Board
Independent School District No. 94
Cloquet, Minnesota

Report on the Audit of the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 94, Cloquet, Minnesota, as of and for the year ended June 30, 2023, and the related notes to basic financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 94, as of June 30, 2023, and the respective changes in financial position, and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Independent School District No. 94 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The management of Independent School District No. 94 is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

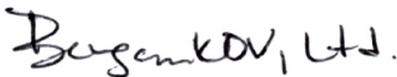
Supplementary Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 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, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



St. Cloud, Minnesota
November 6, 2023

Independent School District No. 94

Management's Discussion and Analysis

Year Ended June 30, 2023

As management of Independent School District No. 94 (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2023.

Financial Highlights

Key financial highlights for the 2022-2023 fiscal year include the following:

- Revenues were \$48,445,657 of which 64% were state aids, 14% were property taxes and the balance of 22% in other categories.
- Net position increased by \$5,874,995 during the current year.
- The General Fund total unassigned fund balance decreased by \$575,696.
- The District increased its long-term liabilities in outstanding bonds, financed purchases, compensated absences and leases by \$529,719.

Overview of the Financial Statements

The financial section of the annual financial statements consists of four parts - Independent Auditor's Report, required supplementary information which includes Management's Discussion and Analysis (this section), the basic financial statements and supplementary information. The basic financial statements include two kinds of statements that present different views of the District.

Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The *statement of net position (deficit)* includes all of the District's assets, deferred outflows of resources, and 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 statements report the District's net position (deficit) and how they have changed.

The *statement of net position* presents information on all of the District's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between the two reported as net position (deficit). Over time, increases or decreases in net position (deficit) may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. To assess the overall health of the District you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

The *statement of activities* presents information showing how the District's net position (deficit) changed during the fiscal year. All changes in net position (deficit) are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (i.e., uncollected taxes and earned but unused compensated absences).

The government-wide financial statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include instruction, support services, operation and maintenance of plant, student transportation, and operation of non-instructional services.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements, state statutes, and to control and manage money for particular purposes. All of the funds of the District can be divided into two categories: *governmental funds* and *fiduciary funds*.

Independent School District No. 94

Management's Discussion and Analysis {Continued}

Year Ended June 30, 2023

Fund Financial Statements (Continued)

Governmental funds - Most of the District's basic services are included in governmental funds. Governmental fund financial statements focus on near-term inflows of cash and other financial assets that can readily be converted to cash, as well as the balances at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

Because this information does not encompass the additional long-term focus of the government-wide statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. A reconciliation is provided to facilitate a comparison between governmental fund financial statements and government-wide financial statements.

Fiduciary funds - The District is the trustee, or fiduciary, for assets that belong to others, such as the postemployment benefit trust. The District is responsible for ensuring that the assets reported in this fund are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position. We exclude these activities from the government-wide financial statements because the District cannot use these assets to finance its operation.

Financial Analysis of the District as a Whole

Net position (deficit) may serve over time as a useful indicator of a District's financial position. In the case of the District, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$10,791,281 as of June 30, 2023.

Statement of Net Position (Deficit)
June 30, 2023

	2022	2023
Current and other assets	\$ 24,657,849	\$ 28,008,233
Capital assets	61,256,811	62,134,865
Total assets	85,914,660	90,143,098
Deferred outflows of resources	10,099,130	9,575,472
Long-term liabilities	69,791,122	82,734,402
Other liabilities	10,130,876	13,637,357
Total liabilities	79,921,9	96,371,759
Deferred inflows of resources	32,758,068	14,138,092
Net position (deficit)		
Net investment in capital assets	7,310,913	9,100,504
Restricted	3,089,676	2,897,794
Unrestricted (deficit)	(27,066,865)	(22,789,579)
Total net position (deficit)	\$ (16,666,276)	\$ (10,791,281)

Independent School District No. 94

Management's Discussion and Analysis {Continued}

Year Ended June 30, 2023

Financial Analysis of the District as a Whole (Continued)

	Change in Net Position (Deficit) For the years ended June 30, 2023	
	2022	2023
Revenues		
Program revenues		
Charges for services	\$ 1,993,785	\$ 2,596,765
Operating grants and contributions	15,078,479	15,430,896
Capital grants and contributions	821,831	543,364
General revenues		
Property taxes	7,017,917	6,983,476
State and federal aids	21,281,776	22,381,825
Other	103,578	636,616
Total revenues	46,297,366	48,572,942
Expenses		
District and school administration	1,564,997	1,826,726
District support services	929,061	1,165,718
Regular instruction	18,751,195	16,527,571
Vocational instruction	464,946	477,369
Exceptional instruction	6,316,566	6,256,583
Instructional support services	1,950,983	1,583,868
Pupil support services	2,449,272	2,393,065
Sites and buildings	2,549,918	3,546,796
Fiscal and other fixed cost programs	7,694	200,550
Food service	1,245,590	1,445,825
Community service	1,823,179	2,255,238
Unallocated depreciation expense	2,798,072	3,009,257
Interest and fiscal charges on long-term debt	1,887,844	2,009,381
Total expenses	42,739,317	42,697,947
Change in net position (deficit)	3,558,049	5,874,995
Net position (deficit), beginning of year	(20,224,325)	(16,666,276)
Net position, end of the year	\$ (16,666,276)	\$ (10,791,281)

Financial Analysis of the District's Funds

The government-wide presentations are designed to present users with a more complete picture of the District's financial position and results of operation, traditional fund accounting basis provides users with information that can be used by the District to make decisions in the near-term.

Independent School District No. 94

Management's Discussion and Analysis {Continued}

Year Ended June 30, 2023

General Fund Budgetary Highlights

The General Fund (which includes the District's general, transportation and capital activities) adopted an original revenue budget of \$37,007,996, which was revised to \$37,371,895, as a result of change in pupil unit projections and federal covid funding. The General Fund adopted an original expenditure budget of \$37,712,075, which was revised to \$38,304,316, as a result of settled contracts, federal covid expenses and supply budgets.

While the District's final budget for the General Fund anticipated that expenditures would exceed revenue by \$932,421 the actual results for the year showed expenditures exceeded revenues and other financing sources by \$754,211.

- Actual revenues were \$2,154,773 more than anticipated, largely due to spending more COVID-19 related grant dollars than anticipated.
- Actual expenditures were \$3,738,233 more than anticipated due to COVID-19 related grant expenditures as well as new lease agreement.

Debt Service Fund

The Debt Service Fund balance increased \$48,128 during fiscal year 2023. Fund balance was \$1,385,005 at June 30, 2023.

Capital Asset and Debt Administration

Capital Assets

By the end of fiscal year 2023, the District had invested \$97,740,396 in a broad range of capital and right to use assets, including school buildings, athletic facilities, computer equipment and administrative offices. Total depreciation/amortization expense for the year was \$3,332,482. More detailed information about the District's capital assets is presented in Note 3 to the financial statements.

Debt Administration

At June 30, 2023, the District had \$57,834,612, in general obligation bonds, financed purchase and lease obligations. The District's debt rating from Moody's was A1, underlying rating of Aa2 enhanced rating. Under current state statutes, the District's general obligation bonded debt issuances are subject to a legal limitation of 10 percent of the fair market value of property in the District. The District is within its legal authority for bonded debt.

The District also had \$28,573,035 of net pension liability, \$650,806 of compensated absences payable, and a \$786,152 net OPEB liability at June 30, 2023.

More detailed information about the District's long-term liabilities is presented in Notes 4, 6, and 7 to the financial statements.

Factors Bearing on the District's Future

In FY 24, the District is expecting a plateau in student enrollment. We anticipate approximately 0% increase from 2022-2023 to 2023-2024 and .5%-1% increase per year over the coming years. Cloquet Schools has benefited from the covid funding streams to add District supports for our students. We have been able to continue to offer great programming because of our positive fund balance over the last few years.

Independent School District No. 94

Management's Discussion and Analysis {Continued}

Year Ended June 30, 2023

Contacting the District's Financial Management

This financial report is 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 this report or need additional financial information, contact the Business Office, Independent School District No. 94, 302 14th Street, Cloquet, Minnesota, 55720, or call 218-879-6721.

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BASIC FINANCIAL STATEMENTS

Independent School District No. 94
Statement of Net Position
June 30, 2023

	Governmental Activities
Assets	
Cash and investments	\$ 17,504,155
Current property taxes receivable	3,375,879
Delinquent property taxes receivable	85,692
Accounts receivable	314,163
Due from Department of Education	5,419,521
Due from other Minnesota school districts	1,019,060
Due from other governmental units	67,588
Lease receivable	43,826
Inventory	15,413
Prepaid items	162,936
Capital assets not being depreciated	
Land	1,365,665
Construction in progress	2,009,083
Capital assets net of accumulated depreciation (amortization)	
Land improvements	1,088,030
Buildings and improvements	55,088,940
Equipment	769,858
Leased assets	1,813,289
Total assets	90,143,098
Deferred Outflows of Resources	
Deferred outflows of resources related to pensions	9,317,066
Deferred outflows of resources related to OPEB	258,406
Total deferred outflows of resources	9,575,472
Total assets and deferred outflows of resources	\$ 99,718,570
Liabilities	
Accounts payable	\$ 3,361,581
Salaries and benefits payable	4,005,934
Interest payable	870,548
Due to other Minnesota school districts	260,591
Unearned revenue	28,500
Bond principal payable (net of premium)	
Payable within one year	4,190,000
Payable after one year	51,525,917
Leases payable:	
Payable within one year	466,932
Payable after one year	1,361,683
Financed purchase agreements payable	
Payable within one year	290,080
Compensated absences payable	
Payable within one year	163,191
Payable after one year	487,615
Net pension liability payable after one year	28,573,035
Net OPEB liability payable after one year	786,152
Total liabilities	96,371,759
Deferred Inflows of Resources	
Property taxes levied for subsequent year's expenditures	7,236,157
Deferred inflows of resources related to lease receivable	43,826
Deferred inflows of resources related to OPEB	1,947,944
Deferred inflows of resources related to pensions	4,910,165
Total deferred inflows of resources	14,138,092
Net Position	
Net investment in capital assets	9,100,504
Restricted for	
Debt service	669,387
Food service	874,599
Community service	553,946
Other purposes	799,862
Unrestricted	(22,789,579)
Total net position	(10,791,281)
Total liabilities, deferred inflows of resources, and net position	\$ 99,718,570

See notes to basic financial statements.

Independent School District No. 94
Balance Sheet - Governmental Funds
June 30, 2023

	General Fund	Debt Service Fund	Nonmajor Funds	Total Governmental Funds
Assets				
Cash and investments	\$ 9,076,020	\$ 3,630,815	\$ 4,797,320	\$ 17,504,155
Current property taxes receivable	1,092,031	1,914,372	369,476	3,375,879
Delinquent property taxes receivable	27,448	48,662	9,582	85,692
Accounts receivable	314,163	-	-	314,163
Due from Department of Education	5,289,331	103,296	26,894	5,419,521
Due from other Minnesota school districts	1,019,060	-	-	1,019,060
Due from other governmental units	67,588	-	-	67,588
Lease receivables	43,826	-	-	43,826
Inventory	-	-	15,413	15,413
Prepaid items	162,936	-	-	162,936
Total assets	\$ 17,092,403	\$ 5,697,145	\$ 5,218,685	\$ 28,008,233
Liabilities				
Accounts payable	\$ 2,317,658	\$ -	\$ 1,043,923	\$ 3,361,581
Salaries and benefits payable	3,937,140	-	68,794	4,005,934
Due to other Minnesota school districts	260,591	-	-	260,591
Unearned revenue	-	-	28,500	28,500
Total liabilities	6,515,389	-	1,141,217	7,656,606
Deferred Inflows of Resources				
Property taxes levied for subsequent year's expenditures	2,134,867	4,263,478	837,812	7,236,157
Deferred inflows of resources related to lease receivable	43,826	-	-	43,826
Unavailable revenue - delinquent taxes	27,448	48,662	9,582	85,692
Total deferred inflows of resources	2,206,141	4,312,140	847,394	7,365,675
Fund Balances				
Nonspendable	162,936	-	15,413	178,349
Restricted	799,862	1,385,005	3,217,144	5,402,011
Committed	1,710,582	-	-	1,710,582
Assigned	1,016,244	-	-	1,016,244
Unassigned	4,681,249	-	(2,483)	4,678,766
Total fund balances	8,370,873	1,385,005	3,230,074	12,985,952
Total liabilities, deferred inflows of resources, and fund balances	\$ 17,092,403	\$ 5,697,145	\$ 5,218,685	\$ 28,008,233

**Independent School District No. 94
Reconciliation of the Balance Sheet to
the Statement of Net Position - Governmental Funds
June 30, 2023**

Total fund balances - governmental funds \$ 12,985,952

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

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

Cost of capital assets	97,740,396
Less accumulated depreciation	(35,605,531)

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

Long-term liabilities at year-end consist of:

Bond principal payable	(52,650,000)
Premium on bonds payable	(3,065,917)
Lease payable	(1,828,615)
Financed Purchase payable	(290,080)
Compensated absences payable	(650,806)
Net pension liability	(28,573,035)
Net OPEB liability	(786,152)

Deferred outflows of resources and deferred inflows of resources are created as a result of differences in timing and estimates related to pension and OPEB that are not recognized in the governmental funds.

Deferred outflows of resources related to pensions	9,317,066
Deferred inflows of resources related to pensions	(4,910,165)
Deferred outflows of resources related to OPEB	258,406
Deferred inflows of resources related to OPEB	(1,947,944)

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

85,692

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

(870,548)

Total net position - governmental activities

\$ (10,791,281)

Independent School District No. 94
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds
Year Ended June 30, 2023

	General Fund	Debt Service Fund	Nonmajor Funds	Total Governmental Funds
Revenues				
Local property taxes	\$ 2,380,009	\$ 3,853,651	\$ 757,776	\$ 6,991,436
Other local and county revenues	2,673,072	1	1,565,978	4,239,051
Revenue from state sources	29,573,769	1,014,532	376,185	30,964,486
Revenue from federal sources	4,899,818	-	956,670	5,856,488
Sales and other conversion of assets	-	-	394,196	394,196
Total revenues	<u>39,526,668</u>	<u>4,868,184</u>	<u>4,050,805</u>	<u>48,445,657</u>
Expenditures				
Current				
Administration	2,011,411	-	-	2,011,411
District support services	1,006,205	-	-	1,006,205
Elementary and secondary regular instruction	19,421,617	-	-	19,421,617
Vocational education instruction	592,289	-	-	592,289
Special education instruction	7,143,812	-	-	7,143,812
Instructional support services	1,685,415	-	-	1,685,415
Pupil support services	2,486,935	-	-	2,486,935
Sites and buildings	4,501,532	-	-	4,501,532
Fiscal and other fixed cost programs	200,550	-	-	200,550
Food service	-	-	1,393,016	1,393,016
Community education and services	-	-	2,107,061	2,107,061
Capital outlay				
Administration	39,077	-	-	39,077
District support services	136,853	-	-	136,853
Elementary and secondary regular instruction	540,907	-	-	540,907
Vocational education instruction	6,501	-	-	6,501
Special education instruction	61,014	-	-	61,014
Pupil support services	65,313	-	-	65,313
Sites and buildings	1,310,945	-	1,096,392	2,407,337
Food service	-	-	1,969	1,969
Community education and services	-	-	184,319	184,319
Debt service				
Principal	746,596	2,715,000	419,279	3,880,875
Interest and fiscal charges	85,577	2,105,056	163,659	2,354,292
Total expenditures	<u>42,042,549</u>	<u>4,820,056</u>	<u>5,365,695</u>	<u>52,228,300</u>
Excess of revenues over (under) expenditures	(2,515,881)	48,128	(1,314,890)	(3,782,643)
Other Financing Sources (Uses)				
Bond issuance	-	-	2,715,000	2,715,000
Bond premium	-	-	84,212	84,212
Proceeds from leases	1,761,670	-	-	1,761,670
Total other financing sources	<u>1,761,670</u>	<u>-</u>	<u>2,799,212</u>	<u>4,560,882</u>
Net change in fund balances	(754,211)	48,128	1,484,322	778,239
Fund Balances				
Beginning of year	9,125,084	1,336,877	1,745,752	12,207,713
End of year	<u>\$ 8,370,873</u>	<u>\$ 1,385,005</u>	<u>\$ 3,230,074</u>	<u>\$ 12,985,952</u>

**Independent School District No. 94
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances to the
Statement of Activities - Governmental Funds
Year Ended June 30, 2023**

Net change in fund balances - total governmental funds	\$ 778,239
Amounts reported for governmental activities in the Statement of Activities are different because:	
Capital outlay is reported in governmental funds as an expenditure. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation/amortization expense.	
Capital outlay	4,210,537
Depreciation/amortization	(3,332,483)
Compensated absences are recognized as paid in the governmental funds but recognized as the expense is incurred in the Statement of Activities.	
	(157,377)
Principal payments on long-term debt are recognized as expenditures in the governmental funds but as an increase in the net position in the Statement of Activities.	
	3,861,184
Governmental funds recognize pension contributions as expenditures at the time of payment in the funds, whereas the Statement of Activities factors in items related to pensions on a full accrual perspective.	
	4,738,801
Governmental funds recognize OPEB contributions as expenditures at the time of payment whereas the Statement of Activities factors in items related to OPEB on a full accrual perspective.	
	(19,666)
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and thus requires use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	
	37,246
Governmental funds report the effect of bond discounts and premiums and deferred amounts on refunding when the debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.	
	243,144
Proceeds from the sale of long-term debt are recognized as other financing sources in the governmental funds increasing fund balance but having no effect on net position in the Statement of Activities.	
	(4,476,670)
Delinquent property taxes receivable will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.	
	<u>(7,960)</u>
Change in net position - governmental activities	<u>\$ 5,874,995</u>

Independent School District No. 94
Statement of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual - General Fund
Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Local property taxes	\$ 2,226,016	\$ 2,322,348	\$ 2,380,009	\$ 57,661
Other local and county revenues	1,331,280	1,451,280	2,673,072	1,221,792
Revenue from state sources	29,666,269	29,596,389	29,573,769	(22,620)
Revenue from federal sources	3,784,431	4,001,878	4,899,818	897,940
Total revenues	<u>37,007,996</u>	<u>37,371,895</u>	<u>39,526,668</u>	<u>2,154,773</u>
Expenditures				
Current				
Administration	1,753,060	1,972,255	2,011,411	39,156
District support services	875,359	872,620	1,006,205	133,585
Elementary and secondary regular instruction	18,749,068	19,012,583	19,421,617	409,034
Vocational education instruction	524,540	583,106	592,289	9,183
Special education instruction	7,175,089	7,401,946	7,143,812	(258,134)
Instructional support services	2,062,776	1,931,536	1,685,415	(246,121)
Pupil support services	2,592,660	2,489,586	2,486,935	(2,651)
Sites and buildings	2,905,794	2,964,955	4,501,532	1,536,577
Fiscal and other fixed cost programs	130,000	130,000	200,550	70,550
Capital outlay				
Administration	25,000	25,000	39,077	14,077
District support services	96,825	96,825	136,853	40,028
Elementary and secondary regular instruction	206,800	208,800	540,907	332,107
Vocational education instruction	-	-	6,501	6,501
Special education instruction	19,500	19,500	61,014	41,514
Instructional support services	9,925	9,925	-	(9,925)
Pupil support services	6,000	6,000	65,313	59,313
Sites and buildings	119,000	119,000	1,310,945	1,191,945
Debt service				
Principal	440,980	440,980	746,596	305,616
Interest and fiscal charges	19,699	19,699	85,577	65,878
Total expenditures	<u>37,712,075</u>	<u>38,304,316</u>	<u>42,042,549</u>	<u>3,738,233</u>
Excess of revenues under expenditures	<u>\$ (704,079)</u>	<u>\$ (932,421)</u>	<u>(2,515,881)</u>	<u>\$ (1,583,460)</u>
Other financing sources (uses)				
Proceeds from leases	<u>-</u>	<u>-</u>	<u>1,761,670</u>	<u>1,761,670</u>
Net change in fund balances	<u>\$ (704,079)</u>	<u>\$ (932,421)</u>	<u>(754,211)</u>	<u>\$ 178,210</u>
Fund Balances				
Beginning of year			<u>9,125,084</u>	
End of year			<u>\$ 8,370,873</u>	

**Independent School District No. 94
Statement of Fiduciary Net Position
June 30, 2023**

	Scholarships	OPEB Irrevocable Trust Fund
Assets		
Cash and investments	\$ 32,542	\$ 3,531,116
Total assets	32,542	\$ 3,531,116
Net Position		
Held in trust for OPEB	32,542	3,531,116
Total net position and liabilities	\$ 32,542	\$ 3,531,116

**Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2023**

	Scholarships	OPEB Irrevocable Trust Fund
Additions		
Contributions	\$ 32,542	\$ 260,490
Investment income	-	255,735
Total additions	32,542	516,225
Deductions		
Payments to retirees	-	773,280
Change in net position	32,542	(257,055)
Net Position		
Beginning of year	-	3,788,171
End of year	\$ 32,542	\$ 3,531,116

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Independent School District No. 94
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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

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

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

B. Basic Financial Statement Information

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) display information about the reporting government as a whole. These statements include all the financial activities of the District, except for the fiduciary funds. The fiduciary funds are only reported in the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position at the fund financial statement level.

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

Independent School District No. 94
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statement Information (Continued)

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

Separate fund financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

The OPEB Irrevocable Trust Fund and the Scholarships Custodial Fund are presented in the fiduciary fund financial statements. Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the District, these funds are not incorporated into the government-wide statements.

C. Measurement Focus and Basis of Accounting

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

1. Revenue Recognition

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

2. Recording of Expenditures

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

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

Independent School District No. 94
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

Description of Funds:

Major Funds:

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

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

Nonmajor Funds:

Food Service Special Revenue Fund – This fund is used to account for the financial activities of the District's Food Service Program.

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

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

Postemployment Debt Service Fund – Debt Service – This fund is used for the accumulation of levy proceeds and the repayment of the principal and interest on the OPEB bonds.

Fiduciary Funds:

Custodial Fund – This fund is used to account for the financial resources relating to scholarships.

OPEB Irrevocable Trust Fund – This fund is used to account for the financial resources relating to post-employment benefits.

D. Deposits and Investments

The District's total deposits and investments are comprised of two major components, each with its own set of legal and contractual provisions as described below and on the following page.

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

Independent School District No. 94
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Deposits and Investments (Continued)

1. District Funds Other than the OPEB Trust Fund

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

Cash and investments at June 30, 2023, were comprised of deposits and investments as outlined in Note 2.B.

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

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

In accordance with GASB Statement No. 79, the various MSDLAF, and MNTrust Funds are valued at amortized cost, which approximates fair value. There are no restrictions or limitations on withdrawals from MSDLAF liquid class, or MNTrust investment shares Funds. Investments in MSDLAF max class must be deposited for a minimum of 14 calendar days. Withdrawals prior to the 14 day restriction period may be subject to a penalty and there is a 24 hour hold on all requests for redemptions.

2. OPEB Trust Fund

These funds represent investments administered by the District's OPEB Trust Fund investment managers. As of June 30, 2023, they were comprised of money market funds, exchange traded funds, MNTrust Investment Shares Portfolio, U.S. Treasuries, and State and Local Government Obligations.

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Minnesota Statutes authorize the OPEB Trust Fund to invest in obligations of the U.S. Treasury, agencies and instrumentalities, shares of investment companies whose only investments are in the aforementioned securities, obligations of the State of Minnesota or its municipalities, bankers' acceptances, future contracts, corporate bonds, common stock, and foreign stock of the highest quality, mutual funds, repurchase and reverse agreements, commercial paper of the highest quality with a maturity no longer than 270 days and in the State Board of Investments.

Independent School District No. 94
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Deposits and Investments (Continued)

2. OPEB Trust Fund (Continued)

In accordance with GASB Statement No 79 the mutual funds and MNTrust Investments shares portfolio are valued at amortized cost which approximates fair value. There are no restrictions or limitations on withdrawals from these accounts.

E. Property Tax Receivable

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

F. Property Taxes Levied for Subsequent Year's Expenditures

Property taxes levied for subsequent year's expenditures consist principally of property taxes levied in the current year which will be collected and recognized as revenue in the District's following year to properly match those revenues with the budgeted expenditures for which they were levied. This amount is equal to the amount levied by the School Board in December 2022, less various components and their related adjustments as mandated by the state. These portions of that levy were recognized as revenue in fiscal year 2023. The remaining portion of the levy will be recognized when measurable and available.

G. Inventories

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

H. Prepaid Items

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

I. Property Taxes

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

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

Independent School District No. 94
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Capital Assets

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

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

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

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

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

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

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

Key estimates and judgments related to leases include (1) the discount rate, (2) lease term, (3) lease payments, and (4) amortization.

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

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

Independent School District No. 94
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until that time. A deferred outflows of resources related to pensions and OPEB is recorded for various estimate differences that will be amortized and recognized over future years.

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

M. Long-Term Obligations

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

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

N. Compensated Absences

Certain District employees are entitled to payment of unused sick and vacation leave days at various rates upon retirement. A liability is recorded on the statement of Net Position for earned but unpaid amounts.

Independent School District No. 94
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Pensions

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

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

P. Post Employment Benefits other than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District and additions to/deductions from the District's fiduciary net position have been determined on the same basis as they are reported by the District. For this purpose, the District recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for the MNTrust securities are valued at amortized cost, which approximates fair value.

Q. Risk Management

The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; natural disasters, and injuries to employees for which the District carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three years. There were no significant reductions in the District's insurance coverage during the year ending June 30, 2023.

R. Fund Equity

In the fund financial statements, governmental funds report various levels of spending constraints.

- Nonspendable Fund Balances – These are amounts that cannot be spent because they are not in spendable form as they are legally or contractually required to be maintained intact and include prepaids and inventory.
- Restricted Fund Balances – These amounts are subject to externally enforceable legal restrictions.
- Committed Fund Balances – These amounts are comprised of unrestricted funds used for a specific purpose. The government's highest level of decision making authority is the School Board. A majority vote of the school board is required to establish or modify a commitment.

Independent School District No. 94
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Fund Equity (continued)

- Assigned Fund Balances – The School Board, by majority vote, may assign fund balances to be used for specific purposes when appropriate. The School Board also delegates the power to assign fund balances to the Business Manager or to the Superintendent. Assignments so made shall be reported to the school board on a monthly basis.
- Minimum Fund Balance Policy – The District will strive to maintain a minimum unassigned General Fund balance of 20% of the subsequent annual expenditure budget.

S. Net Position

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

T. 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 of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenditures/expense during the reporting period. Actual results could differ from those estimates.

U. Budgetary Information

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

1. Prior to July 1, the Superintendent submits to the School Board, a proposed operating budget for the year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. The Superintendent is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the School Board.
3. Formal budgetary integration is employed as a management control device during the year for the General, Debt Service, Capital Project, and Special Revenue Funds.
4. Budgets for the General, Debt Service, Capital Project, and Special Revenue Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
5. Budgets are as originally adopted or as amended by the School Board. Budgeted expenditure appropriations lapse at year-end.

Independent School District No. 94
Notes to Basic 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.

Custodial Credit Risk – Deposits: For deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy requires the District's deposits be collateralized as required by *Minnesota Statutes* § 118.03 for an amount exceeding FDIC, SAIF, BIF, or FCUA coverage. As of June 30, 2023, the District's bank balance was not exposed to custodial credit risk because it was insured and fully collateralized with securities held by the pledging financial institution's trust department or agent and in the District's name.

As of June 30, 2023, the District had the following deposits:

District checking	\$ 129,131
Non-pooled Cash - Construction	10,858
	\$ 139,989
	\$ 139,989

B. Investments

As of June 30, 2023, the District had the following investments:

Investment	Amount	Maturities				Percentage of Pool	S&P/Moodys Rating
		Less than 1 Year	1-2 Years	3-5 years	Over 5 years		
Pooled Investments							
MSDLAF+ Max Class	\$ 7,312,994	\$ 7,312,994	\$ -	\$ -	\$ -	49.82%	AAAm
MSDLAF Liquid Class	748,612	748,612	-	-	-	5.10%	AAAm
State and Local Government Obligations	2,082,346	1,581,863	500,483	-	-	14.19%	A--AAA
Federal Home Loan Bank Bonds	617,929	203,349	-	414,580	-	4.21%	Aaa
US Treasuries	928,469	387,204	541,265	-	-	6.33%	N/A
Negotiable CDs	765,216	-	197,472	567,744	-	5.21%	N/A
Commercial Paper	1,531,930	1,531,930	-	-	-	10.44%	A1
MN Trust Investment Shares Portfolio	690,631	690,631	-	-	-	4.71%	AAAm
Total pooled investments	14,678,127	12,456,583	1,239,220	982,324	-	100.00%	
Non-Pooled Investments - School Building Bonds							
MN Trust Investment Shares Portfolio	37,380	37,380	-	-	-	1.37%	AAAm
US Treasury	2,681,201	2,681,201	-	-	-	98.63%	A1
Total non-pooled investments - School building bonds	2,718,581	2,718,581	-	-	-	100.00%	
Non-Pooled Investments - Irrevocable OPEB Trust							
Vanguard TOT ETF	853,744	853,744	-	-	-	24.18%	N/A
Vanguard TSM ETF	803,875	803,875	-	-	-	22.77%	N/A
US Treasuries	1,801,379	971,180	473,742	356,457	-	51.01%	N/A
MN Trust Investment Shares Portfolio	19,492	19,492	-	-	-	0.55%	AAAm
State and Local Government Obligations	52,626	-	-	-	52,626	1.49%	AA-
Total non-pooled investments - Irrevocable OPEB Trust	3,531,116	2,648,291	473,742	356,457	52,626	100.00%	
Total investments - Pooled and Non-pooled district funds	\$ 20,927,824	\$ 17,823,455	\$ 1,712,962	\$ 1,338,781	\$ 52,626		

**Independent School District No. 94
Notes to Basic Financial Statements**

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

Credit Risk: This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits investments in commercial paper and corporate bonds to be in the top two ratings issued by nationally recognized statistical rating organizations. The District's policy limits investments to securities that meet the ratings requirements set by state statute. The District's investments were rated, as applicable, in the tables, on the previous page, by Standard & Poor's (S&P) and Moody's Investor Services.

Concentration of Credit Risk: This is the risk of loss attributed to the magnitude of an investment in a single issuer. The District's policy places no limit on the amount the District may invest in any one issuer, although the investment policy states that the District may diversify its investments to avoid incurring unreasonable risks inherent in over-investing in specific instruments, individual financial institutions, or maturities. The District was exposed to concentration of credit risk at June 30, 2023, School Building bond funds invested in Natixis New York Commercial Paper (10.4%) exceeded 5% of the respective investment portfolios.

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

Custodial Credit Risk – Investments: For an investment, this is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investment policy states that securities will be held by an independent third-party custodian.

The District has the recurring fair value measurements for pooled investments and as of June 30, 2023:

- \$5,160,675 of pooled investments were valued at Level 2.
- \$52,626 of Irrevocable OPEB Trust Fund investments were valued at Level 2.

C. Deposits and Investments

The following is a summary of total deposits and investments:

Total deposits (Note 2.A.)	\$ 139,989
Total investments (Note 2.B.)	<u>20,927,824</u>
Total deposits and investments	<u><u>\$ 21,067,813</u></u>

**Independent School District No. 94
Notes to Basic Financial Statements**

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

C. Deposits and Investments (Continued)

Statement of Net Position	
Cash and investments	\$ 17,504,155
Statement of Fiduciary Net Position	
Cash and investments	
OPEB Irrevocable Trust	3,531,116
Scholarships	<u>32,542</u>
 Total deposits and investments	 <u><u>\$ 21,067,813</u></u>

Independent School District No. 94
Notes to Basic Financial Statements

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 1,365,665	\$ -	\$ -	\$ 1,365,665
Construction in progress	-	2,009,083	-	2,009,083
Total capital assets not being depreciated	<u>1,365,665</u>	<u>2,009,083</u>	<u>-</u>	<u>3,374,748</u>
Other Capital assets				
Land improvements	2,404,613	32,388	-	2,437,001
Buildings and improvements	85,898,921	311,372	-	86,210,293
Equipment	3,010,776	96,024	-	3,106,800
Leased Equipment	433,629	459,709	-	893,338
Leased Building	459,831	1,301,961	43,576	1,718,216
Total other assets at historical cost	<u>92,207,770</u>	<u>2,201,454</u>	<u>43,576</u>	<u>94,365,648</u>
Less accumulated depreciation for				
Land improvements	1,225,214	123,757	-	1,348,971
Buildings and improvements	28,564,097	2,557,256	-	31,121,353
Equipment	2,213,011	123,931	-	2,336,942
Less accumulated amortization for				
Leased Equipment	149,762	302,998	-	452,760
Leased Building	164,540	224,541	43,576	345,505
Total other accumulated depreciation and amortization	<u>32,316,624</u>	<u>3,332,483</u>	<u>43,576</u>	<u>35,605,531</u>
Total capital assets being depreciated, net	<u>59,891,146</u>	<u>(1,131,029)</u>	<u>-</u>	<u>58,760,117</u>
Governmental activities, capital assets, net	<u>\$ 61,256,811</u>	<u>\$ 878,054</u>	<u>\$ -</u>	<u>\$ 62,134,865</u>

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

Administration	\$ 1,376
Elementary and secondary regular instruction	11,844
Special education instruction	910
Instructional support services	9,312
Pupil support services	22,188
Sites and buildings	249,998
Food service	23,546
Community education and services	4,052
Unallocated depreciation	<u>3,009,257</u>
Total depreciation/amortization expense	<u>\$ 3,332,483</u>

Independent School District No. 94
Notes to Basic Financial Statements

NOTE 4 – LONG-TERM DEBT

A. Components of Long-Term Liabilities

	Issue Date	Interest Rates	Original Issue	Final Maturity	Principal Outstanding	Due Within One year
Long-term liabilities						
G.O. Bonds						
2015B School						
Building Bonds	6/11/2015	2.00%-5.00%	\$ 45,450,000	2/1/2036	\$ 43,340,000	\$ 2,490,000
2016A Alternative Facilities						
Refunding Bonds	6/29/2016	3.00%	4,080,000	2/1/2027	970,000	235,000
2016B Taxable OPEB						
Refunding Bonds	6/29/2016	2.25%-2.88%	4,660,000	2/1/2030	3,085,000	410,000
2018A Facilities						
Maintenance Bonds	4/5/2018	3.00%-5.00%	4,710,000	2/1/2024	865,000	865,000
2021A Capital						
Facilities Bonds	2/18/2021	1.00%-3.00%	1,860,000	2/1/2031	1,675,000	190,000
2023A Capital						
Facilities Bonds	6/15/2023	4.60%-6.00%	2,715,000	2/1/2036	2,715,000	-
Total bonds					<u>52,650,000</u>	<u>4,190,000</u>
Premium on bonds					3,065,917	-
Lease payable					1,828,615	466,932
Financed purchase payable					290,080	290,080
Compensated absences payable					<u>650,806</u>	<u>163,191</u>
Total all long-term liabilities					<u>\$ 58,485,418</u>	<u>\$ 5,110,203</u>

General Obligation Bonds are paid from the Debt Service Fund. The General Obligation Taxable OPEB Bond is paid from Postemployment Benefit Debt Service Fund. The financed purchase and leases are payable from the General Fund. Compensated absences are paid from the General, Food Service and Community Service Funds.

