

**NORTH BRANCH INDEPENDENT SCHOOL DISTRICT NO. 138  
 NORTH BRANCH AREA EDUCATION CENTER, BOARD ROOM, ROOM C120  
 38705 GRAND AVENUE  
 NORTH BRANCH, MN 55056  
 REGULAR SCHOOL BOARD MEETING  
 DECEMBER 12, 2024  
 5:30 PM**

**AGENDA**

- I. Call to Order
- II. Roll Call
- III. Pledge of Allegiance
- IV. Approval of Agenda
- V. School Board Recognition
  - A. Fall Sport Recipients 4
- VI. Superintendent’s Report 6
- VII. Approval of Consent Items
  - A. Minutes of November 14, 2024 Policy Committee Meeting 17
  - B. Minutes of November 14, 2024 Regular School Board Meeting 19
  - C. Minutes of November 21, 2024 Work Session 27
  - D. Authorization of Payments, Transfers, and Investment Activity 29
  - E. Personnel
    - 1. Morgane Netzloff, resignation effective November 11, 2024, as Tier I License French Teacher at North Branch Area High School
    - 2. Lucinda Heil-Berg, leave request effective November 25, 2024 through December 15, 2024, as Physical Education Teacher at Sunrise River Elementary School and North Branch Area High School
    - 3. Tracey John, leave request effective October 21, 2024 through January 20, 2025, as Fifth Grade Teacher at Sunrise River Elementary School
    - 4. Katherine Hammond, extension of leave request effective October 10, 2024 through December 17, 2024, as School Age Care Adult Assistant at North Branch Area Education Center
    - 5. Stacy Redding, extension of leave request effective November 11, 2024 through the remainder of the 2024-25 School Year, as High School Counselor at North Branch Area High School
    - 6. Kate Gillis, effective December 2, 2024 to June 6, 2025, temporary position change from Special Education Assistant to Transition Job Coach at Life Work Center
    - 7. Lauren Boatman, employment effective November 25, 2024, as School Age Care Adult Assistant at North Branch Area Education Center
    - 8. Ashley Miller, employment effective November 18, 2024, as Lunchroom/Playground Assistant at Sunrise River Elementary School
    - 9. Kysa Thurmer, employment effective November 4, 2024, as Special Education Assistant at Life Work Center

- 10. Diana Lind, employment effective November 18, 2024, as Special Education Assistant at North Branch Area High School
- 11. Jason Cyr, MA, Step 9, effective December 9, 2024 through the remainder of the 2024-25 School Year, as French Teacher at North Branch Area High School
- 12. Tristen Geving, BA, Step 1, as Long-Term Substitute for Tracey John, effective November 18, 2024 through January 21, 2025, as Fifth Grade Teacher at Sunrise River Elementary School
- 13. 2024-25 Activity Advisor Position
  - a. Amy Randall, changed from Class 8, Step 1 to Class 8, Step 4 for the 2024-25 School Year as the Advisor for Middle School Student Council
- 14. 2024-25 Extracurricular Winter Coaching Positions
  - a. Ashton LaBelle, Class 6, Step 1, as Coach for Middle School Wrestling
  - b. Michael Thao, Class 6, Step 1, as Coach for Middle School Wrestling
  - c. James Bezanson, Class 3, Step 4, as Assistant Coach for Boys Basketball
  - d. Tyson Radke, Class 3, Step 4, as Assistant Coach for Boys Basketball
  - e. Jessica Audette, Class 4, Step 1, as 0.5 FTE Assistant Coach for Gymnastics
  - f. Rylie Halbur, Class 4, Step 1, as 0.5 FTE Assistant Coach for Gymnastics
- F. Approval of the Following Policies
  - 1. Policy 213 - School Board Committees 30
  - 2. Policy 214 - Out-of-State Travel by School Board Members 32
  - 3. Policy 301 - School District Administration 34
- G. Acceptance of Donations 35
 

Minnesota Statute 123B.02 permits school boards to "...receive, for the benefit of the district, bequests, donations, or gifts for any proper purpose and apply the same to the purpose designated. In that behalf, the board may act as trustee of any trust created for the benefit of the district, and for the benefit of pupils thereof."

Therefore, the Superintendent recommends the following resolution:

BE IT RESOLVED by the School Board of Independent School District No. 138 that the School Board accept with appreciation the following contributions and permit their use as designated by the donors.

- VIII. **Open Mic:** Open mic is a time for public comment. However, it is not a means to have issues added to this evening's agenda. It is also not a means to discuss specific individuals negatively in public, either by name or position. If you would like district follow up to comments, please leave appropriate contact information on the open mic sign-in sheet. Please limit your comments to three minutes.
- IX. Old Business
  - A. Consider Second Reading of the 2025-26 Draft School Calendar 36
  - B. Consider Second Reading of the Following Policies
    - 1. Policy 410 - Family and Medical Leave Policy 37
    - 2. Policy 602 - Organization of School Calendar and School Day 47
    - 3. Policy 616 NB - School District System Accountability 50

4.	Policy 806 - Crisis Management	55
X.	New Business	
A.	Consider Acceptance of Audit Report for FY2024	68
B.	Truth in Taxation Hearing Presentation	233
C.	Consider Certification of Property Tax Levy 2024, Payable 2025 in the Amount of \$10,036,460.77 (this reflects a decrease of -1.07% when compared to last year's levy amount)	
D.	Consider approval of the following updated Terms and Conditions of Employment for 12-Month Salaried Staff and Directors	
1.	Updated Terms and Conditions for Directors	
2.	Updated Terms and Conditions for the 12-Month Salaried Staff	
E.	Consider Resolution Establishing Combined Polling Places for Multiple Precincts and Designating Hours During Which the Polling Places will Remain Open for Voting for School District Elections Not Held on the Day of a Statewide Election	245
F.	Consider First Reading of the Following Policies	
1.	Policy 402 - Disability Nondiscrimination Policy (Annual review only - No MSBA changes)	246
2.	Policy 414 - Mandated Reporting of Child Neglect or Physical or Sexual Abuse (Annual review only - No MSBA changes)	247
3.	Policy 415 - Mandated Reporting of Maltreatment of Vulnerable Adults (Annual review only - No MSBA changes)	254
XI.	Addendum	
XII.	Information	
XIII.	Board Requests	
A.	Confirm Board Retreat Date of January 13, 2025	
XIV.	Committee Reports	
XV.	Dates to Remember	
A.	December 16, 2024 at 2:00 PM - OPEB Committee Meeting, Virtual Meeting	
B.	January 9, 2025 at 4:30 PM - Policy Committee Meeting, North Branch Education Center, DO Conference Room B122	
C.	January 9, 2025 at 5:30 PM - Organizational School Board Meeting, North Branch Education Center, Board Room, Room C120	
D.	January 9, 2025 at 5:45 PM - Regular School Board Meeting, North Branch Education Center, Board Room, Room C120	
XVI.	Adjournment	

First Name	Last Name	Sport	All Conference	AC Honorable Mention	Academic AC	All State
Nathan	Damiani	Boys Cross Country		ACHM		
Ethan	Kester	Boys Cross Country				
Jordan	Stumm	Boys Cross Country	AC		AAC	State Participant
Andrew	Witkowski	Boys Cross Country			AAC	

Ruby	Hanson	Girls Cross Country			AAC	
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Jacob	Edmonds	Boys Soccer	AC		AAC	
Stephen	Gerten	Boys Soccer			AAC	
Chazz	Johnson	Boys Soccer		ACHM	AAC	
Holden	Norring	Boys Soccer		ACHM		
Jackson	Puelston	Boys Soccer		ACHM	AAC	
James	Weinkauf	Boys Soccer			AAC	

Kinley	Barie	Girls Soccer		ACHM		
Greta	Cady	Girls Soccer	AC		AAC	
Sharis	Garcia Velazquez	Girls Soccer	AC		AAC	
Sharleen	Garcia Velazquez	Girls Soccer	AC		AAC	
Drew	Moryn	Girls Soccer		ACHM	AAC	
Reese	Moryn	Girls Soccer			AAC	

Ashley	Bistodeau	Girls Tennis	AC		AAC	All State Academic
Brianna	Bjerketvedt	Girls Tennis			AAC	
Maggie	Hunter	Girls Tennis			AAC	
Abigail	Pfeifer	Girls Tennis			AAC	
Paulina	Rossini	Girls Tennis	AC			
Charlotte	Santjer	Girls Tennis			AAC	
Julia	Schlagel	Girls Tennis			AAC	
Eliana	Smit	Girls Tennis			AAC	
Kara	Sullivan	Girls Tennis			AAC	
Nora	Toussaint	Girls Tennis	AC			

Rebekah	Wurdemann	Girls Tennis	AC		AAC	
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	All-District					
Dooley	Beaver	Football				ASHM
Carter	Drill	Football	AD			
Nathan	Edwards-Gaona	Football				ASHM
Matthew	Fenton	Football	AD			ASHM
Aaron	Goeltl	Football			ADA	
Logan	Hammel	Football		ADHM		
Jacob	Knoespel	Football			ADA	
Chazz	Johnson	Football			ADA	
Tyler	Minke	Football	AD		ADA	All-Section
Moses	Ochoa	Football				ASHM
London	Olson	Football		ADHM		All-Section
Austin	Reynolds	Football	AD			All-Section
Jacob	Robillard	Football	AD		ADA	All-Section
Isaac	Sotankski	Football				ASHM
Patrick	Spinler	Football			ADA	
Nolen	Volner	Football		ADHM		All-Section

Johanna	Bartkey	Volleyball		ACHM	AAC	
Sophia	Benedict	Volleyball	AC			M8 Offensive MVP, All-State
Derrian	Dick	Volleyball			AAC	
Dakota	Esget	Volleyball	AC		AAC	
Brooke	Giese	Volleyball			AAC	
Heidi	Hedberg	Volleyball			AAC	
Jade	Knoespel	Volleyball			AAC	
Annabelle	Lattimore	Volleyball			AAC	
Jenna	Minke	Volleyball	AC		AAC	
Elle	Nielsen	Volleyball			AAC	
Avery	Smith	Volleyball		ACHM		
Sophia	Thorsen	Volleyball			AAC	

# Superintendent Update

December 12, 2024

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# At the forefront of educational excellence



## **WHAT WE INTEND TO CREATE**

*Inspire dreams, build integrity and instill hope  
in our students, our staff, our families and our communities.*

## **OUR PURPOSE**

*Partner with students, staff, families and communities to challenge all  
students to achieve their greatest potential and become informed and  
engaged citizens.*

# Viking Spotlight: Madison Moran



Madison Moran, an Air Force Junior ROTC cadet, has been selected for the prestigious Air Force Junior ROTC Flight Academy, an incredible opportunity to attend an all-expenses-paid summer program to earn her private pilot license.

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Madison is pictured holding a golden ticket as a recipient of a full scholarship to attend the University of St. Thomas next fall.

# Prioritizing Human Connection



This week, renowned speaker Joe Beckman is inspiring students across the district to embrace the power of human connection by prioritizing relationships over convenience.

We also had 85 students and coaches attend Joe Beckman's leadership presentation that focused on "what it means to be a leader" and "how to lead" while incorporating the three primary topics from all school presentations which included self-worth, resilience, and human connection.



# She keeps the biscuit out of the basket!



Abby Thurmer recorded her historic 1000th career save in the 2nd period of a 7-1 Northern Tier Stars varsity win vs. Two Rivers/St. Paul on November 26. Congratulations Abby!



# Community Support for Auto Pathway



The NBAHS auto program recently received a donation of a 2008 Chevy Impala from JPC Auto Sales. This car couldn't have been donated without the help of KNH Autos. The owner of KNH Autos (Mitch Laska) is a former North Branch student. KNH Autos did an inspection on the car the morning of donation to make sure the car was safe for the students. During the inspection they found that the car had a gas line leak. KNH Autos fixed the issue and paid for all parts and labor so that JPC Auto Sales LLC could get the car donated to the school. Thanks to JPC and KNH!

## Hat and mittens donation from Neighborhood National Bank

SKOL! and thanks to Neighborhood National Bank staff and customers for their donation of two boxes of hats and mittens for students, just in time for the winter weather!

Pictured are NNB staff Jessie Magnison (left) and Eddie Prigge.



# Welcome- Officer Southwarth, SRO



- Started end of November
- Currently meeting with building leaders, touring buildings, diving into the work
- Excited to be part of our team and expanding our partnership between the School District and Police Department



# Room to Grow

The city of North Branch continues to approve housing developments.

NBAPS has room to grow.

- 20 years ago, we served 3850. Our enrollment declined steadily until 2021.
- Since 2021, we stopped the trend of declining enrollment; we currently serve approximately 2700 students.
- We are conducting a facilities review to determine how to best utilize existing space as enrollment continues to grow.

# County Collaboration

Isanti County- Connection with Amanda Usher County Administrator to explore ways to align our work

Chisago County- Ongoing work with Chisago County Children's Collaborative to<sup>15</sup> allocate resources to shared priorities.





**NORTH BRANCH INDEPENDENT SCHOOL DISTRICT NO. 138  
NORTH BRANCH AREA EDUCATION CENTER, ROOM B122  
POLICY COMMITTEE MEETING  
November 14, 2024**

The Policy Committee met on Thursday, November 14, 2024 at 4:30 p.m. in Room B122 at the North Branch Area Education Center.

Members in Attendance: Tim MacMillan, Sarah Grovender, Superintendent Paul, Todd Tetzlaff, David Treichel, Taylor Swanson and Pakou Lee

Absent: Heather Naegele

**Policies Discussed for Consent Agenda**

Policy 213 - School Board Committees Adopted 07.14.2016 (Annual review only - No MSBA changes)

Policy 213 was reviewed and moved to the December 12, 2024 Regular School Board Meeting consent agenda for approval.

Policy 214 - Out-of-State Travel by School Board Members revised 06.13.2024 (Annual review only - No MSBA changes)

Policy 214 was reviewed and moved to the December 12, 2024 Regular School Board Meeting consent agenda for approval.

Policy 301 - School District Administration (Annual review only – No MSBA changes)

Policy 213 was reviewed and moved to the December 12, 2024 Regular School Board Meeting consent agenda for approval.

**Policies Following Regular Review Process**

Policy 402 - Disability Nondiscrimination Policy revised 06.10.2021 (Annual review only - No MSBA changes)

Policy 402 was reviewed and moved to the December 12, 2024 Regular School Board Meeting for a 1<sup>st</sup> reading.

Policy 414 - Mandated Reporting of Child Neglect or Physical or Sexual Abuse reviewed 05.29.2024 (Annual review only - No MSBA changes)

Policy 414 was reviewed and moved to the December 12, 2024 Regular School Board Meeting for a 1<sup>st</sup> reading.

Policy 415 - Mandated Reporting of Maltreatment of Vulnerable Adults reviewed 05.29.2024 (Annual review only - No MSBA changes)

Policy 415 was reviewed and moved to the December 12, 2024 Regular School Board Meeting for a 1<sup>st</sup> reading.

The meeting concluded at 5:25 p.m.

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Heather Naegele, Clerk  
(Unapproved)

**NORTH BRANCH INDEPENDENT SCHOOL DISTRICT NO. 138  
REGULAR SCHOOL BOARD MEETING  
NORTH BRANCH AREA EDUCATION CENTER, BOARDROOM  
November 14, 2024**

The School Board of Independent School District 138 met in regular session on Thursday, November 14, 2024 at 5:30 p.m. in the Boardroom at the North Branch Area Education Center.

Chair MacMillan called the meeting to order.

Roll Call: Shelly Johnson, Adam Trampe, Sarah Grovender, Tim MacMillan, Superintendent Paul, Heather Naegele (remote) and Jesse LaValla

Absent: None

Others in Attendance:

David Treichel, Molly Whelan, John Wagner, Todd Tetzlaff, Pat Tepoorten, Pakou Lee, Erica Bjerketvedt, Erin Young, Chelsea Halseth, Cassie Breaw, Lorie Petrik, Abby Williams, Jenny Heath, Thuy Meinz, Rachelle Weinand, Lynn Kozar-Gyrte and David Gryte

The Pledge of Allegiance was said by all.

Approval of Agenda:

Moved by Trampe, seconded by Grovender and carried unanimously to approve the agenda following the roll call vote.

Voting for: Grovender, Johnson, LaValla, MacMillan, Naegele and Trampe

Voting against: None

Abstained: None

**SUPERINTENDENT'S REPORT**

Superintendent Paul gave updates on:

- The Strategic Advisory Committee meeting held the evening of November 6, 2024
- First Tiny Prom held the evening of November 7, 2024
- Viking stories
- The Witches production which was led by our middle school students
- Fentanyl Crisis event held on November 12, 2024
- Know the Truth Program and its partners

Superintendent Paul highlighted:

- Letter of Intent signing for students Jordan Stumm and Ella Kuhlman. The two are leaders in sports and Vikings are proud to be a part of their experiences.
- Honoring local veterans on Veteran's Day with a full day of celebrations.
- School Board Student Advisory: It'll be the first year for experience for students Blake Hunter, Nora Toussaint and Shakarah Jackson to be voice at the table. The trio will be presenting at the upcoming MSBA Leadership Conference in January of 2025, on the cell phone policy.

### **CONSENT ITEMS**

Moved by Grovender, seconded by LaValla and carried unanimously to approve the agenda following the roll call vote.

Voting for: Grovender, Johnson, LaValla, MacMillan, Naegele and Trampe

Voting against: None

Abstained: None

- A. Minutes of October 10, 2024 School Board Retreat
- B. Minutes of October 10, 2024 Regular School Board Meeting
- C. Minutes of October 24, 2024 Policy Committee Meeting
- D. Minutes of October 24, 2024 Work Session Meeting
- E. Authorization of Payments, Transfers, and Investment Activity
  - Accounts Payable, Bank 07 – \$1,732,322.49
  - Auxiliary, Bank 12 - \$144,930.31
  - Payroll, Bank 13 - \$2,207,079.57
  - Scholarship, Bank 18 - \$0.00
  - High School Student Activities, Bank 31 - \$19,195.07
  - Middle School Student Activities, Bank 32 - \$58.87
- F. Personnel
  1. Kristen Leaf, retirement effective at the end of the 2024-25 school year, as Elementary Teacher at Sunrise River Elementary School
  2. Stacy Redding, extension of leave request from October 19, 2024, through November 18, 2024, as Counselor at North Branch Area High School

3. Ramona Wideen, retirement effective October 18, 2024, as Lead Custodian at North Branch Area Public Schools
4. Rebecca LeMire, request to be released from her 2024-25 contract effective November 15, 2024, as Special Education Teacher at the Life Work Center
5. Katherine Sapp, resignation effective October 23, 2024, as Behavior Interventionist at North Branch Area High School
6. Maria Bloomquist, employment effective September 30, 2024, as Lunchroom Assistant at North Branch Area Middle School
7. Maria Bloomquist, employment effective October 7, 2024, as Special Education Assistant at North Branch Area Middle School and the Life Work Center
8. Amy DeWitt, employment effective September 25, 2024, as School Age Care Adult Assistant at North Branch Area Education Center
9. Lovinsky Ricard, employment effective October 28, 2024, as Schoolkeeper at North Branch Area Public Schools
10. Amanda Tessmer, MS, Step 7, employment effective November 6, 2024 thru the remainder of the 2024-25 school year, as Counselor at North Branch Area High School
11. Raechel Abress - position change effective October 21, 2024 from School Age Care Adult Assistant to School Age Care Senior Adult Assistant at North Branch Area Education Center
12. Emma Anderson, position change effective October 21, 2024 from School Age Care Senior Adult Assistant at North Branch Area Education Center to Special Education Assistant at Sunrise River Elementary School
13. Justin Sletten, position change effective October 28, 2024 from Custodian to Lead Custodian at North Branch Area Public Schools
14. 2024-25 Extracurricular Winter Coaching Positions
  - a. Trevor Walton, Class 1, Step 4, as Head Coach for Boys Basketball
  - b. Joe Lattimore, Class 1, Step 7, as Head Coach for Girls Basketball
  - c. Kyle Kahl, Class 1, Step 10, as Head Coach for Wrestling
  - d. Chloe Kavanagh, Class 3, Step 1, as Head Coach for Dance
  - e. Chris Johnson, Class 2, Step 10, as Head Coach for Gymnastics

- f. Natalie Bristol, Class 6, Step 2, as Coach for Middle School Girls Basketball
- g. Justin Voss, Class 9, Step 10, as Fitness Center Supervisor
- h. Norm Nagel, Class 9, Step 10, as Fitness Center Supervisor
- i. Andrew VanEerden, Class 3, Step 3, as Assistant Coach for Boys Basketball
- j. James VanEerden, Class 3, Step 10, as Assistant Coach for Boys Basketball
- k. Hunter Brandel, Class 3, Step 2, as Assistant Coach for Girls Basketball
- l. Kyle Groh, Class 3, Step 5, as Assistant Coach for Girls Basketball
- m. Dave Kaiser, Class 3, Step 3, as Assistant Coach for Wrestling
- n. Marissa Minor, Class 5, Step 1, as Assistant Coach for Dance
- o. Brandon Hunter, as Volunteer Coach for Girls Basketball
- p. Lucas Nadeau, as Volunteer Coach for Wrestling
- q. Justin Baker, as Volunteer Coach for Wrestling
- r. Jorge Perales, as Volunteer Coach for Wrestling
- s. Michael Thao, as Volunteer Coach for Wrestling

15.2024-25 Extracurricular Activity Advisor Positions

- a. Kelly Doohen, Class 8, Step 2, as Advisor for Middle School Math League
- b. Nathan Korkowski, Class 6, Step 4, as Advisor for 10-12 FRC Robotics Coach
- c. Becky Leuer, Class 6, Step 6, as Advisor for 7-9 FTC Robotics Coordinator
- d. Laura Long, Class 7, Step 6, as Advisor for One Act Director
- e. Laura Long, Class 3, Step 7, as Advisor for Auditorium Coordinator/Tech Club
- f. Sam Lubs, Class 4, Step 1, as Advisor for Vocals (Harmonaires)
- g. Sam Lubs, Class 10, Step 1, as Advisor for Middle School Show Choir
- h. Angela Tveit, Class 6, Step 4, as Advisor for 10-12 FRC Robotics Coordinator

- i. Pam Newbauer, Class 9, Step 10, withdrawn from position as Middle School Knowledge Bowl Advisor

G. Annual Assurance of Compliance Report

H. Approval of the Following Policies

1. Policy 206-NB - Public Participation in School Board Meetings revised 8.11.22 (Review only, No MSBA changes)
2. Policy 208 - Development, Adoption and Implementation of Policies revised 06.08.17 (Review only, No MSBA changes)
3. Policy 209-NB - School Board Code of Ethics reviewed 03.09.23 (Review only, No MSBA changes)
4. Policy 210 - Conflict of Interest - School Board Members revised 03.09.23 (Review only, No MSBA changes)

I. Acceptance of Donations

October 2024				
DATE	DONATION FROM	DONATION TO	AMOUNT	USE
10/3/24	Mike & Kay Wilcox, 310 1st Ave NW, New Prague, MN 56071	NBHS Scholarship A/C	\$5,000.00	Scholarship Donation
10/3/24	Revive Chiropractic, PO Box 94, North Branch, MN 55056-0094	NBHS Athletics	\$50.00	Boys Soccer Program-Sports Physical Donation
10/3/24	Revive Chiropractic, PO Box 94, North Branch, MN 55056-0094	NBHS Athletics	\$100.00	Girls Soccer Program-Sports Physical Donation
10/11/24	Revive Chiropractic, PO Box 94, North Branch, MN 55056-0094	NBHS Athletics	\$50.00	Volleyball Program-Sports Physical Donation
10/15/24	Anderson & Koch Ford, PO Box 158, North Branch, MN 55056	NBHS	\$500.00	Firework Sponsor for Homecoming
10/15/24	Associated Bank, 38860 10th Ave, North Branch, MN 55056	NBHS	\$250.00	Firework Sponsor for Homecoming
10/15/24	Branch Manufacturing, PO Box 68, North Branch, MN 55056	NBHS	\$50.00	Firework Sponsor for Homecoming
10/15/24	Prism Design & Embroidery LLC, PO Box 820, North Branch, MN 55056	NBHS	\$500.00	Firework Sponsor for Homecoming
10/17/24	Revive Chiropractic, PO Box 94, North Branch, MN 55056-0094	NBHS Athletics	\$100.00	Clay Target Program-Sports Physical Donation
10/17/24	Revive Chiropractic, PO Box 94, North Branch, MN 55056-0094	NBHS Athletics	\$50.00	Football Program-Sports Physical Donation
			<b>\$6,650.00</b>	

**OPEN MIC**

No one signed up for open mic.

**NEW BUSINESS**

A. National Apprenticeship Month

Certificates were awarded to pioneers in education for our Viking Teacher Apprenticeship Program: administrative leaders, committee members, journey teachers, apprentices and school board members.

B. Preliminary Financial Statement Report

A report only was presented by Todd Tetzlaff, Director of Human Resources and Finance.

C. Approval of the Resolution Canvassing Returns of Votes of School District General and Special Election

After discussion, it was discovered that the voting numbers for Heather Naegele and Tim MacMillan presented on resolution were incorrect. The following numbers are the correct numbers for each candidate: Heather Naegele receiving a total of 4928 votes and Tim MacMillan receiving a total of 5601 votes.

Motioned by Trampe and second by Grovender to correct the votes.

Moved by Trampe, seconded by Grovender and carried unanimously to approve the Resolution Canvassing Returns of Votes of School District General and Special Election following a roll call vote.

Voting for: Grovender, Johnson, LaValla, MacMillan, Naegele and Trampe

Voting against: None

Abstained: None

D. Approval of the Resolution Authorizing Issuance of Certificates of Election and Directing the School District Clerk to Perform Other Election Related Duties

Moved by Grovender, seconded by LaValla, third by Trampe and carried unanimously to approve the Resolution Authorizing Issuance of Certificates of Election and Directing the School District Clerk to Perform Other Election Related Duties following a roll call vote.

Voting for: Grovender, Johnson, LaValla, MacMillan, Naegele and Trampe

Voting against: None

Abstained: None

E. Approval of the First Reading of the 2025-26 Draft School Calendar

Moved by Grovender, seconded by LaValla and carried unanimously to approve the First Reading of the 2025-26 Draft School Calendar following a roll call vote.

Voting for: Grovender, Johnson, LaValla, MacMillan, Naegele and Trampe

Voting against: None

Abstained: None

F. Approval of the First Reading of the Following Policies

Moved by Grovender, seconded by Trampe and carried unanimously to approve the First Reading of the following policies following a roll call vote.

1. Policy 410 - Family Medical Leave revised 06.13.24 (Annual Review, No MSBA changes)
2. Policy 602 - Organization of School Calendar and Instruction Goals revised 11.02.23 (Annual Review, No MSBA changes)
3. Policy 616-NB - School District System Accountability revised 06.13.24 (Annual Review,

No MSBA changes)

4. Policy 806 - Crisis Management revised 08.10.23 (Annual Review, No MSBA changes)

Voting for: Grovender, Johnson, LaValla, MacMillan, Naegele and Trampe

Voting against: None

Abstained: None

- G. Approval of the Updated Terms and Conditions for the 12-Month Hourly Employee Group for the 2024-2025 and 2025-2026 School Years

Moved by Trampe, seconded by LaValla and carried unanimously to approve the Updated Terms and Conditions for the 12-Month Hourly Employee Group for the 2024-2025 and 2025-2026 School Years following a roll call vote.

Voting for: Grovender, Johnson, LaValla, MacMillan, Naegele and Trampe

Voting against: None

Abstained: None

- H. Approval of the 2024–2025 and 2025–2026 Principal Contract

Moved by Trampe, seconded by LaValla and carried unanimously to approve the 2024–2025 and 2025–2026 Principal Contract following a roll call vote.

Voting for: Grovender, Johnson, LaValla, MacMillan, Naegele and Trampe

Voting against: None

Abstained: None

## **Addendum**

- a. Approval of the Resolution of Governing Board Supporting Form A Application to Minnesota State High School League Foundation

Moved by Grovender, seconded by Trampe and carried unanimously to approve the Resolution of Governing Board Supporting Form A Application to Minnesota State High School League Foundation following a roll call vote.

Voting for: Grovender, Johnson, LaValla, MacMillan, Naegele and Trampe

Voting against: None

Abstained: None

## **INFORMATION**

- a. Fundraising Reports from May 1- October 31, 2024

## **BOARD REQUESTS**

None

## **COMMITTEE REPORTS**

Member Grovender reported on SCRED.

Member Johnson reported on the East Central Commission Committee and its mission as a committee.

Reminder given by Member LaValla to the community on the Community Education Center and programs offered.

## **DATES TO REMEMBER**

- A. November 21, 2024 at 5:30 PM - School Board Work Session, North Branch Area Education Center, Board Room, Room C120
- B. December 12, 2024 at 4:30 PM - Policy Committee Meeting, North Branch Area Education Center, DO Conference Room B122
- C. December 12, 2024 at 5:30 PM - Regular School Board Meeting, North Branch Area Education Center, Board Room, Room C120

## **Adjournment**

Moved by Grovender, seconded by Johnson and carried unanimously following a roll call vote to adjourn the regular meeting at 6:58 PM.

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Heather Naegele, Clerk  
(Unapproved)

**NORTH BRANCH INDEPENDENT SCHOOL DISTRICT NO. 138  
NORTH BRANCH AREA EDUCATION CENTER, BOARDROOM  
SCHOOL BOARD WORKING SESSION  
November 21, 2024**

The School Board of Independent School District 138 met in a Working Session on Thursday, November 21, 2024, at 5:30 p.m. in the Boardroom at the North Branch Area Education Center.

Chair MacMillan called the meeting to order.

**Roll Call:** Shelly Johnson, Adam Trampe, Sarah Grovender, Tim MacMillan, Superintendent Paul, Heather Naegele and Jesse LaValla

**Absent:** None

**Others in Attendance:** David Treichel, Jerilyn Mattson, Kristin Orton, Nic Van Oss, Nicole Woodward, Pakou Lee, Pat Tepoorten, Sarah Kloeckl and Taylor Swanson

The Pledge of Allegiance was said by all.

**Superintendent's Update**

Superintendent Paul provided a brief update on National Apprenticeship Week, highlighting networking efforts with the MN Rural Educators and SCRED, both of which are critical partners. Superintendent Paul and David Gryte will be recording a podcast on November 22, 2024, discussing the Apprenticeship Program, so be on the lookout for information on when the podcast will air.

At tonight's work session, Superintendent Paul shared that Student Resource Officer (SRO) Mike Nelson is transitioning to a new role with the North Branch Police Department and will no longer serve as the SRO at North Branch Area Public Schools. The SRO position will be filled by a new officer. NBAPS extends its gratitude to Officer Nelson for his vital role in our school district.

**Work Session Topics**

The Distance Learning Academy (DLA) was the spotlight of the evening, with David Treichel, Curriculum Director, kicking off the presentation. David shared the program's mission and highlighted the amazing DLA staff who carry out the work. Spotlight guests included Michael Halls and Lana Houck, who are current DLA students. The two shared their success stories and discussed how positively the program has influenced them academically and personally.

The SCRED Vikings Leadership Team gave an update on what has been happening in the different focus areas and actions, as well as the high school program.

Family survey themes are showing good representation across the system, with consistency in moving up with the trends and strong affirmation of Viking pride from

parents and the community. The overall value is trending in the right direction.

Superintendent Paul shared that the Staff Survey will open on Monday, November 25, 2024, and will remain open for two weeks.

Board members adjourned the meeting at 8:32 PM

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Heather Naegele, Clerk  
(Unapproved)

**ELECTRONIC FUND TRANSFERS**  
**November 2024**

Direct Dep Cks	\$1,718,078.48		
ACHS	<u>\$10,735.51</u>		
	<b>\$1,728,813.99</b>		
Other Electronic Fund Transfers:			
Federal/FICA Taxes		11/4/2024	\$67,715.53
(Also reflected in P/R info)		11/4/2024	\$106,710.92
		11/18/2024	\$73,845.44
		11/18/2024	<u>\$112,778.04</u>
			<b>\$361,049.93</b>
Minnesota Withholding Taxes		11/4/2024	\$27.84
(Also reflected in P/R info)		11/4/2024	\$200.00
		11/4/2024	\$2,723.70
		11/5/2024	\$10,437.05
		11/5/2024	\$18,817.04
		11/18/2024	\$200.00
		11/18/2024	\$567.84
		11/19/2024	\$11,734.95
		11/19/2024	<u>\$19,855.69</u>
			<b>\$64,564.11</b>
Economic Service (EBC)		11/4/2024	\$12,339.64
(Also reflected in P/R info)		11/4/2024	\$22,556.25
		11/14/2024	\$1,041.70
		11/14/2024	\$1,041.70
		11/18/2024	\$12,405.41
		11/18/2024	<u>\$22,556.25</u>
			<b>\$71,940.95</b>
MII LIFE-F S A		PEIP 11/4/2024	\$1,496.80
		PEIP 11/4/2024	\$7,120.12
		PEIP 11/18/2024	\$996.80
		PEIP 11/18/2024	\$7,170.12
		PEIP Admin Inv 11/19/2024	<u>\$815.63</u>
			<b>\$17,599.47</b>
MII LIFE-M S A		11/5/2024	\$92.00
		11/13/2024	\$21.61
		11/13/2024	\$213.20
		11/21/2024	\$140.31
		11/25/2024	\$390.25
		11/26/2024	\$12.48
		11/26/2024	<u>\$50.00</u>
			<b>\$919.85</b>
Minnesota Teachers Retirement		11/1/2024	\$10,721.93
		11/1/2024	\$79,662.67
		11/15/2024	\$10,701.34
		11/15/2024	\$83,874.06
		11/29/2024	\$10,842.30
		11/29/2024	<u>\$82,409.62</u>
			<b>\$278,211.92</b>
PERA		11/1/2024	\$35,334.78
		11/15/2024	\$38,953.36
		11/29/2024	<u>\$38,774.04</u>
			<b>\$113,062.18</b>
Delta Dental Plan		11/21/2024	<b>\$18,310.62</b>
MN Sales Tax		11/20/2024	<b>\$1,295.00</b>
Neopost Annual Fee		11/4/2024	<b>\$50.00</b>

# SCHOOL BOARD

## School Board Committees

213

### I. PURPOSE

The purpose of this policy is to provide for the structure and the operation of committees or subcommittees of the school board.

### II. GENERAL STATEMENT OF POLICY

- A. It is the policy of the school board to designate school board committees or subcommittees when it is determined that a committee process facilitates the mission of the school board.
- B. The school board has determined that certain permanent standing committees, as described in this policy, do facilitate the operation of the school board and the school district.
- C. A school board committee or subcommittee will be formed by school board resolution which shall outline the duties and purpose of the committee or subcommittee.
- D. A committee or subcommittee is advisory in nature and has only such authority as specified by the school board.
- E. The school board will receive reports or recommendations from a committee or subcommittee for consideration. The school board, however, retains the right and has the duty to make all final decisions related to such reports or recommendations.
- F. The school board also may establish such ad hoc committees for specific purposes as it deems appropriate.
- G. The school board reserves the right to limit, create or abolish any standing or ad hoc committee as it deems appropriate.
- H. A committee of the school board shall not appoint a subcommittee of that committee without approval of the school board.

### III. APPOINTMENT OF COMMITTEES

- A. The school board hereby appoints the following standing committees:
  - 1. OPEB.
  - 2. Policy.
  - 3. Negotiations Committee(s) for various employee groups.

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North Branch Independent School District No. 138: Policy #213

**Adopted:** July 14, 2016

**Replaced:** Policy 8120, 9130, 9140

**Revised:**

**Effective:** July 14, 2016

# SCHOOL BOARD

## School Board Committees

213

- B. The school board will establish, by resolution, for each standing or ad hoc committee the number of members, the term and the charge or mission of each such committee.
- C. The school board chair shall appoint the members of each standing or ad hoc committee and designate the chair thereof.

#### IV. PROCEDURES FOR SCHOOL BOARD COMMITTEES

- A. All meetings of committees or subcommittees shall be open to the public in compliance with the Open Meeting Law, and notice shall be given as prescribed by law.
- B. A committee or subcommittee shall act only within the guidelines and mission established for that committee or subcommittee by the school board.
- C. Actions of a committee or subcommittee shall be by majority vote and be consistent with the governing rules of the school board.
- D. The committee or subcommittee shall designate a secretary who will record the minutes of actions of the school board committee.
- E. The power of a committee or subcommittee of the school board is advisory only and is limited to making recommendations to the school board.
- F. A committee or subcommittee of the school board shall, when appropriate, clarify in any dealings with the public that its powers are only advisory to the school board.

**Legal References:** Minn. Stat. Ch. 13D (Open Meeting Law)

**Cross References:** NB Policy 201 (Legal Status of the School Board)  
NB Policy 203 (Operation of the School Board – Governing Rules)  
MSBA Service Manual, Chapter 13, School Law Bulletin “C” (Minnesota’s Open Meeting Law)

# SCHOOL BOARD

## Out-of-State Travel by School Board Members

214

### I. PURPOSE

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

### II. GENERAL STATEMENT OF POLICY

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

### III. APPROPRIATE TRAVEL

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

### IV. REIMBURSABLE EXPENSES

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

### V. REIMBURSEMENT

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

### VI. ESTABLISHMENT OF DIRECTIVES AND GUIDELINES

The superintendent shall develop a schedule of reimbursement rates for school district business expenses, including those expenses requiring advance approval and specific rates of reimbursement.

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#### North Branch Independent School District No. 138: Policy 214

**Adopted:** 1/26/06

**Replaces:** 9500 National Conventions

**Last Reviewed:**

**Revised:** 7/14/16, 7/8/21, 6/13/24

**Effective:** 1/26/06, 7/14/16, 7/8/21, 6/13/24

# SCHOOL BOARD

## Out-of-State Travel by School Board Members

214

The superintendent shall also develop directives and guidelines to address methods and times for submission of requests for reimbursement.

**Legal Reference:** Minn. Stat. § 123B.09, Subd. 2 (School Board Member Training)  
Minn. Stat. § 471.661 (Out-of-State Travel)  
Minn. Stat. § 471.665 (Mileage Allowances)  
Minn. Op. Atty. Gen. No. 1035 (Aug. 23, 1999) (Retreat Expenses)  
Minn. Op. Atty. Gen. No. 161b-12 (Aug. 4, 1997) (Transportation Expenses)

**Cross References:** NB Policy 212 (School Board Member Development)  
NB Policy 412 (Expense Reimbursement)

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### North Branch Independent School District No. 138: Policy 214

**Adopted:** 1/26/06

**Replaces:** 9500 National Conventions

**Last Reviewed:**

**Revised:** 7/14/16, 7/8/21, 6/13/24

**Effective:** 1/26/06, 7/14/16, 7/8/21, 6/13/24

# ADMINISTRATION

## School District Administration

301

### I. PURPOSE

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

### II. GENERAL STATEMENT OF POLICY

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

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

**Cross References:** MSBA Service Manual, Chapter 3, Superintendent of Schools

Date	Donation From	Donation To	Amount	Use
11/4/2024	Max Malmquist, 4552 392nd St, North Branch, MN 55056	NBHS Scholarship A/C	\$2,000.00	Scholarship Donation
11/8/2024	Chris or Laura Darst, 36427 Elk Ave, North Branch, MN 55056	NBHS Scholarship A/C	\$400.00	Scholarship Donation
11/8/2024	Amy Witte, 6604 378th St, North Branch, MN 55056	NBHS Athletics	\$1,000.00	Football Program Donation
11/15/2024	Friends of Wild River State Park, Attn: Jan Kozlovsky, 17190 410th St, North Branch, MN 55056	NBHS Athletics	\$50.00	Wrestling Program Donation
11/15/2024	Cindy or Norman Lelm, 40370 Lowden Ave, North Branch, MN 55055	NBHS Athletics	\$100.00	Girls Basketball Program Donation
11/15/2024	North Branch Fire Relief Association, PO Box 245, North Branch, MN 55056	NBHS Athletics	\$500.00	Student Council Program Donation
11/26/2024	American Legion Post #85, PO Box 87, North Branch, MN 55056	NBHS Athletics	\$350.00	FTC Program Donation
11/26/2024	Klimek Bros. Well Drilling, 702 1/2 Country Rd 22 NW, Alexandria, MN 56308	NBHS Athletics	\$500.00	Girls Basketball Program Donation
11/26/2024	Lelm Custom Homes, LLC, 40452 Lowden Ave, North Branch, MN 55056	NBHS Athletics	\$350.00	Girls Basketball Program Donation
11/26/2024	Team Foundation, 105 Park Ave NW, Bagley, MN 56621	NBHS Athletics	\$5,000.00	FTC Program Donation
NOV	County Market, 5418 St. Croix Trl, North Branch, MN 55056	NBHS		* Donated a full sheet cake as a going away/thank you to SRO Mike Nelson
NOV	JPC Auto Sales LLC, 6637 437 St, Suite A, Harris, MN 55032	NBHS		* Donated a 2008 Chevy Impala to the High School Auto Program
NOV	KNH Autos, 6637 437th St, Harris, MN 55032	NBHS		* Donated parts & labor to get the Impala fixed and safe for students to work on

# DRAFT NBAPS 2025-2026 CALENDAR (rev.11.25.24)

**August 22** New and 2nd Year Teacher PD  
**August 25, 26, 28** No School - PD  
**August 27** Welcome Conferences K-8; NBAHS Welcome Events; ALC/DLA Welcome Events; CCSLWC Welcome Events  
**August 29** Flex PD Day  
 T = 4 S = 1

AUGUST 2025						
S	M	T	W	Th	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

FEBRUARY 2026						
S	M	T	W	Th	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28

**February 13** No School - PD  
**February 16** School Closed/Holiday  
 T = 19 S = 18

**September 1** School Closed/Holiday  
**September 2** Welcome Conferences K-8; 9th Grade Orientation; CCSLWC Welcome Events; ALC/DLA Welcome Events  
**September 3** K-12 in session; CCSLWC 2nd-4th Year in session  
**September 4** CCSLWC All Students in Session  
**September 29** No School - PD  
 T = 21 S = 20

SEPTEMBER 2025						
S	M	T	W	Th	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

MARCH 2026						
S	M	T	W	Th	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

**March 9-13** School Closed/Holiday  
**March 31** Conferences K-12+ 3:30-7:00 pm  
 T = 17 S = 17

**October 16-17** School Closed/MEA  
**October 20** No School - PD  
 T = 21 S = 20

OCTOBER 2025						
S	M	T	W	Th	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

APRIL 2026						
S	M	T	W	Th	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

**April 2** Conferences K-12+ 3:30-7:00 pm  
**April 3** School Closed/Holiday  
**April 6** No School - Conferences K-12+ 7:30 - 11:00 am; PD Noon - 3:00 pm  
 T = 21 S = 20

**November 20** Conferences K-12+ 3:30-7:00 pm  
**November 25** Conferences K-12+ 3:30-7:00 pm  
**November 26** No School - Conferences K-12+ 7:30 - 11:00 am; PD Noon - 3:00 pm  
**November 27-28** School Closed/Holiday  
 T = 18 S = 17

NOVEMBER 2025						
S	M	T	W	Th	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

MAY 2026						
S	M	T	W	Th	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

**May 18** - No school - PD  
**May 25** - School Closed/Holiday  
 T = 20 S = 19

**December 24 - 31** School Closed/Holiday  
 T = 17 S = 17

DECEMBER 2025						
S	M	T	W	Th	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

JUNE 2026						
S	M	T	W	Th	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

**June 5** - Last Day of School K-12; Last Day for CCSLWC  
**June 7** - Graduation  
**June 8** - No school - PD  
**June 19** - School Closed/Holiday  
 T = 6 S = 5

T = 184 S = 172

**January 1-2** School Closed/Holiday  
**January 16** Last Day of Semester 1 (85 Days)  
**January 19** School Closed/Holiday  
**January 20** No school - PD  
 T = 19 S = 18

JANUARY 2026						
S	M	T	W	Th	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

JULY 2026						
S	M	T	W	Th	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

**July 6** - Targeted Services / ESY Begins  
**July 30** - Targeted Services / ESY Ends

\*Non Student Contact Days (PD Days) are days when staff engage in professional learning on a variety of topics such as curriculum design and instructional delivery methods, as well as assessment reporting and gradebook updates, parent/teacher conferences and communicate with parents as needed.

# EMPLOYEES/PERSONNEL

## Family and Medical Leave Policy

410

### I. PURPOSE

The purpose of this policy is to provide for family and medical leave to school district employees in accordance with the Family and Medical Leave Act of 1993 (FMLA) and also with parenting leave under state law.

### II. GENERAL STATEMENT OF POLICY

The following procedures and policies regarding family and medical leave are adopted by the school district, pursuant to the requirements of the FMLA and consistent with the requirements of the Minnesota parenting leave laws.

### III. DEFINITIONS

#### A. "Covered active duty" means:

1. in the case of a member of a regular component of the Armed Forces, duty during the deployment of the member with the Armed Forces to a foreign country; and
2. in the case of a member of a reserve component of the Armed Forces, duty during the deployment of the member with the Armed Forces to a foreign country under a call or order to active duty under a provision of law referred to in 10 United States Code section 101(a)(13)(B).

#### B. "Covered servicemember" means:

1. a member of the Armed Forces, including a member of the National Guard or Reserves, who is undergoing medical treatment, recuperation, or therapy, is otherwise in outpatient status, or is otherwise on the temporary disability retired list, for a serious injury or illness; or
2. a covered veteran who is undergoing medical treatment, recuperation, or therapy for a serious injury or illness and who was a member of the Armed Forces, including a member of the National Guard or Reserves, and was discharged or released under conditions other than dishonorable, at any time during the period of five years preceding the first date the eligible employee takes FMLA leave to care for the covered veteran.

- C. "Eligible employee" means an employee who has been employed by the school district for a total of at least 12 months and who has been employed for at least 1,250 hours of service during the 12-month period immediately preceding the commencement of the leave. An employee returning from fulfilling his or her Uniformed Services Employment and Reemployment Rights Act (USERRA)-covered service obligation shall be credited with the hours of service that would have been performed but for the period of absence from work due to or necessitated by USERRA-

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North Branch Independent School District No. 138: Policy #410

**Adopted:** 4/11/02

**Replaced:**

**Last Reviewed:** 4/8/21, 12/9/21

**Revised:** 2/11/16, 11/10/16, 2/9/23, 6/13/24

**Effective:** 4/11/02, 2/11/16, 11/10/16, 2/9/23, 6/13/24

## EMPLOYEES/PERSONNEL

### Family and Medical Leave Policy

410

covered service. In determining whether the employee met the hours of service requirement, and to determine the hours that would have been worked during the period of absence from work due to or necessitated by USERRA-covered service, the employee's pre-service work schedule can generally be used for calculations. While the 12 months of employment need not be consecutive, employment periods prior to a break in service of seven years or more may not be counted unless: (1) the break is occasioned by the employee's fulfillment of his or her USERRA-covered service obligation; or (2) a written agreement, including a collective bargaining agreement, exists concerning the school district's intention to rehire the employee after the break in service.

- D. "Military caregiver leave" means leave taken to care for a covered servicemember with a serious injury or illness.
- E. "Next of kin of a covered servicemember" means the nearest blood relative other than the covered servicemember's spouse, parent, son, or daughter, in the following order of priority: blood relatives who have been granted legal custody of the covered servicemember by court decree or statutory provisions, brothers and sisters, grandparents, aunts and uncles, and first cousins, unless the covered servicemember has specifically designated in writing another blood relative as his or her nearest blood relative for purposes of military caregiver leave under the FMLA. When no such designation is made and there are multiple family members with the same level of relationship to the covered servicemember, all such family members shall be considered the covered servicemember's next of kin, and the employee may take FMLA leave to provide care to the covered servicemember, either consecutively or simultaneously. When such designation has been made, the designated individual shall be deemed to be the covered servicemember's only next of kin.
- F. "Outpatient status" means, with respect to a covered servicemember who is a current member of the Armed Forces, the status of a member of the Armed Forces assigned to:
1. a military medical treatment facility as an outpatient; or
  2. a unit established for the purpose of providing command and control of members of the Armed Forces receiving care as outpatients.
- G. "Qualifying exigency" means a situation where the eligible employee seeks leave for one or more of the following reasons:
1. to address any issues that arise from a short-notice deployment (seven calendar days or less) of a covered military member;
  2. to attend military events and related activities of a covered military member;
  3. to address issues related to childcare and school activities of a covered military member's child;

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North Branch Independent School District No. 138: Policy #410

**Adopted:** 4/11/02

**Replaced:**

**Last Reviewed:** 4/8/21, 12/9/21

**Revised:** 2/11/16, 11/10/16, 2/9/23, 6/13/24

**Effective:** 4/11/02, 2/11/16, 11/10/16, 2/9/23, 6/13/24

## EMPLOYEES/PERSONNEL

### Family and Medical Leave Policy

410

4. to address financial and legal arrangements for a covered military member;
  5. to attend counseling provided by someone other than a health care provider for oneself, a covered military member, or his/her child;
  6. to spend up to 15 calendar days with a covered military member who is on short-term, temporary rest and recuperation leave during a period of deployment;
  7. to attend post-deployment activities related to a covered military member;
  8. to address care needs of a covered military member's parent who is incapable of self-care; and
  9. to address other events related to a covered military member that both the employee and school district agree is a qualifying exigency.
- H. "Serious health condition" means an illness, injury, impairment, or physical or mental condition that involves:
1. inpatient care in a hospital, hospice, or residential medical care facility; or
  2. continuing treatment by a health care provider.
- I. "Spouse" means a husband or wife. For purposes of this definition, husband or wife refers to the other person with whom an individual entered into marriage as defined or recognized under state law for purposes of marriage in the state in which the marriage was entered into or, in the case of a marriage entered into outside of any state, if the marriage is valid in the place where entered into and could have been entered into in at least one state. This definition includes an individual in a same-sex or common law marriage that either: (1) was entered into in a state that recognizes such marriages; or (2) if entered into outside of any state, is valid in the place where entered into and could have been entered into in at least one state.
- J. "Veteran" has the meaning given in 38 United States Code section 101.

#### IV. LEAVE ENTITLEMENT

- A. Twelve-week Leave under Federal Law
1. Eligible employees are entitled to a total of 12 work weeks of unpaid family or medical leave during the applicable 12-month period as defined below, plus any additional leave as required by law. Leave may be taken for one or more of the following reasons in accordance with applicable law:
    - a. birth of the employee's child and to care for such child;

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North Branch Independent School District No. 138: Policy #410

Adopted: 4/11/02

Replaced:

Last Reviewed: 4/8/21, 12/9/21

Revised: 2/11/16, 11/10/16, 2/9/23, 6/13/24

Effective: 4/11/02, 2/11/16, 11/10/16, 2/9/23, 6/13/24

## EMPLOYEES/PERSONNEL

### Family and Medical Leave Policy

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- b. placement of an adopted or foster child with the employee;
  - c. to care for the employee's spouse, son, daughter, or parent with a serious health condition;
  - d. the employee's serious health condition makes the employee unable to perform the functions of the employee's job; and/or
  - e. any qualifying exigency arising from the employee's spouse, son, daughter, or parent being on covered active duty, or notified of an impending call or order to covered active duty in the Armed Forces.
2. For the purposes of this policy, "year" is defined as a rolling 12-month period measured backward from the date an employee's leave is to commence.
3. An employee's entitlement to FMLA leave for the birth, adoption, or foster care of a child expires at the end of the 12-month period beginning on the date of the birth or placement.
4. A "serious health condition" typically requires either inpatient care or continuing treatment by or under the supervision of a health care provider, as defined by applicable law. Family and medical leave generally is not intended to cover short-term conditions for which treatment and recovery are very brief.
5. A "serious injury or illness," in the case of a member of the Armed Forces, including a member of the National Guard or Reserves, means:
  - a. injury or illness that was incurred by the member in the line of duty on active duty in the Armed Forces or that existed before the beginning of the member's active duty and was aggravated by service in the line of duty on active duty in the Armed Forces and that may render the member medically unfit to perform the duties of the member's office, grade, rank, or rating; and
  - b. in the case of a covered veteran who was a member of the Armed Forces, including a member of the National Guard or Reserves, at any time, during the period of five years preceding the date on which the veteran undergoes the medical treatment, recuperation, or therapy, means a qualifying injury or illness that was incurred by the member in the line of duty on active duty in the Armed Forces or that existed before the beginning of the member's active duty and was aggravated by service in the line of duty in the Armed Forces and that manifested itself before or after the member became a veteran, and is:
    - (1) a continuation of a serious injury or illness that was incurred or aggravated when the covered veteran was a member of

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North Branch Independent School District No. 138: Policy #410

**Adopted:** 4/11/02

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**Last Reviewed:** 4/8/21, 12/9/21

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## EMPLOYEES/PERSONNEL

### Family and Medical Leave Policy

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- the Armed Forces and rendered the servicemember unable to perform the duties of the servicemember's office, grade, rank, or rating; or
- (2) a physical or mental condition for which the covered veteran has received a U.S. Department of Veterans Affairs Service-Related Disability (VASRD) rating of 50 percent or greater and such VASRD rating is based, in whole or in part, on the condition precipitating the need for military caregiver leave; or
  - (3) a physical or mental condition that substantially impairs the covered veteran's ability to secure or follow a substantially gainful occupation by reason of a disability or disabilities related to military service, or would do so absent treatment; or
  - (4) an injury, including a psychological injury, on the basis of which the covered veteran has been enrolled in the Department of Veterans Affairs Program of Comprehensive Assistance for Family Caregivers.
6. Eligible spouses employed by the school district are limited to an aggregate of 12 weeks of leave during any 12-month period for the birth and care of a newborn child or adoption of a child, the placement of a child for foster care, or to care for a parent. This limitation for spouses employed by the school district does not apply to leave taken: by one spouse to care for the other spouse who is seriously ill; to care for a child with a serious health condition; because of the employee's own serious health condition; or pursuant to Paragraph IV.A.1.e. above.
  7. Depending on the type of leave, intermittent or reduced schedule leave may be granted in the discretion of the school district or when medically necessary. However, part-time employees are only eligible for a pro-rata portion of leave to be used on an intermittent or reduced schedule basis, based on their average hours worked per week. Where an intermittent or reduced schedule leave is foreseeable based on planned medical treatment, the school district may transfer the employee temporarily to an available alternative position for which the employee is qualified and which better accommodates recurring periods of leave than does the employee's regular position, and which has equivalent pay and benefits.
  8. If an employee requests a leave for the serious health condition of the employee or the employee's spouse, child, or parent, the employee will be required to submit sufficient medical certification. In such a case, the employee must submit the medical certification within 15 days from the date of the request or as soon as practicable under the

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## EMPLOYEES/PERSONNEL

### Family and Medical Leave Policy

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circumstances.