B. Changes in Long-Term Liabilities

	Beginning Balance	Additions	Reductions	Ending Balance
Long-term liabilities				
G.O. Bonds	\$ 53,020,000	\$ 2,715,000	\$ 3,085,000	\$ 52,650,000
Lease liability	564,149	1,761,670	497,204	1,828,615
Financed purchase	569,060	-	278,980	290,080
Compensated absences payable	493,429	362,646	205,269	650,806
Premium on bonds	<u>3,309,061</u>	<u>84,212</u>	<u>327,356</u>	<u>3,065,917</u>
Total long-term liabilities	<u>\$ 57,955,699</u>	<u>\$ 4,923,528</u>	<u>\$ 4,393,809</u>	<u>\$ 58,485,418</u>

Independent School District No. 94
Notes to Basic Financial Statements

NOTE 4 – LONG-TERM DEBT (CONTINUED)

C. Minimum Debt Payments for Bonds

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

Year Ending June 30,	G.O. Bonds		Lease Liability		Total
	Principal	Interest	Principal	Interest	
2024	\$ 4,190,000	\$ 2,182,702	\$ 466,932	\$ 75,063	\$ 6,914,697
2025	3,560,000	2,062,915	201,651	64,488	5,889,054
2026	3,715,000	1,904,190	50,703	57,392	5,727,285
2027	3,880,000	1,737,678	54,956	54,760	5,727,394
2028	3,795,000	1,562,978	62,022	51,857	5,471,857
2029-2033	20,005,000	5,320,300	439,936	201,541	25,966,777
2034-2036	13,505,000	1,102,728	552,415	62,249	15,222,392
Total	<u>\$ 52,650,000</u>	<u>\$ 15,873,491</u>	<u>\$ 1,828,615</u>	<u>\$ 567,350</u>	<u>\$ 70,919,456</u>

The District has entered into lease agreements for financing the acquisition of certain equipment and building improvements. These lease agreements qualify as financed purchases for accounting purposes, therefore, have been recorded at the present value of their future minimum payments as of the inception date.

The future minimum finance purchase obligations and the net present value of these minimum lease payments were as follows:

Year Ending June 30,	Principal	Interest	Total
2024	<u>\$ 290,080</u>	<u>\$ 8,600</u>	<u>\$ 298,680</u>

D. Lease Obligations

The District entered into multiple lease agreements shown per schedules above. These leases have varying start dates, monthly loan payment amounts, and end dates.

NOTE 5 – FUND BALANCES/NET POSITION

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

Independent School District No. 94
Notes to Basic Financial Statements

NOTE 5 – FUND BALANCES/NET POSITION (CONTINUED)

A. Fund Balances

Fund balances are classified on the following page to reflect the limitations and restrictions of the respective funds.

	General Fund	Debt Service	Other Nonmajor Funds	Total
Nonspendable for				
Inventory	\$ -	\$ -	\$ 15,413	\$ 15,413
Prepaid items	162,936	-	-	162,936
Total nonspendable	<u>162,936</u>	<u>-</u>	<u>15,413</u>	<u>178,349</u>
Restricted/reserved for				
Operating Capital	247,973	-	-	247,973
Medical Assistance	182,499	-	-	182,499
Impact Aid	19,213	-	-	19,213
Achievement and Integration	81,874	-	-	81,874
Staff Development	255	-	-	255
Building Construction	-	-	1,683,181	1,683,181
Long-term Facilities Maintenance	268,048	-	24,145	292,193
Community Education	-	-	203,043	203,043
Early Childhood and Family Education	-	-	170,291	170,291
School Readiness	-	-	152,722	152,722
Community Service	-	-	23,775	23,775
Food Service	-	-	859,186	859,186
Debt Service	-	1,385,005	100,801	1,485,806
Total restricted/reserved	<u>799,862</u>	<u>1,385,005</u>	<u>3,217,144</u>	<u>5,402,011</u>
Committed for				
Severance	1,710,582	-	-	1,710,582
Assigned for				
Curriculum	(96,701)	-	-	(96,701)
Transporation	534,768	-	-	534,768
Extracurricular activities	578,177	-	-	578,177
Total assigned	<u>1,016,244</u>	<u>-</u>	<u>-</u>	<u>1,016,244</u>
Unassigned	4,681,249	-	(2,483)	4,678,766
Total fund balance	<u>\$ 8,370,873</u>	<u>\$ 1,385,005</u>	<u>\$ 3,230,074</u>	<u>\$ 12,985,952</u>

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

Independent School District No. 94
Notes to Basic Financial Statements

NOTE 5 – FUND BALANCES/NET POSITION (CONTINUED)

A. Fund Balances (Continued)

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

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

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

Restricted/Reserved for Title VII – Impact Aid Funds – This balance represents the unspent resources from the Title VII – Impact Aid Funds.

Restricted/Reserved for Achievement and Integration Revenue – This balance represents unspent resources available from the achievement and integration program.

Restricted/Reserved for Staff Development – This balance represents unspent staff development revenues set aside from general education revenue that were restricted/reserved for staff development related to Finance Code 316. Expenditures for staff development must equal at least 2% of the basic general education revenue, unless legal stipulations are met (*Minnesota Statutes* § 122A.61, subdivision 1).

Restricted for Building Construction – This balance represents available resources in the District's Building Construction Fund restricted for future construction projects.

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

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

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

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

Restricted for Community Service – This balance represents amounts restricted for the activities of the Community Service program not otherwise restricted/reserved. At June 30, 2023, the balance was negative \$2,483.

Independent School District No. 94
Notes to Basic Financial Statements

NOTE 5 – FUND BALANCES/NET POSITION (CONTINUED)

A. Fund Balances (Continued)

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

Restricted for Debt Service – This balance represents the positive fund balance of the debt service funds.

Committed for Severance– This balance represents resources set aside for future severance payments.

Assigned Fund Balance – These balances represent amount set aside by management for specific uses as noted in the table on the previous page. Assigned for curriculum is negative due to the District spending more than the annual assigned amount, this amount will be replenished in future year’s allocations.

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

The District participates in various pension plans. Total pension expense for the year ended June 30, 2023, was (\$2,535,295). The components of pension expense are noted in the following plan summaries.

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

Teachers' Retirement Association

A. Plan Description

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

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

B. Benefits Provided

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

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

**Independent School District No. 94
Notes to Basic Financial Statements**

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

Teachers' Retirement Association (Continued)

B. Benefits Provided (Continued)

Tier I Benefits

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

With these provisions:

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

Tier II Benefits

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

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

**Independent School District No. 94
Notes to Basic Financial Statements**

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

Teachers' Retirement Association (Continued)

B. Benefits Provided (Continued)

Tier II Benefits (Continued)

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

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

C. Contribution Rate

Per *Minnesota Statutes*, Chapter 354 sets the contribution rates for employees and employers. Rates for each fiscal year ended June 30, 2021, June 30, 2022, and June 30, 2023, were:

June 30, 2021		June 30, 2022		June 30, 2023	
Employee	Employer	Employee	Employer	Employee	Employer
11.0%	12.13%	11.0%	12.34%	11.0%	12.55%
7.5%	8.13%	7.5%	8.34%	7.5%	8.55%

**Independent School District No. 94
Notes to Basic Financial Statements**

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

C. Contribution Rate (Continued)

The following is a reconciliation of employer contributions in TRA's fiscal year 2022 ACFR "Statement of Changes in Fiduciary Net Position" to the employer contributions used in Schedule of Employer and Non-Employer Pension Allocations. Amounts are reported in thousands.

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

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

**Independent School District No. 94
Notes to Basic Financial Statements**

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

Teachers' Retirement Association (Continued)

D. Actuarial Assumptions

The total pension liability in the June 30, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Key Methods and Assumptions Used in Valuation of Total Pension Liability

Actuarial Information

Valuation date	July 1, 2022
Measurement date	June 30, 2022
Experience study	June 28, 2019 (demographic and economic assumptions)
Actuarial cost method	Entry Age Normal
Actuarial assumptions	
Investment rate of return	7.00%
Price inflation	2.50%
Wage growth rate	2.85% before July 1, 2028, and 3.25% after June 30, 2028.
Projected salary increase	2.85% to 8.85% before July 1, 2028, and 3.25% to 9.25% after June 30, 2028.
Cost of living adjustment	1.0% for January 2019 through January 2023, then increasing by 0.1% each year up to 1.5% annually.

Mortality Assumption

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

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

**Independent School District No. 94
Notes to Basic Financial Statements**

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

Teachers' Retirement Association (Continued)

D. Actuarial Assumptions (Continued)

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

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

Changes in actuarial assumptions since the 2021 valuation:

- None

E. Discount Rate

The discount rate used to measure the total pension liability was 7.0%. There was no change in the discount rate since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year 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 (SEIR).

F. Net Pension Liability

On June 30, 2023, the District reported a liability of \$22,260,769 for its proportionate share of the 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 TRA in relation to total system contributions including direct aid from the State of Minnesota, City of Minneapolis, and Minneapolis School District. District proportionate share was 0.2780% at the end of the measurement period and 0.2640% for the beginning of the year.

Independent School District No. 94
Notes to Basic Financial Statements

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

Teachers' Retirement Association (Continued)

F. Net Pension Liability (Continued)

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

District's proportionate share of net pension liability	\$ 22,260,769
State's proportionate share of the net pension liability associated with the District	1,650,731

For the year ended June 30, 2023, the District recognized pension expense of (\$3,306,584). Included in this amount, the District recognized \$226,981 as pension expense for the support provided by direct aid.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 315,124	\$ 185,049
Net collective difference between projected and actual earnings on plan investments	1,006,617	-
Changes in actuarial assumptions	3,386,605	4,414,286
Changes in proportion	1,029,532	108,359
District's contributions to TRA subsequent to the measurement date	1,504,299	-
Total	\$ 7,242,177	\$ 4,707,694

The \$1,504,299 reported as deferred outflows of resources related to pensions resulting from District contributions to TRA subsequent to the measurement date will be recognized as a relation of the net pension liability in the year ended June 30, 2024.

**Independent School District No. 94
Notes to Basic Financial Statements**

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

Teachers' Retirement Association (Continued)

F. Net Pension Liability (Continued)

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

Year Ended June 30,	Pension Expense Amount
2024	\$ (3,246,499)
2025	795,272
2026	422,530
2027	2,941,073
2028	117,808
Total	\$ 1,030,184

G. Pension Liability Sensitivity

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

District proportionate share of NPL		
1% Decrease in Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
\$ 35,092,891	\$ 22,260,769	\$ 11,742,431

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

H. Pension Plan Fiduciary Net Position

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

Independent School District No. 94
Notes to Basic Financial Statements

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

Public Employees' Retirement Association

A. Plan Description

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

General Employees Retirement Plan

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

B. Benefits Provided

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

General Employees Plan Benefits

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

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

Independent School District No. 94
Notes to Basic Financial Statements

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

Public Employees' Retirement Association (Continued)

C. Contributions

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

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.5% of their annual covered salary in fiscal year 2023 and the District was required to contribute 7.5% for Coordinated Plan members. The District's contributions to the General Employees Fund for the year ended June 30, 2023, were \$444,553. The District's contributions were equal to the required contributions as set by state statute.

D. Pension Costs

General Employees Fund Pension Costs

At June 30, 2023, the District reported a liability of \$6,312,266 for its proportionate share of the General Employees Fund's net pension liability. The District's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the State's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the District totaled \$185,200.

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 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 PERA's participating employers. The District's proportionate share was 0.0797% at the end of the measurement period and 0.0790% for the beginning of the period.

School's proportionate share of net pension liability	\$ 6,312,266
State of Minnesota's proportionate share of the net pension liability associated with the School	185,200
	185,200
Total	\$ 6,497,466

For the year ended June 30, 2023, the District recognized pension expense of \$771,289 for its proportionate share of the General Employees Plan's pension expense. Included in this amount, the District recognized \$27,673 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

Independent School District No. 94
Notes to Basic Financial Statements

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

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

At June 30, 2023, the District reported its proportionate share of deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 52,725	\$ 67,095
Changes in actuarial assumptions	1,416,412	26,543
Net Collective Difference between projected and actual investments earnings	138,780	-
Changes in proportion	22,419	108,833
District's contributions to PERA subsequent to the measurement date	444,553	-
Total	\$ 2,074,889	\$ 202,471

The \$444,553 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2024	\$ 505,670
2025	537,971
2026	(186,625)
2027	570,849
Total	\$ 1,427,865

**Independent School District No. 94
Notes to Basic Financial Statements**

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

Public Employees' Retirement Association (Continued)

E. Long-Term Expected Return on Investment

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

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

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. The long-term rate of return on pension plan investments used in the determination of the total liability is 6.5%. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 6.5% was deemed to be within that range of reasonableness for financial reporting purposes.

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

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

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

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

**Independent School District No. 94
Notes to Basic Financial Statements**

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

Public Employees' Retirement Association (Continued)

F. Actuarial Methods and Assumptions (Continued)

The following changes in actuarial assumptions and plan provisions occurred in 2022:

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

G. Discount Rates

The discount rate used to measure the total pension liability in 2022 was 6.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in *Minnesota Statutes*. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

H. Pension Liability Sensitivity

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

	1% Decrease in Discount Rate (5.5%)	Current Discount Rate (6.5%)	1% Increase in Discount Rate (7.5%)
District's proportionate share of the PERA net pension liability	\$ 9,970,555	\$ 6,312,266	\$ 3,311,905

I. Pension Plan Fiduciary Net Position

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

**Independent School District No. 94
Notes to Basic Financial Statements**

NOTE 7 – POST EMPLOYMENT HEALTH CARE PLAN

A. Plan Description

The District administers a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) which provides medical, dental and life insurance benefits to eligible retired employees and their dependents in accordance with the terms of the plan.

The District has established an irrevocable trust fund to account for accumulated plan assets available to pay for current and future postemployment health care costs. The Trust does not issue a stand-alone financial report, but is included in this report of the District.

B. Benefits Paid

At retirement, employees of the District receiving a retirement or disability benefit, or eligible to receive a benefit from a Minnesota public pension plan may continue to participate in the District's group insurance plan. The District contributes a portion of the premium and HSA or HRA contributions as established by contracts with bargaining units or other employment contracts. These contracts state the years, age, and retiring dates needed to qualify for these postemployment benefits. The General Fund typically liquidates the liability related to OPEB.

C. Members

As of the June 30, 2022, valuation date, the following were covered by the benefit terms:

Active employees electing coverage	215
Active employees waiving coverage	176
Retirees electing coverage	<u>117</u>
Total	<u><u>508</u></u>

D. Contributions

Retirees contribute to the health care plan at the same rate as District employees. This results in the retirees receiving an implicit rate subsidy. Contribution requirements are established by the District, based on the contract terms with insurance providers.

**Independent School District No. 94
Notes to Basic Financial Statements**

NOTE 7 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

E. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation on as of June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Key Methods and Assumptions Used in Valuation of Total OPEB Liability

Investment rate of return	6.00%	
Discount rate	4.60%	
Inflation	2.50%	
Healthcare cost trend increases	6.8% for FY2023, decreasing to 3.9% in FY2076 and later years.	
 Mortality Assumptions		
Teachers		RP-2014 mortality tables with projected mortality improvements based on scale MP-2015 and other adjustments.
Non-teachers		Pub-2010 General mortality tables with projected mortality improvements based on scale MP-2021, and other adjustments.

Estimated geometric nominal rates of return for each major asset class included in the OPEB plan's asset allocation as of the measurement date are summarized in the following table:

Asset Class	Target	Long-Term Expected Nominal Rate of Return
Domestic equity	28 %	7.41 %
International equity	17	7.82
Fixed income	50	4.8
Real estate and alternatives	5	6.29
Cash and equivalents	0	3.27
Total	100 %	6.52 %

The details of the investments and the investment policy are described in Note 2 of the District's financial statements. For the year ended June 30, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 6.39%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Independent School District No. 94
Notes to Basic Financial Statements

NOTE 7 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

F. Total OPEB Liability

The District's net OPEB liability of \$786,152 was measured as of June 30, 2023, and was determined by an actuarial valuation as of June 30, 2022.

Changes in the Total OPEB liability are as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at July 1, 2022	\$ 4,713,758	\$ 4,006,327	\$ 707,431
Changes for the year			
Service cost	146,252	-	146,252
Interest	203,019	-	203,019
Difference between expected and actual experience	(207,554)	-	(207,554)
Changes in assumptions	(25,416)	-	(25,416)
Employer contributions	-	(218,156)	218,156
Net investment income	-	255,986	(255,986)
Benefit payments	(512,791)	(512,791)	-
Administrative expense	-	(250)	250
Net changes	(396,490)	(475,211)	78,721
Balances at June 30, 2023	\$ 4,317,268	\$ 3,531,116	\$ 786,152

Changes of assumptions and other inputs reflect a change in the discount rate from 4.41% in 2022 to 4.60% in 2023 based on an increase in the index rate for 20-year, tax exempt municipal bond rates. The long-term investment return assumption was changed from 5.00% to 6.00% based on updated capital market assumptions.

The following presents the District's net OPEB asset calculated using the discount rate of 4.60% as well as the liability measured using 1 percent lower and 1 percent higher than the current discount rate.

	1% Decrease in Discount Rate (3.60%)	Current Discount Rate (4.60%)	1% Increase in Discount Rate (5.60%)
Net OPEB Liability	\$ 992,845	\$ 786,152	\$ 583,525

**Independent School District No. 94
Notes to Basic Financial Statements**

NOTE 7 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

G. OPEB Liability Sensitivity

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

	1% Decrease in Discount Rate (5.80%)	Current Discount Rate (6.80%)	1% Increase in Discount Rate (7.80%)
Net OPEB Liability	\$ 488,701	\$ 786,152	\$ 1,121,700

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

For the year ended June 30, 2023, the District recognized OPEB expense of (\$198,490). At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	\$ 204,218	\$ -
Differences between expected and actual liability	-	672,602
Changes of assumptions	54,188	1,275,342
Total	\$ 258,406	\$ 1,947,944

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	Total
2024	\$ (398,469)
2025	(392,726)
2026	(251,971)
2027	(289,994)
2028	(127,430)
Thereafter	(228,948)
Total	\$ (1,689,538)

Independent School District No. 94
Notes to Basic Financial Statements

NOTE 8 – COMMITMENT

As of June 30, 2023, the District had remaining construction commitments related to the Athletic Complex of \$2,101,004.

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REQUIRED SUPPLEMENTARY INFORMATION

Independent School District No. 94
Cloquet Schools
Schedule of Changes in Net OPEB Liability
and Related Ratios

	June 30, 2017	June 30, 2018	June 30, 2019
Total OPEB Liability			
Service cost	\$ 375,729	\$ 364,255	\$ 343,389
Interest	322,047	364,859	376,722
Differenced between expected and actual experience	-	-	(666,377)
Changes of assumptions	(246,684)	(593,835)	(1,285,849)
Benefit payments	(532,516)	(553,702)	(643,982)
Net change in total OPEB liability	<u>(81,424)</u>	<u>(418,423)</u>	<u>(1,876,097)</u>
Beginning of year	<u>8,343,199</u>	<u>8,261,775</u>	<u>7,843,352</u>
End of year	<u>\$ 8,261,775</u>	<u>\$ 7,843,352</u>	<u>\$ 5,967,255</u>
Plan Fiduciary Net Pension (FNP)			
Employer contributions	\$ 194,229	\$ 223,683	\$ 224,963
Net investment income	428,743	372,040	63,167
Other additions	-	-	-
Benefit payments	(532,516)	(553,702)	(643,982)
Administrative expense	(250)	(250)	(250)
Other changes	-	-	-
Net change in plan fiduciary net position	<u>90,206</u>	<u>41,771</u>	<u>(356,102)</u>
Beginning of year	<u>5,089,935</u>	<u>5,180,141</u>	<u>5,221,912</u>
End of year	<u>\$ 5,180,141</u>	<u>\$ 5,221,912</u>	<u>\$ 4,865,810</u>
Net OPEB liability	<u>\$ 3,081,634</u>	<u>\$ 2,621,440</u>	<u>\$ 1,101,445</u>
Plan FNP as a percentage of the total OPEB liability	62.70%	66.58%	81.54%
Covered-employee payroll	\$ 19,035,000	\$ 20,222,000	\$ 20,717,000
Net OPEB liability as a percentage of covered-employee payroll	16.19%	12.96%	5.32%

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

<u>June 30, 2020</u>	<u>June 30, 2021</u>	<u>June 30, 2022</u>	<u>June 30, 2023</u>
\$ 230,324	\$ 258,644	\$ 173,951	\$ 146,252
266,552	239,010	163,514	203,019
-	(270,816)	(30,591)	(207,554)
100,404	(400,565)	(291,853)	(25,416)
<u>(522,032)</u>	<u>(500,499)</u>	<u>(669,540)</u>	<u>(512,791)</u>
<u>75,248</u>	<u>(674,226)</u>	<u>(654,519)</u>	<u>(396,490)</u>
<u>5,967,255</u>	<u>6,042,503</u>	<u>5,368,277</u>	<u>4,713,758</u>
<u>\$ 6,042,503</u>	<u>\$ 5,368,277</u>	<u>\$ 4,713,758</u>	<u>\$ 4,317,268</u>
\$ -	\$ 150,302	\$ 218,156	\$ (218,156)
215,398	700,796	(444,266)	255,986
-	874	-	-
(522,032)	(500,499)	(669,540)	(512,791)
(250)	(250)	(250)	(250)
-	-	(7,922)	-
<u>(306,884)</u>	<u>351,223</u>	<u>(903,822)</u>	<u>(475,211)</u>
<u>4,865,810</u>	<u>4,558,926</u>	<u>4,910,149</u>	<u>4,006,327</u>
<u>\$ 4,558,926</u>	<u>\$ 4,910,149</u>	<u>\$ 4,006,327</u>	<u>\$ 3,531,116</u>
<u>\$ 1,483,577</u>	<u>\$ 458,128</u>	<u>\$ 707,431</u>	<u>\$ 786,152</u>
75.45%	91.47%	84.99%	81.79%
\$ 21,450,928	\$ 19,839,548	\$ 23,739,308	\$ 21,053,815
6.92%	2.31%	2.98%	3.73%

**Independent School District No. 94
Cloquet Schools
Schedule of Investment Returns**

	<u>June 30, 2017</u>	<u>June 30, 2018</u>	<u>June 30, 2019</u>	<u>June 30, 2020</u>
Annual money-weighted rate of return, net of investment expense	8.71%	7.46%	1.21%	4.78%

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

<u>June 30, 2021</u>	<u>June 30, 2022</u>	<u>June 30, 2023</u>
16.13%	-9.05%	6.39%

Independent School District No. 94
Schedule of District's and Non-Employer Proportionate Share
(if Applicable) of Net Pension Liability
Last Ten Years General Employees Retirement Fund

For Plan's Fiscal Year Ended June 30,	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Share of State of Minnesota's Proportionated Share of the Net Pension Liability	District's Proportionate Share of the State of Minnesota's Share of the Net Pension of Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.0842%	\$ 3,955,294	\$ -	\$ 3,955,294	\$ 4,421,821	89.4%	78.75%
2015	0.0791%	4,099,373	-	4,099,373	4,573,467	89.6%	78.19%
2016	0.0810%	6,576,798	85,940	6,662,738	5,026,373	130.8%	68.91%
2017	0.0832%	5,311,433	66,804	5,378,237	5,351,427	99.3%	75.90%
2018	0.0851%	4,720,999	154,872	4,875,871	5,718,440	82.6%	79.53%
2019	0.0829%	4,583,355	142,494	4,725,849	5,865,920	78.1%	80.23%
2020	0.0824%	4,940,257	152,446	5,092,703	5,877,653	84.1%	79.06%
2021	0.0790%	3,373,654	103,135	3,476,789	5,690,387	59.3%	87.00%
2022	0.0797%	6,312,266	185,200	6,497,466	5,970,853	105.7%	76.67%

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

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

For Plan's Fiscal Year Ended June 30,	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Share of State of Minnesota's Proportionated Share of the Net Pension Liability	District's Proportionate Share of the State of Minnesota's Share of the Net Pension of Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.2526%	\$ 11,639,626	\$ 818,923	\$ 12,458,549	\$ 11,532,629	100.9%	81.50%
2015	0.2364%	14,623,678	1,793,756	16,417,434	11,978,373	122.1%	76.77%
2016	0.2442%	58,247,527	5,846,286	64,093,813	12,702,213	458.6%	44.88%
2017	0.2500%	49,904,535	4,824,697	54,729,232	13,457,507	370.8%	51.57%
2018	0.2605%	16,361,838	1,537,381	17,899,219	14,394,147	113.7%	78.07%
2019	0.2616%	16,674,439	1,475,892	18,150,331	14,853,593	112.3%	78.21%
2020	0.2662%	19,667,213	1,648,122	21,315,335	15,467,475	127.2%	75.48%
2021	0.2640%	11,553,429	974,520	12,527,949	15,798,672	73.1%	86.63%
2022	0.2780%	22,260,769	1,650,731	23,911,500	17,182,938	129.6%	76.17%

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

**Independent School District No. 94
Schedule of District Contributions
General Employees Retirement Fund
Last Ten Years**

Fiscal Year Ending June 30,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2014	\$ 320,582	\$ 320,582	\$ -	\$ 4,421,821	7.25%
2015	343,010	343,010	-	4,573,467	7.50%
2016	376,978	376,978	-	5,026,373	7.50%
2017	401,357	401,357	-	5,351,427	7.50%
2018	428,883	428,883	-	5,718,440	7.50%
2019	439,944	439,944	-	5,865,920	7.50%
2020	440,824	440,824	-	5,877,653	7.50%
2021	426,779	426,779	-	5,690,387	7.50%
2022	447,814	447,814	-	5,970,853	7.50%
2023	444,553	444,553	-	5,927,373	7.50%

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

Fiscal Year Ending June 30,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2014	\$ 807,284	\$ 807,284	\$ -	\$ 11,532,629	7.00%
2015	898,378	898,378	-	11,978,373	7.50%
2016	952,666	952,666	-	12,702,213	7.50%
2017	1,009,313	1,009,313	-	13,457,507	7.50%
2018	1,079,561	1,079,561	-	14,394,147	7.50%
2019	1,145,212	1,145,212	-	14,853,593	7.71%
2020	1,225,024	1,225,024	-	15,467,475	7.92%
2021	1,284,432	1,284,432	-	15,798,672	8.13%
2022	1,433,057	1,433,057	-	17,182,938	8.34%
2023	1,504,299	1,504,299	-	17,594,140	8.55%

Independent School District No. 94
Notes to Required Supplementary Information

TRA Retirement Fund

2022 Changes

Changes in Actuarial Assumptions

- None

2021 Changes

Changes in Actuarial Assumptions

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

2020 Changes

Changes in Actuarial Assumptions

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

2019 Changes

Changes in Actuarial Assumptions

- None

2018 Changes

Changes in Actuarial Assumptions

- The discount rate was increased to 7.5% from 5.12%.
- The cost of living adjustment (COLA) was reduced from 2.0% each January 1 to 1.0%, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.1% each year until reaching the ultimate rate of 1.5% on January 1, 2028.
- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit are exempt.
- The COLA trigger provision, which would have increased the COLA to 2.5% if the funded ratio was at least 90% for two consecutive years, was eliminated.
- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019, and ending July 1, 2024 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt.
- Augmentation on deferred benefits will be reduced to 0% beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.0% to 3.0%, effective July 1, 2018. Interest due on payments and purchases from members, employers was reduced from 8.5% to 7.5%, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next six years (7.71% in 2018, 7.92% in 2019, 8.13% in 2020, 8.34% in 2021, 8.55% in 2022, and 8.75% in 2023). In addition, the employee contribution rate will increase from 7.50% to 7.75% on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.

Independent School District No. 94
Notes to Required Supplementary Information

TRA Retirement Fund (Continued)

2017 Changes

Changes in Actuarial Assumptions

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

2016 Changes

Changes in Actuarial Assumptions

- The discount rate was decreased to 4.66% from 8.0%.
- The COLA was not assumed to increase for funding or the GASB calculation. It remained at 2% for all future years.
- The price inflation assumption was lowered from 3% to 2.75%.
- The general wage growth and payroll growth assumptions were lowered from 3.75% to 3.5%.
- Minor changes as some durations for the merit scale of the salary increase assumption.
- The pre-retirement mortality assumption was changed to the RP 2014 white collar employee table, male rates set back six years and female rates set back five years. Generational projection uses the MP 2015 scale.
- The post-retirement mortality assumption was changed to the RP 2014 white collar annuitant table, male rates set back three years and female rates set back three years, with further adjustments of the rates. Generational projection uses the MP 2015 scale.
- The post-disability mortality assumption was changed to the RP 2014 disabled retiree mortality table, without adjustment.
- Separate retirement assumptions for members hired before or after July 1, 1989, were created to better reflect each group's behavior in light of different requirements for retirement eligibility.
- Assumed termination rates were changed to be based solely on years of service in order to better fit the observed experience.
- A minor adjustment and simplification of the assumption regarding the election of optional form of annuity payment at retirement were made.

Independent School District No. 94
Notes to Required Supplementary Information

TRA Retirement Fund (Continued)

2015 Changes

Changes of Benefit Terms

- The DFRFA was merged into TRA on June 30, 2015

Changes in Actuarial Assumptions

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

Independent School District No. 94
Notes to Required Supplementary Information

General Employees Fund

2022 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2021 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2020 Changes

Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.5% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.0%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019, experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019, experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019, experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019, experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the Pub-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint and Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint and Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions

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

Independent School District No. 94
Notes to Required Supplementary Information

General Employees Fund (Continued)

2019 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2018 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2017 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

**Independent School District No. 94
Notes to Required Supplementary Information**

General Employees Fund (Continued)

2016 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

Independent School District No. 94
Notes to Required Supplementary Information

Post Employment Benefits

2023 Changes

Changes in Actuarial Assumptions and Plan Provisions

- Change in the discount rate from 4.41% in 2022 to 4.60% in 2023 based on updated investment return assumptions, 20-year municipal bond rates, and updated asset sufficiency projections.
- The long-term expected rate of return on OPEB plan investments was changed from 5.00% to 6.00% based on updated capital market assumptions.
- Healthcare trend rates were reset to reflect updated cost increase expectations.
- Medical per capita claims costs were updated to reflect recent experience.
- Mortality rates were updated from the rates used in the 7/1/2020 PERA General Employees Plan valuation to the rates used in the 7/1/2022 valuation.
- The percentage of future retirees not eligible for a medical explicit subsidy assumed to elect medical coverage at retirement from 20% to 15% to reflect recent plan experience.
- The inflation assumption was changed from 2.25% to 2.50% based on an updated historical analysis of inflation rates and forward-looking market expectations.

2022 Changes

Changes in Actuarial Assumptions and Plan Provisions

- Change in the discount rate from 3.14% in 2021 to 4.41% in 2022 based on an increase in the index rate for 20-year, tax exempt municipal Bonds from 1.92% in 2021 to 3.69% in 2022.

2021 Changes

Changes in Actuarial Assumptions and Plan Provisions

- The discount rate was changed from 3.95% to 3.14% based on updated expectations of long-term returns on trust assets and 20-year municipal bond rates.
- The long-term expected rate of return on OPEB plan investments was changed from 6.00% to 5.00% based on updated capital market assumptions.
- Healthcare trend rates were reset to reflect updated cost increase expectations.
- Medical per capita claims costs were updated to reflect recent experience, including an adjustment to reflect age/gender-based risk scores published by the Society of Actuaries.
- Withdrawal, retirement, mortality, and salary increase rates were updated from the rates used in the 7/1/2018 PERA General Employees Plan and 7/1/2018 Teachers Retirement Association valuations to the rates used in the 7/1/2020 valuations.
- The inflation assumption was changed from 2.50% to 2.25% based on an updated historical analysis of inflation rates and forward-looking market expectations.

2020 Changes

Changes in Actuarial Assumptions and Plan Provisions

- Changes of assumptions and other inputs reflect a change in the discount rate from 4.49% in 2019 to 3.95% in 2020 based on a decrease in the index rate for 20-year, tax exempt municipal bonds from 3.13% in 2019 to 2.45% in 2020.
- The medical trend rates were updated to exclude the Affordable Care Act's excise tax on high cost health insurance plans due to its repeal.

Independent School District No. 94
Notes to Required Supplementary Information

Post Employment Benefits (Continued)

2019 Changes

Changes in Actuarial Assumptions and Plan Provisions

- Changes of assumptions and other inputs reflect a change in the discount rate from 4.79% in 2018 to 4.49% in 2019 based on a decrease in the expected long-term rate of return on assets from 6.25% in 2018 to 6.0% in 2019.
- Retiree premiums and active District subsidy amount have been updated to current levels.
- Eligible participants of the plans have been updated based on contracts.