9. If the school district has reason to doubt the validity of a health care provider's certification, it may require a second opinion at the school district's expense. If the opinions of the first and second health care providers differ, the school district may require certification from a third health care provider at the school district's expense. An employee may also be required to present a certification from a health care provider indicating that the employee is able to return to work.
10. Requests for leave shall be made to the school district. When leave relates to an employee's spouse, son, daughter, parent, or covered servicemember being on covered active duty, or notified of an impending call or order to covered active duty pursuant to Paragraph IV.A.1.e. above, and such leave is foreseeable, the employee shall provide reasonable and practical notice to the school district of the need for leave. For all other leaves, employees must give 30 days' written notice of a leave of absence where practicable. The failure to provide the required notice may result in a delay of the requested leave. Employees are expected to make a reasonable effort to schedule leaves resulting from planned medical treatment so as not to disrupt unduly the operations of the school district, subject to and in coordination with the health care provider.
11. The school district may require that a request for leave under Paragraph IV.A.1.e. above be supported by a copy of the covered military member's active duty orders or other documentation issued by the military indicating active duty or a call to active duty status and the dates of active duty service. In addition, the school district may require the employee to provide sufficient certification supporting the qualifying exigency for which leave is requested.
12. During the period of a leave permitted under this policy, the school district will provide health insurance under its group health plan under the same conditions coverage would have been provided had the employee not taken the leave. The employee will be responsible for payment of the employee contribution to continue group health insurance coverage during the leave. An employee's failure to make necessary and timely contributions may result in termination of coverage. An employee who does not return to work after the leave may be required, in some situations, to reimburse the school district for the cost of the health plan premiums paid by it.
13. The school district may request or require the employee to substitute accrued paid leave for any part of the 12-week period. Employees may be allowed to substitute paid leave for unpaid leave by meeting the requirements set out in the administrative directives and guidelines established for the implementation of this policy, if any. Employees eligible for leave must comply with the family and medical leave directives and guidelines prior to starting leave. The superintendent shall be responsible to develop directives and guidelines as necessary to implement this policy. Such directives and guidelines shall

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North Branch Independent School District No. 138: Policy #410

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be submitted to the school board for annual review.

The school district shall comply with written notice requirements as set forth in federal regulations.

14. Employees returning from a leave permitted under this policy are eligible for reinstatement in the same or an equivalent position as provided by law. However, the employee has no greater right to reinstatement or to other benefits and conditions of employment than if the employee had been continuously employed during the leave.

B. Twelve-week Leave under State Law

An employee who does not qualify for parenting leave under Paragraphs IV.A.1.a. or IV.A.1.b. above may qualify for a 12-week unpaid leave which is available to a biological or adoptive parent in conjunction with the birth or adoption of a child, or to a female employee for prenatal care or incapacity due to pregnancy, childbirth, or related health conditions. The length of the leave shall be determined by the employee but must not exceed 12 weeks unless agreed to by the school district. This leave is separate and exclusive of the family and medical leave described in the preceding paragraphs but may be reduced by any period of paid parental, disability, personal, or medical, or sick leave, or accrued vacation provided by the school district so that the total leave does not exceed 12 weeks, unless agreed to by the school district, or leave taken for the same purpose under the FMLA. The leave taken under this section shall begin at a time requested by the employee. An employee who plans to take leave under this section must give the school district reasonable notice of the date the leave shall commence and the estimated duration of the leave. For leave taken by a biological or adoptive parent in conjunction with the birth or adoption of a child, the leave must begin within 12 months of the birth or adoption; except that, in the case where the child must remain in the hospital longer than the mother, the leave must begin within 12 months after the child leaves the hospital.

C. Twenty-six-week Servicemember Family Military Leave

1. An eligible employee who is the spouse, son, daughter, parent, or next of kin of a covered servicemember shall be entitled to a total of 26 work weeks of leave during a 12-month period to care for the servicemember. The leave described in this paragraph shall be available only during a single 12-month period. For purposes of this leave, the need to care for a servicemember includes both physical and psychological care.
2. During a single 12-month period, an employee shall be entitled to a combined total of 26 work weeks of leave under Paragraphs IV.A. and IV.C. above.
3. The 12-month period referred to in this section begins on the first day the eligible employee takes leave to care for a covered servicemember and ends 12 months after that date.

## EMPLOYEES/PERSONNEL

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4. Eligible spouses employed by the school district are limited to an aggregate of 26 weeks of leave during any 12-month period if leave is taken for birth of the employee's child or to care for the child after birth; for placement of a child with the employee for adoption or foster care or to care for the child after placement; to care for the employee's parent with a serious health condition; or to care for a covered servicemember with a serious injury or illness.
5. The school district may request or require the employee to substitute accrued paid leave for any part of the 26-week period. Employees may be allowed to substitute paid leave for unpaid leave by meeting the requirements set out in the administrative directives and guidelines established for the implementation of this policy, if any. Employees eligible for leave must comply with the family and medical leave directives and guidelines prior to starting leave.
6. An employee will be required to submit sufficient medical certification issued by the health care provider of the covered servicemember and other information in support of requested leave and eligibility for such leave under this section within 15 days from the date of the request or as soon as practicable under the circumstances.
7. The provisions of Paragraphs IV.A.7., IV.A.10., IV.A.12., IV.A.13., and IV.A.14. above shall apply to leaves under this section.

#### V. SPECIAL RULES FOR INSTRUCTIONAL EMPLOYEES

- A. An instructional employee is one whose principal function is to teach and instruct students in a class, a small group, or an individual setting. This includes, but is not limited to, teachers, coaches, driver's education instructors, and special education assistants.
- B. Instructional employees who request foreseeable medically necessary intermittent or reduced work schedule leave greater than 20 percent of the workdays in the leave period may be required to:
  1. take leave for the entire period or periods of the planned medical treatment; or
  2. move to an available alternative position for which the employee is qualified, and which provides equivalent pay and benefits, but not necessarily equivalent duties.
- C. Instructional employees who request continuous leave near the end of a semester may be required to extend the leave through the end of the semester. The number of weeks remaining before the end of a semester does not include scheduled school breaks, such as summer, winter, or spring break.
  1. If an instructional employee begins leave for any purpose more than five weeks before the end of a semester and it is likely the leave will last at least three weeks, the school district may require that the leave be continued until the end of the semester.

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## EMPLOYEES/PERSONNEL

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2. If the instructional employee begins leave for a purpose other than the employee's own serious health condition during the last five weeks of a semester, the school district may require that the leave be continued until the end of the semester if the leave will last more than two weeks or if the employee's return from leave would occur during the last two weeks of the semester.
3. If the instructional employee begins leave for a purpose other than the employee's own serious health condition during the last three weeks of the semester and the leave will last more than five working days, the school district may require the employee to continue taking leave until the end of the semester.
4. If the school district requires an instructional employee to extend leave through the end of a semester as set forth in this paragraph, only the period of leave until the employee is ready and able to return to work shall be charged against the employee's FMLA leave entitlement. Any additional leave required by the school district to the end of the school term is not counted as FMLA leave but as an unpaid or paid leave, to the extent the instructional employee has accrued paid leave available and the school district shall maintain the employee's group health insurance and restore the employee to the same or equivalent job, including other benefits, at the conclusion of the leave.

#### VI. OTHER

- A. The provisions of this policy are intended to comply with applicable law, including the FMLA and applicable regulations. Any terms used from the FMLA will have the same meaning as defined by the FMLA and/or applicable regulations. To the extent that this policy is ambiguous or contradicts applicable law, the language of the applicable law will prevail.
- B. The requirements stated in the collective bargaining agreement between employees in a certified collective bargaining unit and the school district regarding family and medical leaves (if any) shall be followed.

#### VII. DISSEMINATION OF POLICY

- A. A poster prepared by the U.S. Department of Labor summarizing the major provisions of the Family and Medical Leave Act and informing employees how to file a complaint shall be conspicuously posted in each school district building in areas accessible to employees and applicants for employment.
- B. This policy will be reviewed at least annually for compliance with state and federal law.

**Legal References:** Minn. Stat. §§ 181.940-181.944 (Parenting Leave and Accommodations)  
10 U.S.C. § 101 *et seq.* (Armed Forces General Military Law)  
29 U.S.C. § 2601 *et seq.* (Family and Medical Leave Act)  
38 U.S.C. § 101 (Definitions)

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North Branch Independent School District No. 138: Policy #410

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**EMPLOYEES/PERSONNEL**

**Family and Medical Leave Policy**

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29 C.F.R. Part 825 (Family and Medical Leave Act)

***Cross References:***

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# EDUCATION PROGRAMS

## Organization of School Calendar and School Day

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### I. PURPOSE

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

### II. GENERAL STATEMENT OF POLICY

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

### III. CALENDAR RESPONSIBILITY

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

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

1. The school district may begin the school year on any day before Labor Day to accommodate a construction or remodeling project of \$400,000 or more affecting a school district school facility.

2. The school district may begin the school year on any day before Labor Day if the school district has agreement under Minnesota Statutes, section 123A.30, 123A.32, or 123A.35 with a school district that qualifies under Section III.B.1.

3. The school district may begin the school year on any day before Labor Day if the school district agrees to the same schedule with a school district in an adjoining state.

C. Employee and advisory groups shall be provided an opportunity to participate in school calendar considerations through a meet and confer process.

### IV. SCHOOL DAY RESPONSIBILITY

A. The superintendent shall be responsible for developing a schedule for the student day, subject to review by the school board. All requirements and provisions of Minnesota Statutes and Minnesota Department of Education Rules shall be met.

B. In developing the student day schedule, the superintendent shall consider such factors as school bus schedules, cooperative programs, differences in time requirements at various grade levels, effective utilization of facilities, cost effectiveness, and other concerns deserving of attention.

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# EDUCATION PROGRAMS

## Organization of School Calendar and School Day

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- C. Proposed changes in the school day shall be subject to review and approval by the school board.

### V. E-LEARNING DAYS

- A. An “e-learning day” is a school day where a school offers full access to online instruction provided by students’ individual teachers due to inclement weather.
- B. A school district may designate up to five e-learning days in one school year.
- C. An e-learning day is counted as a day of instruction and included in the hours of instruction pursuant to Section III.A., above.
- D. A school board may adopt an e-learning day plan after consulting with the exclusive representative of the teachers. The e-learning day plan developed by the school district will include accommodations for students without Internet access at home and for digital device access for families without the technology or with an insufficient amount of technology for the number of children in the household. The plan must also provide accessible options for students with disabilities.
- E. The school district must notify parents and students of its e-learning day plan at the beginning of each school year.
- F. When an e-learning day is declared by the school district, notice must be provided to parents and students at least two hours prior to the normal school start time that students will need to follow the e-learning day plan for that day.
- G. On an e-learning day, each student’s teacher must be accessible both online and by telephone during normal school hours to assist students and parents.
- H. When the school district declares an e-learning day, it must continue to pay the full wages for scheduled work hours and benefits of all school employees for the duration of the e-learning period. During the e-learning period, school employees must be allowed to work from home to the extent practicable, be assigned to work in an alternative location, or be retained on an on-call basis for any potential need.

<b>Legal References:</b>	Minn. Stat. § 10.55 (Juneteenth)
	Minn. Stat. § 120A.40 (School Calendar)
	Minn. Stat. § 120A.41 (Length of School Year; Hours of Instruction)
	Minn. Stat. § 120A.414 (E-Learning Days)
	Minn. Stat. § 120A.415 (Extended School Calendar)
	Minn. Stat. § 120A.42 (Conduct of School on Certain Holidays)
	Minn. Stat. § 122A.40, Subds. 7 and 7a (Employment; Contracts; Termination)
	Minn. Stat. § 122A.41, Subds. 4 and 4a (Teacher Tenure Act; Cities of the First Class; Definitions)

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## EDUCATION PROGRAMS

### Organization of School Calendar and School Day

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Minn. Stat. § 123A.30 (Agreements for Secondary Education)  
Minn. Stat. § 123A.32 (Interdistrict Cooperation)  
Minn. Stat. § 123A.35 (Cooperation and Combination)  
Minn. Stat. § 124D.126 (Powers and Duties of Commissioner; Flexible Learning Year Programs)  
Minn. Stat. § 124D.151 (Voluntary Prekindergarten Program)  
Minn. Stat. § 124E.25 (Payment of Aids to Charter Schools)  
Minn. Stat. § 127A.41, Subd. 7 (Distribution of School Aids; Appropriation)  
Minn. Stat. § 645.44 (Words and Phrases Defined)

#### ***Cross References:***

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602 Organization of School Calendar and School Day, page 3 of 3

# EDUCATION PROGRAMS

## School District System Accountability

616-NB

### I. PURPOSE

The purpose of this policy is to focus public education strategies on a process that promotes higher academic achievement for all students and ensures broad-based community participation in decisions regarding implementation of the Minnesota K-12 Academic Standards and federal law.

### II. GENERAL STATEMENT OF POLICY

Implementation of the Minnesota K-12 Academic Standards and federal law requires accountability for the school district. The school district established a system to transition to the graduation requirements of the Minnesota K-12 Academic Standards. The school district also established a system to review and improve instruction, curriculum, and assessment which will include substantial input by students, parents or guardians, and local community members. The school district will be accountable to the public and the state through annual reporting.

### III. DEFINITIONS

- A. "Credit" means a student's successful completion of an academic year of study or a student's mastery of the applicable subject matter, as determined by the school district.
- B. "World's best workforce" means striving to: meet school readiness goals; close the academic achievement gap among all racial and ethnic groups of students and between students living in poverty and students not living in poverty; have all students attain career and college readiness before graduating from high school; and have all students graduate from high school.

### IV. ESTABLISHMENT OF GOALS; IMPLEMENTATION; EVALUATION AND REPORTING

#### A. School District Goals

- 1. The school board has established school district-wide goals that provide broad direction for the school district. Incorporated in these goals are the graduation and education standards contained in the Minnesota K-12 Academic Standards and federal law. The broad goals shall be reviewed annually and approved by the school board. The school board shall adopt annual goals based on the recommendations of the school district's Advisory Committee.
- 2. The NBAPS Strategic Advisory Committee (World's Best Workforce Committee) created under Policy 603 (Curriculum Development) is established by the school board to ensure active community participation in all phases of planning and improving the instruction and curriculum affecting state and district academic standards.
- 3. The school district-wide improvement goals should address recommendations identified

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North Branch Independent School District No. 138: District Policy #616-NB

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# EDUCATION PROGRAMS

## School District System Accountability

616-NB

through the NBAPS Strategic Advisory Committee (WBWF Committee) process. The school district's goal setting process will include consideration of individual site goals. School district goals may also be developed through an education effectiveness program, an evaluation of student progress committee, or through some other locally determined process.

- B. System for Reviewing All Instruction and Curriculum. Incorporated in the process will be analysis of the school district's progress toward implementation of the Minnesota Academic Standards. Instruction and curriculum shall be reviewed and evaluated by taking into account strategies and best practices, student outcomes, principal evaluations under Minnesota Statutes section 123B.147, and teacher evaluations under Minnesota Statutes section 122A.40 or 122A.41.
- C. Implementation of Graduation Requirements
1. The NBAPS Strategic Advisory Committee (WBWF Committee) shall also advise the school board on implementation of the state and local graduation requirements, including K-12 curriculum, assessment, student learning opportunities, and other related issues. Recommendations of the NBAPS Strategic Advisory Committee (WBWF Committee) shall be published annually to the community. The school board shall receive public input and comment and shall adopt or update this policy at least annually.
  2. The school board shall annually review and determine if student achievement levels at each school site meet federal expectations. If the school board determines that student achievement levels at a school site do not meet federal expectations and the site has not made adequate yearly progress for two consecutive school years, the NBAPS Strategic Advisory Committee (WBWF Committee) shall work with the school site to adopt a plan to raise student achievement levels to meet federal expectations. The NBAPS Strategic Advisory Committee (WBWF Committee) may seek assistance from the Commissioner of the Minnesota Department of Education (MDE) (Commissioner) in developing a plan which must include parental involvement components.
  3. The educational assessment system component utilized by the school board to measure individual students' educational progress must be based, to the extent annual tests are administered, on indicators of current achievement that show growth relative to an individual student's prior achievement. Indicators of achievement and prior achievement must be based on highly reliable statewide or districtwide assessments. The school board will utilize models developed by the Commissioner for measuring individual student progress. The school board must coordinate with MDE in evaluating school sites and continuous improvement plans, consistent with best practices.
- D. Comprehensive Continuous Improvement of Student Achievement
1. By Dec 1 of each year, the NBAPS Strategic Advisory Committee (WBWF Committee)

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616 School District System Accountability, page 2 of 5

## EDUCATION PROGRAMS

### School District System Accountability

616-NB

will meet to advise and assist the school district in the implementation of the school district system accountability and comprehensive continuous improvement process.

2. The NBAPS Strategic Advisory Committee (WBWF Committee), working in cooperation with other committees of the school district, will provide active community participation in:
  - a. Reviewing the school district instructional and curriculum plan, with emphasis on implementing the Minnesota K-12 Academic Standards;
  - b. Identifying annual instruction and curriculum improvement goals for recommendation to the school board;
  - c. Making recommendations regarding the evaluation process that will be used to measure school district progress toward its goals; and,
  - d. Advising the school board about development of the annual budget.
3. The NBAPS Strategic Advisory Committee (WBWF Committee) shall meet the following criteria:
  - a. The NBAPS Strategic Advisory Committee (WBWF Committee) shall ensure active community participation in all planning for instruction and curriculum affecting Graduation Standards.
  - b. The NBAPS Strategic Advisory Committee (WBWF Committee) shall make recommendations to the school board on school district-wide standards, assessments, and program evaluation.
  - c. Building teams may be established as subcommittees to develop and implement an education effectiveness plan and to carry out methods to improve instruction, curriculum, and assessments as well as methods to use technology in meeting the school district improvement plan.
  - d. A local plan to evaluate student progress, using a local process, shall be used for developing a plan for assessment of student progress toward the Graduation Standards, as well as program evaluation data for use by the NBAPS Strategic Advisory Committee (WBWF Committee) in the instruction and curriculum review process. Building site goals shall annually be approved by the school board.
4. Translation services should be provided to the extent appropriate and practicable.

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# EDUCATION PROGRAMS

## School District System Accountability

616-NB

5. The NBAPS Strategic Advisory Committee (WBWF Committee) meet at least three times a year.
- E. Evaluation of Student Progress Committee. Building Leadership Teams shall develop a plan for assessment of student progress for use by the NBAPS Strategic Advisory Committee (WBWF Committee) to review instruction and curriculum, cultural competencies, life skill readiness, and student achievement at the school site. Building site plans shall annually be approved by the school board.
- F. Reporting
1. Consistent with Minnesota Statutes, section 120B.36, subdivision 1, the school board shall publish a report in the local newspaper with the largest circulation in the district, by mail, or by electronic means on the school district website. The school board shall hold an annual public meeting to review and revise, where appropriate, student achievement goals, local assessment outcomes, plans, strategies, and practices for improving curriculum and instruction and cultural competency and efforts to equitably distribute diverse, effective, experienced, and in-field teachers, and to review school district success in realizing the previously adopted student achievement goals and related benchmarks and the improvement plans leading to the world's best workforce. The school board must transmit an electronic summary of its report to the Commissioner in the form and manner the Commissioner determines. The school district shall periodically survey affected constituencies in their native languages, where appropriate and practicable, about their connection to and level of satisfaction with school. The school district shall include the results of this evaluation in its published reports and in its summary report to the Commissioner.
  2. The school performance report for a school site and a school district must include performance reporting information and calculate proficiency rates as required by the most recently reauthorized Elementary and Secondary Education Act.
  3. The school district must annually report the district's class size ratios by each grade to the commissioner of education in the form and manner specified by the commissioner.
  4. The school district must report whether programs funded with compensatory revenue are consistent with best practices demonstrated to improve student achievement.

# EDUCATION PROGRAMS

## School District System Accountability

616-NB

**Legal References:** Minn. Stat. § 120B.018 (Definitions)  
Minn. Stat. § 120B.02 (Educational Expectations and Graduation Requirements for Minnesota's Students)  
Minn. Stat. § 120B.11 (School District Process for Reviewing Curriculum, Instruction, and Student Achievement; Striving for the World's Best Workforce)  
Minn. Stat. § 120B.35 (Student Academic Achievement and Growth)  
Minn. Stat. § 120B.36 (School Accountability)  
Minn. Stat. § 122A.40 (Employment; Contracts; Termination)  
Minn. Stat. § 122A.41 (Teacher Tenure Act; Cities of the First Class; Definitions)  
Minn. Stat. § 123B.04 (Site Decision Making; Individualized Learning Agreement; Other Agreements)  
Minn. Stat. § 123B.147 (Principals)  
Minn. Stat. § 126C.12 (Learning and Development Revenue Amount and Use)  
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 3501.0900-3501.0955 (Academic Standards in Science)  
Minn. Rules Parts 3501.1300-3501.1345 (Academic Standards for Social Studies)  
Minn. Rules Parts 3501.1400-3501.1410 (Academic Standards for Physical Education)  
20 U.S.C. § 6301, *et seq.* (Every Student Succeeds Act)

**Cross References:** NB Policy 104 (School District Mission Statement)  
NB Policy 601 (School District Curriculum and Instruction Goals)  
NB Policy 613 (Graduation Requirements)  
NB Policy 614 (School District Testing Plan and Procedure)  
NB Policy 615 (Testing Accommodations, Modifications, and Exemptions for IEPs, Section 504 Plans, and LEP Students)  
NB Policy 617 (School District Ensurance of Preparatory and High School Standards)  
NB Policy 618 (Assessment of Student Achievement)  
NB Policy 619 (Staff Development for Standards)  
NB Policy 620 (Credit for Learning)

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North Branch Independent School District No. 138: District Policy #616-NB

**Adopted:** 5/9/13

**Replaced:**

**Last Reviewed:**

**Revised:** 2/8/18, 5/9/19, 4/8/21, 12/9/21, 1/12/23, 6/13/24

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616 School District System Accountability, page 5 of 5

**I. PURPOSE**

The purpose of this Model Crisis Management Policy is to act as a guide for school district and building administrators, school employees, students, school board members, and community members to address a wide range of potential crisis situations in the school district. The step-by-step procedures suggested by this Policy will provide guidance to each school building in drafting crisis management plans to coordinate protective actions prior to, during, and after any type of emergency or potential crisis situation. Each school district should develop tailored building-specific crisis management plans for each school building in the school district, and sections or procedures may be added or deleted in those crisis management plans based on building needs.

The school district will, to the extent possible, engage in ongoing emergency planning within the school district and with emergency responders and other relevant community organizations. The school district will ensure that relevant emergency responders in the community have access to their building-specific crisis management plans and will provide training to school district staff to enable them to act appropriately in the event of a crisis.

**II. GENERAL INFORMATION****A. The Policy and Plans**

The school district's Crisis Management Policy has been created in consultation with local community response agencies and other appropriate individuals and groups that would likely be involved in the event of a school emergency. It is designed so that each building administrator can tailor a building-specific crisis management plan to meet that building's specific situation and needs.

The school district's administration and/or the administration of each building shall present tailored building-specific crisis management plans to the school board for review and approval. The building-specific crisis management plans will include general crisis procedures and crisis-specific procedures. Upon approval by the school board, such crisis management plans shall be an addendum to this Crisis Management Policy. This Policy and the plans will be maintained and updated on an annual basis.

**B. Elements of the District Crisis Management Policy**

1. General Crisis Procedures. The Crisis Management Policy includes general crisis procedures for securing buildings, classroom evacuation, building evacuation, campus evacuation, and sheltering. The Policy designates the individual(s) who will determine when these actions will be taken. These district-wide procedures may be modified by building administrators when creating their building-specific crisis management plans. A communication system will be in place to enable the designated individual to be contacted at all times in the event of a potential crisis, setting forth the method to contact the designated individual, the provision of at least two designees when the contact

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North Branch Independent School District No. 138: Policy #806

Adopted: 9/28/00

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person is unavailable, and the method to convey contact information to the appropriate staff persons. The alternative designees may include members of the emergency first responder response team. A secondary method of communication should be included in the plan for use when the primary method of communication is inoperable. Each building in the school district will have access to a copy of the Comprehensive School Safety Guide (2011 Edition) to assist in the development of building-specific crisis management plans.

All general crisis procedures will address specific procedures for the safe evacuation of children and employees with special needs such as physical, sensory, motor, developmental, and mental health challenges.

- a. Lock-Down Procedures. Lock-down procedures will be used in situations where harm may result to persons inside the school building, such as a shooting, hostage incident, intruder, trespass, disturbance, or when determined to be necessary by the building administrator or his or her designee. The building administrator or designee will announce the lock-down over the public address system or other designated system. Code words will not be used. Provisions for emergency evacuation will be maintained even in the event of a lock-down. Each building administrator will submit lock-down procedures for their building as part of the building-specific crisis management plan.
- b. Evacuation Procedures. Evacuations of classrooms and buildings—shall be implemented at the discretion of the building administrator or his or her designee. Each building's crisis management plan will include procedures for transporting students and staff a safe distance from harm to a designated safe area until released by the building administrator or designee. Safe areas may change based upon the specific emergency situation. The evacuation procedures should include specific procedures for children with special needs, including children with limited mobility (wheelchairs, braces, crutches, etc.), visual impairments, hearing impairments, and other sensory, developmental, or mental health needs. The evacuation procedures should also address transporting necessary medications for students that take medications during the school day.
- c. Sheltering Procedures. Sheltering provides refuge for students, staff, and visitors within the school building during an emergency. Shelters are safe areas that maximize the safety of inhabitants. Safe areas may change based upon the specific emergency. The building administrator or his or her designee will announce the need for sheltering over the public address system or other designated system. Each building administrator will submit sheltering procedures for his or her building as part of the building-specific crisis management plan.

2. Crisis-Specific Procedures. The Crisis Management Policy includes crisis-specific procedures for crisis situations that may occur during the school day or at school-sponsored events and functions. These district-wide procedures are designed to enable building administrators to tailor response procedures when creating building-specific crisis management plans.
3. School Emergency Response Teams
  - a. Composition. The building administrator in each school building will select a school emergency response team that will be trained to respond to emergency situations. All school emergency response team members will receive on-going training to carry out the building's crisis management plans and will have knowledge of procedures, evacuation routes, and safe areas. For purposes of student safety and accountability, to the extent possible, school emergency response team members will not have direct responsibility for the supervision of students. Team members must be willing to be actively involved in the resolution of crises and be available to assist in any crisis situation as deemed necessary by the building administrator. Each building will maintain a current list of school emergency response team members which will be updated annually. The building administrator, and his or her alternative designees, will know the location of that list in the event of a school emergency. A copy of the list will be kept on file in the school district office, or in a secondary location in single building school districts.
  - b. Leaders. The building administrator or his or her designee will serve as the leader of the school emergency response team and will be the primary contact for emergency response officials. In the event the primary designee is unavailable, the designee list should include more than one alternative designee and may include members of the emergency response team. When emergency response officials are present, they may elect to take command and control of the crisis. It is critical in this situation that school officials assume a resource role and be available as necessary to emergency response officials.

### III. PREPARATION BEFORE AN EMERGENCY

#### A. Communication

1. District Employees. Teachers generally have the most direct contact with students on a day-to-day basis. As a result, they must be aware of their role in responding to crisis situations. This also applies to non-teaching school personnel who have direct contact with students. All staff shall be aware of the school district's Crisis Management Policy and their own building's crisis management plan. Each school's building-specific crisis management plan shall include the method and dates of dissemination of the plan to its staff. Employees will receive a copy of the relevant building-specific crisis management plans and shall receive periodic training on plan implementation.

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## BUILDINGS AND SITES

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2. Students and Parents. Students and parents shall be made aware of the school district's Crisis Management Policy and relevant tailored crisis management plans for each school building. Each school district's building-specific crisis management plan shall set forth how students and parents are made aware of the district and school-specific plans. Students shall receive specific instruction on plan implementation and shall participate in a required number of drills and practice sessions throughout the school year.
- B. Planning and Preparing for Fire
1. Designate a safe area at least 50 feet away from the building to enable students and staff to evacuate. The safe area should not interfere with emergency responders or responding vehicles and should not be in an area where evacuated persons are exposed to any products of combustion. (Depending on the wind direction, where the building on fire is located, the direction from which the fire is arriving, and the location of fire equipment, the distance may need to be extended.)
  2. Each building's facility diagram and site plan shall be available in appropriate areas of the building and shall identify the most direct evacuation routes to the designated safe areas both inside and outside of the building. The facility diagram and site plan must identify the location of the fire alarm control panel, fire alarms, fire extinguishers, hoses, water spigots, and utility shut offs.
  3. Teachers and staff will receive training on the location of the primary emergency evacuation routes and alternate routes from various points in the building. During fire drills, students and staff will practice evacuations using primary evacuation routes and alternate routes.
  4. Certain employees, such as those who work in hazardous areas in the building, will receive training on the locations and proper use of fire extinguishers and protective clothing and equipment.
  5. Fire drills will be conducted periodically without warning at various times of the day and under different circumstances, e.g., lunchtime, recess, and during assemblies. State law requires a minimum of five fire drills each school year, consistent with Minnesota Statutes section 299F.30. See Minnesota Statutes, section 121A.035.
  6. A record of fire drills conducted at the building will be maintained in the building administrator's office.
  7. The school district will have prearranged sites for emergency sheltering and transportation as needed.
  8. The school district will determine which staff will remain in the building to perform essential functions if safe to do so (e.g., switchboard, building engineer, etc.). The

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school district also will designate an administrator or his or her designee to meet local fire or law enforcement agents upon their arrival.

C. Facility Diagrams and Site Plans

All school buildings will have a facility diagram and site plan that includes the location of primary and secondary evacuation routes, exits, designated safe areas inside and outside of the building, and the location of fire alarm control panel, fire alarms, fire extinguishers, hoses, water spigots, and utility shut offs. All facility diagrams and site plans will be updated regularly and whenever a major change is made to a building. Facility diagrams and site plans will be maintained by the building administrator and will be easily accessible and on file in the school district office. Facility diagrams and site plans will be provided to first responders, such as fire and law enforcement personnel.

D. Emergency Telephone Numbers

Each building will maintain a current list of emergency telephone numbers and the names and addresses of local, county, and state personnel who may be involved in a crisis situation. The list will include telephone numbers for local police, fire, ambulance, hospital, the Poison Control Center, county and state emergency management agencies, local public works departments, local utility companies, the public health nurse, mental health/suicide hotlines, and the county welfare agency. A copy of this list will be kept on file in the school district office, or at a secondary location for single building school districts and will be updated annually.

School district employees will receive training on how to make emergency contacts, including 911 calls, when the school district's main telephone number and location is electronically conveyed to emergency personnel instead of the specific building in need of emergency services.

School district plans will set forth a process to internally communicate an emergency, using telephones in classrooms, intercom systems, or two-way radios, as well as the procedure to enable the staff to rapidly convey emergency information to a building designee. Each plan will identify a primary and secondary method of communication for both internal and secondary use. It is recommended that the plan include several methods of communication because computers, intercoms, telephones, and cell phones may not be operational or may be dangerous to use during an emergency.

E. Warning and Notification Systems

The school district shall maintain a warning system designed to inform students, staff, and visitors of a crisis or emergency. This system shall be maintained on a regular basis under the maintenance plan for all school buildings. The school district should consider an alternate notification system to address the needs of staff and students with special needs, such as vision or hearing.

The building administrator shall be responsible for informing students and employees of the

warning system and the means by which the system is used to identify a specific crisis or emergency situation. Each school's building-specific crisis management plan will include the method and frequency of dissemination of the warning system information to students and employees.

F. Early School Closure Procedures

The superintendent will make decisions about closing school or buildings as early in the day as possible. The early school closure procedures will set forth the criteria for early school closure (e.g., weather-related, utility failure, or a crisis situation), will specify how closure decisions will be communicated to staff, students, families, and the school community (designated broadcast media, local authorities, e-mail, or district or school building web sites), and will discuss the factors to be considered in closing and reopening a school or building.

Early school closure procedures also will include a reminder to parents and guardians to listen to designated local radio and TV stations for school closing announcements, where possible.

G. Media Procedures

The superintendent has the authority and discretion to notify parents or guardians and the school community in the event of a crisis or early school closure. The superintendent will designate a spokesperson who will notify the media in the event of a crisis or early school closure. The spokesperson shall receive training to ensure that the district is in strict compliance with federal and state law relative to the release of private data when conveying information to the media.

H. Behavioral Health Crisis Intervention Procedures

Short-term behavioral health crisis intervention procedures will set forth the procedure for initiating behavioral health crisis intervention plans. The procedures will utilize available resources including the school psychologist, counselor, community behavioral health crisis intervention, or others in the community. Counseling procedures will be used whenever the superintendent or the building administrator determines it to be necessary, such as after an assault, a hostage situation, shooting, or suicide. The behavioral health crisis intervention procedures shall include the following steps:

1. Administrator will meet with relevant persons, including school psychologists and counselors, to determine the level of intervention needed for students and staff.
2. Designate specific rooms as private counseling areas.
3. Escort siblings and close friends of any victims as well as others in need of emotional support to the counseling areas.
4. Prohibit media from interviewing or questioning students or staff.

5. Provide follow-up services to students and staff who receive counseling.
6. Resume normal school routines as soon as possible.

I. Long-Term Recovery Intervention Procedures

Long-term recovery intervention procedures may involve both short-term and long-term recovery planning:

1. Physical/structural recovery.
2. Fiscal recovery.
3. Academic recovery.
4. Social/emotional recovery.

**IV. ACTIVE SHOOTER DRILL**

A. Definitions

1. "Active shooter drill" means an emergency preparedness drill designed to teach students, teachers, school personnel, and staff how to respond in the event of an armed intruder on campus or an armed assailant in the immediate vicinity of the school. An active shooter drill is not an active shooter simulation, nor may an active shooter drill include any sensorial components, activities, or elements which mimic a real life shooting.
2. "Active shooter simulation" means an emergency exercise including full-scale or functional exercises, designed to teach adult school personnel and staff how to respond in the event of an armed intruder on campus or an armed assailant in the immediate vicinity of the school which also incorporates sensorial components, activities, or elements mimicking a real life shooting. Activities or elements mimicking a real life shooting include, but are not limited to, simulation of tactical response by law enforcement. An active shooter simulation is not an active shooter drill.
3. "Evidence-based" means a program or practice that demonstrates any of the following:
  - a. a statistically significant effect on relevant outcomes based on any of the following:
    - i. strong evidence from one or more well designed and well implemented experimental studies;

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- ii. moderate evidence from one or more well designed and well implemented quasi-experimental studies; or
    - iii. promising evidence from one or more well designed and well implemented correlational studies with statistical controls for selection bias; or
  - b. a rationale based on high-quality research findings or positive evaluations that the program or practice is likely to improve relevant outcomes, including the ongoing efforts to examine the effects of the program or practice.
4. "Full-scale exercise" means an operations-based exercise that is typically the most complex and resource-intensive of the exercise types and often involves multiple agencies, jurisdictions, organizations, and real-time movement of resources.
5. "Functional exercises" means an operations-based exercise designed to assess and evaluate capabilities and functions while in a realistic, real-time environment, however, movement of resources is usually simulated.

#### B. Criteria

An active shooter drill conducted according to Minnesota Statutes, section 121A.037 with students in early childhood through grade 12 must be:

1. accessible;
2. developmentally appropriate and age appropriate, including using appropriate safety language and vocabulary;
3. culturally aware;
4. trauma-informed; and
5. inclusive of accommodations for students with mobility restrictions, sensory needs, developmental or physical disabilities, mental health needs, and auditory or visual limitations.

#### C. Student Mental Health and Wellness

Active shooter drill protocols must include a reasonable amount of time immediately following the drill for teachers to debrief with their students. The opportunity to debrief must be provided to students before regular classroom activity may resume. During the debrief period, students must be allowed to access any mental health services available on campus, including counselors, school psychologists, social workers, or cultural liaisons. An active shooter drill must not be combined or conducted consecutively with any other type of emergency preparedness drill. An

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active shooter drill must be accompanied by an announcement prior to commencing. The announcement must use concise and age-appropriate language and, at a minimum, inform students there is no immediate danger to life and safety.

D. Notice

1. The school district must provide notice of a pending active shooter drill to every student's parent or legal guardian before an active shooter drill is conducted. Whenever practicable, notice must be provided at least 24 hours in advance of a pending active shooter drill and inform the parent or legal guardian of the right to opt their student out of participating.
2. If a student is opted out of participating in an active shooter drill, no negative consequence must impact the student's general school attendance record nor may nonparticipation alone make a student ineligible to participate in or attend school activities.
3. The Commissioner of the Minnesota Department of Education must ensure the availability of alternative safety education for students who are opted out of participating or otherwise exempted from an active shooter drill. Alternative safety education must provide essential safety instruction through less sensorial safety training methods and must be appropriate for students with mobility restrictions, sensory needs, developmental or physical disabilities, mental health needs, and auditory or visual limitations.

E. Participation in Active Shooter Drills

Any student in early childhood through grade 12 must not be required to participate in an active shooter drill that does not meet the Criteria set forth above.

F. Active Shooter Simulations

A student must not be required to participate in an active shooter simulation. An active shooter simulation must not take place during regular school hours if a majority of students are present, or expected to be present, at the school. A parent or legal guardian of a student in grades 9 through 12 must have the opportunity to opt their student into participating in an active shooter simulation.

G. Violence Prevention

1. A school district or charter school conducting an active shooter drill must provide students in middle school and high school at least one hour, or one standard class period, of violence prevention training annually.
2. The violence prevention training must be evidence-based and may be delivered in-

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person, virtually, or digitally. Training must, at a minimum, teach students the following:

- a. how to identify observable warning signs and signals of an individual who may be at risk of harming oneself or others;
  - b. the importance of taking threats seriously and seeking help; and
  - c. the steps to report dangerous, violent, threatening, harmful, or potentially harmful activity.
3. A school district or charter school must ensure that students have the opportunity to contribute to their school's safety and violence prevention planning, aligned with the recommendations for multihazard planning for schools, including but not limited to:
- a. student opportunities for leadership related to prevention and safety;
  - b. encouragement and support to students in establishing clubs and programs focused on safety; and
  - c. providing students with the opportunity to seek help from adults and to learn about prevention connected to topics including bullying, sexual harassment, sexual assault, and suicide.

#### H. Board Meeting

At a regularly scheduled school board meeting, a school board of a district that has conducted an active shooter drill must consider the following:

1. the effect of active shooter drills on the safety of students and staff; and
2. the effect of active shooter drills on the mental health and wellness of students and staff.

#### V. SAMPLE PROCEDURES INCLUDED IN THIS POLICY

Sample procedures for the various hazards/emergencies listed below are attached to this Policy for use when drafting specific crisis management plans. Additional sample procedures may be found in the Response section of the *Comprehensive School Safety Guide* (2011 Edition). After approval by the school board, an adopted procedure will become an addendum to the Crisis Management Policy.

- A. Fire
- B. Hazardous Materials
- C. Severe Weather: Tornado/Severe Thunderstorm/Flooding

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- D. Medical Emergency
- E. Fight/Disturbance
- F. Assault
- G. Intruder
- H. Weapons
- I. Shooting
- J. Hostage
- K. Bomb Threat
- L. Chemical or Biological Threat
- M. Checklist for Telephone Threats
- N. Demonstration
- O. Suicide
- P. Lock-down Procedures
- Q. Shelter-In-Place Procedures
- R. Evacuation/Relocation
- S. Media Procedures
- T. Post-Crisis Procedures
- U. School Emergency Response Team
- V. Emergency Phone Numbers
- W. Highly Contagious Serious Illness or Pandemic Flu

#### **VI. MISCELLANEOUS PROCEDURES**

##### **A. Chemical Accidents**

Procedures for reporting chemical accidents shall be posted at key locations such as chemistry

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labs, art rooms, swimming pool areas, and janitorial closets.

B. Visitors

The school district shall implement procedures mandating visitor sign in and visitors in school buildings. See MSBA/MASA Model Policy 903 (Visitors to School District Buildings and Sites).

The school district shall implement procedures to minimize outside entry into school buildings except at designated check-in points and assure that all doors are locked prior to and after regular building hours.

C. Student Victims of Criminal Offenses at or on School Property

The school district shall establish procedures allowing student victims of criminal offenses on school property the opportunity to transfer to another school within the school district.

D. Radiological Emergencies at Nuclear Generating Plants [OPTIONAL]

School districts within a 10-mile radius of the Monticello or Prairie Island nuclear power plants will implement crisis plans in the event of an accident or incident at the power plant.

Questions relative to the creation or implementation of such plans will be directed to the Minnesota Department of Public Safety.

**Legal References:**

Minn. Stat. Ch. 12 (Emergency Management)  
Minn. Stat. Ch. 12A (Natural Disaster; State Assistance)  
Minn. Stat. § 121A.035 (Crisis Management Policy)  
Minn. Stat. § 121A.038 (Students Safe at School)  
Minn. Stat. § 121A.06 (Reports of Dangerous Weapon Incidents in School Zones)  
Minn. Stat. § 299F.30 (Fire Drill in School; Doors and Exits)  
Minn. Stat. § 326B.02, Subd. 6 (Powers)  
Minn. Stat. § 326B.106 (General Powers of Commissioner of Labor and Industry)  
Minn. Stat. § 609.605, Subd. 4 (Trespasses)  
Minn. Rules Ch. 7511 (Fire Code)  
20 U.S.C. § 1681, *et seq.* (Title IX)  
20 U.S.C. § 6301, *et seq.* (Every Student Succeeds Act)  
20 U.S.C. § 7912 (Unsafe School Choice Option)  
42 U.S.C. § 5121 *et seq.* (Disaster Relief and Emergency Assistance)

**Cross References:**

NB Policy 407 (Employee Right to Know – Exposure to Hazardous Substances)  
NB Policy 413 (Harassment and Violence)  
NB Policy 501 (School Weapons Policy)  
NB Policy 506-NB (Student Discipline)

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NB Policy 532 (Use of Peace Officers and Crisis Teams to Remove Students with IEPs from School Grounds)

NB Policy 903 (Visitors to School District Buildings and Sites)

*Comprehensive School Safety Guide*

[Minnesota School Safety Center - Resources \(mn.gov\)](http://mn.gov)

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**CliftonLarsonAllen LLP**  
PO Box 1067  
St. Cloud, MN 56302-1067

**phone 320-203-5500 fax 320-253-7696**  
**CLAconnect.com**

November 6, 2024

Board of Education  
North Branch Public Schools  
Independent School District No. 138  
North Branch, Minnesota

This Executive Audit Summary and Management Report presents information which we believe is important to you as members of the School Board. We encourage you to review the sections of this report, the audited financial statements and the auditors' reports.

We would be pleased to furnish additional information with respect to these suggestions and discuss this memorandum with you at your convenience. We wish to express our appreciation to the District for the courtesies, cooperation and assistance extended to us during the course of our work.

**CliftonLarsonAllen LLP**

A handwritten signature in cursive script that reads "Mary Reedy".

Mary Reedy, CPA, CGFM  
Principal

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138**

**EXECUTIVE AUDIT SUMMARY (EAS)  
AND MANAGEMENT REPORT**

**JUNE 30, 2024**



**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
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**EXECUTIVE AUDIT SUMMARY (EAS)  
AND MANAGEMENT REPORT  
FOR  
NORTH BRANCH PUBLIC SCHOOLS  
YEAR ENDED JUNE 30, 2024**

**Audit Findings and Results**

We prepared this Executive Audit Summary and Management Report in conjunction with our audit of North Branch Public Schools' (the District) financial records for the year ended June 30, 2024.

**Audit Opinion** – The financial statements are fairly stated. We issued what is known as a “clean” audit report.

**Yellow Book Compliance** – No compliance issues were noted in our review of laws, regulations, contracts and grants that could have significant financial implications to the District.

**Internal Controls** – Three “material weaknesses” in internal controls was noted related to the auditors’ drafting of the District’s financial statements, segregation of duties, and material audit adjustments.

**Single Audit** – Our audit did not disclose any matters required to be reported in accordance with 2 CRF 200.516(a).

**Legal Compliance** – No compliance issues were reported with respect to Minnesota Statutes.

**Enrollment** – For fiscal 2023-24, the District had an adjusted average daily membership of 2,722.89 (or 2,995.86 adjusted pupil units). For fiscal 2022-23, North Branch Public Schools had an estimated total adjusted average daily membership of 2,606.38 (or 2,865.69 adjusted pupil units).

**Fund Balance** – The District’s General Fund unassigned fund balance increased by \$624,494 during fiscal year 2023-24, increasing from \$3,642,045 to \$4,266,536. Total fund balance of the General Fund increased by \$3,609,333, ending at \$11,738,400 as of June 30, 2024. A District’s fund balance is an important aspect in considering the District’s financial well-being since a healthy fund balance represents things such as cash flow, as a cushion against unanticipated expenditures, enrollment variances, funding deficiencies and aid prorations at the state level and similar problems.

**Budget to Actual** – Total revenues on a net basis in the General Fund were \$1,264,683 (or 3.31%) higher than the budgeted amount while total expenditures were \$1,130,357 (or 3.06%) lower than the budgeted amount. The net effect, after also considering other financing sources, was a change in total fund balance that was \$2,395,040 more than had been reflected in the District’s final amended budget.

# FINANCIAL RESULTS

## Fund Balances

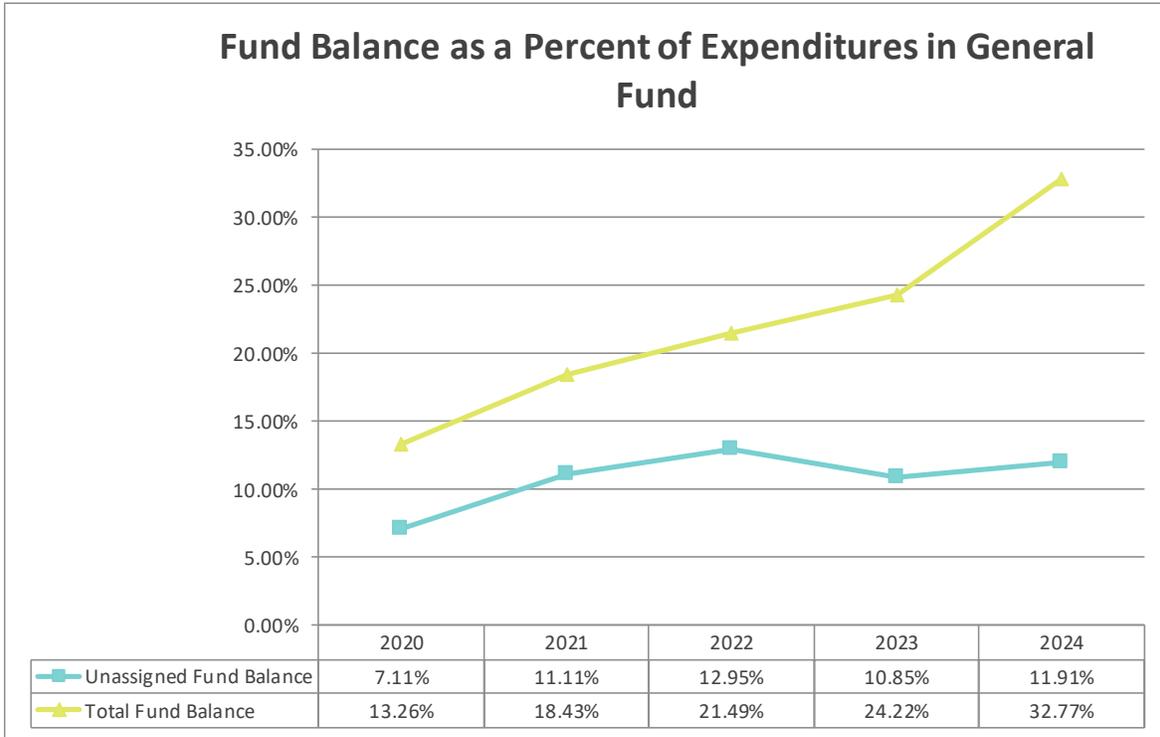
### NORTH BRANCH ISD #138 AUDITED FUND BALANCES THROUGH JUNE 30, 2024

FUND DESCRIPTION	6/30/2023 AUDITED BALANCE	2023-24 AUDITED REVENUES	TRANSFERS INTO FUNDS	2023-24 AUDITED EXPENDITURES	TRANSFERS OUT OF FUNDS	6/30/2024 AUDITED BALANCE
<b>GENERAL FUND</b>						
<b>A. UNASSIGNED - OPERATING</b>	\$ 3,642,045	\$ 33,494,378	-	\$ 32,869,887	-	\$ 4,266,536
As a percentage of current year expenditures	10.85%					11.91%
<b>B. NONSPENDABLE FOR</b>						
INVENTORY	\$ 47,459	\$ 29,531	-	\$ 47,459	-	\$ 29,531
PREPAIDS	\$ 294,078	\$ 14,134	-	\$ 294,078	-	\$ 14,134
TOTAL NONSPENDABLE	\$ 341,537	\$ 43,665	-	\$ 341,537	-	\$ 43,665
<b>C. ASSIGNED FOR</b>						
CAPITAL OUTLAY	\$ 1,525,000	\$ 3,098,980	-	-	-	\$ 4,623,980
<b>D. COMMITTED FOR</b>						
SEPARATION/RETIREMENT BENEFITS	-	-	-	-	-	-
<b>E. RESTRICTED FOR</b>						
STUDENT ACTIVITIES	\$ 200,944	\$ 211,829	-	\$ 220,226	-	\$ 192,547
SCHOLARSHIP	\$ 101,369	\$ 192,646	-	\$ 133,050	-	\$ 160,965
STAFF DEVELOPMENT	\$ 247,322	\$ 426,752	-	\$ 518,551	-	\$ 155,523
LTFM	\$ 1,096,190	\$ 363,263	-	\$ 531,647	-	\$ 927,806
CAPITAL PROJECTS LEVY	\$ 137,540	\$ 781,695	-	\$ 416,126	-	\$ 503,109
MEDICAL ASSISTANCE	\$ 226,945	\$ 80,076	-	\$ 34,858	-	\$ 272,163
OPERATING CAPITAL	\$ 463,056	\$ 517,981	-	\$ 530,517	-	\$ 450,520
BASIC SKILLS - EXT TIME	\$ 65,732	-	-	\$ 65,732	-	-
AMERICAN INDIAN ED	-	\$ 95,231	-	\$ 49,288	-	\$ 45,943
SCHOOL LIBRARY AID	-	\$ 4,807	-	-	-	\$ 4,807
LITERACY INCENTIVE AID	-	\$ 122,409	-	\$ 112,960	-	\$ 9,449
RESTRICTED	\$ 81,387	-	-	-	-	\$ 81,387
TOTAL RESTRICTED	\$ 2,620,485	\$ 2,796,689	-	\$ 2,612,955	-	\$ 2,804,219
<b>TOTAL GENERAL FUND</b>	<b>\$ 8,129,067</b>	<b>\$ 39,433,712</b>	<b>-</b>	<b>\$ 35,824,379</b>	<b>-</b>	<b>\$ 11,738,400</b>
BUDGET	-	\$ 38,169,029	-	\$ 36,954,736	-	\$ 9,343,360
DIFFERENCE	\$ 1,972,282	\$ 1,264,683	-	\$ (1,130,357)	-	\$ 2,395,040
% VARIANCE	-	3.31%	-	-3.06%	-	-
<b>FOOD SERVICE</b>						
NONSPENDABLE FOR INVENTORY	\$ 14,519	\$ 25,488	-	\$ 14,519	-	\$ 25,488
RESTRICTED FOR FOOD SERVICE PROG	\$ 439,834	\$ 2,091,472	-	\$ 1,812,880	-	\$ 718,426
BUDGET	-	\$ 1,548,614	-	\$ 1,641,140	-	\$ 361,827
<b>TOTAL FOOD SERVICE</b>	<b>\$ 454,353</b>	<b>\$ 2,116,960</b>	<b>-</b>	<b>\$ 1,827,399</b>	<b>-</b>	<b>\$ 743,914</b>
DIFFERENCE	\$ 236,904	\$ 568,346	-	\$ 186,259	-	\$ 382,087
% VARIANCE	-	36.70%	-	11.35%	-	-
<b>COMMUNITY EDUCATION</b>						
<b>A. NONSPENDABLE FOR</b>						
PREPAIDS	\$ 2,070	\$ 6,847	-	\$ 2,070	-	\$ 6,847
TOTAL NONSPENDABLE	\$ 2,070	\$ 6,847	-	\$ 2,070	-	\$ 6,847
<b>B. RESTRICTED FOR</b>						
COMMUNITY EDUCATION PROGRAMS	\$ 499,033	\$ 1,268,151	-	\$ 1,192,333	-	\$ 574,851
ECFE PROGRAMS	\$ 394,448	\$ 226,882	-	\$ 110,068	-	\$ 511,262
SCHOOL READINESS	-	\$ 191,066	-	\$ 271,371	\$ 80,305	-
OTHER PURPOSES	\$ 103,077	\$ 413,369	-	\$ 339,310	\$ (80,305)	\$ 96,831
BUDGET	-	\$ 1,849,236	-	\$ 1,601,059	-	\$ 1,246,805
<b>TOTAL COMMUNITY EDUCATION</b>	<b>\$ 998,628</b>	<b>\$ 2,106,315</b>	<b>-</b>	<b>\$ 1,915,152</b>	<b>-</b>	<b>\$ 1,189,791</b>
DIFFERENCE	\$ 136,050	\$ 257,079	-	\$ 314,093	-	\$ (57,014)
% VARIANCE	-	13.90%	-	19.62%	-	-
<b>CAPITAL PROJECTS-BUILDING CONSTRUCTION</b>						
OTHER PURPOSES	\$ 232,761	-	-	\$ 232,761	-	-
BUDGET	-	-	-	-	-	\$ 232,761
<b>TOTAL BUILDING FUND</b>	<b>\$ 232,761</b>	<b>-</b>	<b>-</b>	<b>\$ 232,761</b>	<b>-</b>	<b>-</b>
DIFFERENCE	\$ 417,962	-	-	\$ 232,761	-	\$ (232,761)
% VARIANCE	-	-	-	-	-	-
<b>DEBT SERVICE</b>						
OTHER PURPOSES	\$ 1,080,313	\$ 5,855,536	-	\$ 5,704,297	-	\$ 1,231,552
BUDGET	-	\$ 5,856,343	-	\$ 5,735,050	-	\$ 1,201,606
<b>TOTAL DEBT SERVICE</b>	<b>\$ 1,080,313</b>	<b>\$ 5,855,536</b>	<b>-</b>	<b>\$ 5,704,297</b>	<b>-</b>	<b>\$ 1,231,552</b>
DIFFERENCE	\$ (135,998)	\$ (807)	-	\$ (30,753)	-	\$ 29,946
% VARIANCE	-	-0.01%	-	-0.54%	-	-
<b>PROPRIETARY AND FIDUCIARY FUNDS</b>						
OPEB TRUST FUND	\$ 2,532,123	\$ 216,219	-	\$ 283,584	-	\$ 2,464,758
INTERNAL SERVICE - SELF INS FUND	\$ 739,054	\$ 296,340	-	\$ 241,363	-	\$ 794,031
<b>TOTAL PROPRIETARY</b>	<b>\$ 3,271,177</b>	<b>\$ 512,559</b>	<b>-</b>	<b>\$ 524,947</b>	<b>-</b>	<b>\$ 3,258,789</b>
<b>TOTAL</b>	<b>\$ 14,166,299</b>	<b>\$ 50,025,082</b>	<b>-</b>	<b>\$ 46,028,935</b>	<b>-</b>	<b>\$ 18,162,446</b>