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SUPPLEMENTARY INFORMATION

Independent School District No. 94
Combining Balance Sheet -
Nonmajor Governmental Funds
June 30, 2023

	<u>Special Revenue</u>			Building Construction Fund
	<u>Food Service</u>	<u>Community Service</u>	<u>Total Special Revenue</u>	
Assets				
Cash and investments	\$ 869,695	\$ 811,338	\$ 1,681,033	\$ 2,729,439
Current property taxes receivable	-	142,491	142,491	-
Delinquent property taxes receivable	-	4,115	4,115	-
Due from Department of Education	-	25,342	25,342	-
Inventory	15,413	-	15,413	-
	<u>15,413</u>	<u>-</u>	<u>15,413</u>	<u>-</u>
Total assets	<u>\$ 885,108</u>	<u>\$ 983,286</u>	<u>\$ 1,868,394</u>	<u>\$ 2,729,439</u>
Liabilities				
Accounts payable	\$ 3,825	\$ 17,985	\$ 21,810	\$ 1,022,113
Salaries and benefits payable	6,684	62,110	68,794	-
Unearned revenue	-	28,500	28,500	-
Total liabilities	<u>10,509</u>	<u>108,595</u>	<u>119,104</u>	<u>1,022,113</u>
Deferred Inflows of Resources				
Property taxes levied for subsequent year's expenditures	-	323,228	323,228	-
Unavailable revenue - delinquent taxes	-	4,115	4,115	-
Total deferred inflows of resources	<u>-</u>	<u>327,343</u>	<u>327,343</u>	<u>-</u>
Fund Balances				
Nonspendable	15,413	-	15,413	-
Restricted	859,186	549,831	1,409,017	1,707,326
Unassigned	-	(2,483)	(2,483)	-
Total fund balances	<u>874,599</u>	<u>547,348</u>	<u>1,421,947</u>	<u>1,707,326</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 885,108</u>	<u>\$ 983,286</u>	<u>\$ 1,868,394</u>	<u>\$ 2,729,439</u>

Post- Employment Benefits Debt Service Fund	Total Nonmajor Funds
\$ 386,848	\$ 4,797,320
226,985	369,476
5,467	9,582
1,552	26,894
-	15,413
\$ 620,852	\$ 5,218,685
\$ -	\$ 1,043,923
-	68,794
-	28,500
-	1,141,217
514,584	837,812
5,467	9,582
520,051	847,394
-	15,413
100,801	3,217,144
-	(2,483)
100,801	3,230,074
\$ 620,852	\$ 5,218,685

Independent School District No. 94
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances - Nonmajor Governmental Funds
Year Ended June 30, 2023

	<u>Special Revenue</u>			Building Construction Fund
	<u>Food Service</u>	<u>Community Service</u>	<u>Total Special Revenue</u>	
Revenues				
Local property taxes	\$ -	\$ 325,102	\$ 325,102	\$ -
Other local and county revenues	1,000	1,536,552	1,537,552	28,426
Revenue from state sources	62,520	298,148	360,668	-
Revenue from federal sources	949,819	6,851	956,670	-
Sales and other conversion of assets	387,004	7,192	394,196	-
Total revenues	<u>1,400,343</u>	<u>2,173,845</u>	<u>3,574,188</u>	<u>28,426</u>
Expenditures				
Current				
Food service	1,393,016	-	1,393,016	-
Community education and services	-	2,107,061	2,107,061	-
Capital outlay				
Sites and buildings	-	-	-	1,096,392
Food service	1,969	-	1,969	-
Community education and services	-	184,319	184,319	-
Debt service				
Principal	-	49,279	49,279	-
Interest and fiscal charges	-	-	-	76,163
Total expenditures	<u>1,394,985</u>	<u>2,340,659</u>	<u>3,735,644</u>	<u>1,172,555</u>
Excess of revenues over (under) expenditures	5,358	(166,814)	(161,456)	(1,144,129)
Other Financing Sources (Uses)				
Bond issuance	-	-	-	2,715,000
Bond premium	-	-	-	84,212
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,799,212</u>
Net change in fund balances	5,358	(166,814)	(161,456)	1,655,083
Fund Balances				
Beginning of year	<u>869,241</u>	<u>714,162</u>	<u>1,583,403</u>	<u>52,243</u>
End of year	<u>\$ 874,599</u>	<u>\$ 547,348</u>	<u>\$ 1,421,947</u>	<u>\$ 1,707,326</u>

Post- Employment Benefits Debt Service Fund	Total Nonmajor Funds
\$ 432,674	\$ 757,776
-	1,565,978
15,517	376,185
-	956,670
-	394,196
<u>448,191</u>	<u>4,050,805</u>
-	1,393,016
-	2,107,061
-	1,096,392
-	1,969
-	184,319
370,000	419,279
87,496	163,659
<u>457,496</u>	<u>5,365,695</u>
(9,305)	(1,314,890)
-	2,715,000
-	84,212
-	<u>2,799,212</u>
(9,305)	1,484,322
<u>110,106</u>	<u>1,745,752</u>
<u>\$ 100,801</u>	<u>\$ 3,230,074</u>

Independent School District No. 94
Uniform Financial Accounting and Reporting Standards
Compliance Table
Year Ended June 30, 2023

	Audit	UFARS	Audit-UFARS		Audit	UFARS	Audit-UFARS
01 GENERAL FUND				06 BUILDING CONSTRUCTION FUND			
Total revenue	\$ 39,526,668	\$ 39,526,663	\$ 5	Total revenue	\$ 28,426	\$ 28,425	\$ 1
Total expenditures	42,042,549	42,042,549	-	Total expenditures	1,172,555	1,172,554	1
<i>Nonspendable:</i>				<i>Nonspendable:</i>			
4.60 Nonspendable fund balance	162,936	162,936	-	4.60 Nonspendable fund balance	-	-	-
<i>Restricted/reserved:</i>				<i>Restricted/reserved:</i>			
4.01 Student Activities	-	-	-	4.07 Capital Projects Levy	-	-	-
4.02 Scholarships	-	-	-	4.13 Building Projects Funded by COP/LP	-	-	-
4.03 Staff Development	255	255	-	4.67 LTFM	24,145	24,145	-
4.07 Capital Projects Levy	-	-	-	<i>Restricted:</i>			
4.08 Cooperative Programs	-	-	-	4.64 Restricted fund balance	1,683,181	1,683,181	-
4.13 Building Projects Funded by COP/LP	-	-	-	<i>Unassigned:</i>			
4.14 Operating Debt	-	-	-	4.63 Unassigned fund balance	-	-	-
4.16 Levy Reduction	-	-	-	07 DEBT SERVICE FUND			
4.17 Taconite Building Maintenance	-	-	-	Total revenue	\$ 4,868,184	\$ 4,868,183	\$ 1
4.24 Operating Capital	247,973	247,973	-	Total expenditures	4,820,056	4,820,056	-
4.26 \$25 Taconite	-	-	-	<i>Nonspendable:</i>			
4.27 Disabled Accessibility	-	-	-	4.60 Nonspendable Fund Balance	-	-	-
4.28 Learning and Development	-	-	-	<i>Restricted/reserved:</i>			
4.34 Area Learning Center	-	-	-	4.25 Bond refunding	-	-	-
4.35 Contracted Alternative Programs	-	-	-	4.33 Maximum effort loan aid	-	-	-
4.36 State Approved Alternative Program	-	-	-	4.51 QZAB payments	-	-	-
4.38 Gifted and Talented	-	-	-	4.67 LTFM	-	-	-
4.40 Teacher Development and Evaluation	-	-	-	<i>Restricted:</i>			
4.41 Basic Skills Programs	-	-	-	4.64 Restricted fund balance	1,385,005	1,385,005	-
4.48 Achievement and Integration	81,874	81,874	-	<i>Unassigned:</i>			
4.49 Safe School Crime	-	-	-	4.63 Unassigned fund balance	-	-	-
4.51 QZAB Payments	-	-	-	08 TRUST FUND			
4.52 OPEB Liabilities not Held in Trust	-	-	-	Total revenue	\$ -	\$ -	\$ -
4.53 Unfunded Severance and Retirement Levy	-	-	-	Total expenditures	-	-	-
4.59 Basic Skills Extended Time	-	-	-	4.01 Student Activities	-	-	-
4.67 LTFM	268,048	268,048	-	4.02 Scholarships	-	-	-
<i>Restricted:</i>				4.22 Net position	-	-	-
4.72 Medical Assistance	182,499	182,499	-	18 CUSTODIAL FUND			
4.64 Restricted fund balance	-	-	-	Total revenue	\$ 32,542	\$ 32,543	\$ (1)
4.75 Title VII - Impact Aid	19,213	19,214	(1)	Total expenditures	-	-	-
4.76 Payments in Lieu of Taxes	-	-	-	4.01 Student Activities	-	-	-
<i>Committed:</i>				4.02 Scholarships	32,543	32,543	-
4.18 Committed for separation	1,710,582	1,710,582	-	4.48 Achievement and Integration	-	-	-
4.61 Committed	-	-	-	4.64 Restricted fund balance	-	-	-
<i>Assigned:</i>				20 INTERNAL SERVICE FUND			
4.62 Assigned fund balance	1,016,244	1,016,244	-	Total revenue	\$ -	\$ -	\$ -
<i>Unassigned:</i>				Total expenditures	-	-	-
4.22 Unassigned fund balance	4,681,249	4,681,248	1	<i>Unassigned:</i>			
02 FOOD SERVICE FUND				4.22 Net position	-	-	-
Total revenue	\$ 1,400,343	\$ 1,400,343	\$ -	25 OPEB REVOCABLE TRUST			
Total expenditures	1,394,985	1,394,986	(1)	Total revenue	\$ -	\$ -	\$ -
<i>Nonspendable:</i>				Total expenditures	-	-	-
4.60 Nonspendable fund balance	15,413	15,413	-	<i>Unassigned:</i>			
<i>Restricted/reserved:</i>				4.22 Net position	-	-	-
4.52 OPEB liabilities not held in trust	-	-	-	45 OPEB IRREVOCABLE TRUST			
<i>Restricted:</i>				Total revenue	\$ 516,225	\$ 516,226	\$ (1)
4.64 Restricted fund balance	859,186	859,185	1	Total expenditures	773,280	773,280	-
<i>Unassigned:</i>				<i>Unassigned:</i>			
4.63 Unassigned fund balance	-	-	-	4.22 Net position	3,531,116	3,531,116	-
04 COMMUNITY SERVICE FUND				47 OPEB DEBT SERVICE			
Total revenue	\$ 2,173,845	\$ 2,173,846	\$ (1)	Total revenue	\$ 448,191	\$ 448,191	\$ -
Total expenditures	2,340,659	2,340,661	(2)	Total expenditures	457,496	457,494	2
<i>Nonspendable:</i>				<i>Nonspendable:</i>			
4.60 Nonspendable fund balance	-	-	-	4.60 Nonspendable fund balance	-	-	-
<i>Restricted/reserved:</i>				<i>Restricted:</i>			
4.26 \$25 Taconite	-	-	-	4.64 Restricted fund balance	100,801	100,802	(1)
4.31 Community Education	203,043	203,043	-	<i>Unassigned:</i>			
4.32 ECFE	170,291	170,291	-	4.63 Unassigned fund balance	-	-	-
4.40 Teacher Development and Evaluation	-	-	-				
4.44 School Readiness	152,722	152,722	-				
4.47 Adult Basic Education	-	-	-				
4.52 OPEB Liabilities not Held in Trust	-	-	-				
<i>Restricted:</i>							
4.64 Restricted fund balance	23,775	23,773	2				
<i>Unassigned:</i>							
4.63 Unassigned fund balance	(2,483)	(2,483)	-				

**Independent School District No. 94
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023**

<u>Federal Agency/Pass Through Agency/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Expenditures</u>
U.S. Department of Agriculture		
Through Minnesota Department of Education		
Child Nutrition Cluster		
Noncash Assistance - Commodities	10.555	\$ 99,748
School Breakfast Program	10.553	125,198
National School Lunch Program	10.555	702,225
Special Milk Program for Children	10.556	1,620
Summer Food Service Program for Children	10.559	18,936
Total Child Nutrition Cluster		<u>947,727</u>
Child and Adult Care Food Program	10.558	<u>2,092</u>
Total U.S. Department of Agriculture		<u>949,819</u>
U.S. Department of Interior		
Through Fond du Lac Band of Lake Superior Chippewa		
Indian Education Assistance to Schools	15.130	<u>69,530</u>
U.S. Department of Education		
Direct Programs		
Impact Aid	84.041	368,086
Title VII - Indian Education	84.060	161,073
Through Minnesota Department of Education		
Title I, Part A	84.010	344,783
Title II, Part A	84.367	2,267
Title IV, Part A - Safe and Drug Free Schools	84.186	28,520
Striving Readers Literacy	84.371	627,620
Special Education Cluster		
Special Education	84.027	755,856
Special Education - Preschool Grants	84.173	21,127
Total Special Education Cluster		<u>776,983</u>
Grants for Infants and Families	84.181	32,043
COVID-19 American Rescue Plan Individuals with Disabilities Education Act	84.181X	14,980
Special Education - State Personnel Development	84.323	149,210
COVID-19 ESSER III – 90% Formula Allocation	84.425U	1,373,489
COVID-19 ESSER II Fund – 90% Formula Allocation	84.425D	760,312
Total Education Stabilization Funds		<u>2,133,801</u>
Through Independent School District No. 704		
Career and Technical Education Grants	84.048	12,486
Total U.S. Department of Education		<u>4,651,852</u>
U.S. Department of Health & Human Services		
Through Minnesota Department of Education		
COVID-19 Minnesota COVID-19 Testing Program	93.323	160,131
U.S. Department of Treasury		
Through Minnesota Department of Education		
COVID-19 Summer Preschool Program	21.027	6,850
COVID-19 Pandemic Enrollment Loss	21.027	15,864
Total CSLFRF and U.S. Department of Treasury		<u>22,714</u>
Total Federal Expenditures		<u>\$ 5,854,046</u>

Independent School District No. 94
Notes to the Schedule of Expenditures of Federal Awards

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes of net assets, or cash flows of the District.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 – PASS-THROUGH GRANT NUMBERS

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

NOTE 4 – INVENTORY

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

NOTE 5 – INDIRECT COST RATE

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

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

Independent Auditor's Report

To the School Board
Independent School District No. 94
Cloquet, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 94, Cloquet, Minnesota, as of and for the year ending June 30, 2023, and the related notes to basic financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 6, 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 preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs in Accordance with the Uniform Guidance, that we consider to be a significant deficiency identified as audit finding 2023-001.

Report on Compliance and Other Matters

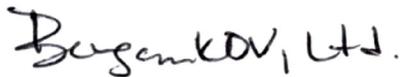
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

District's Response to the Finding

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

Purpose of this Report

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



St. Cloud, Minnesota
November 6, 2023

**Report on Compliance for Each Major Federal Program
and Report on Internal Control over Compliance Required by
the Uniform Guidance**

Independent Auditor's Report

To the School Board
Independent School District No. 94
Cloquet, Minnesota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the District's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended June 30, 2023. The District's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Cost in Accordance with the Uniform Guidance.

In our opinion, the District complied in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

Report on Internal Control over Compliance (Continued)

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

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

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

BergankDV, Ltd.

St. Cloud, Minnesota
November 6, 2023

**Independent School District No. 94
Schedule of Findings and Questioned Costs
in Accordance with the Uniform Guidance**

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	We issued an unmodified opinion on the fair presentation of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in accordance with accounting principles generally accepted in the United States of America (GAAP).
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Internal control over financial reporting:	
<ul style="list-style-type: none"> • Material weakness identified? • Significant deficiency identified? 	<p>No</p> <p>Yes, Audit Finding 2023-001</p>

Noncompliance material to financial statements noted?	No
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Federal Awards

Type of auditor's report issued on compliance for major programs:	Unmodified
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Internal control over major programs:	
<ul style="list-style-type: none"> • Material weakness(es) identified? • Significant deficiency(ies) identified? 	<p>No</p> <p>None reported</p>

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

Assistance Listing No:	84.425
Name of Federal Program or Cluster:	Education Stabilization Funds

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
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Auditee qualified as low risk auditee?	Yes
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**Independent School District No. 94
Schedule of Findings and Questioned Costs
in Accordance with the Uniform Guidance**

SECTION II – FINANCIAL STATEMENT FINDINGS

Audit Finding 2023-001

Criteria:

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

Condition:

The District does not have adequate segregation of accounting duties.

Context:

During the year ended June 30, 2023, the District had a lack of segregation of accounting duties due to a limited number of office employees. This lack of segregation of accounting duties can be demonstrated in the following areas, which is not intended to be an all-inclusive list:

- The Business Manager can reconcile receipts received, enter receipts into the accounting system, and prepare the bank reconciliation.
- The Business Manager has access to all areas of the accounting system.
- The Business Manager reconciles property taxes and state and federal receivables and capital assets without review.
- Activities advisors collect receipts for certain extracurricular activities. We noted that adequate documentation of receipts related to certain extracurricular activities is not retained.

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

This finding impacts internal control for all significant accounting functions.

Effect or Potential Effect:

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

Cause:

There are a limited number of office employees.

**Independent School District No. 94
Schedule of Findings and Questioned Costs
in Accordance with the Uniform Guidance**

SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

Audit Finding 2023-001 (Continued)

Recommendation:

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

Responsible Official's Response:

CORRECTIVE ACTION PLAN (CAP):

1. Explanation of Disagreement with Audit Finding
There is no disagreement with the audit finding.
2. Actions Planned in Response to Finding
Administration will add additional internal controls where the benefit exceeds the cost.
3. Official Responsible for Ensuring CAP
Candace Nelis, Business Manager is the official responsible for ensuring corrective action of the deficiency.
4. Planned Completion Date for CAP
The planned completion date for the CAP is June 30, 2024.
5. Plan to Monitor Completion of CAP
The School Board will be monitoring this CAP.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no questioned costs.

SECTION IV – PRIOR YEAR FINDINGS AND QUESTIONED COSTS

None

Minnesota Legal Compliance

Independent Auditor's Report

To the School Board
Independent School District No. 94
Cloquet, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 94, Cloquet, Minnesota, as of and for the year ended June 30, 2023, and the related notes to basic financial statements, and have issued our report thereon dated November 6, 2023.

In connection with our audit, nothing came to our attention that caused us to believe that the District failed to comply with the provisions of the contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and uniform financial accounting and reporting standards for school districts sections of the *Minnesota Legal Compliance Audit Guide for School Districts*, promulgated by the State Auditor pursuant to *Minnesota Statutes* § 6.65, insofar as they relate to accounting matters. However, our audit as not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the District's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

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

BergankDV, Ltd.

St. Cloud, Minnesota
November 6, 2023

**Independent School District No. 94
Cloquet, Minnesota**

Communications Letter

June 30, 2023

**Independent School District No. 94
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Report on Matters Identified as a Result of the Audit of the Basic Financial Statements

To the School Board and Management
Independent School District No. 94
Cloquet, Minnesota

In planning and performing our audit of the basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 94, Cloquet, Minnesota, as of and for the year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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

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

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

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

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

The accompanying memorandum also includes financial analysis provided as a basis for discussion. The matters discussed herein were considered by us during our audit and they do not modify the opinion expressed in our Independent Auditor's Report dated November 6, 2023, on such statements.

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

BergankDV, Ltd.

St. Cloud, Minnesota
November 6, 2023

Independent School District No. 94 Significant Deficiency

Lack of Segregation of Accounting Duties

During the year ended June 30, 2023, the District had a lack of segregation of accounting duties due to a limited number of office employees. The lack of segregation of accounting duties could adversely affect the District's ability to initiate, record, process, and report financial data consistent with the assertions of management in the basic financial statements. This lack of segregation of accounting duties can be demonstrated in the following areas, which is not intended to be an all-inclusive list:

- The Business Manager can reconcile receipts received, enter receipts into the accounting system, and prepare the bank reconciliation.
- The Business Manager has access to all areas of the accounting system.
- The Business Manager reconciles property taxes, state and federal receivables, and capital assets without review.
- Activities advisors collect receipts for certain extracurricular activities. We noted that adequate documentation of receipts related to certain extracurricular activities is not retained.

Management is aware of this condition and has taken certain steps to compensate for the lack of segregation. However, due to the number of accounting staff needed to properly segregate all of the accounting duties, the cost of obtaining desirable segregation of accounting duties can often exceed benefits which could be derived. Due to this reason, management has determined a complete segregation of accounting duties is impractical to correct.

We recommend management, along with the School Board, remain aware of this situation, and continually monitor the accounting system including changes that occur.

Independent School District No. 94 Required Communication

We have audited the basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of and for the year ended June 30, 2023. Professional standards require that we advise you of the following matters related to our audit.

Our Responsibility in Relation to the Basic Financial Statement Audit

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

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

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

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

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

Our Responsibility in Relation to *Government Auditing Standards*

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

Independent School District No. 94 Required Communication

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

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

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

Planned Scope and Timing of the Audit

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

Compliance with All Ethics Requirements Regarding Independence

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

Significant Risks Identified

We have identified the following significant risks of material misstatement:

- Management Override of Controls – Overall Financial Statements – Management override of internal control is considered a risk in substantially all engagements as management may be incentivized to produce better results.
- Improper Revenue Recognition – Revenue recognition is considered a fraud risk on substantially all engagements as it generally has a significant impact on the results of the governments operations. In addition, complexities exist surrounding the calculation and recording of various revenue sources including property taxes and state aid.
- Risk of Misappropriation of Assets – If accounting duties cannot be appropriately segregated, there is a risk of unauthorized disbursements being made from the District.
- Incorrect Capital Asset Balances – Capital asset balances are generally material to the financial statements. Due to the significance of the balances and activity, amounts could be misstated due to error.

Independent School District No. 94 Required Communication

Qualitative Aspects of the District's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the District is included in the notes to the basic financial statements. There have been no initial selection of accounting policies and no changes to significant accounting policies or their application during 2023. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

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

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

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

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

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

Lease Liability and Right-to-Use Lease Assets – These balances are based on estimates and judgments determined by the District related to the discount rate, lease term, and lease payments.

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

Financial Statement Disclosures

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

Independent School District No. 94 Required Communication

Significant Difficulties Encountered during the Audit

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

Uncorrected and Corrected Misstatements

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

We identified the following uncorrected misstatement of the basic financial statements. Management has determined its effect is immaterial, both individually and in the aggregate, to the basic financial statements taken as a whole and each opinion unit.

- Right of use assets and liabilities were under stated.
- Food service unearned revenue was under stated and related revenue was over stated.

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

Disagreements with Management

matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the District's basic financial statements or the auditor's report. No such disagreements arose during the course of our audit.

Representations Requested from Management

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

Management's Consultations with Other Accountants

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

Other Significant Matters, Findings, or Issues

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

**Independent School District No. 94
Required Communication**

Other Information Included in Annual Reports

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

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

With respect to the supplementary information accompanying the basic financial statements, we made certain inquiries of management and evaluated the form, content and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the basic financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the basic financial statements or to the basic financial statements themselves.

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

**Independent School District No. 94
Financial Analysis**

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

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

Average Daily Membership and Pupil Units

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

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

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

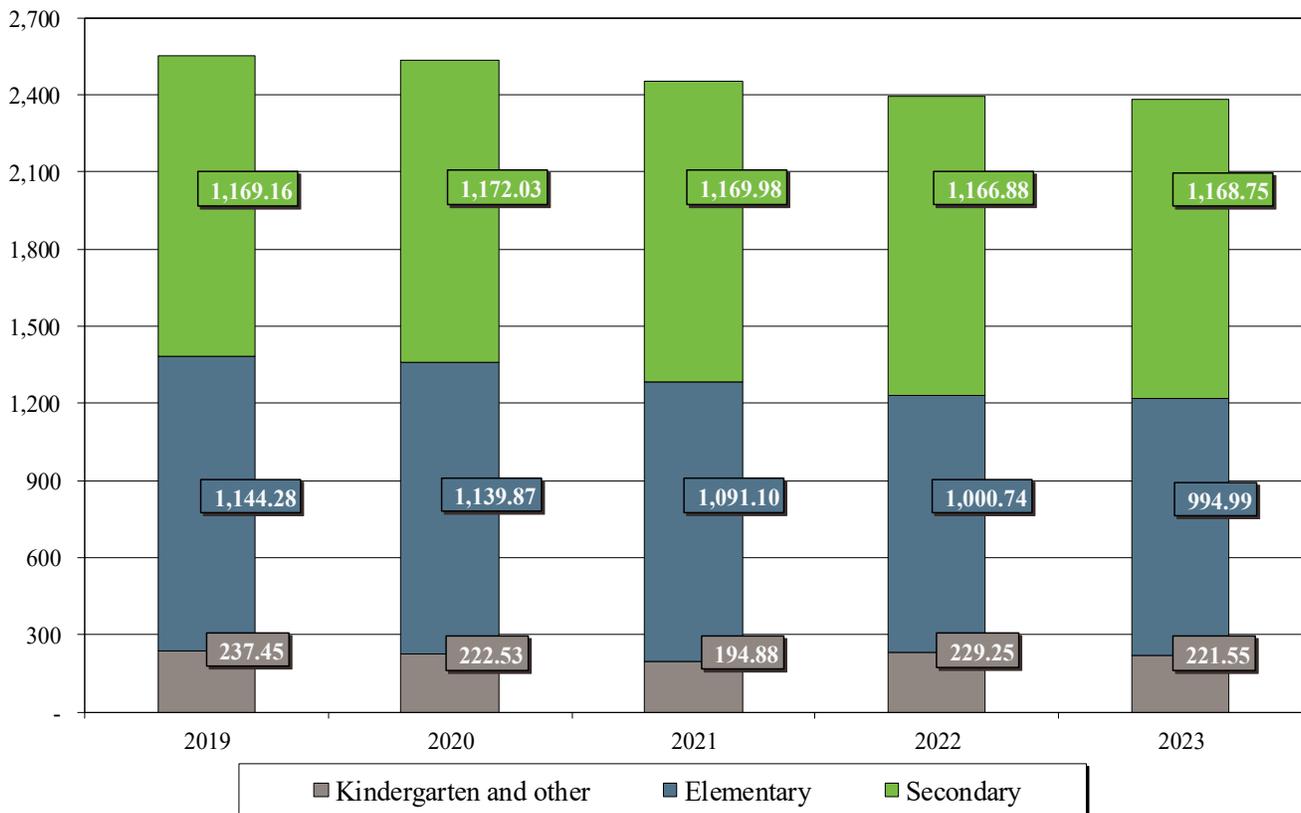
Independent School District No. 94 Financial Analysis

Average Daily Membership and Pupil Units (Continued)

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

ADM	2019	2020	2021	2022	2023
Kindergarten and other	237.45	222.53	194.88	229.25	221.55
Elementary	1,144.28	1,139.87	1,091.10	1,000.74	994.99
Secondary	1,169.16	1,172.03	1,169.98	1,166.88	1,168.75
Total Resident ADM	2,550.89	2,534.43	2,455.96	2,396.87	2,385.29

Resident Students (ADM)



* Estimate

The table and graph above illustrate the change in resident ADM. The District experienced a decrease in 2023 of approximately 12 resident ADM based on 2023 estimates. Over the past five years, ADM has decreased approximately 166 units, or 6.5%.

Independent School District No. 94 Financial Analysis

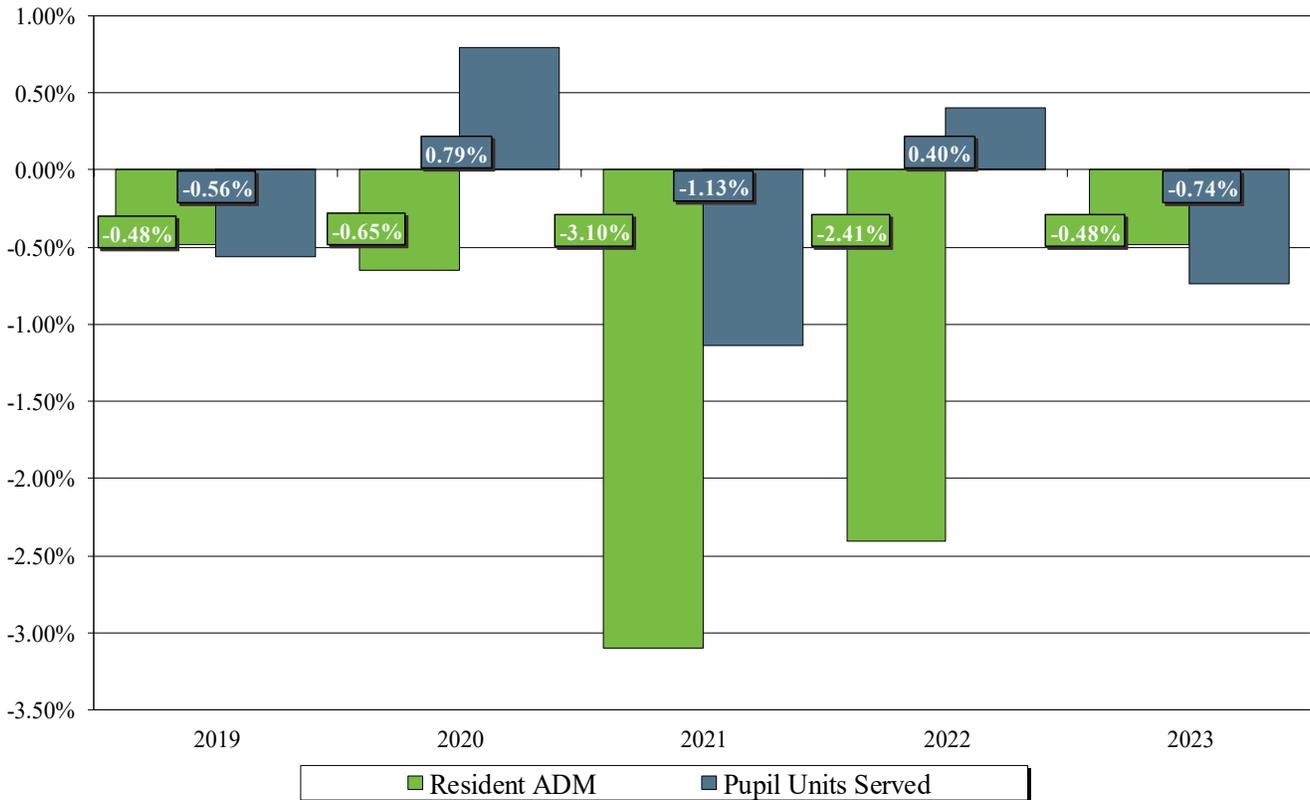
Average Daily Membership and Pupil Units (Continued)

Year 2019-2023	Pupil Units Weighting					
	Handicapped	Half/Full	Elementary	Elementary		
	Pre-Kindergarten	Kindergarten	Kindergarten	Grades 1-3	Grades 4-6	Secondary
	1.000	1.000	1.000	1.000	1.000	1.200

The adjusted pupil units table and graph below converts the resident ADM into weighted or adjusted pupil unit data for the past five years, taking into consideration the above weighting factors and open enrollment. The District's weighted pupil units decreased in 2023 by approximately 22 units or 0.7%.

Adjusted Pupil Units	2019	2020	2021	2022	2023
Residents	2,776.83	2,761.92	2,681.63	2,625.52	2,612.30
Residents going elsewhere	(381.28)	(360.69)	(343.22)	(332.73)	(294.05)
Nonresidents coming in	609.13	627.23	655.73	713.46	665.84
Total Adjusted Pupil Units	3,004.68	3,028.46	2,994.14	3,006.25	2,984.09

Change in Resident ADM and Pupil Units Served



* Estimate

**Independent School District No. 94
Financial Analysis**

General Fund Budget and Actual

The graph below outlines the District's final budget and actual results for the General Fund. In June 2022, the District approved a General Fund budget anticipating expenditures would exceed revenues by \$704,079. This budget was modified in February 2023, increasing revenue by \$363,899 and increasing expenditures by \$592,241. As a result of 2023 activity, expenditures exceeded revenues by \$2,515,881. In addition, there were proceeds from leases in for \$1,761,670, leading to a decrease in fund balance of \$754,211.

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Local property taxes	\$ 2,226,016	\$ 2,322,348	\$ 2,380,009	\$ 57,661
Revenue from state sources	29,666,269	29,596,389	29,573,769	(22,620)
Other sources	5,115,711	5,453,158	7,572,890	2,119,732
Total revenues	<u>37,007,996</u>	<u>37,371,895</u>	<u>39,526,668</u>	<u>2,154,773</u>
Expenditures				
Administration	1,778,060	1,997,255	2,050,488	53,233
District support services	972,184	969,445	1,143,058	173,613
Regular instruction	18,955,868	19,221,383	19,962,524	741,141
Vocational education instruction	524,540	583,106	598,790	15,684
Special education instruction	7,194,589	7,421,446	7,204,826	(216,620)
Instructional support services	2,072,701	1,941,461	1,685,415	(256,046)
Pupil support services	2,598,660	2,495,586	2,552,248	56,662
Sites, buildings, and equipment	3,024,794	3,083,955	5,812,477	2,728,522
Debt service	460,679	460,679	832,173	371,494
Fiscal and other fixed cost program	130,000	130,000	200,550	70,550
Total expenditures	<u>37,712,075</u>	<u>38,304,316</u>	<u>42,042,549</u>	<u>3,738,233</u>
Other Financing Sources				
Proceeds from leases	-	-	1,761,670	1,761,670
Net change in fund balance	<u>\$ (704,079)</u>	<u>\$ (932,421)</u>	<u>\$ (754,211)</u>	<u>\$ 178,210</u>

Revenues were more than the final budget by \$2,154,773 or 5.8%. Other sources were over budget due to higher than anticipated COVID-19 related grants.

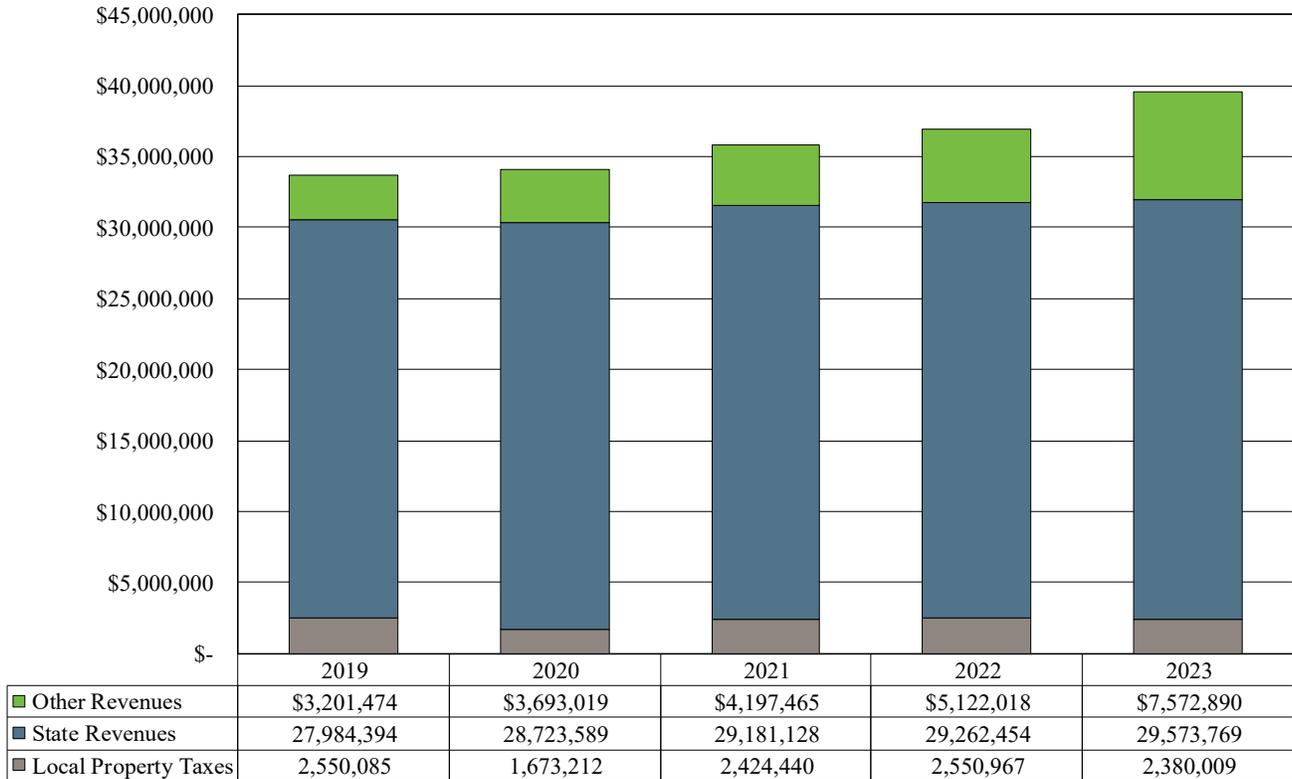
Expenditures were over budget \$3,738,233, or 9.8%. Regular instruction costs were overbudget due to additional supplies purchased with federal funds that were not included in the budget. Special education costs were underbudget due to budgeting conservatively for wage and benefit increases. Sites, buildings, and equipment was overbudget due to new leases that were not included in the budget as well as construction costs that were not budgeted. Debt service expenditures were overbudget due to payments on the new leases that were not included in the budget.

Independent School District No. 94 Financial Analysis

General Fund Sources of Revenue

General Fund sources of revenue are summarized as follows for the last five years:

General Fund Sources of Revenue



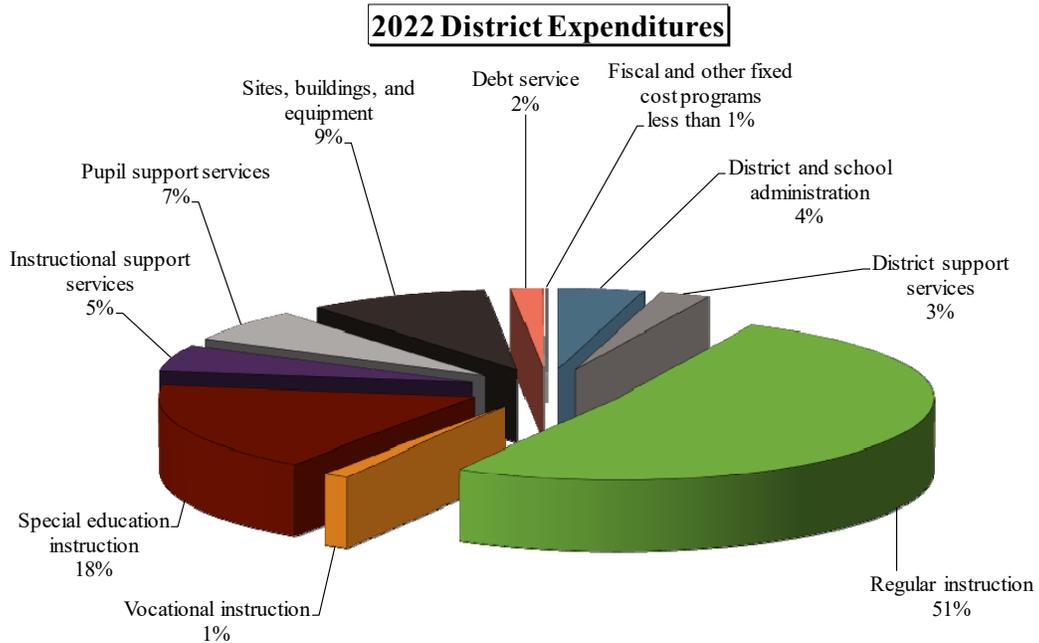
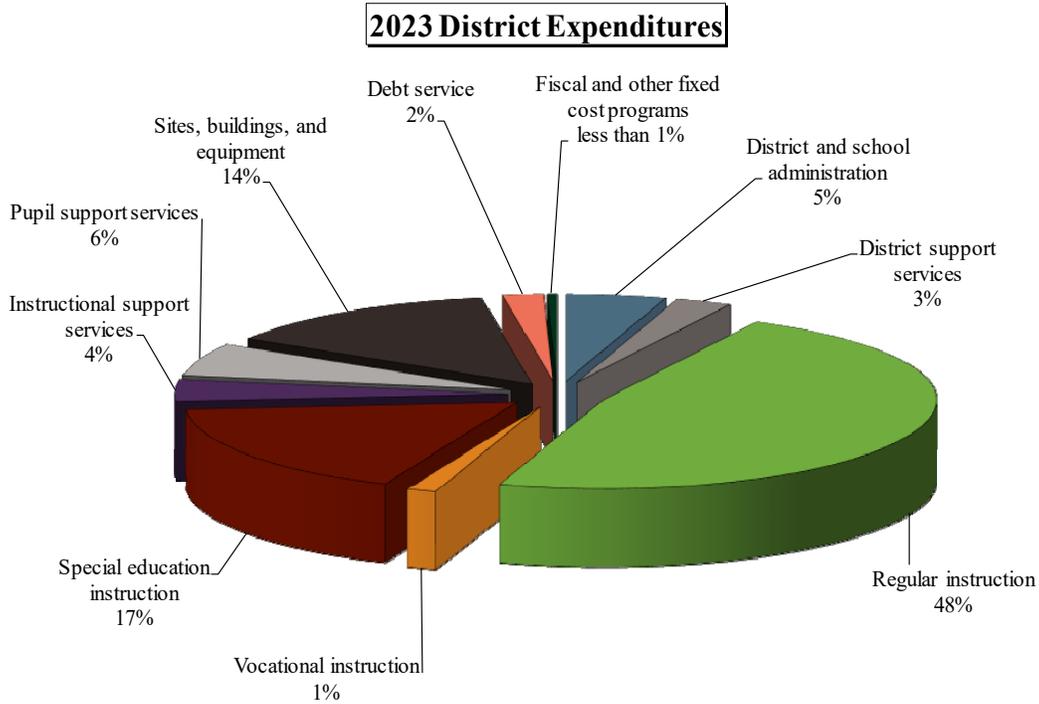
Total General Fund revenues increased approximately \$2,591,229, or 7.0%, from \$36,935,439 in 2022 to \$39,526,668 in 2023.

State revenue, which makes up the largest percentage of the District's revenue at 74.8%, increased from the prior year by \$311,315 due to an increase in the formula allowance offset by the decrease in students served. Local property taxes, which represent 6.0% of the District's revenues, decreased \$170,958 with a decrease in the levy. Other revenues make up the remaining 19.2% and increased \$2,450,872 from the prior year due to increased interest revenue received due to improving market conditions, and increased amounts of COVID-19 related federal grants.

Independent School District No. 94 Financial Analysis

General Fund Expenditures

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



The three instruction categories of regular, vocational, and special education stayed relatively consistent and made up 70% and 66% of the total expenditures for 2022 and 2023, respectively.

Independent School District No. 94 Financial Analysis

General Fund Revenue per Student (ADM) Served

The table below shows a comparison of total revenue per ADM received by Minnesota school districts and the District.

ISD No. 94	2019	2020	2021	2022	2023*
Property taxes	\$ 880	\$ 567	\$ 850	\$ 847	\$ 864
State aid	9,969	10,194	10,798	10,440	10,731
Other	1,178	1,345	1,278	1,902	2,748
Total	\$ 12,027	\$ 12,106	\$ 12,926	\$ 13,189	\$ 14,342

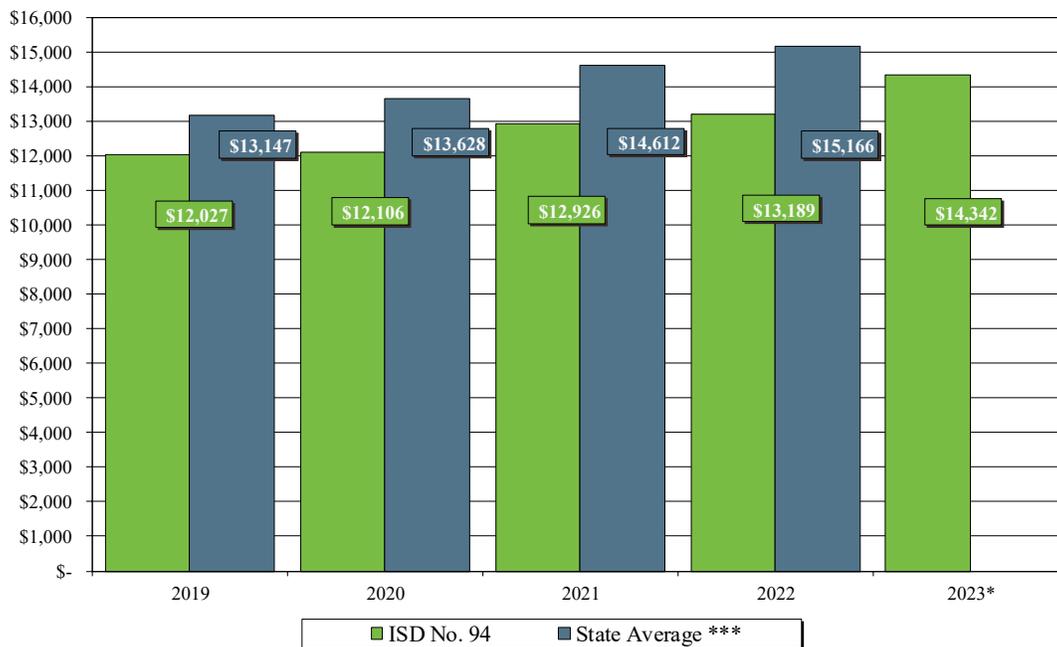
State Average ***	2019	2020	2021	2022	2023
Property taxes	\$ 1,996	\$ 2,180	\$ 2,381	\$ 2,443	N/A
State aid	10,118	10,393	10,758	10,782	N/A
Other	1,033	1,055	1,473	1,941	N/A
Total	\$ 13,147	\$ 13,628	\$ 14,612	\$ 15,166	N/A

** Source: State-wide averages were taken from the MDE publication, *School District Profiles*.

* Estimate

The mix of revenue components from district-to-district varies due to factors such as the strength of property values, mix of property types, operating and bond referendums, enrollment trends, density of population, types of programs offered, and countless other criteria. The District revenue per ADM served increased \$1,056 in 2023, primarily due to the overall revenue increase as discussed earlier. The District's revenue per student served has consistently been below state-wide averages.

General Fund Revenues Per ADM Served



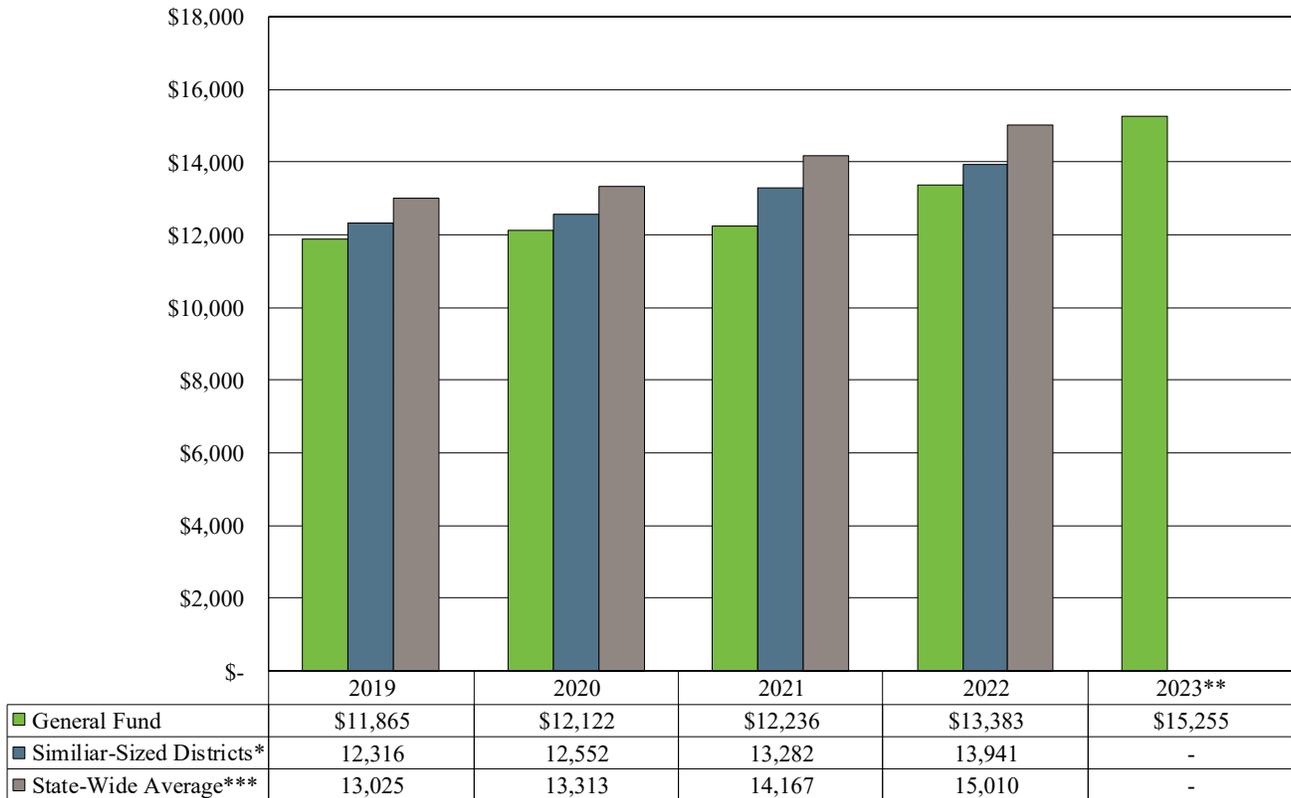
*** Source: Minnesota Department of Education (MDE) publication, *School District Profiles*, 2023 data not yet available

Independent School District No. 94 Financial Analysis

General Fund Expenditures Per Student (ADM) Served

The District's expenditures per ADM served increased \$1,842 in 2023. The District's spending per student has been below state-wide averages but has been more consistent with that of similar-sized districts.

General Fund Expenditures Per ADM Served



* Source: *School District Profiles*, Total PK-12 General Fund expenditures, average sized districts in the 2,000-3,999 range for 2019-2022

** Estimate, other district and State information not yet available

*** Source: Minnesota Department of Education (MDE) publication, *School District Profiles*.

**Independent School District No. 94
Financial Analysis**

General Fund Operations

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

Total revenues for the General Fund increased in 2023 by 7.0% and expenditures increased by 9.8%, as previously discussed. There were also proceeds from issuance of lease of \$1,761,670. The result of operations produced a decrease in fund balance of \$754,211.

Year Ended June 30,	2019	2020	2021	2022	2023
Revenues	\$ 33,735,953	\$ 34,089,820	\$ 35,803,033	\$ 36,935,439	\$ 39,526,668
Expenditures	33,287,336	34,133,755	35,236,481	38,274,778	42,042,549
Excess of revenues over (under) expenditures	448,617	(43,935)	566,552	(1,339,339)	(2,515,881)
Net other financing sources	-	-	-	798,077	1,761,670
Net change in fund balance	448,617	(43,935)	566,552	(541,262)	(754,211)
Change in accounting principle	-	328,583	-	-	-
Fund balance, July 1	8,366,529	8,815,146	9,099,794	9,666,346	9,125,084
Fund balance, June 30	8,815,146	9,099,794	9,666,346	9,125,084	8,370,873
Less nonspendable fund balance	(76,877)	(87,909)	(55,079)	(31,836)	(162,936)
Less restricted fund balance	(1,527,289)	(787,075)	(924,491)	(909,228)	(799,862)
Less committed fund balance	(1,710,582)	(1,710,582)	(1,710,582)	(1,710,582)	(1,710,582)
Less assigned fund balance	(140,730)	(798,418)	(1,193,074)	(1,216,493)	(1,016,244)
Unassigned					
Fund Balance, June 30	\$ 5,359,668	\$ 5,715,810	\$ 5,783,120	\$ 5,256,945	\$ 4,681,249

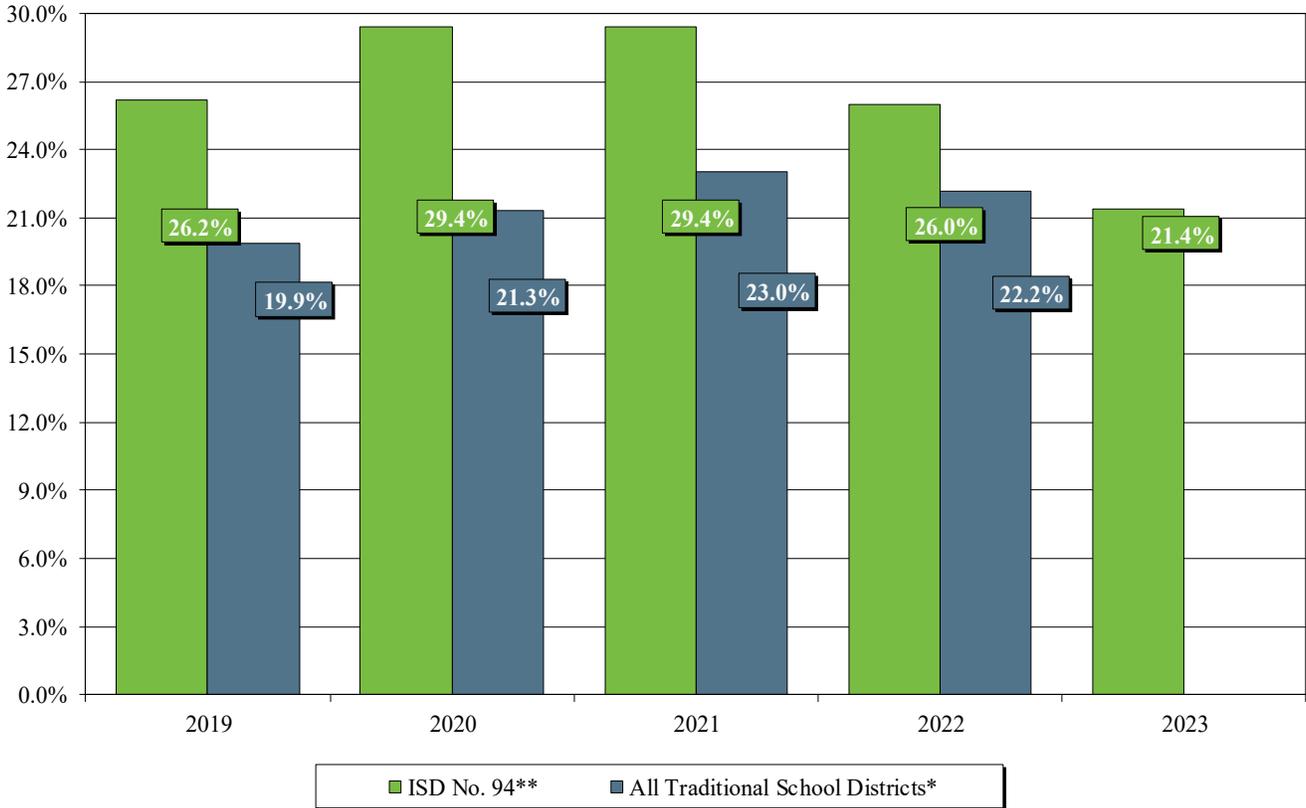
The decrease in total fund balance is primarily in the unassigned fund balance category, which decreased by \$575,696. This decrease was based on operations.

Independent School District No. 94 Financial Analysis

General Fund Financial Health

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

Unrestricted Fund Balance as a Percent of Expenditures



* Information was obtained from the MDE web site report *Fiscal Year 2013-2022 General Fund Unreserved Balance*. 2023 information is not available.

** Obtained from MDE Uniform Financial Accounting and Reporting Standards (UFARS) Compliance Report.

Since June 30, 2019, unrestricted fund balance has decreased \$46,458 while expenditures have increased \$8.7 million. The District's fund balance percentage has exceeded the state-wide average for each of the four years presented.

**Independent School District No. 94
Financial Analysis**

Food Service Fund

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

Year Ended June 30,	2019	2020	2021	2022	2023
Revenues	\$ 1,158,361	\$ 1,120,582	\$ 1,230,199	\$ 1,669,749	\$ 1,400,343
Expenditures	1,176,654	1,150,145	1,093,691	1,272,324	1,394,985
Excess of revenues over (under) expenditures	(18,293)	(29,563)	136,508	397,425	5,358
Fund balance, July 1	383,164	364,871	335,308	471,816	869,241
Fund Balance, June 30	\$ 364,871	\$ 335,308	\$ 471,816	\$ 869,241	\$ 874,599

Food Service Fund revenues exceeded expenditures for three of the five years presented. In 2023, fund balance increased by \$5,358 to \$874,599. Revenues decreased from 2022 to 2023 due to a lower reimbursement rate from the federal government and not all meals being reimbursed. Expenditures increased due to increased food costs.

At June 30, 2023, the District had six months of expenditures in fund balance based on a nine month operating year.

Community Service Fund

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

Year Ended June 30,	2019	2020	2021	2022	2023
Revenues	\$ 2,092,169	\$ 1,812,584	\$ 1,834,335	\$ 2,026,954	\$ 2,173,845
Expenditures	1,911,261	1,815,213	1,700,089	1,943,068	2,340,659
Excess of revenues over (under) expenditures	180,908	(2,629)	134,246	83,886	(166,814)
Fund balance, July 1	317,751	498,659	496,030	630,276	714,162
Fund Balance, June 30	\$ 498,659	\$ 496,030	\$ 630,276	\$ 714,162	\$ 547,348

Community Service Fund expenditures exceeded revenues during 2023, resulting in a decrease in fund balance of \$166,814. Revenues increased \$146,891 due to an increase in programming, while expenditures increased \$397,591 from the prior year due to the increase in programming as well as capital related costs.

Independent School District No. 94 Legislative Summary

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

American Indian Education Aid

Beginning in 2024, a school district or charter school enrolling at least 20 American Indian students will receive the greater of the sum of \$40,000 plus \$500 per American Indian student over the 20-count threshold or the amount of American Indian Education aid received in 2015.

American Rescue Plan (ARP) Act

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

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

Area Learning Center (ALC) Transportation Aid

ALC transportation aid reimburses school districts for costs associated with transportation of students to and from an ALC program. Total statewide revenue is capped at \$1,000,000 annually. School districts can apply for this new funding stream for 2024 and beyond.

Basic Alternative Teacher Compensation Aid (Q-Comp)

The total cap for basic alternative teacher compensation aid increased from \$88,118,000 to \$88,461,000 for 2024 and 2025 and \$89,486,000 for 2026 and beyond.

Basic General Education Aid

The formula allowance for 2023 is set at \$6,863 and for 2024, the formula allowance is set at \$7,138, which is a 4% increase over 2023. The formula allowance for 2025 is \$7,281, or a 2% increase from 2024.

Basic Skills Revenue

The allowable uses for basic skills funding for 2024 and beyond have changed. Guidance on specific changes is included in the 2024 UFARS Manual.

Building and Cybersecurity

Local education agencies may apply for grants to improve security and cybersecurity. The grants may be used for security-related facility improvements and cybersecurity insurance premiums. State-wide funding of \$24,332,000 has been appropriated for these grants.

Safe school revenue has also been expanded to include cyber security measures.

Independent School District No. 94 Legislative Summary

Compensatory Education Revenue

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

Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act

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

Gender-Neutral Single-User Restroom Grants

Local education agencies may apply for grants to remodel, construct, or repurpose space for gender-neutral single-user restrooms. Grants to school districts are capped at \$75,000 per site. State-wide funding of \$1,000,000 has been appropriated for these grants.

Lease Levy Authority

Minnesota Statutes 2023 § 126C.40, subdivision 1 grants authority to intermediate, cooperative units, and joint powers districts to levy for the costs of leasing administrative and classroom space. Levy authority is capped at \$65 per adjusted pupil unit of the member district(s). The proportionate share of deferred maintenance expenditures of district-owned buildings or sites leased to an intermediate, cooperative unit, or joint powers district may also be levied.

Local Optional Revenue

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

Long-term Facilities Maintenance (LTFM) Revenue

Joint powers districts may be included in the LTFM program along with intermediate and secondary cooperative districts.

Additionally, LTFM plans must include provisions for gender-neutral bathrooms, which has been added to the allowable list of LTFM expenses. No new LTFM funding is available for these expenses.

Online Learning Students

The Online Instruction Act repeals and replaces the Online Learning Act. Local education agencies can provide online instruction to enrolled students with a limit of 40 students per course. Entities must apply to MDE to provide online instruction to non-enrolled students.

Operating Referendum

Minnesota Statutes 2023 § 126C.17, subdivision 9 has been added, which allows School Boards to renew an existing operating referendum authority one-time through board resolution using the same per-pupil amounts and length of time. Board approval must happen by June 15 in the fiscal year prior to the last fiscal year generating revenue.

Independent School District No. 94 Legislative Summary

Pension Bill and Pension Adjustment Revenue

TRA required contributions have increased to 7.75% for employees effective for fiscal year 2024. Required employer contributions increase 0.2% in fiscal year 2024 until a required contribution rate of 8.75% is reached.

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

School Breakfast Program

Early childhood special education students are now eligible to participate in the School Breakfast program.

School Library Aid

New program revenue has been added to be used for school district libraries including media specialist salary and benefits, equipment, furniture, supplies, IT infrastructure, and electric and material resources.

For school districts, 2024 aid amounts to \$16.11 multiplied by the adjusted pupil units or \$40,000, whichever is greater.

For charter schools, 2024 aid amounts to \$16.11 multiplied by the adjusted pupil units or \$20,000, whichever is greater.

Special Education Aids

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

An additional \$1,689 per ADM will be provided beginning in 2024 based on students served at special education sites where the federal instruction setting is greater than 3 for special education cooperatives, education districts, and intermediates.

Student Support Personnel Revenue

A new aid has been added to be used to hire new positions for student support services or to increase the full time equivalent of a current position, to maintain a position that would otherwise be eliminated, or to make a temporary position permanent.

"Student Support Services Personnel" means an individual licensed to serve as a school counselor, school psychologist, school social worker, school nurse, or chemical dependency counselor in Minnesota.

Student support services personnel aid is calculated based on the fiscal year per pupil allocation multiplied by the district's total adjusted pupil units, or \$40,000, whichever is greater. The aid cannot exceed expenditures.

Independent School District No. 94 Legislative Summary

Transportation Sparsity Revenue

Under *Minnesota Statutes* § 126C.10, subdivision 18a, qualifying districts with eligible expenses greater than revenue will receive an increase in additional revenue from 18.2% to 35% of calculated unfunded pupil transportation expenses beginning in 2024.

Unemployment Insurance Aid

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

Voluntary Prekindergarten (VPK)/School Readiness Plus

VPK seats are included in the calculation of general education revenue. Seats are funded at 0.6 ADM. The number of seats funded are set at 7,160 for 2024, 10,160 for 2025 with a state-wide cap of \$50 million, and 12,360 for 2026 and later.

Independent School District No. 94 Emerging Issues

Executive Summary

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

- **Implementation Guide No. 2021-1 – Amending Capitalization Requirements**
GASB has issued Implementation Guide No. 2021-1, amending previously issued guidance regarding capitalization requirements for capital assets that are significant in the aggregate but below the government's capitalization threshold individually.
- **Accounting Standard Update – GASB Statement No. 100 – Accounting Changes and Error Corrections**
GASB has issued GASB Statement No. 100 relating to accounting and financial reporting for accounting changes and error corrections. The requirements of this Statement will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability.
- **Accounting Standard Update – GASB Statement No. 101 – Compensated Absences**
GASB has issued GASB Statement No. 101 relating to accounting and financial reporting for compensated absences. The unified recognition and measurement model in this Statement will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave.

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

Implementation Guide No. 2021-1 – Amending Capitalization Requirements

Implementation Guide No. 2021-1, amended previously issued guidance contained in Implementation Guide No. 2015-1 regarding capitalization requirements for capital assets that are significant in the aggregate.

Original guidance stated that it *may be* appropriate for a government to establish a capitalization policy that would require capitalization for certain types of assets with individual acquisition costs that are less than the threshold for an individual asset.

Amended guidance states that a government *should* capitalize assets whose individual acquisition costs are less than the threshold for an individual asset if those assets in the aggregate are significant. Computers and classroom furniture are common examples of asset types that could be significant collectively. The amended guidance clarifies that if 100 computers costing \$1,500 each totaling a \$150,000 aggregate amount is significant, the government *should* capitalize the computers.

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

Independent School District No. 94
Emerging Issues

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

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

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

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

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

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

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

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

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

Independent School District No. 94 Emerging Issues

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

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

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

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

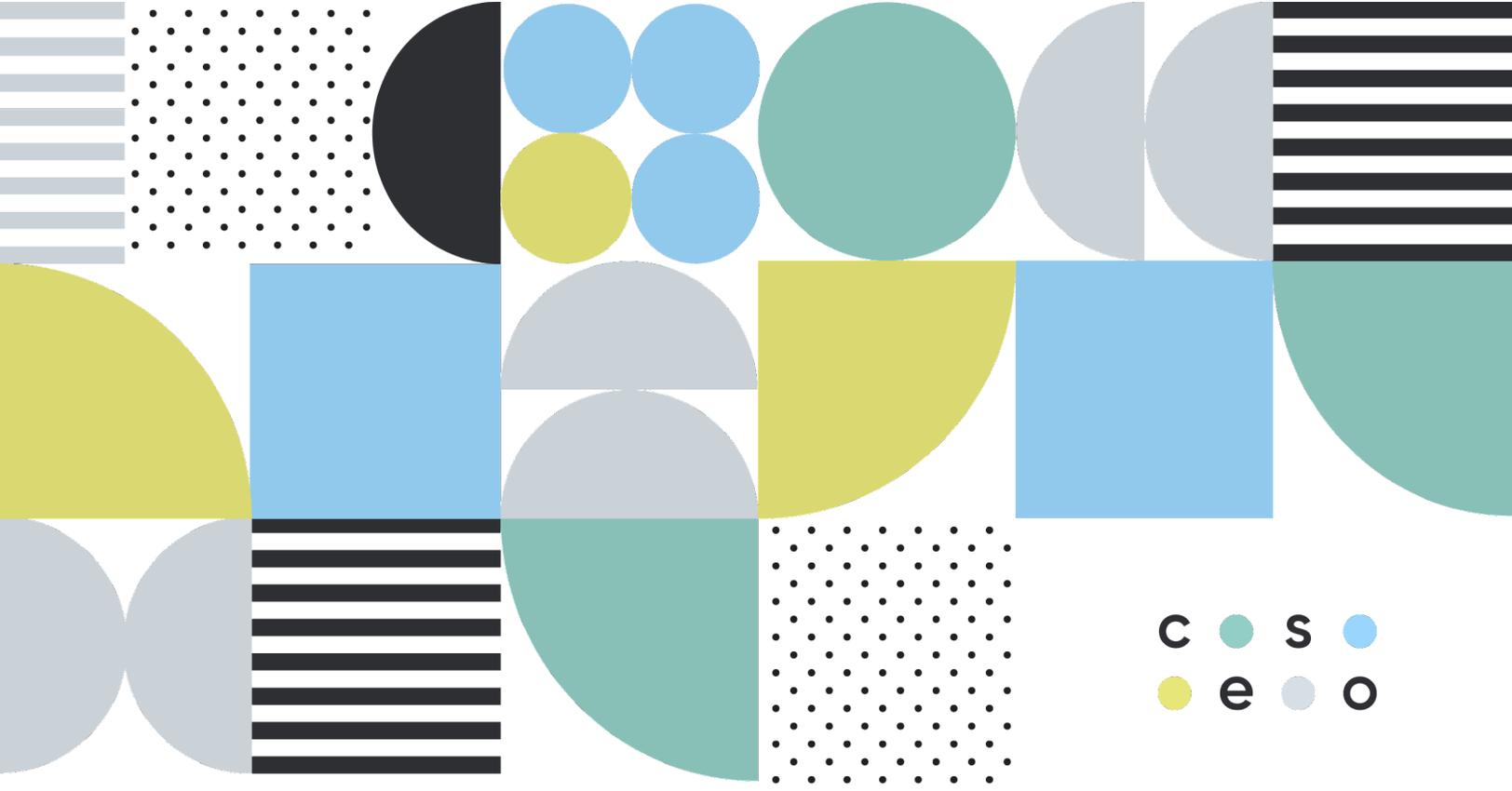
This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment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

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

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

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

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



Human Resources Consulting Services

Cloquet Public Schools ISD #94

October 26, 2023



01 | The CESO Story •

The Center for Effective School Operations (CESO) would like to thank you for the opportunity to partner with Cloquet Public Schools #94. At CESO, we create conditions where leaders become free to focus on what matters most: leading your district toward greater effectiveness so that learners get more of what they need to thrive.

Our team is a potent combination of education veterans and cross-disciplinary experts who understand the gray areas of leadership and consultation. We'll come to the table ready to listen, ready to advocate for your community, and prepared to look at every challenge through a lens of inclusivity and curiosity.

Every step of the way, we'll help you Rethink Possible to put every possible education dollar where it belongs – in the classroom or back into your business.

02 | Project Team •

The CESO project team will include expertise from hands-on practitioners to skilled and experienced human resources and school finance leaders. General assignments for Cloquet Public Schools will include:

- Practitioner level – responsible for execution of project tasks and general support
- Director level – main point of contact, responsible for oversight of projects and services

Final assignment of the project team will be made following execution of the agreement.

03 | Scope of Work •

The partnership agreement between CESO HR and Cloquet Public Schools will include the following projects:

Human Resources Operations Assessment (HROA) + Business Process Review

Our assessment is designed to provide school districts with a comprehensive look at the organization's status related to its human resources and business offices and recommended projects to improve operations. The assessment process involves:

Project Phase	Key Activities	Estimated Hours
1. Project Kick-off	<ul style="list-style-type: none"> • <i>Introduce and establish a strong working relationship between the members of the CESO Finance, CESO HR, and Cloquet project teams</i> • <i>Refine understanding of Cloquet needs and requirements</i> 	<i>Estimated 1-2 hours to complete</i>



	<ul style="list-style-type: none"> • Create and document a detailed project timeline, establishing milestones and deliverables 	
2. HR & Business Office Data Collection	<ul style="list-style-type: none"> • Collect and analyze data and documentation such as: <ul style="list-style-type: none"> ○ Job descriptions of all identified district office employees ○ Employee handbook(s) ○ Hiring process documentation ○ Any documentation related to HR processes (leave request forms, resignation forms, lane change requests, etc.) ○ Accounts Payable Process/Procedures, including AP system(s) utilized ○ Payroll Process/Procedures, including payroll system(s) utilized ○ Current and previous year's budget and applicable documentation ○ Purchasing Process/Procedures, including any purchasing system(s) utilized ○ Any other written policies/process/procedures related to finance ○ Information on 3rd party CPA firms, if applicable ○ Current business staffing model with detailed listing of responsibilities ○ Any current financial reports that are generated on a regular basis 	Estimated 15 hours to complete
3. Survey Tool	<ul style="list-style-type: none"> • Conduct HR/Business Office experience survey of current district employees • Analyze survey results 	Estimated 4-8 hours to complete
4. HR Assessment Tool, Business Office Observations & Interviews	<ul style="list-style-type: none"> • HR Assessment: Interview session with CESO HR consultants and district HR leadership. Interview topics include: <ul style="list-style-type: none"> ○ Onboarding ○ Taking Care of your People ○ Reporting & Compliance ○ Contracts & Labor Relations ○ Process Design & Documentation ○ Proactive Practices 	Estimated 20 hours to complete

	<ul style="list-style-type: none"> • <i>Observe business office to see current processes in action and to better understand business office environment</i> • <i>Conduct business office interviews as needed</i> 	
5. Summary and recommendations	<ul style="list-style-type: none"> • <i>Creation of a customized, comprehensive report outlining strengths and recommended next actions prioritized by:</i> <ul style="list-style-type: none"> ○ <i>"Do Now"</i> ○ <i>"Do Soon"</i> ○ <i>"Do Later"</i> 	<i>Estimated 25 hours to complete</i>
6. Consultation on next actions	<ul style="list-style-type: none"> • <i>Consultation with district leadership based on report recommendations and district goals</i> 	<i>Estimated 4 hours to complete</i>

HR/Business Office Staffing Analysis

The focus of this project is to analyze the district's current HR/business office structure and develop a comparative analysis of similar school districts' business office positions to identify potential staffing adjustments. This process includes, but is not limited to:

Project Phase	Key Activities	Estimated Hours
1. Discovery and data validation	<ul style="list-style-type: none"> • <i>Gather relevant data for the project:</i> <ul style="list-style-type: none"> ○ <i>job descriptions</i> ○ <i>labor agreements</i> ○ <i>current assignment data</i> ○ <i>other data as necessary</i> • <i>Send data request to identified comparable districts</i> • <i>Review data and verify for accuracy</i> 	<i>Estimated 4 hours to complete</i>
2. Data analysis	<ul style="list-style-type: none"> • <i>Compare staffing structure (total positions, FTE, titles) to comparison districts</i> • <i>Identify potential adjustments needed</i> 	<i>Estimated 4 hours to complete</i>
3. Craft summary and recommendations	<ul style="list-style-type: none"> • <i>Create report with summary of:</i> <ul style="list-style-type: none"> ○ <i>Process</i> ○ <i>Findings</i> ○ <i>Recommendations for adjustments</i> 	<i>Estimated 8 hours to complete</i>

04 | Payment Terms •

Partnership/Project	Cost
<i>Human Resources Operations Assessment (HROA) + Business Process Review</i>	\$12,250
<i>HR + Business Office Staffing Analysis</i>	\$2,800

Hours-Based Work

Costs for hours-based work are based on a flat rate of \$150 per hour. Unless otherwise specified, there is not a minimum number of hours billed per month for hours-based work.

Project-Based Work

Costs for project-based work are based on a blended rate of \$165 per hour for the estimated number of hours for project completion, determined by the scope of the project. Any change in scope will be reviewed in detail with key project stakeholders to assess potential impacts on project cost.

Billing

- HROA + Business Process Review will be billed in two phases:
 - \$6,125 after HR Assessment Tool, Business Office Observations & Interviews
 - \$6,125 after delivery of final report
- HR + Business Office Staffing Analysis will be billed after completion of project

Payment and/or performance in full will be required during the time either party has been placed on notice of the termination of the agreement.

05 | Start and Completion Dates •

- These projects will commence once the contract is fully executed.
- The initial phase of the HROA & Business Process Review will consist of the project kickoff and data collection. The project kickoff will be scheduled with Cloquet leadership at a mutually agreed upon time. The collection of the data will occur between the project commencement and the onsite phase of the project.
- Onsite visits will be scheduled during the project kickoff.
- The comprehensive report and prioritized recommendations will be delivered to Cloquet within 8 weeks of project kickoff.



Powering Your School's Identity

Apptegy started in 2014 with the goal of enabling schools to build a strong brand and communicate more effectively with their audiences. In 2015, we worked with our first three beta clients. Today, in 2023 we've partnered with more than 3,700 clients in all 50 states to build their website, custom mobile app, and the mass notification system.

What Makes Us Different

1 Thrillshare's Ease of Use

With our publishing platform, Thrillshare, **you don't need any programming knowledge** to update your district's website, app, or mass notification system. Now, you can promote your success stories across all communication channels right from your smartphone.

2 The User Experience for Your Community

Wherever your community engages with you online, **they'll be able to do so with ease.** No more pinching and pulling to view your website on a smartphone or being redirected somewhere else within your mobile app.