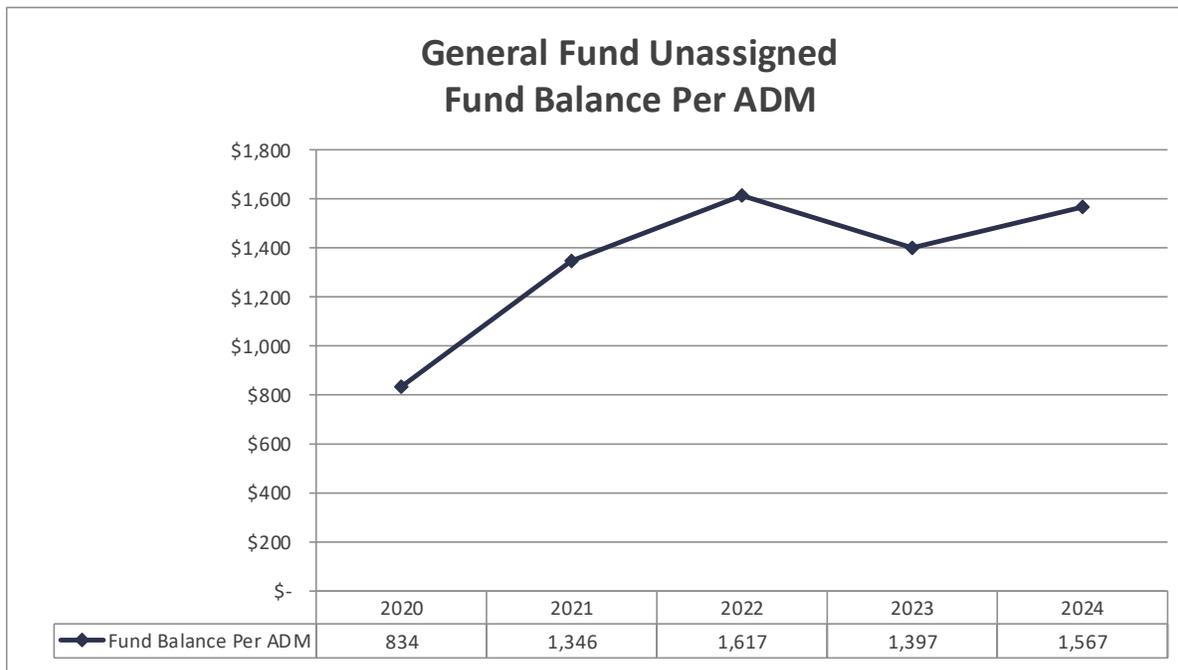
**FINANCIAL RESULTS (CONTINUED)**

**Fund Balances (Continued)**

As a percentage of annual expenditures:

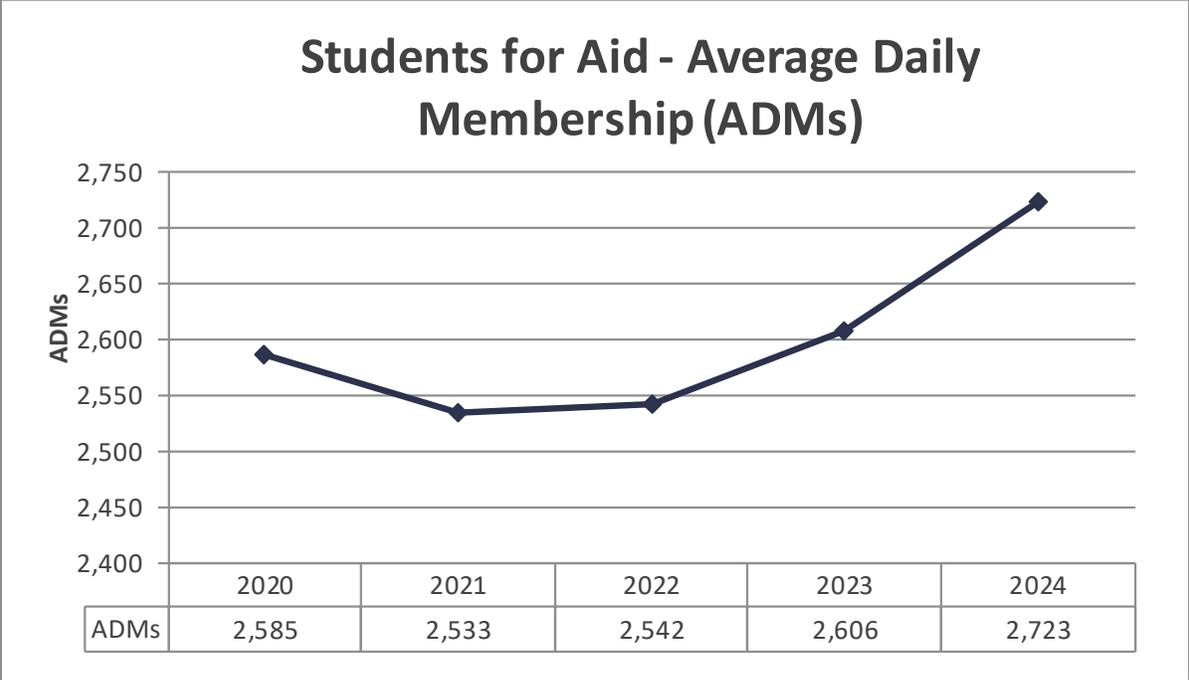


Per student served.



**FINANCIAL RESULTS (CONTINUED)**

**Students Served**



## OTHER KEY TOPICS

### GASB Reporting Model

#### Statement of Net Position

The Statement of Net Position essentially tells you what your District owns and owes at a given point in time, the last day of the fiscal year. Theoretically, net position represents the resources the District has leftover to use for providing services after its debts are settled. However, those resources are not always in expendable form, or there may be restrictions on how some of those resources can be used. Therefore, the statement divides the net position into three components: net investment in capital assets, restricted net position, and unrestricted net position. The following table presents components of the District's net position at year-end, along with a simplified reconciliation of the difference between the governmental fund balances and total net position:

	As of June 30,	
	2024	2023
Total Fund Balance for Governmental Funds	\$ 14,903,657	\$ 10,895,122
Capital Assets, Less Accumulated Depreciation	80,934,191	86,180,758
Net Prepaid OPEB Asset	744,569	738,255
Long-Term Liabilities	(70,669,106)	(74,288,008)
Net Pension Liability	(21,514,190)	(21,225,169)
Other - Net	2,828,064	(202,673)
Total Net Position - Governmental Activities	<u>\$ 7,227,185</u>	<u>\$ 2,098,285</u>
Net Position:		
Net Investment in Capital Assets	\$ 11,364,683	\$ 13,433,993
Restricted	5,795,876	5,150,813
Unrestricted	(9,933,374)	(16,486,521)
Total Net Position - Governmental Activities	<u>\$ 7,227,185</u>	<u>\$ 2,098,285</u>

Most of the District's fund balances translate into restricted net position by virtue of external restrictions (statutory reserves) or by the nature of the fund they are in (e.g., restricted food service fund balance can only be spent for food service program costs). The unrestricted net position category consists mainly of the General Fund unassigned fund balance, offset against non-capital long-term obligations such as vacation or severance payable and beginning in fiscal 2016, the District's estimated share of the unfunded portion of statewide pension plans. Consequently, many Minnesota school districts have accumulated deficits in this component of net position.

**OTHER KEY TOPICS (CONTINUED)**

**Statement of Activities**

The Statement of Activities tracks the District's yearly revenues and expenses, as well as any other transactions that increase or reduce total net position. These amounts represent the full cost of providing education. This statement provides a more comprehensive measure than just the amount of cash that changed hands, as reflected in the fund-based financial statements. This statement includes the cost of supplies used, depreciation of long-lived capital assets, and other accrual-based expenses. The following table presents a simplified reconciliation of the change in the District's governmental fund balances to the change in total net position for fiscal years 2024 and 2023:

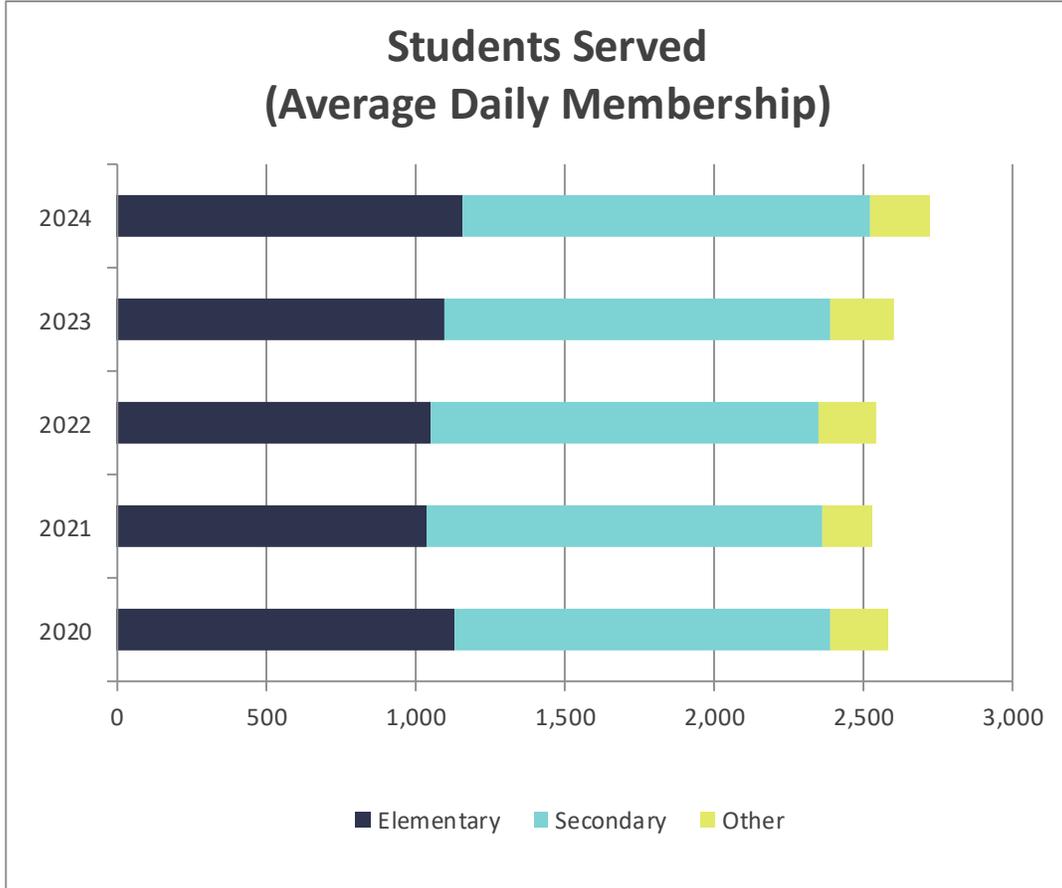
	Year Ended June 30,	
	2024	2023
Net Change in Fund Balance - Total Governmental Funds	\$ 4,008,535	\$ 1,495,135
Capital Asset Purchases	549,543	425,925
Depreciation	(5,796,110)	(5,969,678)
Change in Net Prepaid OPEB Asset	522	71,679
Repayment of Debt	3,210,000	3,080,000
Change in Net Pension Liability	2,498,224	5,667,362
Other - Net	658,186	559,310
Change in Net Position - Governmental Activities	<u>\$ 5,128,900</u>	<u>\$ 5,329,733</u>

# APPENDIX A

## FINANCIAL TRENDS OF YOUR DISTRICT

### Average Daily Membership and Pupil Units

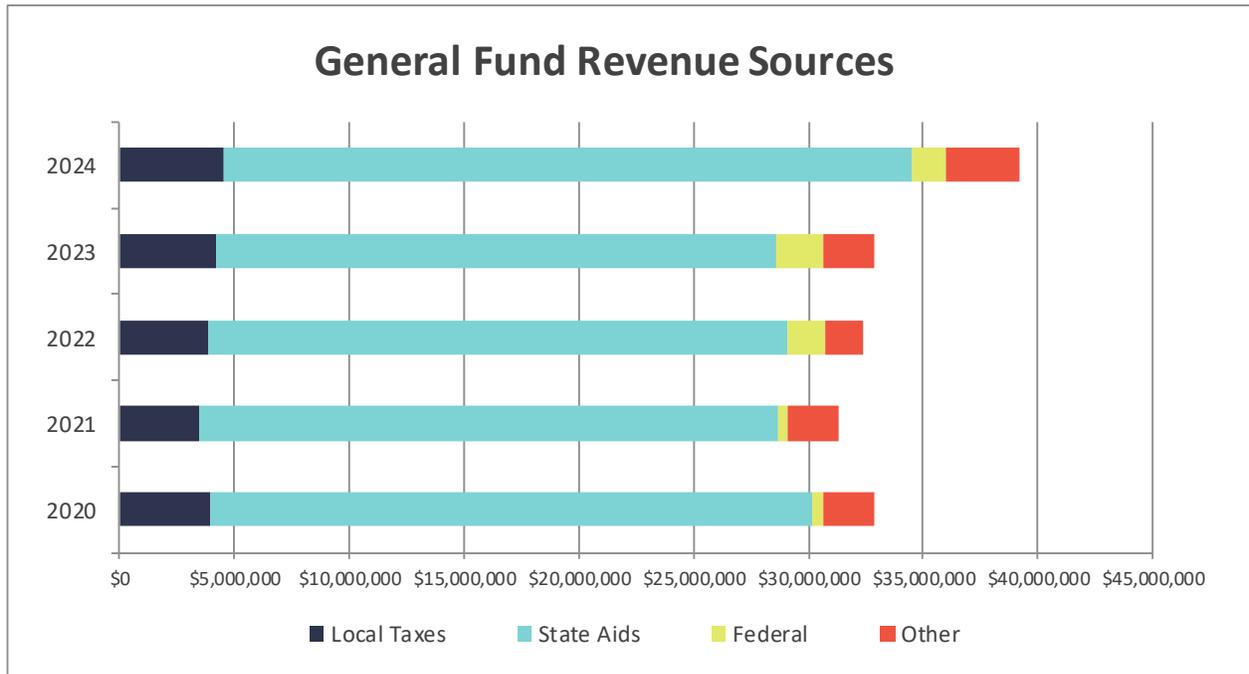
The following graph summarizes average daily membership of Independent School District No. 138 over the past five years ended June 30:



The District's average daily membership (ADM) for the 2024 fiscal year was 2,723 students, which represents an increase of 4.47% over the previous year. In the past five fiscal years, the District's enrollment has increased by 5.35%.

## General Fund Revenue

The following table and graph summarizes the District's General Fund revenue sources for the last five years:



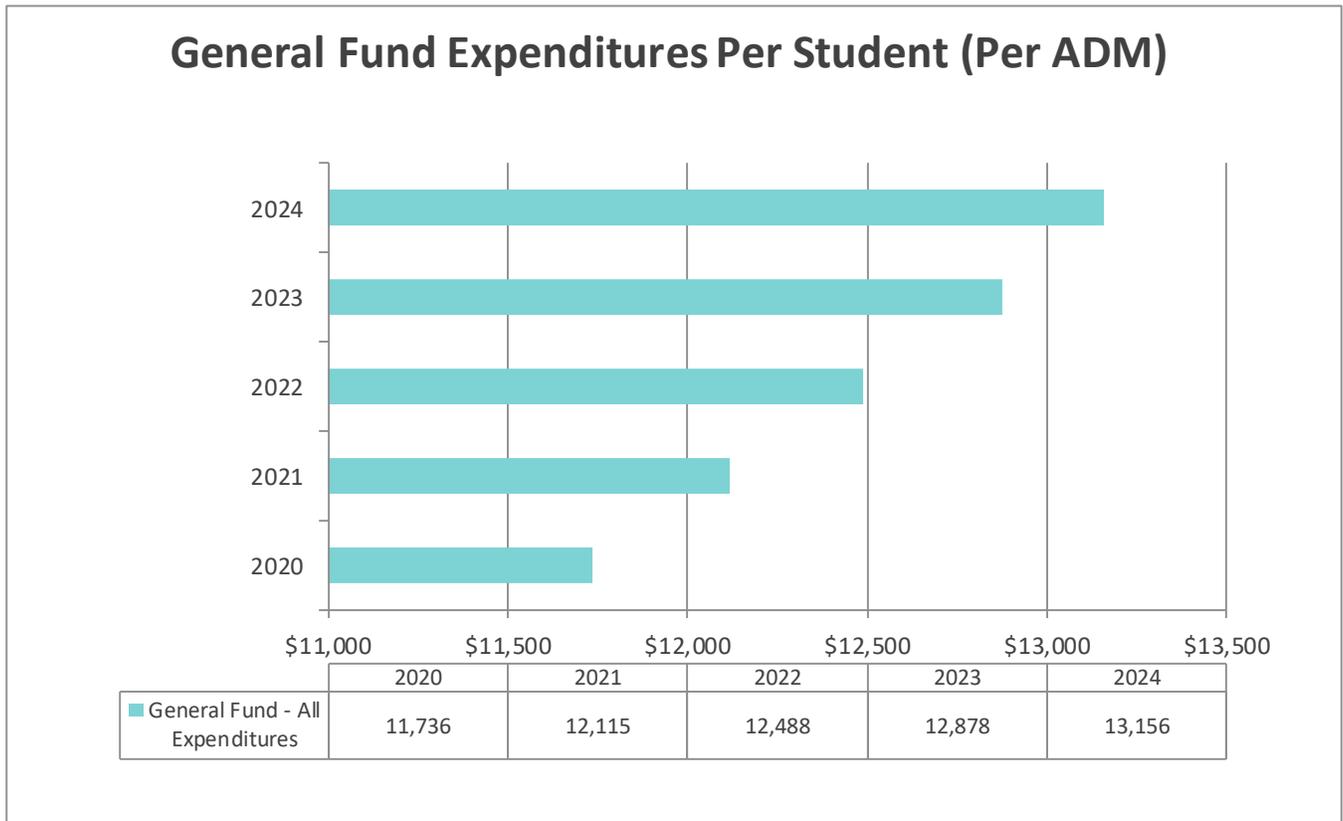
The table above illustrates the fluctuation that occurs between the taxes and state aid categories based on legislative activity. The Legislature determines what portion of the general education funding formula will be paid by local taxpayers. In addition, when the tax shift percentage changes or the state provides property tax relief such as the education homestead credit aid, this only impacts the mix between state aids and taxes and does not change total revenue.

The table below illustrates the fluctuation that occurs between the taxes and state aid categories based on legislative activity. The Legislature determines what portion of the general education funding formula will be paid by local taxpayers. In addition, when the tax shift percentage changes or the state provides property tax relief, this only impacts the mix between state aids and taxes and does not change total revenue. For this and other reasons, school finance in Minnesota continues to be a very difficult subject to explain to the general public.

Year	Taxes		State		Federal		Other		Total	%
	Amount	%	Amount	%	Amount	%	Amount	%		
2020	3,932,413	12	26,250,261	80	454,330	1	2,238,645	7	32,875,649	100
2021	3,435,715	11	25,272,420	81	383,992	1	2,225,676	7	31,317,803	100
2022	3,839,645	12	25,231,598	78	1,702,613	5	1,571,294	5	32,345,150	100
2023	4,215,634	13	24,398,147	74	2,056,445	6	2,220,251	7	32,890,477	100
2024	4,485,816	11	30,063,744	77	1,418,154	4	3,233,237	8	39,200,951	100

**Expenditures Per Student**

Expenditures per student (average daily membership) are summarized in the following graph:



General Fund expenditures for fiscal 2024 were \$35,824,379 which represents an increase of \$2,259,534 over fiscal 2023.

The following schedule shows total expenditures of the General Fund by object type:

	2024		Over (Under) Budget	%	2023
	Budget	Actual			Actual
Salaries	\$ 19,719,033	\$ 19,647,731	\$ (71,302)	(0.4)%	\$ 18,294,943
Employee Benefits	6,449,115	5,971,807	(477,308)	(7.4)	5,504,127
Purchased Services	7,878,539	7,133,759	(744,780)	(9.5)	6,644,883
Supplies and Materials	2,048,814	1,935,740	(113,074)	(5.5)	2,082,321
Capital Expenditures	576,990	683,857	106,867	18.5	429,855
Other Expenditures	282,245	451,485	169,240	60.0	608,716
<b>Total Expenditures</b>	<b>\$ 36,954,736</b>	<b>\$ 35,824,379</b>	<b>\$ (1,130,357)</b>	<b>(3.1)</b>	<b>\$ 33,564,845</b>

On a net basis, total expenditures were 3.10% lower than reflected than the final amended budget amount.

## General Fund Operations and Financial Position

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

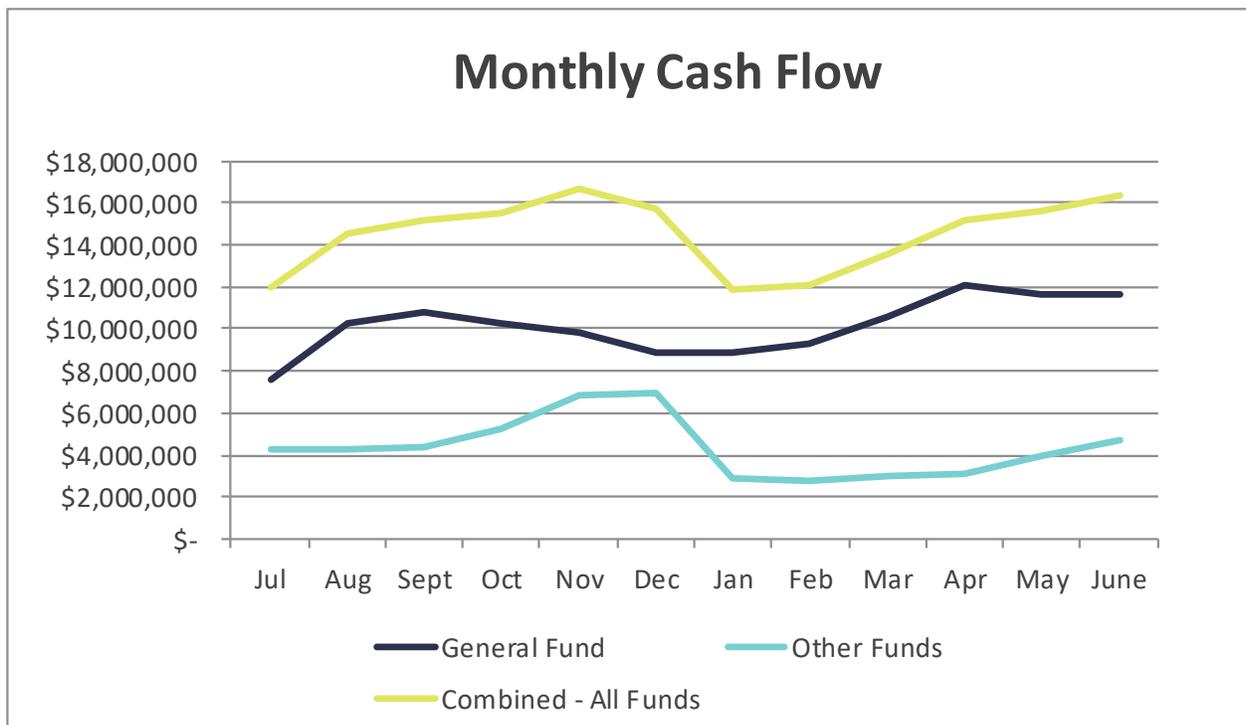
	Year Ended June 30,				
	2020	2021	2022	2023	2024
Revenues	\$ 31,317,803	\$ 32,345,150	\$ 32,890,477	\$ 34,872,651	\$ 39,200,951
Expenditures	30,336,579	30,693,641	31,743,487	33,564,845	35,824,379
Excess (Deficiency) of Revenues Over (Under) Expenditures	981,224	1,651,509	1,146,990	1,307,806	3,376,572
Other Financing Sources (Uses):					
Insurance Recovery Proceeds	90,667	28,846	16,325	-	-
Proceeds from Sale of Assets	-	20,849	-	-	-
Proceeds from Sale of Real Property	1,560	-	-	-	-
Capital Lease Proceeds	263,836	-	-	-	-
Transfer Out	(124,253)	(65,905)	-	-	232,761
Total Other Financing Sources (Uses)	231,810	(16,210)	16,325	-	232,761
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	1,213,034	1,635,299	1,163,315	1,307,806	3,609,333
Fund Balance:					
Beginning of Year	2,484,667	4,022,647	5,657,946	6,821,261	8,129,067
Change in Accounting Principle	324,946	-	-	-	-
End of Year	<u>\$ 4,022,647</u>	<u>\$ 5,657,946</u>	<u>\$ 6,821,261</u>	<u>\$ 8,129,067</u>	<u>\$ 11,738,400</u>
Nonspendable Fund Balance	\$ 28,431	\$ 51,116	\$ 43,350	\$ 341,537	\$ 43,665
Restricted/Committed Fund Balance	1,734,781	1,695,997	2,167,849	2,620,485	2,804,219
Assigned Fund Balance	102,918	500,000	500,000	1,525,000	4,623,980
Unassigned Fund Balance	2,156,517	3,410,833	4,110,062	3,642,045	4,266,536
Total Fund Balance	<u>\$ 4,022,647</u>	<u>\$ 5,657,946</u>	<u>\$ 6,821,261</u>	<u>\$ 8,129,067</u>	<u>\$ 11,738,400</u>
Unassigned Fund Balance as a Percentage of Expenditures	<u>7.11%</u>	<u>11.11%</u>	<u>12.95%</u>	<u>10.85%</u>	<u>11.91%</u>
Total Fund Balance as a Percentage of Expenditures	<u>13.26%</u>	<u>18.43%</u>	<u>21.49%</u>	<u>24.22%</u>	<u>32.77%</u>

### General Fund Operations and Financial Position (Continued)

The District's General Fund had an excess of revenues over expenditures of \$3,609,333 for fiscal 2024, increasing total fund balance to \$11,738,400 at June 30, 2024. Total fund balance includes a net of \$7,471,864 in nonspendable/restricted/committed/assigned accounts as prescribed by state statute. The remainder is an unassigned fund balance of \$4,266,536 at year-end.

Total General Fund revenues were higher than the budgeted amount for fiscal 2024 by \$1,042,089 (or 2.73%). Total General Fund expenditures were under budget by \$1,130,357 (or 3.06%). The net combined outcome of the budget variances was an increase to the ending fund balance that was \$2,395,040 more than had been reflected in the budget.