3 Your Experience Working With Us

From the beginning, Apptegy set out to be more than a software provider. We strive to be a true partner and resource for our districts. That commitment and our personal, fast, and easy support has earned Apptegy an unheard of **289 99% client retention rate.**



I have to tell you, this platform is GREAT. Thrillshare simplifies the process of posting things to various school online resources to the point where I can see where we will be sharing so much with parents, especially on the app.



All of you at Apptegy have been absolutely wonderful to work with. We have received great feedback on our new website and app, and one of our most recent posts reached more people than we ever have! That would never have happened without Thrillshare!



Scope & Deliverables

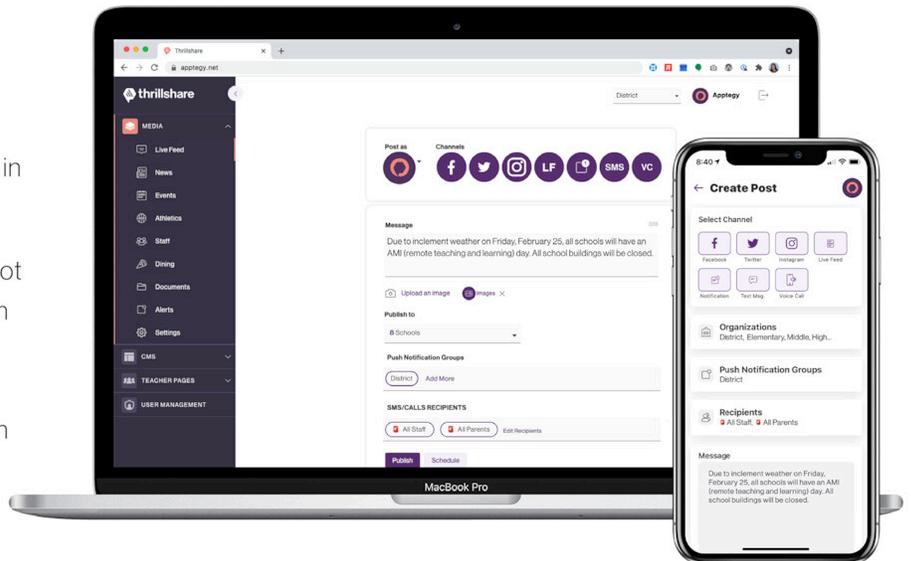
At Apptegy, we've developed the first publishing platform for school districts, so your team manages all of your communication channels from a single place. This means you'll share more stories with your community without creating more work for your staff.

By eliminating the technological barrier required to communicate, Thrillshare makes it easy to assign roles and privileges to your team to update what they care most about. With this level of customization and control, you can be confident about consistent messaging being shared with your community.

Publishing Platform

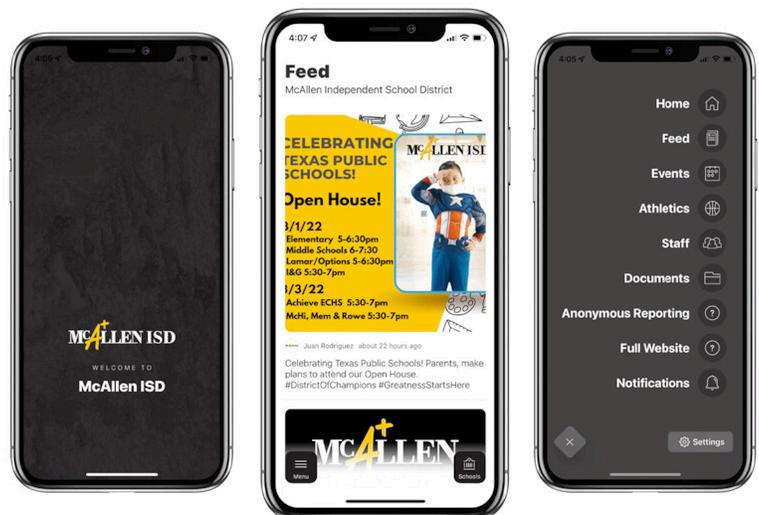
From the beginning, Thrillshare was designed to contain all your district communication channels in one place.

Built specifically for school districts, Thrillshare not only manages your website, but also your custom mobile app, all of your social media channels, and your alerts and notification system. Keeping information up-to-date is **as easy as it gets**, from the lunch menu to your calendar and news.



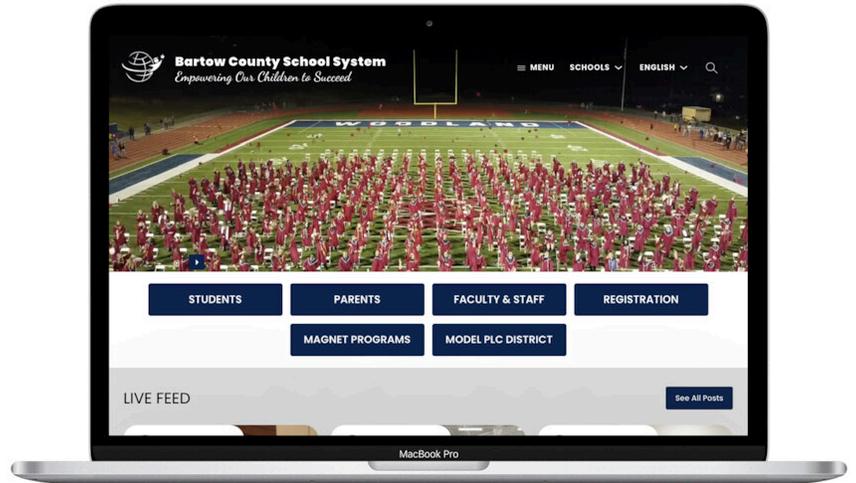
Mobile Apps

We build beautiful mobile apps for **Android and iPhone** that focus on what really matters: the user experience. A user experience that delights parents and community members means they will continue to come back to the app for meaningful information.



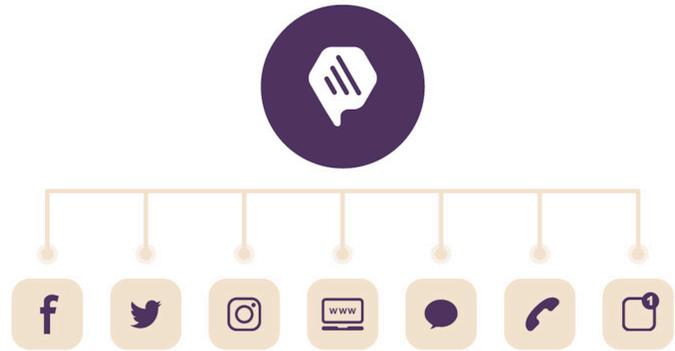
Websites

We will work with you to understand how you want your district brand to come across by creating a new website. Within your common branding, each school webpage can be customized, using the school's specific colors, mascots, logos, etc. We want your website to stay fresh and never grow stale, so we **include a free re-design** with each year of our partnership.



Alerts

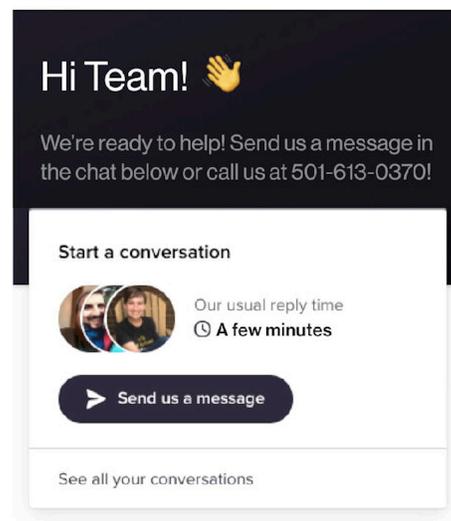
In order to save you time, we can automatically **sync with your Student Information System** so you can send out text, phone and email notifications. Easily send and schedule recurring alerts like attendance calls. Plus, with state-of-the-art technology, your text, email and voice calls can be automatically translated.



Transition & Support

We handle all of the heavy lifting including design, development, static content migration, training and ongoing support. Your own dedicated contacts at Apptegy during implementation and after launch make it an easy transition for the district.

With **unlimited training and prompt support**, every Thrillshare user will always have someone to assist with any questions that arise.



I. Estimated Transition Timeline

Kick-off

Week 1

We get our partnership started with a meeting to introduce stakeholders on your side and ours. In this meeting, we will cover our detailed roadmap, initial designs, and the overall structure of the planned implementation.

Design

Weeks 2-3

We create a mockup as a first draft and iterate from there. Since we've already established a good understanding of what you're looking for in the kick-off call, this process is typically quite fast.

Development & Content Migration

Weeks 4-6

Once we're done with the development, we migrate your static content for you. After our team has gone through your entire website and app and confirmed that everything is working, we will ask you to approve the content and functionality as well.

Training Sessions

Weeks 7-8

An ideal training schedule will include a setup call with your project lead, in-depth sessions for all of your power users, and introduction sessions for casual users.

Launch Campaign

Weeks 9-10

Flipping the switch is all it takes: we just point your domain to our servers and the change to the new website will be instant.

Of course we don't want the switch to go unnoticed by your community. That's why we design an entire launch campaign around the app and website with you. You'll get a custom marketing playbook, including graphics, videos, and a launch plan.

Support

Ongoing

Now that you are live, we work together to drive adoption of your new website and mobile app. You will be working closely with your Client Success Manager on marketing strategies and our Support Team on any questions your users have after the switch.

II. Order Form

Client Name: Cloquet Public Schools, MN			
Address: 302 14th St, Cloquet		Email: mcary@isd94.org	
Minnesota 55720		Phone:	
Description	Price	Qty	Subtotal
Mobile App Development (one-time) One-time app development for iOS and Android apps for the District + 5 campuses *Billed one-time	\$12,000	1	\$12,000
App Development Discount (one-time) Discounting app development for agreement signed by 11/15/23	-\$2,393	1	-\$2,393
Thrillshare (annual) Thrillshare Publishing Platform (desktop and mobile) for ~2600 students *Billed and payable in full annually *For Clients that elect automatic renewal, pricing subject to 5% annual increases after last year of initial purchased term(see Terms for more info)	\$14,950	1	\$14,950
Website design and hosting Up to 1 re-design per contract year Included in Thrillshare cost	\$0	1	\$0
Alerts Unlimited text, voice, and email alerts Included in Thrillshare cost *Subject to Carrier restrictions (see Terms for more info), including, but not limited to, character limits per SMS message [currently 320 characters per SMS message]	\$0	1	\$0
Support, service, and training Included in Thrillshare cost	\$0	1	\$0
Static content migration Included in Thrillshare cost	\$0	1	\$0

III. Payment Schedule

Payment Schedule: Payable subject to the terms of Agreement	Amount
Total of the above, collectively, the "Services"	\$24,557.00
Billed after signature	\$12,278.50 (50% of year 1 total)
60 Days from signature ("Client Start Date")	\$12,278.50 (50% of year 1 total)
One year from Client Start Date	\$14,950 (annual, if renewed) *Subject to 5% increase for renewal

This Order Form and Master Services Agreement (collectively, the "Agreement") between Apptegy, Inc. ("Apptegy"), and the client listed above ("Client") is effective as of the date of Client's signature below. This Agreement includes and incorporates the above Order Form, as well as the attached Master Services Agreement ("MSA"). By signing below, Client acknowledges receipt of this Agreement, including the Order Form and the MSA, and hereby accepts and agrees to be bound by this Agreement.

Client

By:  **SIGNATURE**
Michael Cary

Name: Michael Cary

Title: Superintendent

Date:

Apptegy, Inc.

By: 
2023-11-02 11:44:07 (GMT)

Name: Woody Woodring

Title: Sales Representative



Master Services Agreement

The following terms and conditions are a binding part of the Order Form and Master Services Agreement of Apptegy, Inc. (together with its affiliates, agents, and assigns, "**Apptegy**") between Apptegy and the Client that is set out in the Order Form. References to the "**Agreement**" below collectively include the Order Form (including and incorporating the terms and conditions set out in the "**Estimated Transition Timeline**" and the "**Payment Schedule**" that is provided with this Agreement) and the following terms and conditions. This Agreement provides the terms and conditions for Client to purchase and use Apptegy's Services (as defined below). Capitalized terms used but not otherwise defined in the following terms and conditions will have the meanings given to them in the Order Form.

1. Integration with Other Documents. This Agreement is the entire agreement between Apptegy and Client with respect to the Services, except as expressly set out below. No separate written or online agreements or terms and conditions will be incorporated in this Agreement or otherwise bind the parties unless expressly set out in this Agreement or in a Client Addendum (as defined below). The Client Addendum will control and govern with respect to all matters expressly set out in the Client Addendum, and this Agreement will control and govern in all circumstances. To be enforceable on the parties, any amendment, modification, or additions to the terms and conditions of this Agreement must be set out in a separate written addendum to this Agreement confirming such amendments, modifications, and/or additions in writing (a "**Client Addendum**").

2. Services; License. During the License Term, Apptegy will provide, and Client and the individuals allowed to access the Services by or on behalf of Client ("**User(s)**") may access and use, the products and services set out in the Order Form (collectively, "**Services**"). Client hereby grants Apptegy a limited, nonexclusive, revocable, worldwide, fully-paid, royalty-free license to use, copy, and modify Client's information, material, data, photographs, videos, intellectual property (including without limitation all copyrights, trademarks, service marks, and similar rights), and other content (collectively, "**Client Content**") for providing and improving the Services. Client's right to access and use the Services, and Apptegy's license to Client Content, will automatically terminate upon termination or expiration of this Agreement.

3. Fees. Client will pay to Apptegy all fees set out in the Order Form. Apptegy will submit invoice(s) to Client for all fees due upon execution of the Agreement and/or on the Client Start Date(s) (as defined below) as set out in the Order Form. Apptegy will invoice all subsequent-year fees on or about the anniversary of the applicable Client Start Date(s). Client agrees to pay all invoices in full within 30 days of the date of the invoice. Client agrees that (i) development and implementation fees are due as set out in the Order Form, (ii) fees for use of the Services are payable in annual portions for each year of the License Term as set out in the Order Form, (iii) fees for use of the Services are subject to Five Percent (5%) annual increases, starting the first renewal year after the last year of the term initially purchased by Client and continuing each year thereafter, as set out in the Order Form, and (iv) discounts for purchases of bundled Services will automatically expire if Client cancels any of the bundled Services and Client will thereafter be invoiced for the full price of the continuing Services. Client acknowledges that fees for Services do not include taxes, duties, and other government charges, including sales, use, consumption, VAT, GST, and other withholding, as applicable, and Client is solely responsible for any such obligations.

4. License Term. The term of Client's license to use the Services (the "**License Term**") will start on the date(s) set out on the Order Form (the "**Client Start Date(s)**"). Clients that purchase multiple Apptegy products may have different license start dates for different products. If no license start date is set out on the Order Form, the Thrillshare Media Client Start Date will be the date that is 60 days after Apptegy receives an executed agreement from Client and the Thrillshare Rooms Client Start Date will be the date that is 90 days after Apptegy receives an executed agreement from Client. The License Term will terminate on the anniversary of the applicable Client Start Date(s) that is after the number of license years initially purchased by Client, as set out in the Order Form, plus any renewal periods. This Agreement will renew for successive, additional periods of one (1) year from the anniversary of the Client Start Date(s), unless Client provides Apptegy with written notice of non-renewal before the end of the then-current License Term. Subject only to applicable procurement and appropriations law, Client agrees that it may not terminate this Agreement before the expiration of any then-current License Term without cause, unless Client pays Apptegy all fees in full for all license years of the then-current License Term, as set out in the Order Form, plus payment of any previously discounted amounts for the Services during the Term. All fees paid to Apptegy are non-refundable, subject only to applicable procurement and appropriations law.

5. Performance Terms. In addition to this Agreement, the rights and obligations of the Client and Apptegy with respect to the providing, accessing, and using the Services will also be subject to and governed by the Apptegy Terms of Use ("**Terms of Use**") and Privacy Policy ("**Privacy Policy**"), available at the following links: <https://www.apptegy.com/terms-and-conditions/> and <https://www.apptegy.com/privacy-policy/>. The Terms of Use and Privacy Policy, as each may be amended, are incorporated into this Agreement in their entirety, as applicable to Client. Without limiting the generality of the foregoing, the Terms of Use and Privacy Policy set out and govern the terms and conditions for Services availability, User eligibility and acceptable use, data privacy and security, regulatory notices and information, warranties, disclaimers, and liability limitations, and other related terms. The applicability of the Terms of Use and Privacy Policy is limited to the order of priority set out below.

6. Carrier Restrictions. Apptegy provides unlimited text, voice, and email messaging to Client subject to restrictions placed on Apptegy by mobile and wireless carriers and network operators (collectively, "**Carriers**"). For example, Carriers have (i) placed limits on the number of characters that may be included in messages sent via the Services and (ii) placed restrictions on the type of messaging content that may be sent through the Services. Carrier restrictions are not within the control of Apptegy and are subject to change without notice. When a Carrier places new or modified restrictions on Apptegy, certain features and functions of the Services may change as a result without notice to you. Client agrees that Apptegy will not be responsible or liable for any change in Services that arise from or in connection with Carrier restrictions.

7. TCPA/CTIA Compliance. Client is exclusively responsible for complying with applicable laws and regulations governing communications sent via the Services by Client and Users under Client's account, including, but not limited to, the Telephone Consumer Protection Act of 1991, as it may be amended ("**TCPA**"), and the requirements and policies of CTIA – The Wireless Association ("**CTIA**"). Client is encouraged to establish and implement methods and procedures to ensure compliance with applicable laws and regulations, including the TCPA and the CTIA, and to inform and train each of its employees, contractors, and representatives who use the Services on the methods and procedures. Apptegy may provide Client with materials and information about such laws and regulations, including the TCPA and the CTIA;

Client acknowledges that all such materials and information is provided for general education purposes only. No such act by or information from Apptegy (whether individually or taken as a whole) will create or be deemed to create responsibility or liability on the part of Apptegy with respect to Client's compliance with the laws and regulations governing the communications sent via the Services by Client and Users under Client's account, including the TCPA and/or the CTIA.

8. COPPA Notice and Compliance. Apptegy prohibits use of the Services by children under the age of thirteen (13), unless and only to the extent the child is a User invited or added to the Services by Client. When children are invited or added to the Services as Users under Client's account, Apptegy provides the Services with respect to the children solely in the educational context authorized by Client under this Agreement and solely for the benefit of Client and its Users. Client consents, as agent for and on behalf of such children (and their parents and guardians), to Apptegy's collection, use, disclosure, and storage of personal information about or from the children in accordance with this Agreement. Client acknowledges that Apptegy is relying on Client's consent in the previous sentence for the purposes of complying with the Children's Online Privacy Protection Act, as it may be amended ("**COPPA**"), and that Apptegy is authorized to presume that Client has obtained and will maintain all required parent and guardian consent for Apptegy's collection, use, disclosure, and storage of information for any children under the age of thirteen (13) that are invited or added to the Services under Client's account.

Please note that Client is responsible for complying with COPPA with respect to Users under Client's account if Client invites or adds children under the age of thirteen (13) to the Services. Client is encouraged to establish and implement methods and procedures to ensure compliance with COPPA, and to inform and train each of its employees, contractors, representatives, and Users who use the Services on the methods and procedures. Apptegy may provide Client with materials and information about complying with COPPA; Client acknowledges that all such materials and information is provided for general education purposes only. No such act by or information from Apptegy (whether individually or taken as a whole) will create or be deemed to create responsibility or liability on the part of Apptegy with respect to Client's compliance with COPPA.

The Terms of Use and Privacy Policy, accessible as set out above, confirm that Apptegy may collect information about children as a necessary part of providing the Services to Client (for example, as applicable: contact information for communications sent via the Services;

posts made on messaging tools in the Services; information included in assignments and other class content submitted via the Services) and provide notice regarding Apptegy's collection, use, disclosure, and storage of personal information from children. Please note that some or all of this information may not be private as to the individual child, parent, or guardian. For example, for Users of Rooms, information shared by a User via the messaging features of Rooms will be visible to Client, as the party providing access to the Services to its Users. In some circumstances, information provided by or about a child may be available or visible to other individual Users. For example, for Users of Rooms, information about a child that is posted in the group messaging tool in a Child's Room may be visible to other individual Users that are also authorized users for the same Room. Apptegy will collect, use, and disclose such information in accordance with COPPA and the Privacy Policy.

9. Accessibility Compliance. Client is exclusively responsible for complying with all applicable laws and regulations governing accessibility of the parts of the Services under the control of Client (for example: Client's website and/or mobile applications), including, but not limited to, the Americans with Disabilities Act, as it may be amended ("**ADA**"), and the requirements and policies of Web Content Accessibility Guidelines ("**WCAG**"). Client is encouraged to establish and implement methods and procedures to ensure compliance with applicable laws and regulations, including the ADA and the WCAG, and to inform and train each of its employees, contractors, and representatives who use the Services on the methods and procedures. The Services include tools to assist Client with accessibility compliance, and Apptegy may provide Client with materials and information about such laws and regulations, including the ADA and the WCAG; Client acknowledges that all such tools, materials, and information are provided to assist Client with its compliance obligations and for general education purposes only. No such functionality, act by, or information from Apptegy (whether individually or taken as a whole) will create or be deemed to create responsibility or liability on the part of Apptegy with respect to Client's compliance with the laws and regulations governing accessibility of the parts of the Services under the control of Client (for example: Client's website and/or mobile applications), including the ADA and/or the WCAG.

10. Third Party Functions. Apptegy relies on third-party providers and partners for parts of the Services (for example: posting a message or communication on Facebook or Twitter account; hosting Client websites). APPTEGY IS NOT RESPONSIBLE FOR ANY CONSEQUENCE, LOSS, OR DAMAGE (DIRECT OR INDIRECT) ARISING FROM OR RELATING TO THE PARTS OF THE SERVICES MANAGED OR MADE AVAILABLE BY OR VIA THIRD-PARTY PROVIDERS AND PARTNERS. Please see the Terms of Use and Privacy Policy for more information.

11. Disclaimers; Limited Liability. Apptegy provides the Services subject to certain disclaimers and limitations of liability. Please see the Terms of Use and Privacy Policy for more information.

12. Intellectual Property. Nothing in this Agreement or the performance of this Agreement will convey, license, or otherwise transfer any right, title, or interest in any intellectual property or other proprietary rights held by either party, except as expressly set out in the Agreement. Apptegy retains all right, title, and interest in all intellectual property rights, including patent, trademark, trade secret, and copyright (whether registered or unregistered), in and to the Services and the underlying software and technologies, all related technical documentation, and all derivative works, improvements, and modifications to any of the foregoing. Client agrees the foregoing is necessary to Apptegy providing the Services.

13. Compliance with Laws. The parties agree to comply with all laws applicable to the use of the Services and performance of this Agreement.

14. Miscellaneous. The Order Form and Master Services Agreement, together with (i) the Terms of Use and Privacy Policy, and (ii) the Client Addendum, if applicable, is the entire agreement between the parties with respect to the subject matter, and supersedes all prior agreements and understandings, whether written or oral. If any conflict or ambiguity exists with respect to any term or condition of any of the foregoing, the following priority will govern and control: (1) if applicable, the Client Addendum for all matters expressly addressed in the Client Addendum; then (2) this Order Form and Master Services Agreement for all other matters; then (3) the Terms of Use and Privacy Policy. Apptegy is not subject to any obligations that are not expressly identified in this Agreement, a Client Addendum, or the Terms of Use and Privacy Policy.

This Agreement is governed by the laws of the state in which Client is located, without regard to conflict of law principles. The parties irrevocably submit to the exclusive jurisdiction and venue of the federal courts having jurisdiction where Client is located for any dispute that relates to the Services or this Agreement. Except as set out in this Agreement, this Agreement may not be amended or modified without the prior written consent of both parties.

Neither party may assign this Agreement without the prior written consent of the other party, except in connection with a merger, acquisition, or sale of all or substantially all of a party's assets or voting securities. If any provision(s) of this Agreement is held invalid or unenforceable, such invalidity or unenforceability will not invalidate or render the Agreement unenforceable, but rather the Agreement will be construed as if not containing the unenforceable provision(s), and the rights and obligations of the parties will be construed and enforced to honor the parties' original intent to the maximum extent permitted under applicable law. This Agreement will inure to the benefit of the successors and assigns of the parties. The Agreement may be executed in multiple counterparts and executed by original, facsimile, or electronic signature (including PDF, Proposify, HelloSign, and similar methods), each of which when delivered will be deemed an original, and all of which together will constitute one agreement.



Assurance of Compliance and Mandated Reporting

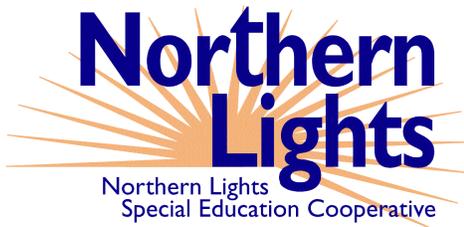
All school districts must complete the Assurance of Compliance with state and federal law and verify Mandated Reporting training by November 15 each year.

By completing all sections of the Assurance of Compliance and Mandated Reporting, school districts provide written assurance that they do not discriminate in their use of funds provided through the Minnesota Department of Education and that they have informed all mandated reporters of their reporting duties.

This assurance is given by each district in consideration of and for the purpose of obtaining any and all federal grants, loans, contracts, property, discounts, or other federal and state financial assistance extended to the district by the U.S. Department of Education and the Minnesota Department of Education (MDE), including installment payments after such date of application for federal financial assistance and state aid allotments which were approved before such date.

By submitting the Assurance of Compliance, the district recognizes and agrees that such federal and state financial assistance will be extended in reliance on the representations, supporting information required by Minnesota Statutes, section 127A.42, subdivision 3, and agreements made in this assurance. This assurance is binding on the district and the persons who are authorized to submit information on behalf of the district.

Please note that you can now provide the entire assurance online. We no longer require the paper copy of the Assurance of Compliance certificate. However, it is important to note that by submitting the Assurance of Compliance online that you are verifying that the Superintendent is electronically signing this assurance on behalf of the school board. Though the paper copy is no longer required, the approval of the board is per Minnesota Rule 3535.9910.



Northern Lights Special Education Cooperative

16 E Hwy 61, P.O. Box 40, Esko, MN 55733
(218)655-5018 ~ Fax (218)451-4511
www.nlsec.org

Jessa Cook ~ Special Education Director

2023-2024 CONTRACT FOR EARLY CHILDHOOD PROGRAMMING for Students in Special Education

This agreement, entered this 2nd day of November 2023, by and between Cloquet ISD #94 (herein referred to as the District) and Our Redeemer ECSE/Preschool (hereinafter referred to as Contractor) witnesses that:

Whereas, the District has determined that it is necessary to retain the services of a qualified Early Childhood Education Program to attain the following objectives:

- 1. To meet the needs of students with disabilities, as defined under the Individuals with Disabilities Education Act, that an Early Childhood Education Program, as deemed necessary by the child study process and documented in the students' Individual Education Plans (IEP), Individual Family Service Plans (IFSP), or Individual Interagency Intervention Plans (IIP).**
- 2. The services provided are necessary for the students to make progress on IEP, IFSP, or IIP goals and/or access the general education curriculum.**

WHEREAS, the Contractor is duly qualified to perform these services and whereas holds appropriate licensure for the necessary service for which they provide. Upon request, a copy of the licensure or appropriate certification will be submitted to the District prior to the initiation date of the contract and on an annual basis thereafter.

NOW, THEREFORE, the parties agree as follows:

- 1. The Contractor shall provide a licensed Early Childhood Education Program to meet the objectives stated above.**
- 2. The Contractor and the District shall agree to provide services to students with disabilities as defined in the Individuals with Disabilities Education Act.**
- 3. Services will be provided at the Our Redeemer Preschool in a location equivalent to the general education program, to the maximum extent appropriate.**
- 4. The District and Contractor shall provide an atmosphere that is conducive to learning and shall meet the needs of the students' special physical, sensory, and emotional needs.**

5. **Starting September 6, 2023, the Contractor will provide to Early Childhood Program students at rates dependent on program, days per week, number of weeks, and number of students. Cloquet ISD #94 is responsible for a total estimated tuition cost of \$17,600 for the 23-24 school year.**
6. **The Contractor will submit monthly invoices that reflect Program hours by date and attendance to the district Business Manager.**
7. **The District shall make payments to the Contractor upon receipt of invoice.**
8. **The Contractor shall maintain appropriate liability coverage commensurate with the Program requirements and submit a copy of the policy upon request to the District.**
9. **This agreement shall be in force from September 6, 2023 through May 31, 2024. Either party shall provide written notice regarding reduction/discontinuation of program hours with a 30-day notice.**

Signed by:

Cloquet ISD #94
302 14th Street
Cloquet, MN 55720

By: _____

Date: _____

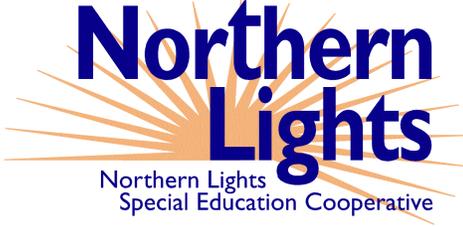
Our Redeemer Preschool
515 Skyline Blvd.
Cloquet, MN 55720

By: _____

Date: _____

Students:AO, GR, MW, NG

*Number of students may vary throughout the year.



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Jessa Cook ~ Special Education Director

MEMORANDUM

TO: Dr. Michael Cary
FROM: Tisha Warbalow
DATE: November 2, 2023
RE: Contract for Service: EC_1 Our Redeemer Preschool

Please submit to the School Board for approval, contract:

EC_1 Our Redeemer Preschool

with Cloquet ISD #94 for preschool services during the 2023-2024 school year.

Resolution: That the School Board of ISD #94 hereby approves the contract:

EC_1 Our Redeemer Preschool - estimated tuition cost of \$17,600.00

with Cloquet ISD #94 preschool services during the 2023-2024 school year.

Thank you,

Adopted: 3/30/20, 2/26/18, 4/13/98

Revised: 11/13/23, 8/14/23, 3/30/20, 2/26/18, 7/27/98

620 CREDIT FOR LEARNING

I. PURPOSE

This policy recognizes student achievement that occurs in postsecondary enrollment option and other advanced enrichment programs. This policy also recognizes student achievement that occurs in other schools, in alternative learning sites, and in out-of-school experiences such as community organizations, work-based learning, and other educational activities and opportunities. This policy addresses transfer of student credit from out-of-state, private, or home schools and online learning programs and to address how the school district will recognize student achievement obtained outside of the school district.

II. GENERAL STATEMENT OF POLICY

The policy of the school district is to provide a process for awarding students credit toward graduation requirements for credits and grades students complete in other schools, postsecondary or higher education institutions, other learning environments, and online courses and programs.

III. DEFINITIONS

- A. “Accredited school” means a school that is accredited by an accrediting agency, recognized according to Minnesota Statutes, section 123B.445 or recognized by the Commissioner of the Minnesota Department of Education (Commissioner).
- B. "Concurrent enrollment" means nonsectarian courses in which an eligible pupil under Minnesota Statutes, section 124D.95, subdivision 5 or 5b enrolls to earn both secondary and postsecondary credits, are taught by a secondary teacher or a postsecondary faculty member, and are offered at a high school for which the district is eligible to receive concurrent enrollment program aid under Minnesota Statutes, section 124D.091.
- C. “Course” means a course or program.
- D. “Eligible institution” means a Minnesota public postsecondary institution, a private, nonprofit two-year trade and technical school granting associate degrees, an opportunities industrialization center accredited by an accreditor recognized by the United States Department of Education, or a private, residential, two-year or four-year, liberal arts, degree-granting college or university located in Minnesota.
- E. “Nonpublic school” is a private school or home school in which a child is provided instruction in compliance with the Minnesota compulsory attendance laws.
- F. “Weighted grade” is a letter or numerical grade that is assigned a numerical advantage when calculating the grade point average.

IV. TRANSFER OF CREDIT FROM OTHER SCHOOLS

A. Transfer of Academic Requirements from Other Minnesota Public Secondary Schools

1. The school district will accept and transfer secondary credits and grades awarded to a student from another Minnesota public secondary school upon presentation of a certified transcript from the transferring public secondary school evidencing the course taken and the grade and credit awarded.
2. Credits and grades awarded from another Minnesota public secondary school may be used to compute honor roll and/or class rank if a student has earned at least ten (10) credits from the school district.

B. Transfer of Academic Requirements from Other Schools

1. The school district will accept secondary credits and grades awarded to a student for courses successfully completed at a public school outside of Minnesota or an accredited nonpublic school upon presentation of a certified transcript from the transferring public school in another state or nonpublic school evidencing the course taken and the grade and credit awarded.
 - a. When a determination is made that the content of the course aligns directly with school district graduation requirements, the student will be awarded commensurate credits and grades.
 - b. Commensurate credits and grades awarded from an accredited nonpublic school or public school in another state may be used to compute honor roll and/or class rank if a student has earned at least ten (10) credits from the school district.
 - c. In the event the content of a course taken at an accredited nonpublic school or public school in another state does not fully align with the content of the school district's high school graduation requirements but is comparable to elective credits offered by the school district for graduation, the student may be provided elective credit applied toward graduation requirements. Credit that does not fully align with the school district's high school graduation requirements will not be used to compute honor roll and/or class rank.
 - d. If no comparable course is offered by the school district for which high school graduation credit would be provided, no credit will be provided to the student.
2. Students transferring from a non-accredited, nonpublic school shall receive credit from the school district upon presentation of a transcript or other documentation evidencing the course taken and grade and credit awarded.
 - a. Students will be required to provide copies of course descriptions, syllabi, or work samples for determination of appropriate credit. In addition,

students also may be asked to provide interviews/conferences with the student and/or student's parent and/or former administrator or teacher; review of a record of the student's entire curriculum at the nonpublic school; and review of the student's complete record of academic achievement.

- b. Where the school district determines that a course completed by a student at a non-accredited, nonpublic school is commensurate with school district graduation requirements, credit shall be awarded, but the grade shall be "P" (pass).
 - c. In the event the content of a course taken at an non-accredited, nonpublic school does not fully align with the content of the school district's high school graduation requirements but is comparable to elective credits offered by the school district for graduation, the student may be provided elective credit applied toward graduation requirements.
 - d. If no comparable course is offered by the school district for which local high school graduation credit would be provided, no credit will be provided to the student.
 - e. Credit and grades earned from a non-accredited nonpublic school shall not be used to compute honor roll and/or class rank.
- C. A student must provide the school with a copy of the student's grades in each course taken for secondary credit under this policy, including interim or nonfinal grades earned during the academic term.

V. POSTSECONDARY ENROLLMENT CREDIT

- A. A student who satisfactorily completes a postsecondary enrollment options course or program under Minnesota Statutes, section 124D.09 that has been approved as meeting the necessary requirements is not required to complete other requirements of the academic standards corresponding to that specific rigorous course of study.
- B. Secondary credits granted to a student through a postsecondary enrollment options course or program must be counted toward the graduation requirements and subject area requirements of the district.
 - 1. Course credit will be considered by the school district only upon presentation of a certified transcript from an eligible institution evidencing the course taken and the grade and credit awarded.
 - 2. Seven quarter or four semester postsecondary credits shall equal at least one full year of high school credit. Fewer postsecondary credits may be prorated.

3. When a determination is made that the content of the postsecondary course aligns directly with a required course for high school graduation, the commensurate credit and grade will be recorded on the student's transcript as a course credit applied toward graduation requirements.
 4. In the event the content of the postsecondary course does not fully align with the content of a high school course required for graduation but is comparable to elective credits offered by the school district for graduation, the school district may provide elective credit and the grade will be recorded on the student's transcript as an elective course credit applied toward graduation requirements.
 5. If no comparable course is offered by the school district for which high school graduation credit would be provided, the school district will notify the Commissioner, who shall determine the number of credits that shall be granted to a student.
 6. When secondary credit is granted for postsecondary credits taken by a student, the school district will record those credits on the student's transcript as credits earned at a postsecondary institution.
- C. A list of the courses or programs meeting the necessary requirements may be obtained from the school district.
- D. By the earlier of (1) three weeks prior to the date by which a student must register for district courses for the following school year, or (2) March 1 of each year, the school district must provide up-to-date information on the district's website and in materials that are distributed to parents and students about the program, including information about enrollment requirements and the ability to earn postsecondary credit to all pupils in grades 8, 9, 10, and 11.

VI. CREDIT FOR EMPLOYMENT WITH HEALTH CARE PROVIDERS

Consistent with the career and technical pathways program, a student in grade 11 or 12 who is employed by an institutional long-term care or licensed assisted living facility, a home and community-based services and supports provider, a hospital or health system clinic, or a child care center may earn up to two elective credits each year toward graduation under Minnesota Statutes, section 120B.024, subdivision 1, paragraph (a), clause (7), at the discretion of the enrolling school district. A student may earn one elective credit for every 350 hours worked, including hours worked during the summer. A student who is employed by an eligible employer must submit an application, in the form or manner required by the school district, for elective credit to the school district in order to receive elective credit. The school district must verify the hours worked with the employer before awarding elective credit.

VII. ADVANCED ACADEMIC CREDIT

- A. The school district will grant academic credit to a student attending an accelerated or advanced academic course offered by a higher education institution or a nonprofit public agency, other than the school district.

- B. Course credit will be considered only upon official documentation from the higher education institution or nonprofit public agency that the student successfully completed the course attended and passed an examination approved by the school district.
- C. When a determination is made that the content of the advanced academic course aligns directly with a required course for high school graduation, the commensurate credit and grade will be recorded on the student's transcript as a course credit applied toward graduation requirements.
- D. In the event the content of the advanced academic course does not fully align with the content of a high school course required for graduation but is comparable to elective credits offered by the school district for graduation, the school district may provide elective credit and the grade will be recorded on the student's transcript as an elective course credit applied toward graduation requirements.
- E. If no comparable course is offered by the school district for which high school graduation credit would be provided, the school district will notify the Commissioner and request a determination of the number of credits that shall be granted to a student.

VIII. WEIGHTED GRADES

- A. The school district offers weighted grades for courses that are identified as more rigorous or academically challenging as follows:
 1. A grade awarded in an Honors course will be multiplied by a factor of 1.3.
 2. A grade awarded in a College in the Schools course will be multiplied by a factor of 1.3.
 3. A grade awarded in a course taken through a Postsecondary Enrollment Options program will be multiplied by a factor of 1.3.
 4. A grade awarded in a course in a duel enrollment course will be multiplied by a factor of 1.3.
- B. The school district will update its website prior to the beginning of each school year with a listing of the courses for which a student may earn a weighted grade.

IX. PROCESS FOR AWARDING CREDIT

- A. The building principal will be responsible for carrying out the process to award credits and grades pursuant to this policy. The building principal will notify students in writing of the decision as to how credits and grades will be awarded.
- B. A student or the student's parent or guardian may seek reconsideration of the decision by the building principal as to credits and/or grades awarded upon request of a student or the student's parent or guardian if the request is made in writing to the superintendent within five school days of the date of the building principal's decision. The request should set

forth the credit and/or grade requested and the reason(s) why credit(s)/grade(s) should be provided as requested. Any pertinent documentation in support of the request should be submitted.

- C. The decision of the superintendent as to the award of credits or grades shall be a final decision by the school district and shall not be appealable by the student or student's parent or guardian except as set forth in Section IX.D. below.
- D. If a student disputes the number of credits granted by the school district for a particular postsecondary enrollment course, or advanced academic credit course, the student may appeal the school district's decision to the Commissioner. The decision of the Commissioner shall be final.
- E. At any time during the process, the building principal or superintendent may ask for course descriptions, syllabi, or work samples from a course where content of the course is in question for purposes of determining alignment with graduation requirements or the number of credits to be granted. Students will not be provided credit until requested documentation is available for review, if requested.

Legal References: Minn. Stat. § 120B.02 (Educational Expectations and Graduation Requirements for Minnesota's Students)
 Minn. Stat. § 120B.021 (Required Academic Standards)
 Minn. Stat. § 120B.11 (School District Process for Reviewing Curriculum, Instruction, and Student Achievement; Striving for the World's Best Workforce)
 Minn. Stat. § 120B.14 (Advanced Academic Credit)
 Minn. Stat. § 123B.02 (General Powers of Independent School Districts)
 Minn. Stat. § 123B.445 (Nonpublic Education Council)
 Minn. Stat. § 124D.03, Subd. 9 (Enrollment Options Program)
 Minn. Stat. § 124D.09 (Postsecondary Enrollment Options Act)
 Minn. Stat. § 124D.094 (Online Instruction Act)
 Minn. Rules Parts 3501.0640-3501.0655 (Academic Standards for Language Arts)
 Minn. Rules Parts 3501.0700-3501.0745 (Academic Standards for Mathematics)
 Minn. Rules Parts 3501.0820 (Academic Standards for the Arts)
 Minn. Rules Parts 3501.0900-3501.0960 (Academic Standards in Science)
 Minn. Rules Parts 3501.1200-3501.1210 (Academic Standards for English Language Development)
 Minn. Rules Parts 3501.1300-3501.1345 (Academic Standards for Social Studies)
 Minn. Rules Parts 3501.1400-3501.1410 (Academic Standards for Physical Education)

Cross References: MSBA/MASA Model Policy 104 (School District Mission Statement)
MSBA/MASA Model Policy 601 (School District Curriculum and Instruction Goals)
MSBA/MASA Model Policy 613 (Graduation Requirements)
MSBA/MASA Model Policy 614 (School District Testing Plan and Procedure)
MSBA/MASA Model Policy 615 (Testing Accommodations, Modifications, and Exemptions for IEPs, Section 504 Plans, and LEP Students)
MSBA/MASA Model Policy 616 (School District System Accountability)
MSBA/MASA Model Policy 618 (Assessment of Student Achievement)
MSBA/MASA Model Policy 624 (Online Instruction)

Adopted: 3/30/20, 2/26/18, 4/13/98

Revised: 8/14/23, 3/30/20, 2/26/18, 7/27/98

620 CREDIT FOR LEARNING

I. PURPOSE

This policy recognizes student achievement that occurs in postsecondary enrollment option and other advanced enrichment programs. This policy also recognizes student achievement that occurs in other schools, in alternative learning sites, and in out-of-school experiences such as community organizations, work-based learning, and other educational activities and opportunities. This policy addresses transfer of student credit from out-of-state, private, or home schools and online learning programs and to address how the school district will recognize student achievement obtained outside of the school district.

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- B. "Concurrent enrollment" means nonsectarian courses in which an eligible pupil under [Minnesota Statutes, section 124D.95](#), subdivision 5 or 5b enrolls to earn both secondary and postsecondary credits, are taught by a secondary teacher or a postsecondary faculty member, and are offered at a high school for which the district is eligible to receive concurrent enrollment program aid under Minnesota Statutes, section 124D.091.
- C. “Course” means a course or program.
- D. “Eligible institution” means a Minnesota public postsecondary institution, a private, nonprofit two-year trade and technical school granting associate degrees, an opportunities industrialization center accredited by an accreditor recognized by the United States Department of Education, or a private, residential, two-year or four-year, liberal arts, degree-granting college or university located in Minnesota.
- E. “Nonpublic school” is a private school or home school in which a child is provided instruction in compliance with the Minnesota compulsory attendance laws.
- F. “Weighted grade” is a letter or numerical grade that is assigned a numerical advantage when calculating the grade point average.

IV. TRANSFER OF CREDIT FROM OTHER SCHOOLS**A. Transfer of Academic Requirements from Other Minnesota Public Secondary Schools**

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B. Transfer of Academic Requirements from Other Schools

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 - a. When a determination is made that the content of the course aligns directly with school district graduation requirements, the student will be awarded commensurate credits and grades.
 - b. Commensurate credits and grades awarded from an accredited nonpublic school or public school in another state may be used to compute honor roll and/or class rank if a student has earned at least ten (10) credits from the school district.
 - c. In the event the content of a course taken at an accredited nonpublic school or public school in another state does not fully align with the content of the school district's high school graduation requirements but is comparable to elective credits offered by the school district for graduation, the student may be provided elective credit applied toward graduation requirements. Credit that does not fully align with the school district's high school graduation requirements will not be used to compute honor roll and/or class rank.
 - d. If no comparable course is offered by the school district for which high school graduation credit would be provided, no credit will be provided to the student.
2. Students transferring from a non-accredited, nonpublic school shall receive credit from the school district upon presentation of a transcript or other documentation evidencing the course taken and grade and credit awarded.
 - a. Students will be required to provide copies of course descriptions, syllabi, or work samples for determination of appropriate credit. In addition,

students also may be asked to provide interviews/conferences with the student and/or student's parent and/or former administrator or teacher; review of a record of the student's entire curriculum at the nonpublic school; and review of the student's complete record of academic achievement.

- b. Where the school district determines that a course completed by a student at a non-accredited, nonpublic school is commensurate with school district graduation requirements, credit shall be awarded, but the grade shall be "P" (pass).
 - c. In the event the content of a course taken at an non-accredited, nonpublic school does not fully align with the content of the school district's high school graduation requirements but is comparable to elective credits offered by the school district for graduation, the student may be provided elective credit applied toward graduation requirements.
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 - e. Credit and grades earned from a non-accredited nonpublic school shall not be used to compute honor roll and/or class rank.
- C. A student must provide the school with a copy of the student's grades in each course taken for secondary credit under this policy, including interim or nonfinal grades earned during the academic term.

V. POSTSECONDARY ENROLLMENT CREDIT

- A. A student who satisfactorily completes a postsecondary enrollment options course or program under Minnesota Statutes, section 124D.09 that has been approved as meeting the necessary requirements is not required to complete other requirements of the academic standards corresponding to that specific rigorous course of study.
- B. Secondary credits granted to a student through a postsecondary enrollment options course or program must be counted toward the graduation requirements and subject area requirements of the district.
 - 1. Course credit will be considered by the school district only upon presentation of a certified transcript from an eligible institution evidencing the course taken and the grade and credit awarded.
 - 2. Seven quarter or four semester postsecondary credits shall equal at least one full year of high school credit. Fewer postsecondary credits may be prorated.

3. When a determination is made that the content of the postsecondary course aligns directly with a required course for high school graduation, the commensurate credit and grade will be recorded on the student's transcript as a course credit applied toward graduation requirements.
 4. In the event the content of the postsecondary course does not fully align with the content of a high school course required for graduation but is comparable to elective credits offered by the school district for graduation, the school district may provide elective credit and the grade will be recorded on the student's transcript as an elective course credit applied toward graduation requirements.
 5. If no comparable course is offered by the school district for which high school graduation credit would be provided, the school district will notify the Commissioner, who shall determine the number of credits that shall be granted to a student.
 6. When secondary credit is granted for postsecondary credits taken by a student, the school district will record those credits on the student's transcript as credits earned at a postsecondary institution.
- C. A list of the courses or programs meeting the necessary requirements may be obtained from the school district.
- D. By the earlier of (1) three weeks prior to the date by which a student must register for district courses for the following school year, or (2) March 1 of each year, the school district must provide up-to-date information on the district's website and in materials that are distributed to parents and students about the program, including information about enrollment requirements and the ability to earn postsecondary credit to all pupils in grades 8, 9, 10, and 11.

VI. CREDIT FOR EMPLOYMENT WITH HEALTH CARE PROVIDERS

Consistent with the career and technical pathways program, a student in grade 11 or 12 who is employed by an institutional long-term care or licensed assisted living facility, a home and community-based services and supports provider, a hospital or health system clinic, or a child care center may earn up to two elective credits each year toward graduation under Minnesota Statutes, section 120B.024, subdivision 1, paragraph (a), clause (7), at the discretion of the enrolling school district. A student may earn one elective credit for every 350 hours worked, including hours worked during the summer. A student who is employed by an eligible employer must submit an application, in the form or manner required by the school district, for elective credit to the school district in order to receive elective credit. The school district must verify the hours worked with the employer before awarding elective credit.

VII. ADVANCED ACADEMIC CREDIT

- A. The school district will grant academic credit to a student attending an accelerated or advanced academic course offered by a higher education institution or a nonprofit public agency, other than the school district.

- B. Course credit will be considered only upon official documentation from the higher education institution or nonprofit public agency that the student successfully completed the course attended and passed an examination approved by the school district.
- C. When a determination is made that the content of the advanced academic course aligns directly with a required course for high school graduation, the commensurate credit and grade will be recorded on the student's transcript as a course credit applied toward graduation requirements.
- D. In the event the content of the advanced academic course does not fully align with the content of a high school course required for graduation but is comparable to elective credits offered by the school district for graduation, the school district may provide elective credit and the grade will be recorded on the student's transcript as an elective course credit applied toward graduation requirements.
- E. If no comparable course is offered by the school district for which high school graduation credit would be provided, the school district will notify the Commissioner and request a determination of the number of credits that shall be granted to a student.

VIII. WEIGHTED GRADES

- A. The school district offers weighted grades for courses that are identified as more rigorous or academically challenging as follows:
 1. A grade awarded in an Honors course will be multiplied by a factor of 1.3.
 2. A grade awarded in a College in the Schools course will be multiplied by a factor of 1.3.
 3. A grade awarded in a course taken through a Postsecondary Enrollment Options program will be multiplied by a factor of 1.3.
 4. A grade awarded in a course in a duel enrollment course will be multiplied by a factor of 1.3.
- B. The school district will update its website prior to the beginning of each school year with a listing of the courses for which a student may earn a weighted grade.

IX. PROCESS FOR AWARDING CREDIT

- A. The building principal will be responsible for carrying out the process to award credits and grades pursuant to this policy. The building principal will notify students in writing of the decision as to how credits and grades will be awarded.
- B. A student or the student's parent or guardian may seek reconsideration of the decision by the building principal as to credits and/or grades awarded upon request of a student or the student's parent or guardian if the request is made in writing to the superintendent within five school days of the date of the building principal's decision. The request should set

forth the credit and/or grade requested and the reason(s) why credit(s)/grade(s) should be provided as requested. Any pertinent documentation in support of the request should be submitted.

- C. The decision of the superintendent as to the award of credits or grades shall be a final decision by the school district and shall not be appealable by the student or student's parent or guardian except as set forth in Section IX.D. below.
- D. If a student disputes the number of credits granted by the school district for a particular postsecondary enrollment course, or advanced academic credit course, the student may appeal the school district's decision to the Commissioner. The decision of the Commissioner shall be final.
- E. At any time during the process, the building principal or superintendent may ask for course descriptions, syllabi, or work samples from a course where content of the course is in question for purposes of determining alignment with graduation requirements or the number of credits to be granted. Students will not be provided credit until requested documentation is available for review, if requested.

Legal References: Minn. Stat. § 120B.02 (Educational Expectations and Graduation Requirements for Minnesota's Students)
 Minn. Stat. § 120B.021 (Required Academic Standards)
 Minn. Stat. § 120B.11 (School District Process for Reviewing Curriculum, Instruction, and Student Achievement; Striving for the World's Best Workforce)
 Minn. Stat. § 120B.14 (Advanced Academic Credit)
 Minn. Stat. § 123B.02 (General Powers of Independent School Districts)
 Minn. Stat. § 123B.445 (Nonpublic Education Council)
 Minn. Stat. § 124D.03, Subd. 9 (Enrollment Options Program)
 Minn. Stat. § 124D.09 (Postsecondary Enrollment Options Act)
 Minn. Stat. § 124D.094 (Online Instruction Act)
 Minn. Rules Parts 3501.0640-3501.0655 (Academic Standards for Language Arts)
 Minn. Rules Parts 3501.0700-3501.0745 (Academic Standards for Mathematics)
 Minn. Rules Parts 3501.0820 (Academic Standards for the Arts)
 Minn. Rules Parts 3501.0900-3501.0960 (Academic Standards in Science)
 Minn. Rules Parts 3501.1200-3501.1210 (Academic Standards for English Language Development)
 Minn. Rules Parts 3501.1300-3501.1345 (Academic Standards for Social Studies)
 Minn. Rules Parts 3501.1400-3501.1410 (Academic Standards for Physical Education)

Cross References: MSBA/MASA Model Policy 104 (School District Mission Statement)
MSBA/MASA Model Policy 601 (School District Curriculum and Instruction Goals)
MSBA/MASA Model Policy 613 (Graduation Requirements)
MSBA/MASA Model Policy 614 (School District Testing Plan and Procedure)
MSBA/MASA Model Policy 615 (Testing Accommodations, Modifications, and Exemptions for IEPs, Section 504 Plans, and LEP Students)
MSBA/MASA Model Policy 616 (School District System Accountability)
MSBA/MASA Model Policy 618 (Assessment of Student Achievement)
MSBA/MASA Model Policy 624 (Online Instruction)

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Revised: 8/14/23, 10/14/19, 1/28/18, 2/11/06, 1/9/96

506 STUDENT DISCIPLINE

I. PURPOSE

The purpose of this policy is to ensure that students are aware of and comply with the school district's expectations for student conduct. Such compliance will enhance the school district's ability to maintain discipline and ensure that there is no interference with the educational process. The school district will take appropriate disciplinary action when students fail to adhere to the Code of Student Conduct established by this policy.

II. GENERAL STATEMENT OF POLICY

The school board recognizes that individual responsibility and mutual respect are essential components of the educational process. The school board further recognizes that nurturing the maturity of each student is of primary importance and is closely linked with the balance that must be maintained between authority and self-discipline as the individual progresses from a child's dependence on authority to the more mature behavior of self-control.

All students are entitled to learn and develop in a setting which promotes respect of self, others, and property. Proper positive discipline can only result from an environment which provides options and stresses student self-direction, decision-making, and responsibility. Schools can function effectively only with internal discipline based on mutual understanding of rights and responsibilities.

Students must conduct themselves in an appropriate manner that maintains a climate in which learning can take place. Overall decorum affects student attitudes and influences student behavior. Proper student conduct is necessary to facilitate the education process and to create an atmosphere conducive to high student achievement.

Although this policy emphasizes the development of self-discipline, it is recognized that there are instances when it will be necessary to administer disciplinary measures. The position of the school district is that a fair and equitable district-wide student discipline policy will contribute to the quality of the student's educational experience. This discipline policy is adopted in accordance with and subject to the Minnesota Pupil Fair Dismissal Act, Minnesota Statutes, sections 121A.40-121A.56.

In view of the foregoing and in accordance with Minnesota Statutes, section 121A.55, the school board, with the participation of school district administrators, teachers, employees, students, parents, community members, and such other individuals and organizations as appropriate, has developed this policy which governs student conduct and applies to all students of the school district.

III. DEFINITIONS

A. "Nonexclusionary disciplinary policies and practices" means policies and practices that are

alternatives to dismissing a pupil from school, including but not limited to evidence-based positive behavior interventions and supports, social and emotional services, school-linked mental health services, counseling services, social work services, academic screening for Title 1 services or reading interventions, and alternative education services. Nonexclusionary disciplinary policies and practices include but are not limited to the policies and practices under sections 120B.12; 121A.575, clauses (1) and (2); 121A.031, subdivision 4, paragraph (a), clause (1); 121A.61, subdivision 3, paragraph (r); and 122A.627, clause (3).

- B. "Pupil withdrawal agreement" means a verbal or written agreement between a school administrator or district administrator and a pupil's parent to withdraw a student from the school district to avoid expulsion or exclusion dismissal proceedings. The duration of the withdrawal agreement cannot be for more than a 12-month period.

IV. POLICY

- A. The school board must establish uniform criteria for dismissal and adopt written policies and rules to effectuate the purposes of the Minnesota Pupil Fair Dismissal Act. The policies must include nonexclusionary disciplinary policies and practices consistent with Minnesota Statutes, section 121A.41, subdivision 12, and must emphasize preventing dismissals through early detection of problems. The policies must be designed to address students' inappropriate behavior from recurring.
- B. The policies must recognize the continuing responsibility of the school for the education of the pupil during the dismissal period.
- C. The school is responsible for ensuring that alternative educational services, if the pupil wishes to take advantage of them, must be adequate to allow the pupil to make progress toward meeting the graduation standards adopted under Minnesota Statutes, section 120B.02 and help prepare the pupil for readmission in accordance with section Minnesota Statutes, section 121A.46, subdivision 5.
- D. For expulsion and exclusion dismissals and pupil withdrawal agreements as defined in Minnesota Statutes, section 121A.41, subdivision 13:
1. for a pupil who remains enrolled in the school district or is awaiting enrollment in a new district, the school district's continuing responsibility includes reviewing the pupil's schoolwork and grades on a quarterly basis to ensure the pupil is on track for readmission with the pupil's peers. The school district must communicate on a regular basis with the pupil's parent or guardian to ensure that the pupil is completing the work assigned through the alternative educational services as defined in Minnesota Statutes, section 121A.41, subdivision 11. These services are required until the pupil enrolls in another school or returns to the same school;
 2. a pupil receiving school-based or school-linked mental health services in the school district under Minnesota Statutes, section 245.4889 continues to be eligible for those services until the pupil is enrolled in a new district; and

3. the school district must provide to the pupil's parent or guardian information on accessing mental health services, including any free or sliding fee providers in the community. The information must also be posted on the school district website.

V. AREAS OF RESPONSIBILITY

- A. The School Board. The school board holds all school personnel responsible for the maintenance of order within the school district and supports all personnel acting within the framework of this discipline policy.
- B. Superintendent. The superintendent shall establish guidelines and directives to carry out this policy, hold all school personnel, students, and parents responsible for conforming to this policy, and support all school personnel performing their duties within the framework of this policy. The superintendent shall also establish guidelines and directives for using the services of appropriate agencies for assisting students and parents. Any guidelines or directives established to implement this policy shall be submitted to the school board for approval and shall be attached as an addendum to this policy.
- C. Principal. The school principal is given the responsibility and authority to formulate building rules and regulations necessary to enforce this policy, subject to final school board approval. The principal shall give direction and support to all school personnel performing their duties within the framework of this policy. The principal shall consult with parents of students conducting themselves in a manner contrary to the policy. The principal shall also involve other professional employees in the disposition of Behavior referrals and shall make use of those agencies appropriate for assisting students and parents. A principal, in exercising his or her lawful authority, may use reasonable force when it is necessary under the circumstances to restrain a student to prevent imminent bodily harm or death to the student or another.
- D. Teachers. All teachers shall be responsible for providing a well-planned teaching/learning environment and shall have primary responsibility for student conduct, with appropriate assistance from the administration. All teachers shall enforce the Code of Student Conduct. In exercising the teacher's lawful authority, a teacher may use reasonable force when it is necessary under the circumstances to restrain a student to prevent imminent bodily harm or death to the student or another.
- E. Other School District Personnel. All school district personnel shall be responsible for contributing to the atmosphere of mutual respect within the school. Their responsibilities relating to student behavior shall be as authorized and directed by the superintendent. A school employee, school bus driver, or other agent of a school district, in exercising his or her lawful authority, may use reasonable force when it is necessary under the circumstances to restrain a student to prevent bodily harm or death to the student or another.
- F. Parents or Legal Guardians. Parents and guardians shall be held responsible for the behavior of their children as determined by law and community practice. They are expected to cooperate with school authorities and to participate regarding the behavior of their children.

- G. Students. All students shall be held individually responsible for their behavior and for knowing and obeying the Code of Student Conduct and this policy.
- H. Community Members. Members of the community are expected to contribute to the establishment of an atmosphere in which rights and duties are effectively acknowledged and fulfilled.
- I. Reasonable Force Reports
1. The school district must report data on its use of any reasonable force used on a student with a disability to correct or restrain the student to prevent imminent bodily harm or death to the student or another that is consistent with the definition of physical holding under Minnesota Statutes, section 125A.0941, paragraph (c), as outlined in section 125A.0942, subdivision 3, paragraph (b).
 2. Beginning with the 2024-2025 school year, the school district must report annually by July 15, in a form and manner determined by the MDE Commissioner, data from the prior school year about any reasonable force used on a general education student to correct or restrain the student to prevent imminent bodily harm or death to the student or another that is consistent with the definition of physical holding under Minnesota Statutes, section 125A.0941, paragraph (c).
 3. Any reasonable force used under Minnesota Statutes, sections 121A.582; 609.06, subdivision 1; and 609.379 which intends to hold a child immobile or limit a child's movement where body contact is the only source of physical restraint or confines a child alone in a room from which egress is barred shall be reported to the Minnesota Department of Education as a restrictive procedure, including physical holding or seclusion used by an unauthorized or untrained staff person.

VI. STUDENT RIGHTS

All students have the right to an education and the right to learn.

VII. STUDENT RESPONSIBILITIES

All students have the responsibility:

- A. For their behavior and for knowing and obeying all school rules, regulations, policies, and procedures;
- B. To attend school daily, except when excused, and to be on time to all classes and other school functions;
- C. To pursue and attempt to complete the courses of study prescribed by the state and local school authorities;
- D. To make necessary arrangements for making up work when absent from school;

- E. To assist the school staff in maintaining a safe school for all students;
- F. To be aware of all school rules, regulations, policies, and procedures, including those in this policy, and to conduct themselves in accord with them;
- G. To assume that until a rule or policy is waived, altered, or repealed, it is in full force and effect;
- H. To be aware of and comply with federal, state, and local laws;
- I. To volunteer information in disciplinary cases should they have any knowledge relating to such cases and to cooperate with school staff as appropriate;
- J. To respect and maintain the school's property and the property of others;
- K. To dress and groom in a manner which meets standards of safety and health and common standards of decency and which is consistent with applicable school district policy;
- L. To avoid inaccuracies in student newspapers or publications and refrain from indecent or obscene language;
- M. To conduct themselves in an appropriate physical or verbal manner; and
- N. To recognize and respect the rights of others.

VIII. CODE OF STUDENT CONDUCT

- A. The following are examples of unacceptable behavior subject to disciplinary action by the school district. These examples are not intended to be an exclusive list. Any student who engages in any of these activities shall be disciplined in accordance with this policy. This policy applies to all school buildings, school grounds, and school property or property immediately adjacent to school grounds; school-sponsored activities or trips; school bus stops; school buses, school vehicles, school contracted vehicles, or any other vehicles approved for school district purposes; the area of entrance or departure from school premises or events; and all school-related functions, school-sponsored activities, events, or trips. School district property also may mean a student's walking route to or from school for purposes of attending school or school-related functions, activities, or events. While prohibiting unacceptable behavior subject to disciplinary action at these locations and events, the school district does not represent that it will provide supervision or assume liability at these locations and events. This policy also applies to any student whose conduct at any time or in any place interferes with or obstructs the mission or operations of the school district or the safety or welfare of the student, other students, or employees.
 - 1. Violations against property including, but not limited to, damage to or destruction of school property or the property of others, failure to compensate for damage or destruction of such property, arson, breaking and entering, theft, robbery, possession of stolen property, extortion, trespassing, unauthorized usage, or vandalism;

2. The use of profanity or obscene language, or the possession of obscene materials;
3. Gambling, including, but not limited to, playing a game of chance for stakes;
4. Violation of the school district's Hazing Prohibition Policy;
5. Attendance problems including, but not limited to, truancy, absenteeism, tardiness, skipping classes, or leaving school grounds without permission;
6. Violation of the school district's Student Attendance Policy;
7. Opposition to authority using physical force or violence;
8. Using, possessing, or distributing tobacco, tobacco-related devices, electronic cigarettes, or tobacco paraphernalia in violation of the school district's Tobacco-Free Environment; Possession and Use of Tobacco, Tobacco-Related Devices, and Electronic Delivery Devices Policy;
9. Using, possessing, distributing, intending to distribute, making a request to another person for (solicitation), or being under the influence of alcohol or other intoxicating substances or look-alike substances;
10. Using, possessing, distributing, intending to distribute, making a request to another person for (solicitation), or being under the influence of narcotics, drugs, or other controlled substances (except as prescribed by a physician), or look-alike substances (these prohibitions include medical marijuana or medical cannabis, even when prescribed by a physician, and one student sharing prescription medication with another student);
11. Using, possessing, or distributing items or articles that are illegal or harmful to persons or property including, but not limited to, drug paraphernalia;
12. Using, possessing, or distributing weapons, or look-alike weapons or other dangerous objects;
13. Violation of the school district's Weapons Policy;
14. Violation of the school district's Violence Prevention Policy;
15. Possession of ammunition including, but not limited to, bullets or other projectiles designed to be used in or as a weapon;
16. Possession, use, or distribution of explosives or any compound or mixture, the primary or common purpose or intended use of which is to function as an explosive;

17. Possession, use, or distribution of fireworks or any substance or combination of substances or article prepared for the purpose of producing a visible or an audible effect by combustion, explosion, deflagration or detonation;
18. Using an ignition device, including a butane or disposable lighter or matches, inside an educational building and under circumstances where there is a risk of fire, except where the device is used in a manner authorized by the school;
19. Violation of any local, state, or federal law as appropriate;
20. Acts disruptive of the educational process, including, but not limited to, disobedience, disruptive or disrespectful behavior, defiance of authority, cheating, insolence, insubordination, failure to identify oneself, improper activation of fire alarms, or bomb threats;
21. Violation of the school district's Internet Acceptable Use and Safety Policy;
22. Use of a cell phone in violation of the school district's Internet Acceptable Use and Safety Policy;
23. Violation of school bus or transportation rules or the school district's Student Transportation Safety Policy;
24. Violation of parking or school traffic rules and regulations, including, but not limited to, driving on school property in such a manner as to endanger persons or property;
25. Violation of directives or guidelines relating to lockers or improperly gaining access to a school locker;
26. Violation of the school district's Search of Student Lockers, Desks, Personal Possessions, and Student's Person Policy;
27. Violation of the school district's Student Use and Parking of Motor Vehicles; Patrols, Inspections, and Searches Policy;
28. Possession or distribution of slanderous, libelous, or pornographic materials;
29. Violation of the school district's Bullying Prohibition Policy;
30. Student attire or personal grooming which creates a danger to health or safety or creates a disruption to the educational process, including clothing which bears a message which is lewd, vulgar, or obscene, apparel promoting products or activities that are illegal for use by minors, or clothing containing objectionable emblems, signs, words, objects, or pictures communicating a message that is racist, sexist, or otherwise derogatory to a protected minority group or which connotes gang membership;

31. Criminal activity;
32. Falsification of any records, documents, notes, or signatures;
33. Tampering with, changing, or altering records or documents of the school district by any method including, but not limited to, computer access or other electronic means;
34. Scholastic dishonesty which includes, but is not limited to, cheating on a school assignment or test, plagiarism, or collusion, including the use of picture phones or other technology to accomplish this end;
35. Impertinent or disrespectful words, symbols, acronyms, or language, whether oral or written, related to teachers or other school district personnel;
36. Violation of the school district's Harassment and Violence Policy;
37. Actions, including fighting or any other assaultive behavior, which causes or could cause injury to the student or other persons or which otherwise endangers the health, safety, or welfare of teachers, students, other school district personnel, or other persons;
38. Committing an act which inflicts great bodily harm upon another person, even though accidental or a result of poor judgment;
39. Violations against persons, including, but not limited to, assault or threatened assault, fighting, harassment, interference or obstruction, attack with a weapon, or look-alike weapon, sexual assault, illegal or inappropriate sexual conduct, or indecent exposure;
40. Verbal assaults or verbally abusive behavior including, but not limited to, use of words, symbols, acronyms, or language, whether oral or written, that are discriminatory, abusive, obscene, threatening, intimidating, degrading to other people, or threatening to school property;
41. Physical or verbal threats including, but not limited to, the staging or reporting of dangerous or hazardous situations that do not exist;
42. Inappropriate, abusive, threatening, or demeaning actions based on race, color, creed, religion, sex, marital status, status with regard to public assistance, disability, national origin, or sexual orientation;
43. Violation of the school district's Distribution of Nonschool-Sponsored Materials on School Premises by Students and Employees Policy;
44. Violation of the school district's one-to-one device rules and regulations;

45. Violation of school rules, regulations, policies, or procedures, including, but not limited to, those policies specifically enumerated in this policy;
46. Other acts, as determined by the school district, which are disruptive of the educational process or dangerous or detrimental to the student or other students, school district personnel or surrounding persons, or which violate the rights of others or which damage or endanger the property of the school, or which otherwise interferes with or obstruct the mission or operations of the school district or the safety or welfare of students or employees.

IX. RECESS AND OTHER BREAKS

- A. "Recess detention" means excluding or excessively delaying a student from participating in a scheduled recess period as a consequence for student behavior. Recess detention does not include, among other things, providing alternative recess at the student's choice.
- B. The school district is encouraged to ensure student access to structured breaks from the demands of school and to support teachers, principals, and other school staff in their efforts to use evidence-based approaches to reduce exclusionary forms of discipline.
- C. The school district must not use recess detention unless:
 1. a student causes or is likely to cause serious physical harm to other students or staff;
 2. the student's parent or guardian specifically consents to the use of recess detention; or
 3. for students receiving special education services, the student's individualized education program team has determined that withholding recess is appropriate based on the individualized needs of the student.
- D. The school district must not withhold recess from a student based on incomplete schoolwork.
- E. The school district must require school staff to make a reasonable attempt to notify a parent or guardian within 24 hours of using recess detention.
- F. The school district must compile information on each recess detention at the end of each school year, including the student's age, grade, gender, race or ethnicity, and special education status. This information must be available to the public upon request. The school district is encouraged to use the data in professional development promoting the use of nonexclusionary discipline.
- G. The school district must not withhold or excessively delay a student's participation in scheduled mealtimes. This section does not alter a district or school's existing responsibilities under Minnesota Statutes, section 124D.111 or other state or federal law.

X. DISCIPLINARY ACTION OPTIONS

The general policy of the school district is to utilize progressive discipline to the extent reasonable and appropriate based upon the specific facts and circumstances of student misconduct. The specific form of discipline chosen in a particular case is solely within the discretion of the school district. At a minimum, violation of school district code of conduct, rules, regulations, policies, or procedures will result in discussion of the violation and a verbal warning. The school district shall, however, impose more severe disciplinary sanctions for any violation, including exclusion or expulsion, if warranted by the student's misconduct, as determined by the school district. Disciplinary action may include, but is not limited to, one or more of the following:

- A. Student conference with teacher, principal, counselor, or other school district personnel, and verbal warning;
- B. Confiscation by school district personnel and/or by law enforcement of any item, article, object, or thing, prohibited by, or used in the violation of, any school district policy, rule, regulation, procedure, or state or federal law. If confiscated by the school district, the confiscated item, article, object, or thing will be released only to the parent/guardian following the completion of any investigation or disciplinary action instituted or taken related to the violation.
- C. Parent contact;
- D. Parent conference;
- E. Removal from class;
- F. In-school suspension;
- G. Suspension from extracurricular activities;
- H. Detention or restriction of privileges;
- I. Loss of school privileges;
- J. In-school monitoring or revised class schedule;
- K. Referral to in-school support services;
- L. Referral to community resources or outside agency services;
- M. Financial restitution;
- N. Referral to police, other law enforcement agencies, or other appropriate authorities;
- O. A request for a petition to be filed in district court for juvenile delinquency adjudication;
- P. Out-of-school suspension under the Pupil Fair Dismissal Act;

- Q. Preparation of an admission or readmission plan;
- R. Saturday school;
- S. Expulsion under the Pupil Fair Dismissal Act;
- T. Exclusion under the Pupil Fair Dismissal Act; and/or
- U. Other disciplinary action as deemed appropriate by the school district.

XI. REMOVAL OF STUDENTS FROM CLASS

- A. The teacher of record shall have the general control and government of the classroom. Teachers have the responsibility of attempting to modify disruptive student behavior by such means as conferring with the student, using positive reinforcement, assigning detention or other consequences, or contacting the student's parents. When such measures fail, or when the teacher determines it is otherwise appropriate based upon the student's conduct, the teacher shall have the authority to remove the student from class pursuant to the procedures established by this discipline policy. "Removal from class" and "removal" mean any actions taken by a teacher, principal, or other school district employee to prohibit a student from attending a class or activity period for a period of time not to exceed five (5) days, pursuant to this discipline policy.