Some of the primary reasons it is essential for a district to maintain an adequate fund balance in the General Fund are to provide cash flow and to provide some cushion against unanticipated variances such as in enrollment estimates, special education tuition costs, and other similar variables. Due to the timing in which the District receives its tax settlements and state aid payments, there are times during the year when the District must depend on its cash reserves to finance operations. The following graph summarizes the monthly level of cash and investments during fiscal year 2024:



## Food Service Fund

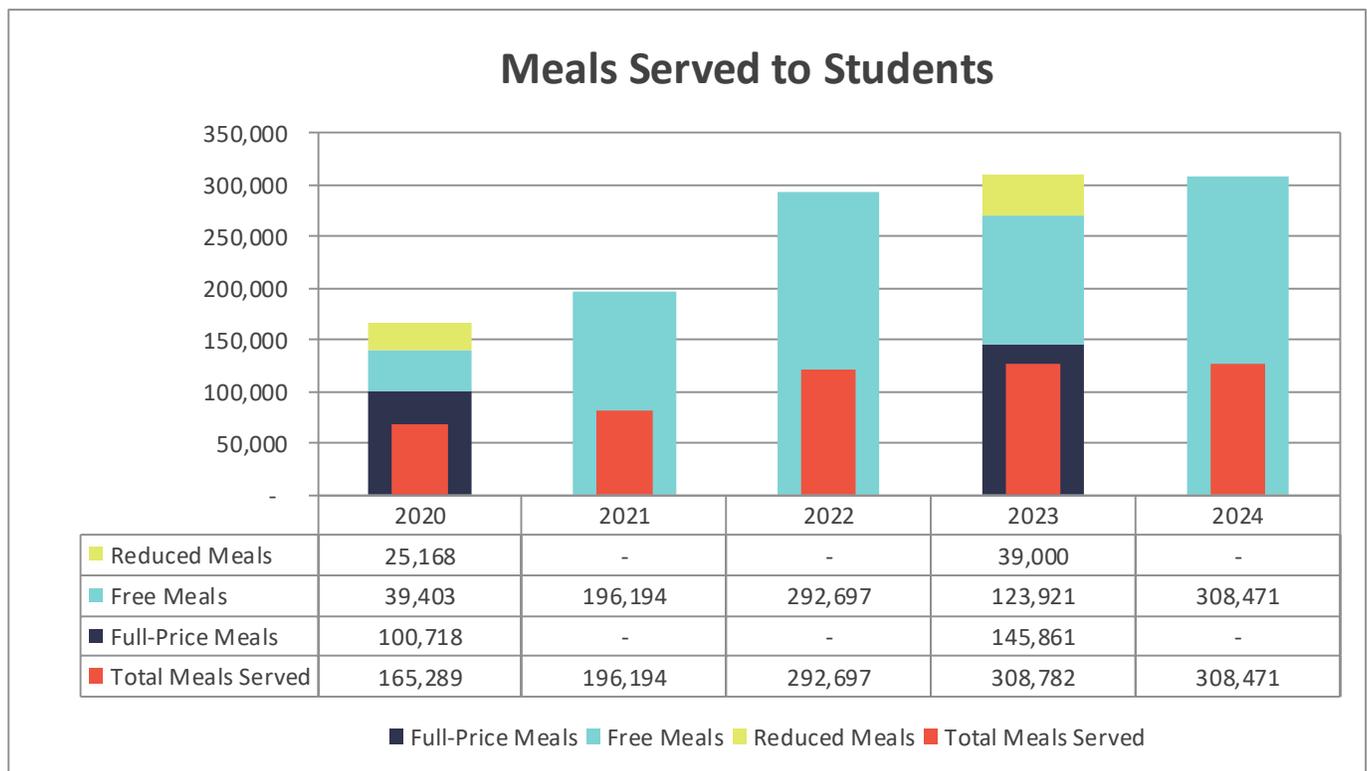
The following chart reflects the growth of the Food Service program over the past five years:

	Year Ended June 30,				
	2020	2021	2022	2023	2024
Revenues	\$ 1,380,450	\$ 1,242,570	\$ 2,092,805	\$ 1,647,449	\$ 2,116,960
Expenditures	1,359,985	1,184,055	1,732,821	1,713,515	1,827,399
Excess (Deficiency) of Revenues Over (Under) Expenditures	20,465	58,515	359,984	(66,066)	289,561
Other Financing Sources (Uses):					
Transfer In	12,913	-	-	-	-
Fund Balance:					
Beginning of Year	68,542	101,920	160,435	520,419	454,353
End of Year	101,920	160,435	520,419	454,353	743,914
Lunches Served to Students	165,289	196,194	292,697	308,782	308,471
Revenue per Lunch Served	\$ 8.35	\$ 6.33	\$ 7.15	\$ 5.34	\$ 6.86

In terms of revenue growth, the District's food service program has increased by 47.20% since 2020 (from total revenues of \$1,380,450 for fiscal 2020 to \$2,116,960 for fiscal year 2024).

Total revenues exceeded total expenditures by \$289,561 in the District's Food Service Fund for 2024, increasing fund balance of \$743,914 at June 30, 2024. This result was approximately \$382,087 higher than had been reflected in the District's budget.

The following chart reflects the growth of the food service program over the past six years:



## Community Service Fund

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

	Year Ended June 30,				
	2020	2021	2022	2023	2024
Revenues	\$ 1,488,091	\$ 1,305,287	\$ 1,858,658	\$ 1,919,784	\$ 2,106,315
Expenditures	1,651,205	1,146,885	1,405,933	1,656,553	1,915,152
Excess (Deficiency) of Revenues Over (Under) Expenditures	(163,114)	158,402	452,725	263,231	191,163
Other Financing Sources					
Transfer In	111,340	65,905	-	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(51,774)	224,307	452,725	263,231	191,163
Fund Balance:					
Beginning of Year	110,139	58,365	282,672	735,397	998,628
End of Year	\$ 58,365	\$ 282,672	\$ 735,397	\$ 998,628	\$ 1,189,791
Fund Balance:					
Nonspendable	\$ 2,277	\$ 954	\$ 7,691	\$ 2,070	\$ 6,847
Restricted for ECFE	100,956	205,977	297,360	394,448	511,262
Restricted for Community Ed	-	92,369	327,809	499,033	574,851
Restricted for School Readiness	-	8,412	-	-	-
Other Restricted	-	-	153,016	103,077	96,831
Unassigned	(44,868)	(25,040)	(50,479)	-	-
Total Fund Balance	\$ 58,365	\$ 282,672	\$ 735,397	\$ 998,628	\$ 1,189,791

The District's Community Service Fund had an excess of revenues over expenditures and other financing sources of \$191,163 for fiscal year 2024, bringing the combined fund balance to \$1,189,791 at June 30, 2024.

Total revenues of the District's Community Service Fund for 2024 were \$257,079 more than the budgeted amount while total expenditures were over budget by \$314,093. As a result, total fund balance increased by \$57,014 less than had been reflected in the budget.

# APPENDIX B

## STATEWIDE SCHOOL DISTRICT FINANCIAL POSITION

The table below reflects the comparative data available from the Minnesota Department of Education for all expenditures incurred for the benefit of pre-elementary through secondary education, except building construction and expendable trust fund activity.

	Enrollment		ISD No. 138 North Branch			
	Statewide	2,000 to 3,999	2021	2022		2024
	2023	2023		2023	2023	
District and School Administration	\$ 718	\$ 646	\$ 601	\$ 637	\$ 675	\$ 679
District Support Services	582	533	594	587	666	616
Regular Instruction (including Co- & Extra-Curricular)	6,196	5,763	4,660	4,858	4,938	5,203
Vocational Instruction (Career and Technical)	224	205	168	206	222	296
Special Education Instruction	2,891	2,683	2,367	2,482	2,374	2,566
Instructional Support Services	861	741	651	736	887	793
Pupil Support Services (including Transportation)	1,554	1,464	1,197	1,354	1,421	1,373
Operations and Maintenance and Other	1,201	1,193	2,064	1,291	1,408	1,312
Total General Fund Operations	14,227	13,228	12,302	12,151	12,591	12,838
Food Service	706	686	467	682	657	671
Community Service	763	748	453	553	636	703
Capital Expenditure	960	903	1,702	504	236	267
Debt Service	1,626	1,493	2,473	2,363	2,304	2,145
Total Pre-K - 12 Operating Expenditures, including OPEB	\$ 18,282	\$ 17,058	\$ 17,397	\$ 16,253	\$ 16,424	\$ 16,624
Percent Change from Prior Year			-26.34%	-6.58%	1.05%	1.22%

Source of Statewide Data: School District Profiles published by the Minnesota Department of Education.

District and School Admin - all costs related to providing administration to the District (Board of Education, Superintendent, Principals, Line administrators, etc.).

District support services - all activities provided by central office administrators (Business Services, Human Resources, Legal, Data processing, other district-wide support activities).

Regular Instruction - includes all activities dealing directly with the teaching of pupils including co-curricular and extra-curricular activities excluding exceptional, vocational and community education instruction).

Vocational Instruction - consists of costs related to career exploration, job-entry skills, job upgrading, and occupational training.

Special Education Instruction - consists of activities to provide learning experiences for pupils of any age with atypical characteristics or conditions.

Instructional Support Services - activities to assist instructional staff with content & process of learning experiences for pupils in K-12 (curriculum, staff dev, etc.).

Pupil Support Services - services to pupils not classified as instructional (transportation, counseling/guidance, health services, psychological services, social work, etc.).

Operations and Maintenance - activities related to the operation, maintenance, repair and remodeling of all physical plant, facilities and grounds of the District.

Food Service - all non-capital costs of the Food Service Fund.

Community Service - all non-capital costs of the Community Service Fund.

Capital Expenditures - all capital expenditures charged to operating funds.

Debt Service - all Debt Service Fund costs (principal, interest and fiscal agent costs--excluding bond refunding payments).

As the above table reflects, the North Branch School District has fewer resources available to it to expend on educational programs, but the costs incurred are proportional to the statewide averages.

# APPENDIX C

## TECHNICAL UPDATE

### **GASB Statement No. 100 – Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62**

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. This statement was effective for fiscal years beginning after June 15, 2023, and all reporting period thereafter, so it was implemented in fiscal year 2024.

### **GASB Statement No. 101 – Compensated Absences**

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. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

### **GASB Statement No. 102 – Certain Risk Disclosures**

The primary objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This Statement defines a *concentration* as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A *constraint* is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. Concentrations and constraints may limit a government's ability to acquire resources or control spending. This Statement is effective for periods beginning after June 15, 2024.

### **GASB Statement No. 103 – Financial Reporting Model Improvements**

The primary objective of this Statements is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. Areas impacted include the MD&A, Proprietary fund Statement of Revenues, Expenses, and Changes in Fund Net Position, and Budgetary Comparison Information. This Statement is effective for fiscal periods beginning after June 15, 2025.



## APPENDIX D

### FORMAL REQUIRED COMMUNICATIONS

Board of Education  
North Branch Public Schools  
Independent School District No. 138  
North Branch, Minnesota

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 138 (the District) as of and for the year ended June 30, 2024, and have issued our report thereon dated November 6, 2024. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

#### **Significant audit findings**

##### **Qualitative aspects of accounting practices**

###### Accounting policies

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

No new accounting policies were adopted and the application of existing policies was not changed during 2024.

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

###### Accounting estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no accounting estimates affecting the financial statements which we particularly sensitive or required substantial judgments by management.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

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

**Difficulties encountered in performing the audit**

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

**Uncorrected misstatements**

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has determined that the effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The following summarizes uncorrected misstatements of the financial statements:

- General Fund expenditures and other financing sources are understated by \$72,196 due to not recording a new SBITA in the current year. The statement of net position is understated by \$70,762, liabilities are understated by \$39,336, and the change in the statement of activities is overstated by \$31,426 due to the District not recording SBITAs.

Uncorrected misstatements or the matters underlying uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even if management has concluded that the uncorrected misstatements are immaterial to the financial statements under audit.

**Corrected misstatements**

The following material misstatements detected as a result of audit procedures were corrected by management:

- Tax revenues and receivables were adjusted.
- State revenues and receivables were adjusted.

**Disagreements with management**

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

**Management representations**

We have requested certain representations from management that are included in the management representation letter dated November 6, 2024 .

### **Management consultations with other independent accountants**

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

### ***Other audit findings or issues***

The following describes findings or issues arising during the audit that are, in our professional judgment, significant and relevant to your oversight of the financial reporting process:

During the audit we identified the following significant risk of material misstatement that has not previously been communicated to you:

- Risk that capital asset additions may not be accurately recorded and capitalized.

### **Significant issues discussed with management prior to engagement**

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

### **Required supplementary information**

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management’s responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

### **Supplementary information in relation to the financial statements as a whole**

With respect to the schedule of expenditures of federal awards (SEFA) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the SEFA to determine that the SEFA complies with the requirements of the Uniform Guidance, the method of preparing it has not changed from the prior period or the reasons for such changes, and the SEFA is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the SEFA to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated November 6, 2024 .

With respect to the uniform financial accounting and reporting standards compliance table (collectively, the supplementary information) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, 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 or the reasons for such changes, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated November 6, 2024 .

The uniform financial accounting and reporting standards compliance table accompanying the financial statements, which is the responsibility of management, was prepared for purposes of additional analysis and is not a required part of the financial statements. Such information was not subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we did not express an opinion or provide any assurance on it.

**Other information included in annual reports**

Other information (financial or nonfinancial information other than the financial statements and our auditors' report thereon) is being included in your annual report and is comprised of the introductory section and bond schedules. Our responsibility for other information included in your annual report does not extend beyond the financial information identified in our opinion on the financial statements. We have no responsibility for determining whether such other information is properly stated and do not have an obligation to perform any procedures to corroborate other information contained in your annual report. We are required by professional standards to read the other information included in your annual report and consider whether a material inconsistency exists between the other information and the financial statements because the credibility of the financial statements and our auditors' report thereon may be undermined by material inconsistencies between the audited financial statements and other information. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report. Our auditors' report on the financial statements includes a separate section, "Other Information," which states we do not express an opinion or any form of assurance on the other information included in the annual report. We did not identify any material inconsistencies between the other information and the audited financial statements.

\* \* \*

This communication is intended solely for the information and use of the Board of Education and management of the school and is not intended to be, and should not be, used by anyone other than these specified parties.



**CliftonLarsonAllen LLP**

Minneapolis, Minnesota  
November 6, 2024



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**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2024**



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INDEPENDENT SCHOOL DISTRICT NO. 138  
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INDEPENDENT SCHOOL DISTRICT NO. 138  
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## **INTRODUCTORY SECTION**

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
SCHOOL BOARD AND ADMINISTRATION  
JUNE 30, 2024**

**BOARD OF EDUCATION**

<b>NAME</b>	<b>TERM ON BOARD EXPIRES</b>	<b>BOARD POSITION</b>
Tim MacMillan	01/02/25	Chairperson
Sarah Grovender	01/02/27	Vice Chairperson
Heather Naegele	01/02/25	Clerk
Jesse LaValla	01/02/27	Treasurer
Shelly Johnson	01/02/25	Director
Adam Trampe	01/02/27	Director

**ADMINISTRATION**

Sara Paul	Superintendent
Todd Tetzlaff	Director of Finance and Human Resources
Jenna Battaglia	District Accountant
District Offices:	Independent School District No. 138 North Branch Public Schools 38705 Grand Ave. North Branch, MN 55056 (651) 674-1000

## **FINANCIAL SECTION**



## INDEPENDENT AUDITORS' REPORT

Board of Education  
North Branch Public Schools  
Independent School District No. 138  
North Branch, Minnesota

### **Report on 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. 138 (the District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Responsibilities of Management for the Financial Statements**

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

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

***Auditors' 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 auditors' 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of revenues, expenditures, and changes in fund balances – budget and actual – general fund, the schedule of revenues, expenditures, and changes in fund balances – budget and actual – food service fund, the schedule of revenues, expenditures and changes in fund balances – budget and actual – community service fund, the schedule of changes in the District's OPEB liability and related ratios, the schedule of District's proportionate share of the net pension liability, and the schedule of District contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 uniform financial accounting and reporting standards compliance table is presented for purposes of additional analysis and is 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 GAAS. In our opinion, the uniform financial accounting and reporting standards compliance table is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Information***

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

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

***Report on Summarized Comparative Information***

We have previously audited the District's 2023 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in our report dated November 27, 2023. In our opinion the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Minneapolis, Minnesota  
November 6, 2024

## **REQUIRED SUPPLEMENTARY INFORMATION**

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2024**

This section of North Branch Schools – Independent School District No. 138's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2024. Please read it in conjunction with the District's financial statements, which immediately follow this section.

**FINANCIAL HIGHLIGHTS**

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

- Net position increased from District operations by \$5,128,900 as compared to June 30, 2023.
- Overall General Fund revenues were \$39,200,951 as compared to \$35,824,379 of expenditures.
- The ending fund balance of the General Fund increased \$3,609,333 from the prior year. Revenues increased 12.4% over the prior year, and expenditures increased 6.7% over the prior year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

- The first two statements are *District-wide financial statements* that provide both *short-* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in more detail than the District-wide statements.
- The *governmental funds* statements tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
- Proprietary funds statements offer short- and long-term financial information about the activities the district operates like businesses.
- Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others to whom the resources belong.

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

**District-Wide Statements**

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

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2024**

**District-Wide Statements (Continued)**

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

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

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

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

**Fund Financial Statements**

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

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

The District has three kinds of funds:

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

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2024**

**Fund Financial Statements (Continued)**

- *Fiduciary Funds* – The District is the trustee, or *fiduciary*, for assets that belong to others. The District currently has one trust fund, for postemployment benefits. The District is responsible for ensuring that the assets reported in these funds 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 and a statement of changes in fiduciary net position. We exclude these activities from the District-wide financial statements because the District cannot use these assets to finance its operations.

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

**Net Position**

The District's *combined* net position was \$7,227,185 on June 30, 2024. This was an increase of \$5,128,900 from the prior year (see Table A-1).

**Table A-1  
The District's Net Position**

	Governmental Activities		Percentage Change
	2024	2023	
Current and Other Assets	\$ 28,993,896	\$ 24,901,560	16.43 %
Capital and Noncurrent Assets	80,934,191	86,180,758	(6.09)
<b>Total Assets</b>	109,928,087	111,082,318	(1.04)
Deferred Outflows of Resources	6,102,264	7,340,046	(16.86)
Current Liabilities	7,009,514	7,074,607	(0.92)
Long-Term Liabilities	88,707,879	92,773,802	(4.38)
<b>Total Liabilities</b>	95,717,393	99,848,409	(4.14)
Deferred Inflows of Resources	13,085,773	16,475,670	(20.58)
Net Position			
Net Investment in Capital Assets	11,364,683	13,433,993	(15.40)
Restricted	5,795,876	5,150,813	12.52
Unrestricted	(9,933,374)	(16,486,521)	(39.75)
<b>Total Net Position</b>	\$ 7,227,185	\$ 2,098,285	

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2024**

**Changes in Net Position**

The District's total revenues were \$49,381,917 for the year ended June 30, 2024. Property taxes and unrestricted state formula aid accounted for 65.7% of total revenue for the year. Another 4.8% came from federal sources, and the remainder from investment earnings, other general revenues and program revenues.

	Governmental Activities for the Fiscal Year Ended June 30,		Percentage Change
	2024	2023	
<b>Revenues</b>			
<u>Program Revenues</u>			
Charges for Services	\$ 3,533,242	\$ 4,142,313	(14.70)%
Operating Grants and Contributions	11,618,068	8,690,089	33.69
Capital Grants and Contributions	419,842	402,546	4.30
<u>General Revenues</u>			
Property Taxes	10,117,813	9,582,811	5.58
Unrestricted State Aid	22,348,042	20,588,032	8.55
Investment Earnings	738,723	474,668	55.63
Other	606,187	356,322	70.12
Total Revenues	<u>49,381,917</u>	<u>44,236,781</u>	11.63
<b>Expenses</b>			
Administration	1,775,780	1,339,218	32.60
District Support Services	1,686,885	1,723,123	(2.10)
Regular Instruction	17,771,313	14,623,182	21.53
Vocational Education Instruction	745,784	422,644	76.46
Special Education Instruction	6,507,161	5,004,708	30.02
Instructional Support Services	2,222,732	2,171,137	2.38
Pupil Support Services	3,727,753	3,790,901	(1.67)
Sites and Buildings	3,628,812	3,929,188	(7.64)
Fiscal and Other Fixed Cost Programs	323,109	380,224	(15.02)
Food Service	1,827,399	1,713,515	6.65
Community Service	1,830,150	1,484,452	23.29
Interest and Fiscal Charges on Long-Term Liabilities	2,206,139	2,324,756	(5.10)
Total Expenses	<u>44,253,017</u>	<u>38,907,048</u>	13.74
<b>Increase (Decrease) in Net Position</b>	5,128,900	5,329,733	
Net Position - Beginning of Year	2,098,285	(3,231,448)	
Net Position - End of Year	<u>\$ 7,227,185</u>	<u>\$ 2,098,285</u>	

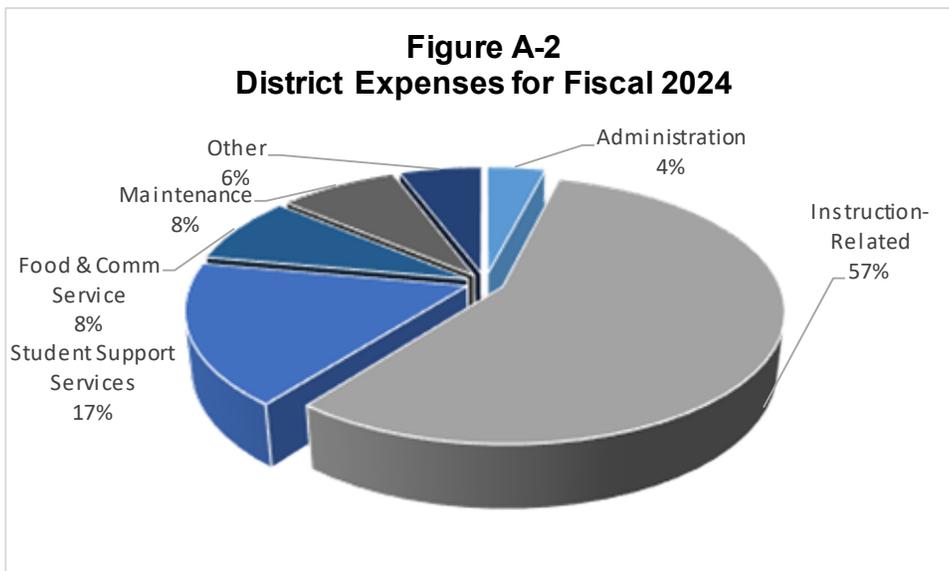
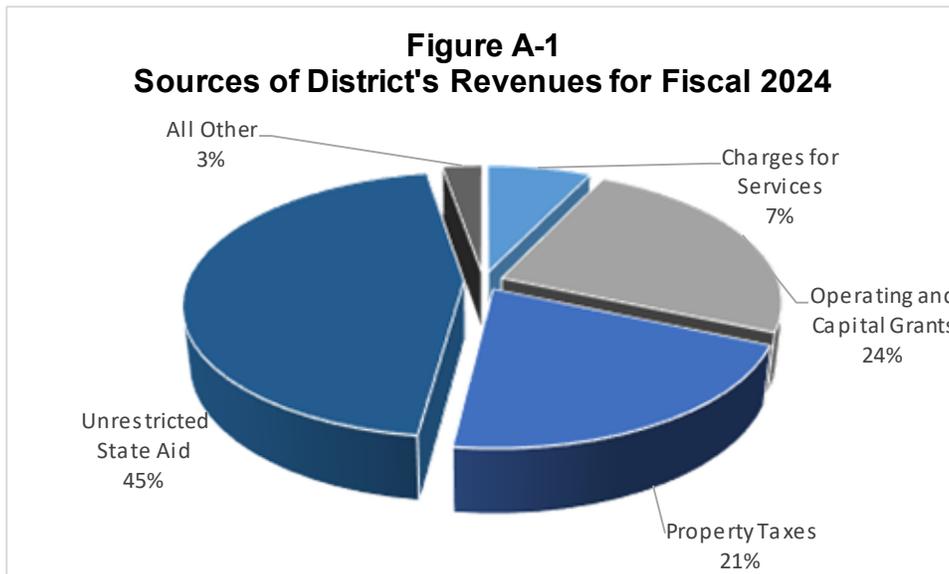
The total cost of all programs and services including interest and fiscal charges, was \$44,253,017. Total revenues exceeded expenses, increasing net position by \$5,128,900 over last year. The increase in charges for services is due to more participation for community service programs and investment earnings. The increase in operating grants and unrestricted state aid is due to an increase in state funding. The increase in expenses is due to an increase in salaries and benefits.

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2024**

**Changes in Net Position (Continued)**

The cost of all *governmental* activities this year was \$44,253,017.

- Some of the cost was paid by the users of the District's programs (\$3,533,242).
- The federal and state governments subsidized certain programs with operating and capital grants and contributions (\$12,037,910).
- Most of the District's costs, however, were paid for by District taxpayers and the taxpayers of our state.
- This portion of governmental activities was paid for with \$10,117,813 in property taxes, \$22,348,042 of state aid based on the statewide education aid formula, and \$1,344,910 with investment earnings and other general revenues.



**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2024**

**Changes in Net Position (Continued)**

Typically, the District does not include in an analysis of all governmental funds a breakout of expenses as depicted in Figure A-2. To do so distorts the latitude available to the District to allocate resources to instruction. All governmental funds includes not only funds received for the general operation of the District, which are used for classroom instruction, but also includes resources from the entrepreneurial-type funds of Food Service and Community Education, and from resources for fiscal service transactions. Funding for the general operation of the District is controlled by the state and the District does not have the latitude to allocate money received in Food Service or Community Education or for fiscal services to enhance classroom instruction resources. The District cannot take funds from these restricted areas and use the funds to hire teachers to enhance instruction. The preceding graph, by pooling all expenses, implies that the District does have equal access to all funds to impact classroom instruction. In Minnesota, that is simply not an option. Therefore, a more accurate analysis of resources allocated to instruction should be limited to an analysis of resources received for the general operation of the District and that analysis would show that 60.4% of those resources are spent on instruction.

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

	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	2024	2023		2024	2023	
Administration	\$ 1,775,780	\$ 1,339,218	32.60 %	\$ 1,665,235	\$ 1,249,087	33.32 %
District Support Services	1,686,885	1,723,123	(2.10)	1,669,957	1,705,779	(2.10)
Regular Instruction	17,771,313	14,623,182	21.53	13,649,224	11,343,169	20.33
Vocational Education Instruction	745,784	422,644	76.46	732,445	417,373	75.49
Special Education Instruction	6,507,161	5,004,708	30.02	955,533	526,535	81.48
Instructional Support Services	2,222,732	2,171,137	2.38	1,050,183	1,022,288	2.73
Pupil Support Services	3,727,753	3,790,901	(1.67)	3,253,395	3,064,185	(6.17)
Sites and Buildings	3,628,812	3,929,188	(7.64)	3,333,763	3,611,622	(7.69)
Fiscal and Other Fixed Cost Programs	323,109	380,224	(15.02)	323,109	380,224	(15.02)
Food Service	1,827,399	1,713,515	6.65	(289,561)	101,314	385.81
Community Service	1,830,150	1,484,452	23.29	132,443	(74,232)	(278.42)
Interest and Fiscal Charges on						
Long-Term Liabilities	2,206,139	2,324,756	(5.10)	2,206,139	2,324,756	(5.10)
Total	<u>\$ 44,253,017</u>	<u>\$ 38,907,048</u>	13.74	<u>\$ 28,681,865</u>	<u>\$ 25,672,100</u>	11.72

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a *combined* fund balance of \$14,903,657 which is \$4,008,535 higher last year's ending fund balance of \$10,895,122. Revenues and other financing sources for the District's governmental funds were \$49,512,523 while total expenditures and other financing uses were \$45,503,988. Other financing sources and uses included transfers.

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2024**

**GENERAL FUND**

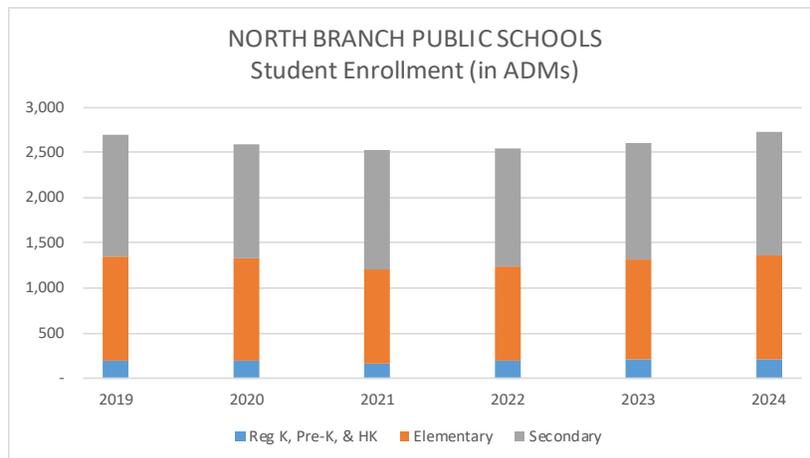
The General Fund includes the primary operations of the District in providing educational services to students from kindergarten through grade 12 including pupil transportation activities and capital outlay projects. Approximately 80.7% of General Fund operational revenue is controlled by a complex set of state funding formulas resulting in the local school board having no meaningful authority to determine the level of resources. This includes special education state aid that is based upon a cost reimbursement model providing approximately 50% of related expenditures. Other state formulas then determine what portion of the revenue will be provided by property taxes and what portion will come from state aid.