Grounds for removal from class shall include any of the following:

1. Willful conduct that significantly disrupts the rights of others to an education, including conduct that interferes with a teacher's ability to teach or communicate effectively with students in a class or with the ability of other students to learn;
2. Willful conduct that endangers surrounding persons, including school district employees, the student or other students, or the property of the school;
3. Willful violation of any school rules, regulations, policies or procedures, including the Code of Student Conduct in this policy; or
4. Other conduct, which in the discretion of the teacher or administration, requires removal of the student from class.

Such removal shall be for at least one (1) activity period or class period of instruction for a given course of study and shall not exceed five (5) such periods.

A student must be removed from class immediately if the student engages in assault or violent behavior. "Assault" is an act done with intent to cause fear in another of immediate bodily harm or death; or the intentional infliction of, or attempt to inflict, bodily harm upon another. The removal from class shall be for a period of time deemed appropriate by the principal, in consultation with the teacher.

- B. If a student is removed from class more than ten (10) times in a school year, the school

district shall notify the parent or guardian of the student's tenth removal from class and make reasonable attempts to convene a meeting with the student's parent or guardian to discuss the problem that is causing the student to be removed from class.

C. Procedures for Removal of a Student from a Class.

1. Each teacher has the discretion to remove a student for inappropriate behavior as determined by the teacher. Upon asking the student to leave the classroom and report to the office, the teacher will notify the main office of the name of the student removed.
2. Disciplinary action may be taken as a result of any behavior which is disruptive of the education processes or which violates the rights of others. The acts set forth in the disciplinary policy are unacceptable and subject to disciplinary action in school buildings, on the school buses, school grounds and at school sponsored activities.
3. Teachers will contact the administration and/or complete appropriate behavior referral form in a timely manner.

D. Period of Time for which a Student may be Removed from a Class (may not exceed five (5) class periods for a violation of a rule of conduct).

1. The removal from class shall be for a period of time deemed appropriate by the principal, in consultation with the teacher.

E. Responsibility for and Custody of a Student Removed from Class.

1. Each teacher has the discretion to determine how to deal with inappropriate behavior by a student. The teacher may instruct the student to a designated supervised area or the office. When they are sent to the office, the teacher will notify the office staff of the name of the student reporting to the office. When appropriate or necessary, the teacher will contact the office to request an escort.
2. Administrators have broad discretion to determine the consequences based on the minimum and maximum consequences established in the student handbooks. In unusual situations administrators may impose discipline less than the minimum. In the event the student has engaged in the same or similar behavior in the past or has engaged in persistent violation of school rules, the maximum penalties may be increased.

F. Procedures for Return of a Student to a Class from Which the Student Was Removed.

1. Administrators will take appropriate action for each student removed from class on a case-by-case basis. Such action may include, but is not limited to, warning, student conference, parent conference, detention, or suspension.

- G. Procedures for Notification.
1. Parents will be notified of consequences when students are dismissed from class. Notification may be in the form of a phone call, written communication, or conference.
- H. Disabled Students; Special Provisions.
1. Consideration of whether there is a need for further assessment will be determined by the Individual Education Plan (IEP) team members.
 2. Consideration of whether there is a need for a review of the adequacy of the current Individual Education Plan (IEP) of a disabled student who is removed from class or disciplined will be determined by the IEP team members.
- I. Procedures for Detecting and Addressing Chemical Abuse Problems of Students While on School Premises.
1. A chemical abuse pre-assessment team will be established pursuant to Minn. Stat. 121A.26;
 2. A school and community advisory team to address chemical abuse problems in the district will be established pursuant to Minn. Stat. 121A.27;
 3. Any teacher or school district employee who knows or has reason to believe that a student is using, possessing, or transferring alcohol or a controlled substance while on school premises or involved in school, shall immediately notify the building principal.
- J. Procedures for Immediate and Appropriate Interventions Tied to Violations of the Code of Student Conduct.
1. Nothing in this policy shall prohibit the School District from taking immediate action to protect individuals and property from harm. Nor shall this policy be construed to prohibit the School District from expelling students from behavior not specifically set forth if such conduct:
 2. Materially and substantially disrupts the rights of others to an education; or
 3. Endangers the student, other students or individuals or property of the school.
- All violations of the Code of Student Conduct will be handled on a case-by-case basis.
- K. Any Procedures Determined Appropriate for Encouraging Early Involvement of Parents or Guardians in Attempts to Improve a Student's Behavior.

1. School district personnel may respond to student misbehavior in a variety of ways in which to involve parents or guardians. They include, but are not limited to, communication of concerns, parent conferences, and mediation.
- L. Any Procedures Determined Appropriate for Encouraging Early Detection of Behavioral Problems.
1. School district personnel may respond to behavioral problems in a variety of ways in attempts to modify the behavior. They include, but are not limited to, verbal warning, one-to-one interaction, written communication to parent, parent conference, detention, referral to administrator, and suspension.
- M. Building Administrators responsible for student discipline shall consider referring students to the special education identification process within the building when multiple attempts to correct student behavior are deemed unsuccessful.
- N. Building Administrators responsible for student behavior shall consider adaptation to standard discipline procedure when they have determined a student violated this policy as result of bullying by others.

XII. DISMISSAL

- A. “Dismissal” means the denial of the current educational program to any student, including exclusion, expulsion, and suspension. Dismissal does not include removal from class.

The school district shall not deny due process or equal protection of the law to any student involved in a dismissal proceeding which may result in suspension, exclusion or expulsion.

The school district shall not dismiss any student without attempting to use nonexclusionary disciplinary policies and procedures before dismissal proceedings or pupil withdrawal agreements, except where it appears that the student will create an immediate and substantial danger to self or to surrounding persons or property.

- B. Violations leading to suspension, based upon severity, may also be grounds for actions leading to expulsion, and/or exclusion. A student may be dismissed on any of the following grounds:

1. Willful violation of any reasonable school board regulation, including those found in this policy;
2. Willful conduct that significantly disrupts the rights of others to an education, or the ability of school personnel to perform their duties, or school sponsored extracurricular activities; or
3. Willful conduct that endangers the student or other students, or surrounding persons, including school district employees, or property of the school.

- C. Disciplinary Dismissals Prohibited

1. A pupil enrolled in the following is not subject to dismissals under the Pupil Fair Dismissal Act:
 - a. a preschool or prekindergarten program, including an early childhood family education, school readiness, school readiness plus, voluntary prekindergarten, Head Start, or other school-based preschool or prekindergarten program; or
 - b. kindergarten through Grade 3.
2. This section does not apply to a dismissal from school for less than one school day, except as provided under Minnesota Statutes, chapter 125A and federal law for a student receiving special education services.
3. Notwithstanding this section, expulsions and exclusions may be used only after resources outlined under Nonexclusionary discipline have been exhausted, and only in circumstances where there is an ongoing serious safety threat to the child or others.

D. Suspension Procedures

1. “Suspension” means an action by the school administration, under rules promulgated by the School Board, prohibiting a student from attending school for a period of no more than ten (10) school days; provided, however, if a suspension is longer than five (5) school days, the suspending administrator shall provide the superintendent with a reason for the longer term of suspension. This definition does not apply to dismissal for one (1) school day or less where a student with a disability does not receive regular or special education instruction during that dismissal period.
2. School administration must allow a suspended pupil the opportunity to complete all school work assigned during the period of the pupil's suspension and to receive full credit for satisfactorily completing the assignments. The school principal or other person having administrative control of the school building or program is encouraged to designate a district or school employee as a liaison to work with the pupil's teachers to allow the suspended pupil to (1) receive timely course materials and other information, and (2) complete daily and weekly assignments and receive teachers' feedback.
3. If a student's total days of removal from school exceed ten (10) cumulative days in a school year, the school district shall make reasonable attempts to convene a meeting with the student and the student's parent or guardian before subsequently removing the student from school and, with the permission of the parent or guardian, arrange for a mental health screening for the student at the parent or guardian's expense. The purpose of this meeting is to attempt to determine the student's need for assessment or other services or whether the parent or guardian

should have the student assessed or diagnosed to determine whether the student needs treatment for a mental health disorder.

4. The definition of suspension under Minnesota Statutes, section 121A.41, subdivision 10, does not apply to a student's dismissal from school for ~~one school day or less~~ than one day, except as provided under federal law for a student with a disability. Each suspension action may include a readmission plan. The plan shall include, where appropriate, a provision for implementing alternative educational services upon readmission which must not be used to extend the current suspension. A readmission plan must not obligate a parent or guardian to provide psychotropic drugs to their student as a condition of readmission. School administration must not use the refusal of a parent or guardian to consent to the administration of psychotropic drugs to their student or to consent to a psychiatric evaluation, screening, or examination of the student as a ground, by itself, to prohibit the student from attending class or participating in a school-related activity, or as a basis of a charge of child abuse, child neglect, or medical or educational neglect. The school administration may not impose consecutive suspensions against the same student for the same course of conduct, or incident of misconduct, except where the student will create an immediate and substantial danger to self or to surrounding persons or property or where the school district is in the process of initiating an expulsion, in which case the school administration may extend the suspension to a total of fifteen (15) days.
5. A child with a disability may be suspended. When a child with a disability has been suspended for more than five (5) consecutive days or ten (10) cumulative school days in the same year, and that suspension does not involve a recommendation for expulsion or exclusion or other change in placement under federal law, relevant members of the child's IEP team, including at least one of the child's teachers, shall meet and determine the extent to which the child needs services in order to continue to participate in the general education curriculum, although in another setting, and to progress toward meeting the goals in the child's IEP. That meeting must occur as soon as possible, but no more than ten (10) days after the sixth (6th) consecutive day of suspension or the tenth (10th) cumulative day of suspension has elapsed.
6. Alternative education services must be provided to a pupil who is suspended for more than five (5) consecutive school days. Alternative educational services may include, but are not limited to, special tutoring, modified curriculum, modified instruction, other modifications or adaptations, instruction through electronic media, special education services as indicated by appropriate assessments, homebound instruction, supervised homework, or enrollment in another district or in an alternative learning center under Minnesota Statutes, section 123A.05 selected to allow the student to progress toward meeting graduation standards under Minnesota Statutes, section 120B.02, although in a different setting.
7. The school administration shall not suspend a student from school without an informal administrative conference with the student. The informal administrative conference shall take place before the suspension, except where it appears that the

student will create an immediate and substantial danger to self or to surrounding persons or property, in which case the conference shall take place as soon as practicable following the suspension. At the informal administrative conference, a

school administrator shall notify the student of the grounds for the suspension, provide an explanation of the evidence the authorities have, and the student may present the student's version of the facts. A separate administrative conference is required for each period of suspension.

8. After school administration notifies a student of the grounds for suspension, school administration may, instead of imposing the suspension, do one or more of the following:
 - a. strongly encourage a parent or guardian of the student to attend school with the student for one day;
 - b. assign the student to attend school on Saturday as supervised by the principal or the principal's designee; and
 - c. petition the juvenile court that the student is in need of services under Minnesota Statutes chapter 260C.
9. A written notice containing the grounds for suspension, a brief statement of the facts, a description of the testimony, a readmission plan, and a copy of the Minnesota Pupil Fair Dismissal Act, Minnesota Statutes, sections 121A.40-121A.56, shall be personally served upon the student at or before the time the suspension is to take effect, and upon the student's parent or guardian by mail within forty-eight (48) hours of the conference. (See attached sample Notice of Suspension.)
10. The school administration shall make reasonable efforts to notify the student's parent or guardian of the suspension by telephone as soon as possible following suspension.
11. In the event a student is suspended without an informal administrative conference on the grounds that the student will create an immediate and substantial danger to surrounding persons or property, the written notice shall be served upon the student and the student's parent or guardian within forty-eight (48) hours of the suspension. Service by mail shall be complete upon mailing.
12. Notwithstanding the foregoing provisions, the student may be suspended pending the school board's decision in an expulsion or exclusion proceeding, provided that alternative educational services are implemented to the extent that suspension exceeds five (5) consecutive school days.

E. Expulsion and Exclusion Procedures

1. "Expulsion" means a school board action to prohibit an enrolled student from

further attendance for up to twelve (12) months from the date the student is expelled. The authority to expel rests with the school board.

2. “Exclusion” means an action taken by the school board to prevent enrollment or re-enrollment of a student for a period that shall not extend beyond the school year. The authority to exclude rests with the school board.
3. All expulsion and exclusion proceedings will be held pursuant to and in accordance with the provisions of the Minnesota Pupil Fair Dismissal Act, Minnesota Statutes, sections 121A.40-121A.56.
4. No expulsion or exclusion shall be imposed without a hearing, unless the right to a hearing is waived in writing by the student and parent or guardian.
5. The student and parent or guardian shall be provided written notice of the school district’s intent to initiate expulsion or exclusion proceedings. This notice shall be served upon the student and his or her parent or guardian personally or by mail, and shall contain a complete statement of the facts; a list of the witnesses and a description of their testimony; state the date, time and place of hearing; be accompanied by a copy of the Pupil Fair Dismissal Act, Minnesota Statutes, sections 121A.40-121A.56; describe the nonexclusionary disciplinary practices accorded the student in an attempt to avoid the expulsion proceedings; and inform the student and parent or guardian of their right to: (1) have a representative of the student’s own choosing, including legal counsel at the hearing; (2) examine the student’s records before the hearing; (3) present evidence; and (4) confront and cross-examine witnesses. The school district must advise the student’s parent or guardian that free or low-cost legal assistance may be available and that a legal assistance resource list is available from the Minnesota Department of Education (MDE) and is posted on its website.
6. The hearing shall be scheduled within ten (10) days of the service of the written notice unless an extension, not to exceed five (5) days, is requested for good cause by the school district, student, parent, or guardian.
7. All hearings shall be held at a time and place reasonably convenient to the student, parent, or guardian and shall be closed, unless the student, parent, or guardian requests an open hearing.
8. The school district shall record the hearing proceedings at district expense, and a party may obtain a transcript at its own expense.
9. The student shall have a right to a representative of the student’s own choosing, including legal counsel, at the student’s sole expense. The school district shall advise the student’s parent or guardian that free or low-cost legal assistance may be available and that a legal assistance resource list is available from MDE. The school board may appoint an attorney to represent the school district in any proceeding.

10. If the student designates a representative other than the parent or guardian, the representative must have a written authorization from the student and the parent or guardian providing them with access to and/or copies of the student's records.
11. All expulsion or exclusion hearings shall take place before and be conducted by an independent hearing officer designated by the school district. The hearing shall be conducted in a fair and impartial manner. Testimony shall be given under oath and the hearing officer shall have the power to issue subpoenas and administer oaths.
12. At a reasonable time prior to the hearing, the student, parent or guardian, or authorized representative shall be given access to all school district records pertaining to the student, including any tests or reports upon which the proposed dismissal action may be based.
13. The student, parent or guardian, or authorized representative, shall have the right to compel the presence of any school district employee or agent or any other person who may have evidence upon which the proposed dismissal action may be based, and to confront and cross-examine any witnesses testifying for the school district.
14. The student, parent or guardian, or authorized representative, shall have the right to present evidence and testimony, including expert psychological or educational testimony.
15. The student cannot be compelled to testify in the dismissal proceedings.
16. The hearing officer shall prepare findings and a recommendation based solely upon substantial evidence presented at the hearing, which must be made to the school board and served upon the parties within two (2) days after the close of the hearing.
17. The school board shall base its decision upon the findings and recommendation of the hearing officer and shall render its decision at a meeting held within five (5) days after receiving the findings and recommendation. The school board may provide the parties with the opportunity to present exceptions and comments to the hearing officer's findings and recommendation provided that neither party presents any evidence not admitted at the hearing. The decision by the school board must be based on the record, must be in writing, and must state the controlling facts on which the decision is made in sufficient detail to apprise the parties and the Commissioner of the Minnesota Department of Education (Commissioner) of the basis and reason for the decision.
18. A party to an expulsion or exclusion decision made by the school board may appeal the decision to the Commissioner within twenty-one (21) calendar days of school board action pursuant to Minnesota Statutes section 121A.49. The decision of the school board shall be implemented during the appeal to the Commissioner.
19. The school district shall report any suspension, expulsion or exclusion action taken to the appropriate public service agency, when the student is under the supervision of such agency.

20. The school district must report, through the MDE electronic reporting system, each expulsion or exclusion within thirty (30) days of the effective date of the action to the Commissioner. This report must include a statement of alternative educational services given the student and the reason for, the effective date, and the duration of the exclusion or expulsion. The report must also include the student's age, grade, gender, race, and special education status. The dismissal report must include state student identification numbers of affected students.
21. Whenever a student fails to return to school within ten (10) school days of the termination of dismissal, a school administrator shall inform the student and his/her parent or guardian by mail of the student's right to attend and to be reinstated in the school district.

XIII. ADMISSION OR READMISSION PLAN

A school administrator must prepare and enforce an admission or readmission plan for any student who is excluded or expelled from school. The plan must include measures to improve the student's behavior, which may include completing a character education program consistent with Minnesota Statutes, section 120B.232, subdivision 1, social and emotional learning, counseling, social work services, mental health services, referrals for special education or 504 evaluation, and evidence-based academic interventions. The plan must include reasonable attempts to obtain parental involvement in the admission or readmission process, and may indicate the consequences to the student of not improving the student's behavior. The readmission plan must not obligate parents to provide a sympathomimetic medication for their child as a condition of readmission.

XIV. NOTIFICATION OF POLICY VIOLATIONS

Notification of any violation of this policy and resulting disciplinary action shall be as provided herein, or as otherwise provided by the Pupil Fair Dismissal Act or other applicable law. The teacher, principal or other school district official may provide additional notification as deemed appropriate.

In addition, the school district must report, through the MDE electronic reporting system, each exclusion or expulsion, each physical assault of a school district employee by a pupil, and each pupil withdrawal agreement within thirty (30) days of the effective date of the dismissal action, pupil withdrawal, or assault, to the MDE Commissioner. This report must include a statement of the nonexclusionary disciplinary practices, or other sanction, intervention, or resolution in response to the assault given to the pupil and the reason for, the effective date, and the duration of the exclusion or expulsion or other sanction, intervention, or resolution. The report must also include the pupil's age, grade, gender, race, and special education status.

XV. STUDENT DISCIPLINE RECORDS

The policy of the school district is that complete and accurate student discipline records be maintained. The collection, dissemination, and maintenance of student discipline records shall be consistent with applicable school district policies and federal and state law, including the Minnesota Government Data Practices Act, Minnesota Statutes chapter 13.

XVI. STUDENTS WITH DISABILITIES

Students who are currently identified as eligible under the IDEA or Section 504 will be subject to the provisions of this policy, unless the student's IEP or 504 plan specifies a necessary modification.

Before initiating an expulsion or exclusion of a student with a disability, relevant members of the child's IEP team and the child's parent shall, consistent with federal law, conduct a manifestation determination and determine whether the child's behavior was (i) caused by or had a direct and substantial relationship to the child's disability and (ii) whether the child's conduct was a direct result of a failure to implement the child's IEP. If the student's educational program is appropriate and the behavior is not a manifestation of the student's disability, the school district will proceed with discipline – up to and including expulsion – as if the student did not have a disability, unless the student's educational program provides otherwise. If the team determines that the behavior subject to discipline is a manifestation of the student's disability, the team shall conduct a functional behavioral assessment and implement a behavioral intervention plan for such student provided that the school district had not conducted such assessment prior to the manifestation determination before the behavior that resulted in a change of placement. Where a behavioral intervention plan previously has been developed, the team will review the behavioral intervention plan and modify it as necessary to address the behavior.

When a student who has an IEP is excluded or expelled for misbehavior that is not a manifestation of the student's disability, the school district shall continue to provide special education and related services during the period of expulsion or exclusion.

XVII. OPEN ENROLLED STUDENTS

The school district may terminate the enrollment of a nonresident student enrolled under an Enrollment Option Program (Minnesota Statutes section 124D.03) or Enrollment in Nonresident District (Minnesota Statutes section 124D.08) at the end of a school year if the student meets the definition of a habitual truant, the student has been provided appropriate services for truancy (Minnesota Statutes chapter 260A), and the student's case has been referred to juvenile court. The school district may also terminate the enrollment of a nonresident student over the age of seventeen (17) enrolled under an Enrollment Options Program if the student is absent without lawful excuse for one or more periods on fifteen (15) school days and has not lawfully withdrawn from school.

XVIII. DISCIPLINE COMPLAINT PROCEDURE

Students, parents and other guardians, and school staff may file a complaint and seek corrective action when the requirements of the Minnesota Pupil Fair Dismissal Act, including the implementation of the local behavior and discipline policies, are not being implemented appropriately or are being discriminately applied.

The Discipline Complaint Procedure must, at a minimum:

1. provide procedures for communicating this policy including the ability for a parent to appeal a decision under Minnesota Statutes, section 121A.49 that contains explicit instructions for filing the complaint;

2. provide an opportunity for involved parties to submit additional information related to the complaint;
3. provide a procedure to begin to investigate complaints within three school days of receipt, and identify personnel who will manage the investigation and any resulting record and are responsible for keeping and regulating access to any record;
4. provide procedures for issuing a written determination to the complainant that addresses each allegation and contains findings and conclusions;
5. if the investigation finds the requirements of Minnesota Statutes, sections 121A.40 to 121A.61, including any local policies that were not implemented appropriately, contain procedures that require a corrective action plan to correct a student's record and provide relevant staff with training, coaching, or other accountability practices to ensure appropriate compliance with policies in the future; and
6. prohibit reprisals or retaliation against any person who asserts, alleges, or reports a complaint, and provide procedures for applying appropriate consequences for a person who engages in reprisal or retaliation.

XIX. DISTRIBUTION OF POLICY

The school district will notify students and parents of the existence and contents of this policy in such manner as it deems appropriate. Copies of this discipline policy shall be made available to all students and parents at the commencement of each school year and to all new students and parents upon enrollment. This policy shall also be available upon request in each principal's office.

XX. REVIEW OF POLICY

The principal and representatives of parents, students and staff in each school building shall confer at least annually to review this discipline policy, determine if the policy is working as intended, and to assess whether the discipline policy has been enforced. Any recommended changes shall be submitted to the superintendent for consideration by the school board, which shall conduct an annual review of this policy.

Legal References: Minn. Stat. Ch. 13 (Minnesota Government Data Practices Act)
Minn. Stat. § 120B.02 (Educational Expectations and Graduation Requirements for Minnesota Students)
Minn. Stat. § 120B.232 (Character Development Education)
Minn. Stat. § 121A.26 (School Preassessment Teams)
Minn. Stat. § 121A.29 (Reporting; Chemical Abuse)
Minn. Stat. §§ 121A.40-121A.56 (Pupil Fair Dismissal Act)
Minn. Stat. § 121A.575 (Alternatives to Pupil Suspension)
Minn. Stat. § 121A.582 (Student Discipline; Reasonable Force)
Minn. Stat. §§ 121A.60 (Definitions)
Minn. Stat. § 121A.61 (Discipline and Removal of Students from Class)
Minn. Stat. § 122A.42 (General Control of Schools)

Minn. Stat. § 123A.05 (State-Approved Alternative Program Organization)
 Minn. Stat. § 124D.03 (Enrollment Options Program)
 Minn. Stat. § 124D.08 (School Boards' Approval to Enroll in Nonresident District; Exceptions)
 Minn. Stat. Ch. 125A (Special Education and Special Programs)
 Minn. Stat. § 152.22, Subd. 6 (Definitions)
 Minn. Stat. § 152.23 (Limitations)
 Minn. Stat. Ch. 260A (Truancy)
 Minn. Stat. Ch. 260C (Juvenile Safety and Placement)
 20 U.S.C. §§ 1400-1487 (Individuals with Disabilities Education Act)
 29 U.S.C. § 794 *et seq.* (Rehabilitation Act of 1973, § 504)
 34 C.F.R. § 300.530(e)(1) (Manifestation Determination)

Cross References: MSBA/MASA Model Policy 413 (Harassment and Violence)
 MSBA/MASA Model Policy 419 (Tobacco-Free Environment; Possession and Use of Tobacco, Tobacco-Related Devices, and Electronic Delivery Devices)
 MSBA/MASA Model Policy 501 (School Weapons)
 MSBA/MASA Model Policy 502 (Search of Student Lockers, Desks, Personal Possessions, and Student's Person)
 MSBA/MASA Model Policy 503 (Student Attendance)
 MSBA/MASA Model Policy 505 (Distribution of Nonschool-Sponsored Materials on School Premises by Students and Employees)
 MSBA/MASA Model Policy 514 (Bullying Prohibition Policy)
 MSBA/MASA Model Policy 524 (Internet Acceptable Use and Safety Policy)
 MSBA/MASA Model Policy 525 (Violence Prevention)
 MSBA/MASA Model Policy 526 (Hazing Prohibition)
 MSBA/MASA Model Policy 527 (Student Use and Parking of Motor Vehicles; Patrols, Inspections, and Searches)
 MSBA/MASA Model Policy 610 (Field Trips)
 MSBA/MASA Model Policy 709 (Student Transportation Safety Policy)
 MSBA/MASA Model Policy 711 (Video Recording on School Buses)
 MSBA/MASA Model Policy 712 (Video Surveillance Other Than

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506 STUDENT DISCIPLINE

I. PURPOSE

The purpose of this policy is to ensure that students are aware of and comply with the school district's expectations for student conduct. Such compliance will enhance the school district's ability to maintain discipline and ensure that there is no interference with the educational process. The school district will take appropriate disciplinary action when students fail to adhere to the Code of Student Conduct established by this policy.

II. GENERAL STATEMENT OF POLICY

The school board recognizes that individual responsibility and mutual respect are essential components of the educational process. The school board further recognizes that nurturing the maturity of each student is of primary importance and is closely linked with the balance that must be maintained between authority and self-discipline as the individual progresses from a child's dependence on authority to the more mature behavior of self-control.

All students are entitled to learn and develop in a setting which promotes respect of self, others, and property. Proper positive discipline can only result from an environment which provides options and stresses student self-direction, decision-making, and responsibility. Schools can function effectively only with internal discipline based on mutual understanding of rights and responsibilities.

Students must conduct themselves in an appropriate manner that maintains a climate in which learning can take place. Overall decorum affects student attitudes and influences student behavior. Proper student conduct is necessary to facilitate the education process and to create an atmosphere conducive to high student achievement.

Although this policy emphasizes the development of self-discipline, it is recognized that there are instances when it will be necessary to administer disciplinary measures. The position of the school district is that a fair and equitable district-wide student discipline policy will contribute to the quality of the student's educational experience. This discipline policy is adopted in accordance with and subject to the Minnesota Pupil Fair Dismissal Act, Minnesota Statutes, sections 121A.40-121A.56.

In view of the foregoing and in accordance with Minnesota Statutes, section 121A.55, the school board, with the participation of school district administrators, teachers, employees, students, parents, community members, and such other individuals and organizations as appropriate, has developed this policy which governs student conduct and applies to all students of the school district.

III. DEFINITIONS

A. "Nonexclusionary disciplinary policies and practices" means policies and practices that are

alternatives to dismissing a pupil from school, including but not limited to evidence-based positive behavior interventions and supports, social and emotional services, school-linked mental health services, counseling services, social work services, academic screening for Title 1 services or reading interventions, and alternative education services. Nonexclusionary disciplinary policies and practices include but are not limited to the policies and practices under sections 120B.12; 121A.575, clauses (1) and (2); 121A.031, subdivision 4, paragraph (a), clause (1); 121A.61, subdivision 3, paragraph (r); and 122A.627, clause (3).

- B. "Pupil withdrawal agreement" means a verbal or written agreement between a school administrator or district administrator and a pupil's parent to withdraw a student from the school district to avoid expulsion or exclusion dismissal proceedings. The duration of the withdrawal agreement cannot be for more than a 12-month period.

IV. POLICY

- A. The school board must establish uniform criteria for dismissal and adopt written policies and rules to effectuate the purposes of the Minnesota Pupil Fair Dismissal Act. The policies must include nonexclusionary disciplinary policies and practices consistent with Minnesota Statutes, section 121A.41, subdivision 12, and must emphasize preventing dismissals through early detection of problems. The policies must be designed to address students' inappropriate behavior from recurring.
- B. The policies must recognize the continuing responsibility of the school for the education of the pupil during the dismissal period.
- C. The school is responsible for ensuring that alternative educational services, if the pupil wishes to take advantage of them, must be adequate to allow the pupil to make progress toward meeting the graduation standards adopted under Minnesota Statutes, section 120B.02 and help prepare the pupil for readmission in accordance with section Minnesota Statutes, section 121A.46, subdivision 5.
- D. For expulsion and exclusion dismissals and pupil withdrawal agreements as defined in Minnesota Statutes, section 121A.41, subdivision 13:
1. for a pupil who remains enrolled in the school district or is awaiting enrollment in a new district, the school district's continuing responsibility includes reviewing the pupil's schoolwork and grades on a quarterly basis to ensure the pupil is on track for readmission with the pupil's peers. The school district must communicate on a regular basis with the pupil's parent or guardian to ensure that the pupil is completing the work assigned through the alternative educational services as defined in Minnesota Statutes, section 121A.41, subdivision 11. These services are required until the pupil enrolls in another school or returns to the same school;
 2. a pupil receiving school-based or school-linked mental health services in the school district under Minnesota Statutes, section 245.4889 continues to be eligible for those services until the pupil is enrolled in a new district; and

3. the school district must provide to the pupil's parent or guardian information on accessing mental health services, including any free or sliding fee providers in the community. The information must also be posted on the school district website.

V. AREAS OF RESPONSIBILITY

- A. The School Board. The school board holds all school personnel responsible for the maintenance of order within the school district and supports all personnel acting within the framework of this discipline policy.
- B. Superintendent. The superintendent shall establish guidelines and directives to carry out this policy, hold all school personnel, students, and parents responsible for conforming to this policy, and support all school personnel performing their duties within the framework of this policy. The superintendent shall also establish guidelines and directives for using the services of appropriate agencies for assisting students and parents. Any guidelines or directives established to implement this policy shall be submitted to the school board for approval and shall be attached as an addendum to this policy.
- C. Principal. The school principal is given the responsibility and authority to formulate building rules and regulations necessary to enforce this policy, subject to final school board approval. The principal shall give direction and support to all school personnel performing their duties within the framework of this policy. The principal shall consult with parents of students conducting themselves in a manner contrary to the policy. The principal shall also involve other professional employees in the disposition of Behavior referrals and shall make use of those agencies appropriate for assisting students and parents. A principal, in exercising his or her lawful authority, may use reasonable force when it is necessary under the circumstances to restrain a student to prevent imminent bodily harm or death to the student or another.
- D. Teachers. All teachers shall be responsible for providing a well-planned teaching/learning environment and shall have primary responsibility for student conduct, with appropriate assistance from the administration. All teachers shall enforce the Code of Student Conduct. In exercising the teacher's lawful authority, a teacher may use reasonable force when it is necessary under the circumstances to restrain a student to prevent imminent bodily harm or death to the student or another.
- E. Other School District Personnel. All school district personnel shall be responsible for contributing to the atmosphere of mutual respect within the school. Their responsibilities relating to student behavior shall be as authorized and directed by the superintendent. A school employee, school bus driver, or other agent of a school district, in exercising his or her lawful authority, may use reasonable force when it is necessary under the circumstances to restrain a student to prevent bodily harm or death to the student or another.
- F. Parents or Legal Guardians. Parents and guardians shall be held responsible for the behavior of their children as determined by law and community practice. They are expected to cooperate with school authorities and to participate regarding the behavior of their children.

- G. Students. All students shall be held individually responsible for their behavior and for knowing and obeying the Code of Student Conduct and this policy.
- H. Community Members. Members of the community are expected to contribute to the establishment of an atmosphere in which rights and duties are effectively acknowledged and fulfilled.
- I. Reasonable Force Reports
1. The school district must report data on its use of any reasonable force used on a student with a disability to correct or restrain the student to prevent imminent bodily harm or death to the student or another that is consistent with the definition of physical holding under Minnesota Statutes, section 125A.0941, paragraph (c), as outlined in section 125A.0942, subdivision 3, paragraph (b).
 2. Beginning with the 2024-2025 school year, the school district must report annually by July 15, in a form and manner determined by the MDE Commissioner, data from the prior school year about any reasonable force used on a general education student to correct or restrain the student to prevent imminent bodily harm or death to the student or another that is consistent with the definition of physical holding under Minnesota Statutes, section 125A.0941, paragraph (c).
 3. Any reasonable force used under Minnesota Statutes, sections 121A.582; 609.06, subdivision 1; and 609.379 which intends to hold a child immobile or limit a child's movement where body contact is the only source of physical restraint or confines a child alone in a room from which egress is barred shall be reported to the Minnesota Department of Education as a restrictive procedure, including physical holding or seclusion used by an unauthorized or untrained staff person.

VI. STUDENT RIGHTS

All students have the right to an education and the right to learn.

VII. STUDENT RESPONSIBILITIES

All students have the responsibility:

- A. For their behavior and for knowing and obeying all school rules, regulations, policies, and procedures;
- B. To attend school daily, except when excused, and to be on time to all classes and other school functions;
- C. To pursue and attempt to complete the courses of study prescribed by the state and local school authorities;
- D. To make necessary arrangements for making up work when absent from school;

- E. To assist the school staff in maintaining a safe school for all students;
- F. To be aware of all school rules, regulations, policies, and procedures, including those in this policy, and to conduct themselves in accord with them;
- G. To assume that until a rule or policy is waived, altered, or repealed, it is in full force and effect;
- H. To be aware of and comply with federal, state, and local laws;
- I. To volunteer information in disciplinary cases should they have any knowledge relating to such cases and to cooperate with school staff as appropriate;
- J. To respect and maintain the school's property and the property of others;
- K. To dress and groom in a manner which meets standards of safety and health and common standards of decency and which is consistent with applicable school district policy;
- L. To avoid inaccuracies in student newspapers or publications and refrain from indecent or obscene language;
- M. To conduct themselves in an appropriate physical or verbal manner; and
- N. To recognize and respect the rights of others.