**ENROLLMENT**

Enrollment is a critical factor in determining revenue with approximately 63.6% of General Fund revenue being determined by enrollment. The following chart shows that the number of students has decreased over the last several years.

**Table A-4  
Six-Year Enrollment Trend  
Average Daily Membership (ADM)**

	2019	2020	2021	2022	2023	2024
Reg K, Pre-K, & HK	191	197	166	192	213	201
Elementary	1,150	1,130	1,038	1,049	1,097	1,157
Secondary	1,352	1,258	1,330	1,301	1,296	1,365
<b>Total Students for Aid</b>	<b>2,693</b>	<b>2,585</b>	<b>2,534</b>	<b>2,542</b>	<b>2,606</b>	<b>2,723</b>
Percent Change	-5.84%	-4.01%	-1.97%	0.32%	2.52%	4.49%



In 2024, the District experienced an increase in enrollment of 117 students. Overall enrollment has increased over the last 10 years.

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2024**

The following schedule presents a summary of General Fund revenues.

**Table A-5  
General Fund Revenues**

Fund	Year Ended		Change	
	June 30, 2024	June 30, 2023	Increase (Decrease)	Percent
Local Sources:				
Property Taxes	\$ 4,485,816	\$ 3,877,782	\$ 608,034	15.7 %
Earnings on Investments	738,723	471,062	267,661	56.8
Other	2,494,514	2,489,162	5,352	0.2
State Sources	30,063,744	26,010,208	4,053,536	15.6
Federal Sources	1,418,154	2,024,437	(606,283)	(29.9)
Total General Fund Revenues	<u>\$ 39,200,951</u>	<u>\$ 34,872,651</u>	<u>\$ 4,328,300</u>	12.4

Total General Fund revenue increased by \$4,328,300 or 12.4% from the previous year. The increase in state sources is due to additional funding sources for the current year. Basic general education revenue is determined by multiple state formulas, largely enrollment driven, and consists of an equalized mix of property tax and state aid revenue. Therefore, the mix of property tax and state aid can change significantly from year to year without any net change in total revenue. The state basic general education revenue formula per student decreased compared to the prior year.

The following schedule presents a summary of General Fund expenditures.

**Table A-6  
General Fund Expenditures**

	Year Ended		Amount of Increase (Decrease)	Percent Increase (Decrease)
	June 30, 2024	June 30, 2023		
Salaries	\$ 19,647,731	\$ 18,294,943	\$ 1,352,788	7.4 %
Employee Benefits	5,971,807	5,504,127	467,680	8.5
Purchased Services	7,133,759	6,644,883	488,876	7.4
Supplies and Materials	1,926,951	2,082,321	(155,370)	(7.5)
Capital Expenditures	692,646	429,855	262,791	61.1
Other Expenditures	451,485	608,716	(157,231)	(25.8)
Total Expenditures	<u>\$ 35,824,379</u>	<u>\$ 33,564,845</u>	<u>\$ 2,259,534</u>	6.7

Total General Fund expenditures increased \$2,259,534 or 6.7% from the previous year. Increases in salaries and employee benefits occurred as a result of additional staff and overall salary increases.

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2024**

In 2023-2024, General Fund revenues and other financing sources exceeded expenditures and other financing uses by \$3,609,333. Therefore, total fund balance increased to \$11,738,400 at June 30, 2024. After deducting statutory restrictions, the unassigned fund balance increased from \$3,642,045 at June 30, 2023 to \$4,266,536 at June 30, 2024 due to an increase in state aids and property taxes. Unassigned fund balance is the single best measure of overall financial health.

**General Fund Budgetary Highlights**

Following approval of the budget prior to the beginning of the fiscal year, the District revises the annual operating budget in mid-year. The Board was presented with and adopted a revised General Fund budget in February 2024 and was presented with and adopted a revised budget for all funds in June 2024. These budget amendments typically fall into two categories:

- Implementing budgets for specially funded projects, which include both federal and state grants and reinstating unexpended funds being carried over, and budgeting for clearing accounts.
- Legislation passed subsequent to budget adoption, changes necessitated by collective bargaining agreements, changes in student enrollments, staffing changes, and increases in appropriations for significant unbudgeted costs.

In the case of either budget amendments, depending on how actual revenue and expenditures items are tracking against the preliminary budget amounts, adjustments are proposed to specific categories for review and approval by the school board.

Actual revenues were \$1,042,089 higher than expected, mainly due to higher than expected earnings on investments and other revenue.

The actual expenditures were \$1,130,357 lower than budget, mainly due to a decrease in expected special education costs and a decrease in sites and buildings.

The District's final budget for the General Fund anticipated an increase in fund balance of \$1,214,293, the actual results for the year show an increase of \$3,609,333, so the ending fund balance was more than budget by \$2,395,040. The majority of the fund balance in this area consists of Long-Term Facility Maintenance Funds, operating capital, and capital projects levy and are allocated to projects related to construction and capital outlay.

**DEBT SERVICE FUND**

The Debt Service Fund revenue exceeded expenditures by \$151,239 in 2023-2024. The remaining fund balance of \$1,231,552 is restricted at June 30, 2024.

**OTHER MAJOR FUNDS**

Expenditures exceeded revenues in the Food Service Fund by \$289,561, leaving a fund balance of \$743,914.

The total fund balance of the Community Service Fund increased by \$191,163. The increase related to increased participation in various programs during the current fiscal year.

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2024**

**OTHER MAJOR FUNDS (CONTINUED)**

From the standpoint of maintaining current operating expenditures within the range of annual revenue and maintaining a sound fund balance, both the Community Service and Food Service Funds continue to operate on a sound financial basis. The District utilizes price increases and expenditure reductions as necessary to bring expenditures and revenues in these funds into balance.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

By the end of 2024, the District had invested about \$149,121,000 in a broad range of capital assets, including school buildings, athletic facilities, computer and audio-visual equipment, and school buses (see Table A-7). (More detailed information about capital assets can be found in Note 4 to the financial statements.) Total depreciation expense for the year was approximately \$5,796,000.

**Table A-7  
The District's Capital Assets**

	2024	2023	Percentage Change
Land	\$ 509,000	\$ 509,000	-
Construction in Progress	178,543	-	N/A
Land Improvements	10,507,217	10,484,593	0.2
Buildings and Improvements	121,278,993	121,242,375	0.0
Equipment	16,646,862	16,358,015	1.8
Less: Accumulated Depreciation	(68,186,424)	(62,413,225)	9.2
Total	<u>\$ 80,934,191</u>	<u>\$ 86,180,758</u>	(6.1)

**Long-Term Liabilities**

At year-end, the District had \$67,865,000 in general obligation bonds outstanding – a decrease of 4.5% from last year – as shown in Note 6 to the financial statements.

**Table A-8  
The District's Long-Term Liabilities**

	2024	2023	Percentage Change
General Obligation Bonds	\$ 67,865,000	\$ 71,075,000	(4.5)%
Net Bond Premium and (Discount)	2,109,508	2,337,074	(9.7)
Finance Purchase Obligations	-	129,691	(100.0)
Compensated Absences	694,598	950,289	
Total	<u>\$ 70,669,106</u>	<u>\$ 74,492,054</u>	(5.1)
Long-Term Liabilities:			
Due Within One Year	\$ 3,475,417	\$ 3,543,737	
Due in More Than One Year	67,193,689	70,948,317	
Total	<u>\$ 70,669,106</u>	<u>\$ 74,492,054</u>	

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2024**

**Bond Ratings**

The District's bonds presently carry a Moody's "A1" underlying rating with an Enhanced rating of "Aa2".

**Limitations on Debt**

The state limits the amount of general obligation debt the District can issue to 15% of the assessed value of all taxable property within the District's corporate limits. Our outstanding debt is significantly below this limit – which is currently \$254 million.

**FACTORS BEARING ON THE DISTRICT'S FUTURE**

North Branch Area Public Schools is dependent on the State of Minnesota for its revenue authority. The District has been unsuccessful in attempts to gain voter approval for an excess operating referendum, and so remains at the basic state funding level. The School Board is committed to maintaining a balanced budget and maintaining the unassigned General Fund balance within the School Board fund balance target. Revenue has not kept pace with inflation, which has posed a persistent challenge to the school district's budgets. That is especially true when considering inflationary increases in the cost of food, fuel, energy and supplies. Over the past 12 months, we have reached agreements with bargaining groups that are higher than historical average increases to salaries and benefits.

The School Board revised its fund balance policy from a target of between 5% and 10% to a targeted fund balance policy in our unassigned general fund of between 10% and 15% in July 2021. The fund balance policy was revised to ensure the District is not in a position that requires cash-flow borrowing while operating within the school boards' established target. Recent increases in interest rates add to the cost of cash-flow borrowing and that added cost has been avoided because the District has been able to maintain a fund balance within our established target. The audited fund balance in the unassigned general fund has improved from a recent low of -1.19% in 2018 to 10.85% in 2023 and 11.31% in 2024 based on the preliminary financial statements. This improved fund balance positions the school district within the established fund balance target. The District will continue striving to maintain its long-standing commitment to academic excellence and educational opportunity for students within a framework of financial fiduciary responsibility.

After several years of enrollment decline, the District has increased enrollment for each of the past two years. Two factors are leading to improved student enrollment; housing starts in the community and an increase in families choosing to enroll in the school district who were previously enrolled elsewhere. Housing options continue to be constructed within the school district and this construction is projected to continue into future years. The school district will continue to communicate the high-quality education services available to students and remains committed to continuous improvement efforts to ensure continued growth into the future. Growth potential exists because of the geographic proximity to the Minneapolis/St. Paul metropolitan area on a major interstate corridor. In addition, birth rates within the District have historically been higher than the state average. Enrollment growth will depend on the level of residential development in the District. The District will continue to review these trends closely.

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2024**

**FACTORS BEARING ON THE DISTRICT'S FUTURE (CONTINUED)**

Additional federal revenue dedicated to COVID-related expenses were utilized during the 2023 – 2024 school year for items such as, but not limited to; staffing for Distance Learning Academy, staffing to reduce class sizes to improve safety by providing for greater social distancing, digital curriculum, technology for students and staff to connect virtually, intervention support for students after school and in the summer and transporting students at reduced capacity. In FY24, the school district spent \$1,024,758 in federal funds to address these needs. Moving into FY 25, the District has allocated and expended all of the available federal funds dedicated to COVID-related expenses and will not have access to these funds moving forward.

**Construction and Facilities Maintenance**

The District regularly monitors enrollments to plan for needed capacity. Current projections suggest that building capacity District-wide should be adequate for at least the next decade and until significant new residential development occurs in the District. A facilities and recommissioning study was completed in the 2013-2014 fiscal year, which identified deferred maintenance needs too large to be addressed with annual maintenance revenues. A successful election was held in May 2017 to authorize bonds of \$70,165,000 for deferred maintenance and improvements. The process of making significant capital improvements to existing facilities concluded during FY22. Updates to mechanical systems, electrical systems, and HVAC have significantly improved the functioning and efficiency of the building sites and the majority of spaces had new furniture. An expanded fitness center and gym space were added to the high school and Kindergarten classrooms were added to the Education Center.

Long Term Facilities Maintenance bonds were sold during the construction process to direct more revenue to the construction process while it was underway. Those resources were efficiently and effectively applied during construction and the District will service those bonds through 2029 using Long Term Facilities Maintenance funds. However, deferred maintenance projects remain that need to be addressed and additional repair and maintenance needs continue to be identified. Funds have been assigned to assure the necessary funds are available to meet District needs in the absence of available Long Term Facilities Maintenance revenue.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Independent School District 138, District Office, 38705 Grand Ave., North Branch, Minnesota 55056.

## **BASIC FINANCIAL STATEMENTS**

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
STATEMENT OF NET POSITION  
JUNE 30, 2024  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2023)**

	Governmental Activities	
	2024	2023
<b>ASSETS</b>		
Cash and Investments	\$ 17,451,026	\$ 13,754,018
Receivables:		
Property Taxes	6,674,638	6,640,828
Other Governments	3,280,728	3,255,373
Other	653,880	151,236
Prepaid Items	20,981	296,148
Inventory	55,019	61,978
Due From Trust	113,055	-
Net OPEB Asset	744,569	741,979
Capital Assets:		
Land	509,000	509,000
Construction in Progress	178,543	-
Other Capital Assets, Net of Depreciation	80,246,648	85,671,758
Total Assets	109,928,087	111,082,318
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension Related	5,806,336	6,909,896
OPEB Related	295,928	430,150
Total Deferred Outflows of Resources	6,102,264	7,340,046
<b>LIABILITIES</b>		
Salaries Payable and Other Payroll Related Items	1,802,373	1,687,528
Accounts, Contracts, and Claims Payable	512,378	596,964
Accrued Interest	980,941	1,041,533
Due to Other Governmental Units	123,899	78,542
Unearned Revenue	114,506	126,303
Long-Term Liabilities:		
Net Pension Liability	21,514,190	21,825,485
Portion Due Within One Year	3,475,417	3,543,737
Portion Due in More Than One Year	67,193,689	70,948,317
Total Liabilities	95,717,393	99,848,409
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension Related	3,019,091	6,309,580
OPEB Related	301,720	433,874
Property Taxes Levied for Subsequent Year	9,764,962	9,732,216
Total Deferred Inflows of Resources	13,085,773	16,475,670
<b>NET POSITION</b>		
Net Investment in Capital Assets	11,364,683	13,433,993
Restricted for:		
General Fund Operating Capital Purposes	450,520	463,056
General Fund State-Mandated Reserves	2,272,312	2,076,042
General Fund Grant Restricted	81,387	81,387
Food Service	743,914	454,353
Community Service	1,192,763	1,001,201
Other Postemployment Benefits	744,569	741,979
Debt Service	310,411	100,034
Capital Projects - Building Construction	-	232,761
Unrestricted	(9,933,374)	(16,486,521)
Total Net Position	\$ 7,227,185	\$ 2,098,285

See accompanying Notes to Basic Financial Statements.

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2024  
(WITH SUMMARIZED FINANCIAL STATEMENT INFORMATION FOR YEAR ENDED JUNE 30, 2023)**

Functions	2024				2023	
	Expenses	Program Revenues			Net (Expense)	Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and	Revenue and
					Changes in	Changes in
				Net Position	Net Position	
				Total	Total	
				Governmental	Governmental	
				Activities	Activities	
<b>Governmental Activities</b>						
Administration	\$ 1,775,780	\$ -	\$ 110,545	\$ -	\$ (1,665,235)	\$ (1,249,087)
District Support Services	1,686,885	-	(8)	16,936	(1,669,957)	(1,705,779)
Regular Instruction	17,771,313	682,921	3,306,280	132,888	(13,649,224)	(11,343,169)
Vocational Education Instruction	745,784	-	13,339	-	(732,445)	(417,373)
Special Education Instruction	6,507,161	792,835	4,758,793	-	(955,533)	(526,535)
Instructional Support Services	2,222,732	69,527	1,089,687	13,335	(1,050,183)	(1,022,288)
Pupil Support Services	3,727,753	299,215	175,143	-	(3,253,395)	(3,064,185)
Sites and Buildings	3,628,812	38,488	(122)	256,683	(3,333,763)	(3,611,622)
Fiscal and Other Fixed Cost Programs	323,109	-	-	-	(323,109)	(380,224)
Food Service	1,827,399	241,126	1,875,834	-	289,561	(101,314)
Community Service	1,830,150	1,409,130	288,577	-	(132,443)	74,232
Interest and Fiscal Charges on Long-Term Liabilities	2,206,139	-	-	-	(2,206,139)	(2,324,756)
Total School District	<u>\$ 44,253,017</u>	<u>\$ 3,533,242</u>	<u>\$ 11,618,068</u>	<u>\$ 419,842</u>	<u>(28,681,865)</u>	<u>(25,672,100)</u>
<b>General Revenues</b>						
Property Taxes Levied for:						
General Purposes						
					4,490,169	3,859,148
Community Service						
					239,444	234,174
Debt Service						
					5,388,200	5,489,489
State Aid Not Restricted to Specific Purposes						
					22,348,042	20,588,032
Earnings on Investments						
					738,723	474,668
Miscellaneous						
					606,187	356,322
Total General Revenues						
					<u>33,810,765</u>	<u>31,001,833</u>
<b>CHANGE IN NET POSITION</b>					5,128,900	5,329,733
Net Position - Beginning of Year					<u>2,098,285</u>	<u>(3,231,448)</u>
<b>NET POSITION - END OF YEAR</b>					<u>\$ 7,227,185</u>	<u>\$ 2,098,285</u>

See accompanying Notes to Basic Financial Statements.

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2024  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2023)**

	Major Funds		
	General	Food Service	Community Service
<b>ASSETS</b>			
Cash and Investments	\$ 11,669,298	\$ 532,342	\$ 1,360,285
Receivables:			
Current Property Taxes	2,853,943	-	117,484
Delinquent Property Taxes	73,125	-	4,315
Due from Other Minnesota School Districts	229,696	-	-
Due from Minnesota Department of Education	2,671,072	57,704	27,700
Due from Federal through Minnesota Department of Education	56,243	47,338	-
Due from Other Governmental Units	137,326	-	7,062
Other Receivables	513,554	123,192	17,134
Due from Other Funds	113,055	-	-
Prepaid Items	14,134	-	6,847
Inventory	29,531	25,488	-
Total Assets	<u>\$ 18,360,977</u>	<u>\$ 786,064</u>	<u>\$ 1,540,827</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>			
Liabilities:			
Salaries Payable	\$ 1,874,115	\$ -	\$ 58,675
Accounts and Contracts Payable	456,673	27,901	3,209
Due to Other Governmental Units	123,209	690	-
Unearned Revenue	-	13,559	100,947
Total Liabilities	<u>2,453,997</u>	<u>42,150</u>	<u>162,831</u>
Deferred Inflows of Resources:			
Property Taxes Levied for Subsequent Year	4,128,248	-	185,233
Unavailable Revenue - Delinquent Taxes	40,332	-	2,972
Total Deferred Inflows of Resources	<u>4,168,580</u>	<u>-</u>	<u>188,205</u>
Fund Balance:			
Nonspendable:			
Prepaid Items	14,134	-	6,847
Inventory	29,531	25,488	-
Restricted:			
Student Activities	192,547	-	-
Scholarships	160,965	-	-
Staff Development	155,523	-	-
Capital Projects Levy	503,109	-	-
School Library Aid	4,807	-	-
Literacy Incentive Aid	9,449	-	-
American Indian Education	45,943	-	-
Operating Capital	450,520	-	-
Community Education Programs	-	-	574,851
Early Childhood and Family Educations Programs	-	-	511,262
Basic Skills Ext Time	-	-	-
Long-Term Facilities Maintenance	927,806	-	-
Medical Assistance	272,163	-	-
Other Restricted	81,387	718,426	96,831
Assigned:			
Capital Outlay	4,623,980	-	-
Unassigned	4,266,536	-	-
Total Fund Balance	<u>11,738,400</u>	<u>743,914</u>	<u>1,189,791</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 18,360,977</u>	<u>\$ 786,064</u>	<u>\$ 1,540,827</u>

See accompanying Notes to Basic Financial Statements.

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
GOVERNMENTAL FUNDS  
BALANCE SHEET (CONTINUED)  
JUNE 30, 2024  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2023)**

Capital Projects	Debt Service	Total Governmental Funds	
		2024	2023
\$ -	\$ 3,070,475	\$ 16,632,400	\$ 12,988,867
-	3,527,834	6,499,261	6,444,089
-	97,937	175,377	196,739
-	-	229,696	131,556
-	46,587	2,803,063	2,303,457
-	-	103,581	663,152
-	-	144,388	157,208
-	-	653,880	151,236
-	-	113,055	-
-	-	20,981	296,148
-	-	55,019	61,978
<u>\$ -</u>	<u>\$ 6,742,833</u>	<u>\$ 27,430,701</u>	<u>\$ 23,394,430</u>
\$ -	\$ -	\$ 1,932,790	\$ 1,891,574
-	-	487,783	570,867
-	-	123,899	78,542
-	-	114,506	126,303
-	-	2,658,978	2,667,286
-	5,451,481	9,764,962	9,732,216
-	59,800	103,104	99,806
-	5,511,281	9,868,066	9,832,022
-	-	20,981	296,148
-	-	55,019	61,978
-	-	192,547	200,944
-	-	160,965	101,369
-	-	155,523	247,322
-	-	503,109	137,540
-	-	4,807	-
-	-	9,449	-
-	-	45,943	-
-	-	450,520	463,056
-	-	574,851	499,033
-	-	511,262	394,448
-	-	-	65,732
-	-	927,806	1,328,951
-	-	272,163	226,945
-	1,231,552	2,128,196	1,704,611
-	-	4,623,980	1,525,000
-	-	4,266,536	3,642,045
-	1,231,552	14,903,657	10,895,122
<u>\$ -</u>	<u>\$ 6,742,833</u>	<u>\$ 27,430,701</u>	<u>\$ 23,394,430</u>

See accompanying Notes to Basic Financial Statements.

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
GOVERNMENTAL FUNDS  
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION  
GOVERNMENTAL ACTIVITIES  
JUNE 30, 2024  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2023)**

	2024	2023
<b>Total Fund Balance for Governmental Funds</b>	<b>\$ 14,903,657</b>	<b>\$ 10,895,122</b>
Total fund balance reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Land	509,000	509,000
Construction in Progress	178,543	-
Land Improvements, Net of Accumulated Depreciation	4,755,380	5,202,744
Buildings and Improvements, Net of Accumulated Depreciation	67,435,885	71,841,485
Equipment, Net of Accumulated Depreciation	8,055,383	8,627,529
Some of the District's property taxes will be collected after year-end, but are not available soon enough to pay for the current-period's expenditures and, therefore, are reported as deferred inflows of resources in the funds.	103,104	99,806
The District's Net Pension Liability and related deferred inflows and outflows are recorded only on the statement of net position. Balances at year-end are:		
Net Pension Liability	(21,514,190)	(21,825,485)
Deferred Inflows of Resources - Pension Related	(3,019,091)	(6,309,580)
Deferred Outflows of Resources - Pension Contributions	5,806,336	6,909,896
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(980,941)	(1,041,533)
The District's Net OPEB Asset and related deferred inflows and outflows are recorded only on the statement of net position. Balances year-end are:		
Net OPEB Asset	744,569	741,979
Deferred Inflows of Resources - OPEB Related	(301,720)	(433,874)
Deferred Outflows of Resources - OPEB Related	295,928	430,150
Internal service funds are used by management to charge the costs of dental insurance services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. Internal service fund net position at year-end is:	794,031	739,054
Long-term liabilities that pertain to governmental funds, including bonds payable, are not due and payable in the current period and, therefore, are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position. Balances at year-end are:		
Bonds Payable	(67,865,000)	(71,075,000)
Unamortized Premiums	(2,109,508)	(2,337,074)
Finance Purchase Obligations	-	(129,691)
Compensated Absences Payable	(564,181)	(746,243)
<b>Total Net Position of Governmental Activities</b>	<b>\$ 7,227,185</b>	<b>\$ 2,098,285</b>

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE  
YEAR ENDED JUNE 30, 2024  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2023)**

	Major Funds		
	General	Food Service	Community Service
<b>REVENUES</b>			
Local Sources:			
Property Taxes	\$ 4,485,816	\$ -	\$ 239,045
Earnings on Investments	738,723	-	-
Other	2,494,514	241,126	1,410,287
State Sources	30,063,744	922,845	448,650
Federal Sources	1,418,154	952,989	8,333
Total Revenues	<u>39,200,951</u>	<u>2,116,960</u>	<u>2,106,315</u>
<b>EXPENDITURES</b>			
Current:			
Administration	1,850,128	-	-
District Support Services	1,678,615	-	-
Regular Instruction	14,168,448	-	-
Vocational Education Instruction	805,736	-	-
Special Education Instruction	6,978,548	-	-
Instructional Support Services	2,160,279	-	-
Pupil Support Services	3,739,412	-	-
Sites and Buildings	3,249,216	-	-
Fiscal and Other Fixed Cost Programs	324,611	-	-
Food Service	-	1,827,399	-
Community Service	-	-	1,913,056
Capital Projects	-	-	-
Capital Outlay	733,355	-	2,096
Debt Service:			
Principal	129,691	-	-
Interest and Fiscal Charges	6,340	-	-
Total Expenditures	<u>35,824,379</u>	<u>1,827,399</u>	<u>1,915,152</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,376,572	289,561	191,163
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	232,761	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>232,761</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	3,609,333	289,561	191,163
Fund Balances - Beginning of Year	8,129,067	454,353	998,628
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 11,738,400</u>	<u>\$ 743,914</u>	<u>\$ 1,189,791</u>

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE (CONTINUED)  
YEAR ENDED JUNE 30, 2024  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2023)**

Capital Projects	Debt Service	Total Governmental Funds	
		2024	2023
\$ -	\$ 5,389,654	\$ 10,114,515	\$ 9,610,199
-	-	738,723	474,668
-	-	4,145,927	4,529,337
-	465,882	31,901,121	26,907,675
-	-	2,379,476	2,882,679
-	5,855,536	49,279,762	44,404,558
-	-	1,850,128	1,759,576
-	-	1,678,615	1,735,230
-	-	14,168,448	12,974,478
-	-	805,736	578,535
-	-	6,978,548	6,186,832
-	-	2,160,279	2,312,918
-	-	3,739,412	3,702,581
-	-	3,249,216	3,203,717
-	-	324,611	380,224
-	-	1,827,399	1,711,174
-	-	1,913,056	1,656,553
-	-	-	86,861
-	-	735,451	655,802
-	3,210,000	3,339,691	3,307,286
-	2,494,297	2,500,637	2,657,656
-	5,704,297	45,271,227	42,909,423
-	151,239	4,008,535	1,495,135
-	-	232,761	-
(232,761)	-	(232,761)	-
(232,761)	-	-	-
(232,761)	151,239	4,008,535	1,495,135
232,761	1,080,313	10,895,122	9,399,987
\$ -	\$ 1,231,552	\$ 14,903,657	\$ 10,895,122

See accompanying Notes to Basic Financial Statements.

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
GOVERNMENTAL FUNDS – RECONCILIATION OF THE STATEMENT  
OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES  
TO STATEMENT OF ACTIVITIES – GOVERNMENTAL ACTIVITIES  
YEAR ENDED JUNE 30, 2024  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2023)**

	2024	2023
<b>Net Change in Fund Balance - Total Governmental Funds</b>	<b>\$ 4,008,535</b>	<b>\$ 1,495,135</b>
<p>Amounts reported for governmental activities in the statement of activities are different because:</p> <p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.</p>		
Capital Outlays	549,543	425,925
Gain (Loss) on Disposal of Capital Assets	-	(96,625)
Depreciation Expense	(5,796,110)	(5,969,678)
<p>Some capital asset additions are financed through finance purchase obligations. In governmental funds, a finance purchase obligation is considered a source of financing, but in the statement of net position, the finance purchase obligation is reported as a liability. Repayment of finance purchase obligation principal is an expenditure in the governmental funds, but repayment reduces the finance purchase obligation in the statement of net position.</p>		
Principal Payments - Finance Purchase Obligations	129,691	227,286
<p>Payment of OPEB benefits are recognized as expenditures at the fund level while the change in the net OPEB asset is recognized in the statement of activities.</p>		
	522	71,679
<p>Pension expenditures on the governmental funds are measured by current year employee contributions. Pension expenses on the Statement of Activities are measured by the change in Net Pension Liability and the related deferred inflows and outflows of resources.</p>		
	2,498,224	5,667,362
<p>The governmental funds report bond proceeds as financing sources, while repayment of of bond principal is reported as an expenditure. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities repayment of principal reduces the liability. Also, governmental funds report the effect of bond discounts and premiums when debt is first issued, whereas these amounts are amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, however, interest expense is recognized as it accrues, regardless of when it is due. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:</p>		
Repayment of Bond Principal	3,210,000	3,080,000
Change in Accrued Interest Expense - General Obligation Bonds	60,592	61,201
Amortization of Bond Premium	227,566	238,795
<p>Delinquent property taxes receivable will be collected this year, but are not available soon enough to pay for the current-period's expenditures and, therefore, are unavailable in the funds.</p>		
	3,298	(27,388)
<p>In the statement of activities, certain operating expenses - severance benefits and compensated absences - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).</p>		
	182,062	89,723
<p>Internal service funds are used by the District to charge the costs of employee health and dental benefits to individual funds. The net revenue of the internal service funds is reported with governmental activities.</p>		
	54,977	66,318
<b>Change in Net Position of Governmental Activities</b>	<b><u>\$ 5,128,900</u></b>	<b><u>\$ 5,329,733</u></b>

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
PROPRIETARY FUND  
INTERNAL SERVICE FUND  
STATEMENT OF NET POSITION  
JUNE 30, 2024  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2023)**

	Governmental Activities - Internal Service Funds	
	2024	2023
<b>ASSETS</b>		
Current Assets:		
Cash and Investments	\$ 818,626	\$ 765,151
<b>LIABILITIES</b>		
Current Liabilities:		
Claims Payable for Dental Benefits	24,595	26,097
<b>NET POSITION</b>		
Unrestricted	\$ 794,031	\$ 739,054

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
PROPRIETARY FUND  
INTERNAL SERVICE FUND  
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION  
YEAR ENDED JUNE 30, 2024  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2023)**

	Governmental Activities - Internal Service Funds	
	2024	2023
<b>OPERATING REVENUES</b>		
Charges for Services	\$ 296,340	\$ 279,567
<b>OPERATING EXPENSES</b>		
Dental Claims	241,363	213,249
<b>OPERATING INCOME</b>	54,977	66,318
Total Net Position - Beginning of Year	739,054	672,736
<b>TOTAL NET POSITION - END OF YEAR</b>	\$ 794,031	\$ 739,054

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
PROPRIETARY FUND  
INTERNAL SERVICE FUND  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2024  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2023)**

	Governmental Activities - Internal Service Funds	
	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from Interfund Services Provided	\$ 296,340	\$ 279,567
Payments for Dental Fees and Insurance Claims	(242,865)	(210,760)
Net Cash Provided by Operating Activities	53,475	68,807
Cash and Cash Equivalents - Beginning of Year	765,151	696,344
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 818,626	\$ 765,151
 <b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating Income	\$ 54,977	\$ 66,318
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Increase (Decrease) in Claims Payable	(1,502)	2,489
Net Cash Provided by Operating Activities	\$ 53,475	\$ 68,807

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2024**

	Postemployment Benefits Irrevocable Trust Fund
<b>ASSETS</b>	
Cash and Deposits	\$ 195,445
Investments:	
Equities	1,080,767
Fixed Income	1,167,338
Real Assets	134,263
Total Assets	2,577,813
<b>LIABILITIES</b>	
Due to General Government	113,055
<b>NET POSITION</b>	
Restricted for Postemployment Benefits Other Than Pensions	\$ 2,464,758

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
YEAR ENDED JUNE 30, 2024**

	Postemployment Benefits Irrevocable Trust Fund
<b>ADDITIONS</b>	
Investment Income:	
Net Increase (Decrease) in Fair Value of Investments	\$ 185,663
Interest and Dividends	66,608
Less: Investment Expense	(36,052)
Total Additions	216,219
<b>DEDUCTIONS</b>	
Benefit Payments	247,532
Administrative Expense	36,052
Total Deductions	283,584
<b>CHANGE IN NET POSITION</b>	(67,365)
Net Position - Beginning of Year	2,532,123
<b>NET POSITION - END OF YEAR</b>	\$ 2,464,758

## **NOTES TO BASIC FINANCIAL STATEMENTS**

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Presentation**

The financial statements of Independent School District No. 138 (the District) have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. This financial report has been prepared in conformity with GASB Statement No. 34.

**B. Financial Reporting Entity**

The District is an instrumentality of the State of Minnesota established to function as an educational institution. The elected School Board (Board) is responsible for legislative and fiscal control of the District. A Superintendent is appointed by the Board and is responsible for administrative control of the District.

GAAP require that the District's financial statements include all funds, departments, agencies, boards, commissions, and other organizations which are not legally separate from the District. In addition, the District's financial statements are to include all component units – entities for which the District is financially accountable.

Financial accountability includes such aspects as appointing a voting majority of the organization's governing body, significantly influencing the programs, projects, activities or level of services performed or provided by the organization or receiving specific financial benefits from, or imposing specific financial burden on, the organization. There are no other entities for which the District is financially accountable.

**C. Basic Financial Statement Presentation**

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

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

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

**C. Basic Financial Statement Presentation (Continued)**

The District applies restricted resources first when an expense is incurred for a purpose for which both restricted and unrestricted net position are available. Depreciation expense that can be specifically identified by function is included in the direct expenses of each function. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities. Generally, the effect of material interfund activity has been removed from the District-wide financial statements.

Separate fund financial statements are provided for governmental, proprietary, and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. The fiduciary fund, postemployment benefits irrevocable trust fund, is presented in the fiduciary fund financial statements. Since by definition, fiduciary fund assets are being held for the benefit of a third party and cannot be used for activities or obligations of the District, this fund is excluded from the District-wide statements.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the District's internal service fund is charges for service in the form of insurance premiums. Operating expenses for the internal service fund include the cost of services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The accounting and financial reporting treatment applied is determined by its measurement focus and basis of accounting. The District-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are proprietary fund and 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. Property taxes are generally recognized as revenues in the fiscal year for which they are levied, except for amounts advance recognized in accordance with a statutory "tax shift" described later in these notes. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met.

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JUNE 30, 2024**

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

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

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 GAAP. Minnesota Statutes include state aid funding formulas for specific fiscal years. Federal revenue is recorded in the year in which the related expenditure is made. Food service sales, community education tuition, and other miscellaneous revenue (except investment earnings) are recorded as revenues when received because they are generally not measurable until then. Investment earnings are recorded when earned because they are measurable and available. A six-month availability period is generally used for other fund revenue.

**2. Recording of Expenditures**

Expenditures are generally recorded when a liability is incurred. However, expenditures are recorded as prepaid for approved disbursements or liabilities incurred in advance of the year in which the item is to be used. Principal and interest on long-term debt issues are recognized on their due dates.

*Description of Funds*

The existence of the various District funds has been established by the State of Minnesota, Department of Education. The accounts of the district are organized on the basis of funds, each of which is considered a separate accounting entity. A description of the funds included in this report is as follows:

*Major Governmental Funds*

General Fund

The General Fund is used to account for all financial resources except those required to be accounted for in another fund. It includes the general operations and pupil transportation activities of the District, as well as the capital related activities such as maintenance of facilities equipment purchases, health and safety projects, and disabled accessibility projects.

**NORTH BRANCH PUBLIC SCHOOLS  
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NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

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

**D. Measurement Focus and Basis of Accounting (Continued)**

*Major Governmental Funds (Continued)*

Food Service Special Revenue Fund

The Food Service Fund is used to account for food service revenues and expenditures. Revenues for the Food Service Fund are generated from user fees, federal reimbursements and state aids.

Community Service Special Revenue Fund

The Community Service Fund is used to account for services provided to residents in the areas of recreation, civic activities, nonpublic pupils, veterans, adult or early childhood programs, K-6 extended day programs or other similar services. Revenues for the Community Service Fund are generated primarily from user fees, local property taxes and state credits.

Capital Projects Fund

The Capital Projects Fund is used to account for financial resources restricted, committed, or assigned to be used for the acquisition or construction of major capital facilities. The Fund was established for building construction activity authorized by specific voter-approved bond issues.

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and payment of, general long-term obligation bond principal, interest, and related costs. The regular debt service account is used for all general obligation bond and energy conservation loan debt service.

*Proprietary Fund*

Internal Service Fund

The Internal Service Fund accounts for financing of services provided by one department to other departments of the District on a cost-reimbursement basis. The District's Internal Service Fund includes its self-insured dental insurance plan for its employees.

*Fiduciary Fund*

Postemployment Benefits Irrevocable Trust Fund

This trust fund is used for reporting resources set aside and held in an irrevocable trust arrangement for postemployment benefits. District contributions to this fund must be expensed to an operating fund.

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

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

**E. Budgeting**

Budgets presented in this report for comparison to actual amounts are presented in accordance with GAAP. Each June, the Board adopts an annual budget for the following fiscal year for the General, Food Service, Community Service and Debt Service Funds. The approved budget is published in summary form in the District's legal newspaper. Reported budget amounts represent the amended budget as adopted by the Board. Legal budgetary control is at the fund level.

Procedurally, in establishing the budgetary data reflected in these financial statements, the Superintendent submits to the Board prior to July 1, a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means to finance them. The budget is legally enacted by Board action. Revisions to budgeted amounts must be approved by the Board.

Total fund expenditures in excess of the budget require approval of the Board. Spending control is established by the amount of expenditures budgeted for the fund, but management control is exercised at line item levels.

Budget provisions for the Debt Service Fund are set by state law governing required debt service levels.

At the end of each fiscal year, if the General Fund has a net unassigned deficit fund balance, calculated in accordance with the uniform financial accounting and reporting standards for Minnesota school districts which excludes certain restricted balances specified in Minnesota Statutes, exceeding 2.5% of expenditures, a condition referred to as "statutory operating debt" exists. That debt requires retirement through the accumulation of subsequent operating surpluses in accordance with a "special operating plan" approved by the Commissioner of the Department of Education.

**F. Cash and Investments**

Cash balances from all funds are combined and invested to the extent available in various securities as authorized by Minnesota Statutes. Earnings from the pooled investments are allocated to the respective funds on the basis of applicable cash balance participation by each fund.

Money market investments are short-term, highly liquid debt instruments including commercial paper, banker's acceptances, and U.S. Treasury and agency obligations.

**G. Accounts Receivable**

Represents amounts receivable from individuals and governments for goods and services furnished by the District. No substantial losses are anticipated from present receivable balances, therefore, no allowance for uncollectible accounts is deemed necessary.

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

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

**H. Inventories**

Inventories are recorded using the consumption method of accounting and consist of purchased food, supplies, transportation fuel, and surplus commodities received from the federal government. Food and supply purchases are recorded at invoice cost, computed on a first-in, first-out method, and surplus commodities are stated at standardized cost, as determined by the Department of Agriculture.

**I. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepayments. Prepaid items are reported using the consumption method and recorded as an expense or expenditure at the time of consumption.

**J. Property Taxes**

Property tax levies are established by the Board in December each year and are certified to the County for collection the following calendar year. In Minnesota, counties act as collection agents for all property taxes and are responsible for spreading all levies over taxable property. Such taxes become a lien on January 1. Taxes are generally due on May 15 and October 15 and counties generally remit taxes to Districts at periodic intervals as they are collected. A portion of property taxes levied is paid through state credits which are included in revenue from state sources in the financial statements.

Generally, tax revenue is recognized in the fiscal year ending June 30, following the calendar year in which the tax levy is collectible, while the current calendar year tax levy is recorded as deferred revenue (property taxes levied for subsequent year). The majority of District revenue in the General Fund (and to a lesser extent in the District's Community Service Special Revenue Fund) is determined annually by statutory funding formulas. The total revenue allowed by these formulas is then allocated between taxes and state aids by the Legislature based on education funding priorities. Changes in this allocation are periodically accompanied by a change in property tax revenue recognition referred to as the "tax shift."

In accordance with state law, the current tax shift consists of an amount equal to 31% of the District's 2000 Pay 2001 operating referendum levy (frozen at \$124,195) for the District. Certain other portions of the District's 2023 Pay 2024 levy, normally revenue for the 2024-2025 fiscal year, are also advance recognized at June 30, 2024, as required by state statute to match revenue with the same fiscal year as the related expenditures.

**NORTH BRANCH PUBLIC SCHOOLS  
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NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

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

**J. Property Taxes (Continued)**

Taxes that remain unpaid are classified as delinquent taxes receivable. Revenue from these delinquent property taxes that is not collected within 60 days of year-end is unavailable because it is not known to be available to finance the operations of the District in the current year. No allowance for uncollectible taxes has been provided as such amounts are not expected to be material. Current levies of local taxes, less the amount recognized as revenue in the current period, including portions assumed by the state which will be recognized as revenue in the next fiscal year beginning July 1, 2024, are included in Property Taxes Levied for Subsequent Year to indicate that, while they are current assets, they will not be recognized as revenue until the following year.

**K. Capital Assets**

Capital assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their acquisition value at the date of donation. The District maintains a threshold level of \$5,000 or more for capitalizing capital assets. For bulk purchases of furniture, textbooks, or technology, the capitalization threshold is \$25,000 in aggregate. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are recorded in the District-wide financial statement, but are not reported in the fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purpose by the District, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 20 to 50 years for land improvements and buildings, and 5 to 15 years for equipment.

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

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

Right-to-use assets are initially measured at the present value of payments expected to be made during the lease term, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

**NORTH BRANCH PUBLIC SCHOOLS  
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NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

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

**L. Deferred Outflows of Resources**

In addition to assets, the statement of net position reports 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. The District will not recognize the related outflow until a future event occurs.

**M. Long-Term Obligations**

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

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

**N. Accrued Employee Benefits**

Sick Pay

Substantially all district employees are entitled to sick leave at various rates. Unused sick leave is a factor in the calculation of an employee's severance pay upon retirement. Sick pay is generally liquidated by the General Fund.

Severance and Health Benefits

Severance and health benefits consist of lump sum early retirement incentive payments and post-employment health care benefits. Accounting policies for severance and health benefits are described below. Severance and Health Benefits are generally liquidated by the General Fund.

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

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

**O. Accrued Employee Benefits (Continued)**

Severance and Health Benefits (Continued)

**1. Early Retirement Incentive and Convertible Sick Leave**

The District maintains various early retirement incentive payment plans for its employee groups. Each employee group plan contains benefit formulas based on years of service and/or minimum age requirements. No employee can receive early retirement incentive payments exceeding one year's salary. In addition, certain bargaining unit members are eligible to be compensated for unused accumulated sick leave upon termination subject to certain conditions. If early retirement incentive or convertible sick leave payments are owed at year-end, an accrual is made in the governmental fund incurring the liability. The amount of early retirement incentive payment that is based on years of service is not considered vested or recorded as long-term until actual turnover occurs. The amount of early retirement incentive payment that is based on convertible sick leave is recorded as a liability in the long-term debt as it is earned and when it becomes probable that it will vest at some point in the future.

The District provides a longevity benefit to its principal employee group which begins with 10 or more years of administrative experience with the District. Beginning with the school year in which an administrator reaches the age of 40, the principal is entitled to payment of unused sick leave up to specified maximums. The percentage of unused sick leave that a principal is entitled to payment for increases incrementally from age 40 up to age 55, at which point the principal is entitled to 100% of the specified maximum. The maximum benefit is equal to the administrator's annual salary and is payable in two equal installments upon separation from the District. If early retirement incentive and administrator longevity benefits are owed at year-end based on an event which has occurred prior to year-end, an accrual is made in the governmental fund incurring the liability. The long-term portion of early retirement incentive and administrator experience benefits are recognized as part of severance and health benefits payable. These benefits have been sunset in employment agreements.

**2. Postemployment Health Care Benefits**

For purposes of measuring the net OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District and additions to/deductions from the District's fiduciary net position have been determined on the same basis as they are reported by the District. For this purpose, the District recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at amortized cost. OPEB payments are liquidated by the Trust Fund first, and then the remaining liability will be liquidated by the General Fund.

**NORTH BRANCH PUBLIC SCHOOLS  
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NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

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

**P. Deferred Inflows of Resources**

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow or resources (revenue) until that time.

**Q. Unearned Revenue**

Unearned revenues are those in which resources are received by the District before it has a legal claim to them. The District has reported unearned revenues for the school lunch deposits, charges for services and unearned grant revenue.

**R. 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. Pension costs are liquidated by the fund in which the cost was incurred.

**S. Statement of Cash Flows**

For purposes of the statement of cash flows, the District considers all highly liquid investments with an original maturity from the time of purchase by the District of three months or less to be cash equivalents. The Proprietary Fund's equity in the District-wide cash and investment management pool is considered to be cash equivalents.

**T. Fund Balance**

In the fund financial statements, governmental funds report nonspendable, restricted, committed, assigned, and unassigned fund balances. Nonspendable portions of fund balance are related to prepaids, inventories, long-term receivables, and corpus on any permanent fund. Restricted funds are constrained from outside parties (statute, grantors, bond agreements, etc.). Committed fund balances are established and modified by a resolution approved by the Board of Education.

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

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

**T. Fund Balance (Continued)**

The Board of Education passed a resolution authorizing the Superintendent and Director of Business and Human Resources to assign fund balances and their intended uses. Unassigned fund balances are considered the remaining amounts. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the District's policy to use restricted first, then unrestricted fund balance. When an expenditure is incurred for purposes for which committed, assigned, and unassigned amounts are available, it is the District's policy to use committed first, then assigned, and finally unassigned amounts.

It is also the District's policy to strive to maintain a minimum unassigned fund balance of the General Fund equal to 10% of expenditures. The District considers a balance of less than 5% to be cause for concern, barring unusual or deliberate circumstances. If unassigned fund balance is projected to fall below 5%, the Superintendent will develop a recommendation to the Board to address fund balance as part of the annual budget process.

**U. Net Position**

Net position represents the difference between assets and deferred inflows of resources and liabilities and deferred outflows of resources in the District-wide financial statements. Net investment in capital assets consists of capital assets, net of accumulation depreciation, reduced by the outstanding balance (less any unspent bond proceeds) of any debt used to build or acquire the capital assets. Net position is reported as restricted in the District-wide financial statement when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, laws or regulations of other governments. Unrestricted net position represents all net position remaining after net investment in capital assets and restricted net position. When an expenditure is incurred for purposes for which both restricted and unrestricted net position is available, it is the District's policy to use restricted first, then unrestricted net position.

**V. Comparative Data**

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended June 30, 2023, from which the summarized information was derived.

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 2 STEWARDSHIP AND ACCOUNTABILITY**

Expenditures exceeded budgeted amounts in the following funds at June 30, 2024:

	<u>Budget</u>	<u>Expenditures</u>	<u>Excess</u>
Special Revenue Fund:			
Food Service Fund	\$ 1,641,140	\$ 1,827,399	\$ 186,259
Community Service Fund	1,601,059	1,915,152	314,093

The overages above were considered by District management to be the result of necessary expenditures critical to operations.

**NOTE 3 DEPOSITS AND INVESTMENTS**

**A. Deposits**

The District maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the Statement of Net Position and the balance sheet as "Cash and Investments." In accordance with Minnesota Statutes, the District maintains deposits at financial institutions which are authorized by the School District's Board.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk and follows Minnesota Statutes for deposits. Minnesota Statutes require that all deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or corporate surety bonds.

Authorized collateral include: U.S. government treasury bills, notes, or bonds; issues of a U.S. government agency; general obligations of a state or local government rated "A" or better; revenue obligations of a state or local government rated "AA" or better; irrevocable standby letter of credit issued by a Federal Home Loan Bank; and time deposits insured by a federal agency. Minnesota Statutes require securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or at an account at a trust departments of a commercial bank or other financial institution not owned or controlled by the depository.

The District's deposits in various banks at June 30, 2024 were entirely covered by federal depository insurance or by surety bonds and collateral in accordance with Minnesota Statutes.

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)**

**B. Investments**

With the exception of the fiduciary funds held in the District's Other Postemployment Benefit Trust account discussed in Note 3, C, the District may invest its idle funds as authorized by Minnesota Statutes as follows:

- Direct obligations or obligations guaranteed by the United States or its agencies.
- Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, are rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of 13 months or less.
- General obligations rated "A" or better; revenue obligations rated "AA" or better.
- General obligations of the Minnesota Housing Finance Agency rate "A" or better.
- Bankers acceptances of United States banks eligible for purchase by the Federal Reserve System.
- Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by a least two nationally recognized rating agencies, and maturing in 270 days or less.
- Guaranteed investment contracts guaranteed by United States commercial banks or domestic branches of foreign banks or United States insurance companies if similar debt obligations of the issuer or the collateral pledged by the issuer is in the top two rating categories.
- Repurchase or reverse purchase agreement and securities lending agreements financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.

At June 30, 2024, the District had the following investments:

	Amount
MN Trust Investment Shares	\$ 9,070,075
MN Trust Term Series	2,000,000
U.S. Treasury	1,196,268
<b>OPEB Trust</b>	
Money Markets	195,068
Government Agency	695,312
Corporate Bonds	448,756
Mutual Bond Fund	4,199
Equities	1,080,767
Mortgage Backed Securities	19,071
Alternative Investments	134,263
Total Investments	\$ 14,843,779

**NORTH BRANCH PUBLIC SCHOOLS  
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NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)**

**B. Investments (Continued)**

MN Trust is an external investment pool (Pool). The Pool is regulated by Minnesota statutes and is not registered with the Securities and Exchange Commission (SEC) as an investment company. The MN Trust Investment Series and Term Series is managed to maintain a dollar-weighted average portfolio maturity of no greater than 60 days and seeks to maintain a constant net asset value (NAV) per share of \$1.00. The Pool elects to measure its investments at amortized cost in accordance with accounting statements issued by the Governmental Accounting Standards Board. The MN Trust Term Series withdrawals requires a seven-day notice of redemption and would likely carry a penalty. The MN Trust Investment Series withdrawals may only be made on the third Wednesday of each month upon advance written notice, with no penalties assessed.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities to meet cash requirements for ongoing operations. Information about the sensitivity of the fair values of the District’s investments to market interest rate risk fluctuations is provided by the following table that shows the distribution of the District’s investments by maturity:

Type	Total	12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
MN Trust Investment Shares	\$ 9,070,075	\$ 9,070,075	\$ -	\$ -	\$ -
MN Trust Term Series	2,000,000	2,000,000	-	-	-
U.S. Treasury	1,196,268	1,196,268	-	-	-
<b>OPEB Trust</b>					
Money Markets	195,068	195,068	-	-	-
Government Agency	695,312	-	24,034	104,562	566,716
Corporate Bonds	448,756	34,503	43,942	109,682	260,629
Mutual Bond Fund	4,199	4,199	-	-	-
Equities	1,080,767	1,080,767	-	-	-
Mortgage Backed Securities	19,071	-	-	-	19,071
Alternative Investments	134,263	134,263	-	-	-
Total	<u>\$ 14,843,779</u>	<u>\$ 13,715,143</u>	<u>\$ 67,976</u>	<u>\$ 214,244</u>	<u>\$ 846,416</u>

Credit Risk – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The following chart summarizes year-end ratings for the District’s investments as rated by Moody’s Investors Service:

**NORTH BRANCH PUBLIC SCHOOLS  
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**NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)**

**B. Investments (Continued)**

<u>Type</u>	<u>Credit Quality Rating</u>	<u>Amount</u>
MN Trust Investment Shares	NR	\$ 9,070,075
MN Trust Term Series	NR	2,000,000
U.S. Treasury	Aaa/AA+	1,196,268
<b>OPEB Trust</b>		
Money Markets	NR	195,068
Government Agency	AAA/AA+	695,312
Corporate Bonds	A-BBB	448,756
Mutual Bond Fund	NR	4,199
Equities	NR	1,080,767
Mortgage Backed Securities	AAA	19,071
Alternative Investments	NR	134,263
Total		<u>\$ 14,843,779</u>

Custodial Credit Risk – For an investment, custodial risk is the risk that, in the event of failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The District’s bond documents require insurance of all balances held with each investment account. As of June 30, 2024, the investment balances were fully covered by insurance.

Concentration of Credit Risk – The District places no limit on the amount the District may invest in any one issuer. For the year ended June 30, 2024, none of the individual investments held by the District were over the 5% threshold.

The deposits and investments are made up of the following:

Deposits	\$ 5,184,683
OPEB Trust Deposits	377
Investments	12,266,343
OPEB Trust Investments	2,577,436
Total Cash and Investments	<u>\$ 20,028,839</u>

The deposits and investments are presented in the financial statements as follows:

Cash and Investments - Statement of Net Position	\$ 17,451,026
Cash and Investments - Statement of Fiduciary	
Fund Net Position	2,577,813
Total Cash and Investments	<u>\$ 20,028,839</u>

**NORTH BRANCH PUBLIC SCHOOLS  
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NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)**

**C. Other Postemployment Benefit Trust Account**

Fiduciary Funds held in the District's Other Postemployment Benefit Trust account may be invested as authorized by Minnesota Statutes Chapter 356A. The District has further restricted and defined its authorized statute investment parameters within an OPEB Trust investment policy statement as follows:

Following is a list of the permissible assets for the OPEB Trust portfolio:

- *Securities of the U.S. government, its agencies and/or instrumentality*
- Commercial Paper; Domestic and Eurodollar
- Corporate Notes/Bonds; Domestic and International
- Asset-Backed Securities
- Certificates of Deposit
- Tax-Exempt and Taxable Municipal bonds
- Mortgage-backed securities (U.S. government-backed)
- Domestic Equities traded on a major exchange
- International Equities traded on a U.S. exchange (ADRs)
- Open-ended mutual funds that invest substantially all their assets in the asset classes listed above, such as: money market funds, domestic and foreign equity and fixed income funds
- Alternative funds that employ nontraditional strategies

**D. Fair Value Measurements**

The District uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures.

The District follows an accounting standard that defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements. In accordance with this standard, the District has categorized its investments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

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**NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)**

**D. Fair Value Measurements (Continued)**

Financial assets and liabilities recorded on the combined statements of financial position are categorized based on the inputs to the valuation techniques as follows:

- *Level 1* – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities. The inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. treasury and other U.S. government and agency mortgage-backed securities that are traded by dealers or brokers in active over-the-counter markets.
- *Level 2* – Financial assets and liabilities are valued based on quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data. These inputs include similarly traded investments valued by a pricing service that uses matrix pricing and valuation multiples.
- *Level 3* – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity’s own assumptions about the assumptions market participants and would use in pricing the asset.

Assets measured at fair value on a recurring basis:

Type	Level 1	Level 2	Level 3	Total
Government/Agency Obligations	\$ 695,312	\$ -	\$ -	\$ 695,312
Mortgage Backed Securities	-	19,071	-	19,071
Corporate Bonds	448,756	-	-	448,756
U.S. Treasury	-	1,196,268	-	1,196,268
Equity Securities	1,080,767	-	-	1,080,767
Alternative Investments	134,263	-	-	134,263
Total	<u>\$ 2,359,098</u>	<u>\$ 1,215,339</u>	<u>\$ -</u>	<u>\$ 3,574,437</u>
Investments Measured at Amortized Cost				11,269,342
Total Investments				<u>\$ 14,843,779</u>

**NORTH BRANCH PUBLIC SCHOOLS  
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**NOTE 4 CAPITAL ASSETS**

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

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 509,000	\$ -	\$ -	\$ 509,000
Construction in Progress	-	178,543	-	178,543
Total Capital Assets, Not Being Depreciated	<u>509,000</u>	<u>178,543</u>	<u>-</u>	<u>687,543</u>
Capital Assets, Being Depreciated:				
Land Improvements	10,484,593	22,624	-	10,507,217
Buildings and Improvements	121,242,375	36,618	-	121,278,993
Equipment	16,358,015	311,758	(22,911)	16,646,862
Total Capital Assets, Being Depreciated	<u>148,084,983</u>	<u>371,000</u>	<u>(22,911)</u>	<u>148,433,072</u>
Accumulated Depreciation for:				