VIII. CODE OF STUDENT CONDUCT

- A. The following are examples of unacceptable behavior subject to disciplinary action by the school district. These examples are not intended to be an exclusive list. Any student who engages in any of these activities shall be disciplined in accordance with this policy. This policy applies to all school buildings, school grounds, and school property or property immediately adjacent to school grounds; school-sponsored activities or trips; school bus stops; school buses, school vehicles, school contracted vehicles, or any other vehicles approved for school district purposes; the area of entrance or departure from school premises or events; and all school-related functions, school-sponsored activities, events, or trips. School district property also may mean a student's walking route to or from school for purposes of attending school or school-related functions, activities, or events. While prohibiting unacceptable behavior subject to disciplinary action at these locations and events, the school district does not represent that it will provide supervision or assume liability at these locations and events. This policy also applies to any student whose conduct at any time or in any place interferes with or obstructs the mission or operations of the school district or the safety or welfare of the student, other students, or employees.
 - 1. Violations against property including, but not limited to, damage to or destruction of school property or the property of others, failure to compensate for damage or destruction of such property, arson, breaking and entering, theft, robbery, possession of stolen property, extortion, trespassing, unauthorized usage, or vandalism;

2. The use of profanity or obscene language, or the possession of obscene materials;
3. Gambling, including, but not limited to, playing a game of chance for stakes;
4. Violation of the school district's Hazing Prohibition Policy;
5. Attendance problems including, but not limited to, truancy, absenteeism, tardiness, skipping classes, or leaving school grounds without permission;
6. Violation of the school district's Student Attendance Policy;
7. Opposition to authority using physical force or violence;
8. Using, possessing, or distributing tobacco, tobacco-related devices, electronic cigarettes, or tobacco paraphernalia in violation of the school district's Tobacco-Free Environment; Possession and Use of Tobacco, Tobacco-Related Devices, and Electronic Delivery Devices Policy;
9. Using, possessing, distributing, intending to distribute, making a request to another person for (solicitation), or being under the influence of alcohol or other intoxicating substances or look-alike substances;
10. Using, possessing, distributing, intending to distribute, making a request to another person for (solicitation), or being under the influence of narcotics, drugs, or other controlled substances (except as prescribed by a physician), or look-alike substances (these prohibitions include medical marijuana or medical cannabis, even when prescribed by a physician, and one student sharing prescription medication with another student);
11. Using, possessing, or distributing items or articles that are illegal or harmful to persons or property including, but not limited to, drug paraphernalia;
12. Using, possessing, or distributing weapons, or look-alike weapons or other dangerous objects;
13. Violation of the school district's Weapons Policy;
14. Violation of the school district's Violence Prevention Policy;
15. Possession of ammunition including, but not limited to, bullets or other projectiles designed to be used in or as a weapon;
16. Possession, use, or distribution of explosives or any compound or mixture, the primary or common purpose or intended use of which is to function as an explosive;

17. Possession, use, or distribution of fireworks or any substance or combination of substances or article prepared for the purpose of producing a visible or an audible effect by combustion, explosion, deflagration or detonation;
18. Using an ignition device, including a butane or disposable lighter or matches, inside an educational building and under circumstances where there is a risk of fire, except where the device is used in a manner authorized by the school;
19. Violation of any local, state, or federal law as appropriate;
20. Acts disruptive of the educational process, including, but not limited to, disobedience, disruptive or disrespectful behavior, defiance of authority, cheating, insolence, insubordination, failure to identify oneself, improper activation of fire alarms, or bomb threats;
21. Violation of the school district's Internet Acceptable Use and Safety Policy;
22. Use of a cell phone in violation of the school district's Internet Acceptable Use and Safety Policy;
23. Violation of school bus or transportation rules or the school district's Student Transportation Safety Policy;
24. Violation of parking or school traffic rules and regulations, including, but not limited to, driving on school property in such a manner as to endanger persons or property;
25. Violation of directives or guidelines relating to lockers or improperly gaining access to a school locker;
26. Violation of the school district's Search of Student Lockers, Desks, Personal Possessions, and Student's Person Policy;
27. Violation of the school district's Student Use and Parking of Motor Vehicles; Patrols, Inspections, and Searches Policy;
28. Possession or distribution of slanderous, libelous, or pornographic materials;
29. Violation of the school district's Bullying Prohibition Policy;
30. Student attire or personal grooming which creates a danger to health or safety or creates a disruption to the educational process, including clothing which bears a message which is lewd, vulgar, or obscene, apparel promoting products or activities that are illegal for use by minors, or clothing containing objectionable emblems, signs, words, objects, or pictures communicating a message that is racist, sexist, or otherwise derogatory to a protected minority group or which connotes gang membership;

31. Criminal activity;
32. Falsification of any records, documents, notes, or signatures;
33. Tampering with, changing, or altering records or documents of the school district by any method including, but not limited to, computer access or other electronic means;
34. Scholastic dishonesty which includes, but is not limited to, cheating on a school assignment or test, plagiarism, or collusion, including the use of picture phones or other technology to accomplish this end;
35. Impertinent or disrespectful words, symbols, acronyms, or language, whether oral or written, related to teachers or other school district personnel;
36. Violation of the school district's Harassment and Violence Policy;
37. Actions, including fighting or any other assaultive behavior, which causes or could cause injury to the student or other persons or which otherwise endangers the health, safety, or welfare of teachers, students, other school district personnel, or other persons;
38. Committing an act which inflicts great bodily harm upon another person, even though accidental or a result of poor judgment;
39. Violations against persons, including, but not limited to, assault or threatened assault, fighting, harassment, interference or obstruction, attack with a weapon, or look-alike weapon, sexual assault, illegal or inappropriate sexual conduct, or indecent exposure;
40. Verbal assaults or verbally abusive behavior including, but not limited to, use of words, symbols, acronyms, or language, whether oral or written, that are discriminatory, abusive, obscene, threatening, intimidating, degrading to other people, or threatening to school property;
41. Physical or verbal threats including, but not limited to, the staging or reporting of dangerous or hazardous situations that do not exist;
42. Inappropriate, abusive, threatening, or demeaning actions based on race, color, creed, religion, sex, marital status, status with regard to public assistance, disability, national origin, or sexual orientation;
43. Violation of the school district's Distribution of Nonschool-Sponsored Materials on School Premises by Students and Employees Policy;
44. Violation of the school district's one-to-one device rules and regulations;

45. Violation of school rules, regulations, policies, or procedures, including, but not limited to, those policies specifically enumerated in this policy;
46. Other acts, as determined by the school district, which are disruptive of the educational process or dangerous or detrimental to the student or other students, school district personnel or surrounding persons, or which violate the rights of others or which damage or endanger the property of the school, or which otherwise interferes with or obstruct the mission or operations of the school district or the safety or welfare of students or employees.

IX. RECESS AND OTHER BREAKS

- A. "Recess detention" means excluding or excessively delaying a student from participating in a scheduled recess period as a consequence for student behavior. Recess detention does not include, among other things, providing alternative recess at the student's choice.
- B. The school district is encouraged to ensure student access to structured breaks from the demands of school and to support teachers, principals, and other school staff in their efforts to use evidence-based approaches to reduce exclusionary forms of discipline.
- C. The school district must not use recess detention unless:
 1. a student causes or is likely to cause serious physical harm to other students or staff;
 2. the student's parent or guardian specifically consents to the use of recess detention; or
 3. for students receiving special education services, the student's individualized education program team has determined that withholding recess is appropriate based on the individualized needs of the student.
- D. The school district must not withhold recess from a student based on incomplete schoolwork.
- E. The school district must require school staff to make a reasonable attempt to notify a parent or guardian within 24 hours of using recess detention.
- F. The school district must compile information on each recess detention at the end of each school year, including the student's age, grade, gender, race or ethnicity, and special education status. This information must be available to the public upon request. The school district is encouraged to use the data in professional development promoting the use of nonexclusionary discipline.
- G. The school district must not withhold or excessively delay a student's participation in scheduled mealtimes. This section does not alter a district or school's existing responsibilities under Minnesota Statutes, section 124D.111 or other state or federal law.

X. DISCIPLINARY ACTION OPTIONS

The general policy of the school district is to utilize progressive discipline to the extent reasonable and appropriate based upon the specific facts and circumstances of student misconduct. The specific form of discipline chosen in a particular case is solely within the discretion of the school district. At a minimum, violation of school district code of conduct, rules, regulations, policies, or procedures will result in discussion of the violation and a verbal warning. The school district shall, however, impose more severe disciplinary sanctions for any violation, including exclusion or expulsion, if warranted by the student's misconduct, as determined by the school district. Disciplinary action may include, but is not limited to, one or more of the following:

- A. Student conference with teacher, principal, counselor, or other school district personnel, and verbal warning;
- B. Confiscation by school district personnel and/or by law enforcement of any item, article, object, or thing, prohibited by, or used in the violation of, any school district policy, rule, regulation, procedure, or state or federal law. If confiscated by the school district, the confiscated item, article, object, or thing will be released only to the parent/guardian following the completion of any investigation or disciplinary action instituted or taken related to the violation.
- C. Parent contact;
- D. Parent conference;
- E. Removal from class;
- F. In-school suspension;
- G. Suspension from extracurricular activities;
- H. Detention or restriction of privileges;
- I. Loss of school privileges;
- J. In-school monitoring or revised class schedule;
- K. Referral to in-school support services;
- L. Referral to community resources or outside agency services;
- M. Financial restitution;
- N. Referral to police, other law enforcement agencies, or other appropriate authorities;
- O. A request for a petition to be filed in district court for juvenile delinquency adjudication;
- P. Out-of-school suspension under the Pupil Fair Dismissal Act;

- Q. Preparation of an admission or readmission plan;
- R. Saturday school;
- S. Expulsion under the Pupil Fair Dismissal Act;
- T. Exclusion under the Pupil Fair Dismissal Act; and/or
- U. Other disciplinary action as deemed appropriate by the school district.

XI. REMOVAL OF STUDENTS FROM CLASS

- A. The teacher of record shall have the general control and government of the classroom. Teachers have the responsibility of attempting to modify disruptive student behavior by such means as conferring with the student, using positive reinforcement, assigning detention or other consequences, or contacting the student's parents. When such measures fail, or when the teacher determines it is otherwise appropriate based upon the student's conduct, the teacher shall have the authority to remove the student from class pursuant to the procedures established by this discipline policy. "Removal from class" and "removal" mean any actions taken by a teacher, principal, or other school district employee to prohibit a student from attending a class or activity period for a period of time not to exceed five (5) days, pursuant to this discipline policy.

Grounds for removal from class shall include any of the following:

1. Willful conduct that significantly disrupts the rights of others to an education, including conduct that interferes with a teacher's ability to teach or communicate effectively with students in a class or with the ability of other students to learn;
2. Willful conduct that endangers surrounding persons, including school district employees, the student or other students, or the property of the school;
3. Willful violation of any school rules, regulations, policies or procedures, including the Code of Student Conduct in this policy; or
4. Other conduct, which in the discretion of the teacher or administration, requires removal of the student from class.

Such removal shall be for at least one (1) activity period or class period of instruction for a given course of study and shall not exceed five (5) such periods.

A student must be removed from class immediately if the student engages in assault or violent behavior. "Assault" is an act done with intent to cause fear in another of immediate bodily harm or death; or the intentional infliction of, or attempt to inflict, bodily harm upon another. The removal from class shall be for a period of time deemed appropriate by the principal, in consultation with the teacher.

- B. If a student is removed from class more than ten (10) times in a school year, the school district shall notify the parent or guardian of the student's tenth removal from class and make reasonable attempts to convene a meeting with the student's parent or guardian to discuss the problem that is causing the student to be removed from class.
- C. Procedures for Removal of a Student from a Class.
1. Each teacher has the discretion to remove a student for inappropriate behavior as determined by the teacher. Upon asking the student to leave the classroom and report to the office, the teacher will notify the main office of the name of the student removed.
 2. Disciplinary action may be taken as a result of any behavior which is disruptive of the education processes or which violates the rights of others. The acts set forth in the disciplinary policy are unacceptable and subject to disciplinary action in school buildings, on the school buses, school grounds and at school sponsored activities.
 3. Teachers will contact the administration and/or complete appropriate behavior referral form in a timely manner.
- D. Period of Time for which a Student may be Removed from a Class (may not exceed five (5) class periods for a violation of a rule of conduct).
1. The removal from class shall be for a period of time deemed appropriate by the principal, in consultation with the teacher.
- E. Responsibility for and Custody of a Student Removed from Class.
1. Each teacher has the discretion to determine how to deal with inappropriate behavior by a student. The teacher may instruct the student to a designated supervised area or the office. When they are sent to the office, the teacher will notify the office staff of the name of the student reporting to the office. When appropriate or necessary, the teacher will contact the office to request an escort.
 2. Administrators have broad discretion to determine the consequences based on the minimum and maximum consequences established in the student handbooks. In unusual situations administrators may impose discipline less than the minimum. In the event the student has engaged in the same or similar behavior in the past or has engaged in persistent violation of school rules, the maximum penalties may be increased.
- F. Procedures for Return of a Student to a Class from Which the Student Was Removed.
1. Administrators will take appropriate action for each student removed from class on a case-by-case basis. Such action may include, but is not limited to, warning, student conference, parent conference, detention, or suspension.

- G. Procedures for Notification.
1. Parents will be notified of consequences when students are dismissed from class. Notification may be in the form of a phone call, written communication, or conference.
- H. Disabled Students; Special Provisions.
1. Consideration of whether there is a need for further assessment will be determined by the Individual Education Plan (IEP) team members.
 2. Consideration of whether there is a need for a review of the adequacy of the current Individual Education Plan (IEP) of a disabled student who is removed from class or disciplined will be determined by the IEP team members.
- I. Procedures for Detecting and Addressing Chemical Abuse Problems of Students While on School Premises.
1. A chemical abuse pre-assessment team will be established pursuant to Minn. Stat. 121A.26;
 2. A school and community advisory team to address chemical abuse problems in the district will be established pursuant to Minn. Stat. 121A.27;
 3. Any teacher or school district employee who knows or has reason to believe that a student is using, possessing, or transferring alcohol or a controlled substance while on school premises or involved in school, shall immediately notify the building principal.
- J. Procedures for Immediate and Appropriate Interventions Tied to Violations of the Code of Student Conduct.
1. Nothing in this policy shall prohibit the School District from taking immediate action to protect individuals and property from harm. Nor shall this policy be construed to prohibit the School District from expelling students from behavior not specifically set forth if such conduct:
 2. Materially and substantially disrupts the rights of others to an education; or
 3. Endangers the student, other students or individuals or property of the school.
- All violations of the Code of Student Conduct will be handled on a case-by-case basis.
- K. Any Procedures Determined Appropriate for Encouraging Early Involvement of Parents or Guardians in Attempts to Improve a Student's Behavior.

1. School district personnel may respond to student misbehavior in a variety of ways in which to involve parents or guardians. They include, but are not limited to, communication of concerns, parent conferences, and mediation.
- L. Any Procedures Determined Appropriate for Encouraging Early Detection of Behavioral Problems.
1. School district personnel may respond to behavioral problems in a variety of ways in attempts to modify the behavior. They include, but are not limited to, verbal warning, one-to-one interaction, written communication to parent, parent conference, detention, referral to administrator, and suspension.
- M. Building Administrators responsible for student discipline shall consider referring students to the special education identification process within the building when multiple attempts to correct student behavior are deemed unsuccessful.
- N. Building Administrators responsible for student behavior shall consider adaptation to standard discipline procedure when they have determined a student violated this policy as result of bullying by others.

XII. DISMISSAL

- A. “Dismissal” means the denial of the current educational program to any student, including exclusion, expulsion, and suspension. Dismissal does not include removal from class.

The school district shall not deny due process or equal protection of the law to any student involved in a dismissal proceeding which may result in suspension, exclusion or expulsion.

The school district shall not dismiss any student without attempting to use nonexclusionary disciplinary policies and procedures before dismissal proceedings or pupil withdrawal agreements, except where it appears that the student will create an immediate and substantial danger to self or to surrounding persons or property.

- B. Violations leading to suspension, based upon severity, may also be grounds for actions leading to expulsion, and/or exclusion. A student may be dismissed on any of the following grounds:
1. Willful violation of any reasonable school board regulation, including those found in this policy;
 2. Willful conduct that significantly disrupts the rights of others to an education, or the ability of school personnel to perform their duties, or school sponsored extracurricular activities; or
 3. Willful conduct that endangers the student or other students, or surrounding persons, including school district employees, or property of the school.

- C. Disciplinary Dismissals Prohibited

1. A pupil enrolled in the following is not subject to dismissals under the Pupil Fair Dismissal Act:
 - a. a preschool or prekindergarten program, including an early childhood family education, school readiness, school readiness plus, voluntary prekindergarten, Head Start, or other school-based preschool or prekindergarten program; or
 - b. kindergarten through Grade 3.
2. This section does not apply to a dismissal from school for less than one school day, except as provided under Minnesota Statutes, chapter 125A and federal law for a student receiving special education services.
3. Notwithstanding this section, expulsions and exclusions may be used only after resources outlined under Nonexclusionary discipline have been exhausted, and only in circumstances where there is an ongoing serious safety threat to the child or others.

D. Suspension Procedures

1. “Suspension” means an action by the school administration, under rules promulgated by the School Board, prohibiting a student from attending school for a period of no more than ten (10) school days; provided, however, if a suspension is longer than five (5) school days, the suspending administrator shall provide the superintendent with a reason for the longer term of suspension. This definition does not apply to dismissal for one (1) school day or less where a student with a disability does not receive regular or special education instruction during that dismissal period.
2. School administration must allow a suspended pupil the opportunity to complete all school work assigned during the period of the pupil's suspension and to receive full credit for satisfactorily completing the assignments. The school principal or other person having administrative control of the school building or program is encouraged to designate a district or school employee as a liaison to work with the pupil's teachers to allow the suspended pupil to (1) receive timely course materials and other information, and (2) complete daily and weekly assignments and receive teachers' feedback.
3. If a student's total days of removal from school exceed ten (10) cumulative days in a school year, the school district shall make reasonable attempts to convene a meeting with the student and the student's parent or guardian before subsequently removing the student from school and, with the permission of the parent or guardian, arrange for a mental health screening for the student at the parent or guardian's expense. The purpose of this meeting is to attempt to determine the student's need for assessment or other services or whether the parent or guardian

should have the student assessed or diagnosed to determine whether the student needs treatment for a mental health disorder.

4. The definition of suspension under Minnesota Statutes, section 121A.41, subdivision 10, does not apply to a student's dismissal from school for less than one day, except as provided under federal law for a student with a disability. Each suspension action may include a readmission plan. The plan shall include, where appropriate, a provision for implementing alternative educational services upon readmission which must not be used to extend the current suspension. A readmission plan must not obligate a parent or guardian to provide psychotropic drugs to their student as a condition of readmission. School administration must not use the refusal of a parent or guardian to consent to the administration of psychotropic drugs to their student or to consent to a psychiatric evaluation, screening, or examination of the student as a ground, by itself, to prohibit the student from attending class or participating in a school-related activity, or as a basis of a charge of child abuse, child neglect, or medical or educational neglect. The school administration may not impose consecutive suspensions against the same student for the same course of conduct, or incident of misconduct, except where the student will create an immediate and substantial danger to self or to surrounding persons or property or where the school district is in the process of initiating an expulsion, in which case the school administration may extend the suspension to a total of fifteen (15) days.
5. A child with a disability may be suspended. When a child with a disability has been suspended for more than five (5) consecutive days or ten (10) cumulative school days in the same year, and that suspension does not involve a recommendation for expulsion or exclusion or other change in placement under federal law, relevant members of the child's IEP team, including at least one of the child's teachers, shall meet and determine the extent to which the child needs services in order to continue to participate in the general education curriculum, although in another setting, and to progress toward meeting the goals in the child's IEP. That meeting must occur as soon as possible, but no more than ten (10) days after the sixth (6th) consecutive day of suspension or the tenth (10th) cumulative day of suspension has elapsed.
6. Alternative education services must be provided to a pupil who is suspended for more than five (5) consecutive school days. Alternative educational services may include, but are not limited to, special tutoring, modified curriculum, modified instruction, other modifications or adaptations, instruction through electronic media, special education services as indicated by appropriate assessments, homebound instruction, supervised homework, or enrollment in another district or in an alternative learning center under Minnesota Statutes, section 123A.05 selected to allow the student to progress toward meeting graduation standards under Minnesota Statutes, section 120B.02, although in a different setting.
7. The school administration shall not suspend a student from school without an informal administrative conference with the student. The informal administrative conference shall take place before the suspension, except where it appears that the

student will create an immediate and substantial danger to self or to surrounding persons or property, in which case the conference shall take place as soon as practicable following the suspension. At the informal administrative conference, a

school administrator shall notify the student of the grounds for the suspension, provide an explanation of the evidence the authorities have, and the student may present the student's version of the facts. A separate administrative conference is required for each period of suspension.

8. After school administration notifies a student of the grounds for suspension, school administration may, instead of imposing the suspension, do one or more of the following:
 - a. strongly encourage a parent or guardian of the student to attend school with the student for one day;
 - b. assign the student to attend school on Saturday as supervised by the principal or the principal's designee; and
 - c. petition the juvenile court that the student is in need of services under Minnesota Statutes chapter 260C.
9. A written notice containing the grounds for suspension, a brief statement of the facts, a description of the testimony, a readmission plan, and a copy of the Minnesota Pupil Fair Dismissal Act, Minnesota Statutes, sections 121A.40-121A.56, shall be personally served upon the student at or before the time the suspension is to take effect, and upon the student's parent or guardian by mail within forty-eight (48) hours of the conference. (See attached sample Notice of Suspension.)
10. The school administration shall make reasonable efforts to notify the student's parent or guardian of the suspension by telephone as soon as possible following suspension.
11. In the event a student is suspended without an informal administrative conference on the grounds that the student will create an immediate and substantial danger to surrounding persons or property, the written notice shall be served upon the student and the student's parent or guardian within forty-eight (48) hours of the suspension. Service by mail shall be complete upon mailing.
12. Notwithstanding the foregoing provisions, the student may be suspended pending the school board's decision in an expulsion or exclusion proceeding, provided that alternative educational services are implemented to the extent that suspension exceeds five (5) consecutive school days.

E. Expulsion and Exclusion Procedures

1. "Expulsion" means a school board action to prohibit an enrolled student from

further attendance for up to twelve (12) months from the date the student is expelled. The authority to expel rests with the school board.

2. “Exclusion” means an action taken by the school board to prevent enrollment or re-enrollment of a student for a period that shall not extend beyond the school year. The authority to exclude rests with the school board.
3. All expulsion and exclusion proceedings will be held pursuant to and in accordance with the provisions of the Minnesota Pupil Fair Dismissal Act, Minnesota Statutes, sections 121A.40-121A.56.
4. No expulsion or exclusion shall be imposed without a hearing, unless the right to a hearing is waived in writing by the student and parent or guardian.
5. The student and parent or guardian shall be provided written notice of the school district’s intent to initiate expulsion or exclusion proceedings. This notice shall be served upon the student and his or her parent or guardian personally or by mail, and shall contain a complete statement of the facts; a list of the witnesses and a description of their testimony; state the date, time and place of hearing; be accompanied by a copy of the Pupil Fair Dismissal Act, Minnesota Statutes, sections 121A.40-121A.56; describe the nonexclusionary disciplinary practices accorded the student in an attempt to avoid the expulsion proceedings; and inform the student and parent or guardian of their right to: (1) have a representative of the student’s own choosing, including legal counsel at the hearing; (2) examine the student’s records before the hearing; (3) present evidence; and (4) confront and cross-examine witnesses. The school district must advise the student’s parent or guardian that free or low-cost legal assistance may be available and that a legal assistance resource list is available from the Minnesota Department of Education (MDE) and is posted on its website.
6. The hearing shall be scheduled within ten (10) days of the service of the written notice unless an extension, not to exceed five (5) days, is requested for good cause by the school district, student, parent, or guardian.
7. All hearings shall be held at a time and place reasonably convenient to the student, parent, or guardian and shall be closed, unless the student, parent, or guardian requests an open hearing.
8. The school district shall record the hearing proceedings at district expense, and a party may obtain a transcript at its own expense.
9. The student shall have a right to a representative of the student’s own choosing, including legal counsel, at the student’s sole expense. The school district shall advise the student’s parent or guardian that free or low-cost legal assistance may be available and that a legal assistance resource list is available from MDE. The school board may appoint an attorney to represent the school district in any proceeding.

10. If the student designates a representative other than the parent or guardian, the representative must have a written authorization from the student and the parent or guardian providing them with access to and/or copies of the student's records.
11. All expulsion or exclusion hearings shall take place before and be conducted by an independent hearing officer designated by the school district. The hearing shall be conducted in a fair and impartial manner. Testimony shall be given under oath and the hearing officer shall have the power to issue subpoenas and administer oaths.
12. At a reasonable time prior to the hearing, the student, parent or guardian, or authorized representative shall be given access to all school district records pertaining to the student, including any tests or reports upon which the proposed dismissal action may be based.
13. The student, parent or guardian, or authorized representative, shall have the right to compel the presence of any school district employee or agent or any other person who may have evidence upon which the proposed dismissal action may be based, and to confront and cross-examine any witnesses testifying for the school district.
14. The student, parent or guardian, or authorized representative, shall have the right to present evidence and testimony, including expert psychological or educational testimony.
15. The student cannot be compelled to testify in the dismissal proceedings.
16. The hearing officer shall prepare findings and a recommendation based solely upon substantial evidence presented at the hearing, which must be made to the school board and served upon the parties within two (2) days after the close of the hearing.
17. The school board shall base its decision upon the findings and recommendation of the hearing officer and shall render its decision at a meeting held within five (5) days after receiving the findings and recommendation. The school board may provide the parties with the opportunity to present exceptions and comments to the hearing officer's findings and recommendation provided that neither party presents any evidence not admitted at the hearing. The decision by the school board must be based on the record, must be in writing, and must state the controlling facts on which the decision is made in sufficient detail to apprise the parties and the Commissioner of the Minnesota Department of Education (Commissioner) of the basis and reason for the decision.
18. A party to an expulsion or exclusion decision made by the school board may appeal the decision to the Commissioner within twenty-one (21) calendar days of school board action pursuant to Minnesota Statutes section 121A.49. The decision of the school board shall be implemented during the appeal to the Commissioner.
19. The school district shall report any suspension, expulsion or exclusion action taken to the appropriate public service agency, when the student is under the supervision of such agency.

20. The school district must report, through the MDE electronic reporting system, each expulsion or exclusion within thirty (30) days of the effective date of the action to the Commissioner. This report must include a statement of alternative educational services given the student and the reason for, the effective date, and the duration of the exclusion or expulsion. The report must also include the student's age, grade, gender, race, and special education status. The dismissal report must include state student identification numbers of affected students.
21. Whenever a student fails to return to school within ten (10) school days of the termination of dismissal, a school administrator shall inform the student and his/her parent or guardian by mail of the student's right to attend and to be reinstated in the school district.

XIII. ADMISSION OR READMISSION PLAN

A school administrator must prepare and enforce an admission or readmission plan for any student who is excluded or expelled from school. The plan must include measures to improve the student's behavior, which may include completing a character education program consistent with Minnesota Statutes, section 120B.232, subdivision 1, social and emotional learning, counseling, social work services, mental health services, referrals for special education or 504 evaluation, and evidence-based academic interventions. The plan must include reasonable attempts to obtain parental involvement in the admission or readmission process, and may indicate the consequences to the student of not improving the student's behavior. The readmission plan must not obligate parents to provide a sympathomimetic medication for their child as a condition of readmission.

XIV. NOTIFICATION OF POLICY VIOLATIONS

Notification of any violation of this policy and resulting disciplinary action shall be as provided herein, or as otherwise provided by the Pupil Fair Dismissal Act or other applicable law. The teacher, principal or other school district official may provide additional notification as deemed appropriate.

In addition, the school district must report, through the MDE electronic reporting system, each exclusion or expulsion, each physical assault of a school district employee by a pupil, and each pupil withdrawal agreement within thirty (30) days of the effective date of the dismissal action, pupil withdrawal, or assault, to the MDE Commissioner. This report must include a statement of the nonexclusionary disciplinary practices, or other sanction, intervention, or resolution in response to the assault given to the pupil and the reason for, the effective date, and the duration of the exclusion or expulsion or other sanction, intervention, or resolution. The report must also include the pupil's age, grade, gender, race, and special education status.

XV. STUDENT DISCIPLINE RECORDS

The policy of the school district is that complete and accurate student discipline records be maintained. The collection, dissemination, and maintenance of student discipline records shall be consistent with applicable school district policies and federal and state law, including the Minnesota Government Data Practices Act, Minnesota Statutes chapter 13.

XVI. STUDENTS WITH DISABILITIES

Students who are currently identified as eligible under the IDEA or Section 504 will be subject to the provisions of this policy, unless the student's IEP or 504 plan specifies a necessary modification.

Before initiating an expulsion or exclusion of a student with a disability, relevant members of the child's IEP team and the child's parent shall, consistent with federal law, conduct a manifestation determination and determine whether the child's behavior was (i) caused by or had a direct and substantial relationship to the child's disability and (ii) whether the child's conduct was a direct result of a failure to implement the child's IEP. If the student's educational program is appropriate and the behavior is not a manifestation of the student's disability, the school district will proceed with discipline – up to and including expulsion – as if the student did not have a disability, unless the student's educational program provides otherwise. If the team determines that the behavior subject to discipline is a manifestation of the student's disability, the team shall conduct a functional behavioral assessment and implement a behavioral intervention plan for such student provided that the school district had not conducted such assessment prior to the manifestation determination before the behavior that resulted in a change of placement. Where a behavioral intervention plan previously has been developed, the team will review the behavioral intervention plan and modify it as necessary to address the behavior.

When a student who has an IEP is excluded or expelled for misbehavior that is not a manifestation of the student's disability, the school district shall continue to provide special education and related services during the period of expulsion or exclusion.

XVII. OPEN ENROLLED STUDENTS

The school district may terminate the enrollment of a nonresident student enrolled under an Enrollment Option Program (Minnesota Statutes section 124D.03) or Enrollment in Nonresident District (Minnesota Statutes section 124D.08) at the end of a school year if the student meets the definition of a habitual truant, the student has been provided appropriate services for truancy (Minnesota Statutes chapter 260A), and the student's case has been referred to juvenile court. The school district may also terminate the enrollment of a nonresident student over the age of seventeen (17) enrolled under an Enrollment Options Program if the student is absent without lawful excuse for one or more periods on fifteen (15) school days and has not lawfully withdrawn from school.

XVIII. DISCIPLINE COMPLAINT PROCEDURE

Students, parents and other guardians, and school staff may file a complaint and seek corrective action when the requirements of the Minnesota Pupil Fair Dismissal Act, including the implementation of the local behavior and discipline policies, are not being implemented appropriately or are being discriminately applied.

The Discipline Complaint Procedure must, at a minimum:

1. provide procedures for communicating this policy including the ability for a parent to appeal a decision under Minnesota Statutes, section 121A.49 that contains explicit instructions for filing the complaint;

2. provide an opportunity for involved parties to submit additional information related to the complaint;
3. provide a procedure to begin to investigate complaints within three school days of receipt, and identify personnel who will manage the investigation and any resulting record and are responsible for keeping and regulating access to any record;
4. provide procedures for issuing a written determination to the complainant that addresses each allegation and contains findings and conclusions;
5. if the investigation finds the requirements of Minnesota Statutes, sections 121A.40 to 121A.61, including any local policies that were not implemented appropriately, contain procedures that require a corrective action plan to correct a student's record and provide relevant staff with training, coaching, or other accountability practices to ensure appropriate compliance with policies in the future; and
6. prohibit reprisals or retaliation against any person who asserts, alleges, or reports a complaint, and provide procedures for applying appropriate consequences for a person who engages in reprisal or retaliation.

XIX. DISTRIBUTION OF POLICY

The school district will notify students and parents of the existence and contents of this policy in such manner as it deems appropriate. Copies of this discipline policy shall be made available to all students and parents at the commencement of each school year and to all new students and parents upon enrollment. This policy shall also be available upon request in each principal's office.

XX. REVIEW OF POLICY

The principal and representatives of parents, students and staff in each school building shall confer at least annually to review this discipline policy, determine if the policy is working as intended, and to assess whether the discipline policy has been enforced. Any recommended changes shall be submitted to the superintendent for consideration by the school board, which shall conduct an annual review of this policy.

Legal References: Minn. Stat. Ch. 13 (Minnesota Government Data Practices Act)
Minn. Stat. § 120B.02 (Educational Expectations and Graduation Requirements for Minnesota Students)
Minn. Stat. § 120B.232 (Character Development Education)
Minn. Stat. § 121A.26 (School Preassessment Teams)
Minn. Stat. § 121A.29 (Reporting; Chemical Abuse)
Minn. Stat. §§ 121A.40-121A.56 (Pupil Fair Dismissal Act)
Minn. Stat. § 121A.575 (Alternatives to Pupil Suspension)
Minn. Stat. § 121A.582 (Student Discipline; Reasonable Force)
Minn. Stat. §§ 121A.60 (Definitions)
Minn. Stat. § 121A.61 (Discipline and Removal of Students from Class)
Minn. Stat. § 122A.42 (General Control of Schools)

Minn. Stat. § 123A.05 (State-Approved Alternative Program Organization)
 Minn. Stat. § 124D.03 (Enrollment Options Program)
 Minn. Stat. § 124D.08 (School Boards' Approval to Enroll in Nonresident District; Exceptions)
 Minn. Stat. Ch. 125A (Special Education and Special Programs)
 Minn. Stat. § 152.22, Subd. 6 (Definitions)
 Minn. Stat. § 152.23 (Limitations)
 Minn. Stat. Ch. 260A (Truancy)
 Minn. Stat. Ch. 260C (Juvenile Safety and Placement)
 20 U.S.C. §§ 1400-1487 (Individuals with Disabilities Education Act)
 29 U.S.C. § 794 *et seq.* (Rehabilitation Act of 1973, § 504)
 34 C.F.R. § 300.530(e)(1) (Manifestation Determination)

Cross References: MSBA/MASA Model Policy 413 (Harassment and Violence)
 MSBA/MASA Model Policy 419 (Tobacco-Free Environment; Possession and Use of Tobacco, Tobacco-Related Devices, and Electronic Delivery Devices)
 MSBA/MASA Model Policy 501 (School Weapons)
 MSBA/MASA Model Policy 502 (Search of Student Lockers, Desks, Personal Possessions, and Student's Person)
 MSBA/MASA Model Policy 503 (Student Attendance)
 MSBA/MASA Model Policy 505 (Distribution of Nonschool-Sponsored Materials on School Premises by Students and Employees)
 MSBA/MASA Model Policy 514 (Bullying Prohibition Policy)
 MSBA/MASA Model Policy 524 (Internet Acceptable Use and Safety Policy)
 MSBA/MASA Model Policy 525 (Violence Prevention)
 MSBA/MASA Model Policy 526 (Hazing Prohibition)
 MSBA/MASA Model Policy 527 (Student Use and Parking of Motor Vehicles; Patrols, Inspections, and Searches)
 MSBA/MASA Model Policy 610 (Field Trips)
 MSBA/MASA Model Policy 709 (Student Transportation Safety Policy)
 MSBA/MASA Model Policy 711 (Video Recording on School Buses)
 MSBA/MASA Model Policy 712 (Video Surveillance Other Than

Committee Members:

- ❖ Beth Dohnansky, Chair - Food Service Director
- ❖ Sarah Ellena, High School - absent
- ❖ Kriston Clark, Washington Elementary
- ❖ Jill Brenner, Washington Elementary
- ❖ Heidi Mattinen, Churchill Elementary
- ❖ Jeremiah Haynes, Cloquet Area Alternative Education Programs (CAAEP)
- ❖ Katherine Nistler, Cloquet Middle School/Community Education - absent
- ❖ Mary Marciniak, Executive Assistant, District

I. Welcome

II. District Level

- a. Discuss District Issues/Concerns or Achievements for Upcoming School Year
- b. Beth will review new legislation changes and bring a draft to the district section to the January meeting.
- c. Committee membership
 - Building representation – same as last year
 - Parent representation – none at this time

III. Building Level

- a. Prepare 2023-2024 Building Goals – Each committee member are asked to bring to the January meeting goals and ideas of what is being implemented in each of the buildings.
- b. Implement Goals into 2023-2024 Wellness Policy – consider the following when implementing the activities.
 - How they have been achieved?
 - How they have been assessed?
- c. Mary will add the building section into a shared Google file so each building rep(s) can update their sections throughout the year.
- d. Brainstorming for a solution for HS snacks for students arriving late to school.

IV. Continued Programs District Level

- a. Create School Support for Healthy Eating and Smart Snacks
- b. Active School Day Activities
- c. Safe Routes for School
- d. Review and Update

V. Other

- a. Upcoming Meetings:
 - Tuesday, January 16th at 3:45 p.m.
 - Tuesday, March 19th at 3:45 p.m.
 - Tuesday, May 7th at 3:45 p.m. (might need to be changed)

VI. Adjournment

There being nothing further to discuss, the meeting adjourned at 4:20 p.m.

Respectfully submitted,

Mary Marciniak
Executive Assistant to the Superintendent
Cloquet Public Schools

Cloquet High School Presents:

**LITTLE SHOP OF
HORRORS**

**Book & Lyrics by
Howard Ashman**

**Music by
Alan Menken**

**Based on the film by Roger Corman,
Screenplay by Charles Griffith**

Directed by Corey Hunt

November 16-18 @ 7:00pm & November 19 @ 2:00pm

TICKET PRICES:

Adults: \$12.00

Students (7-12) & Senior Citizens: \$10.00

Children: \$5.00

ORDER TICKETS HERE:

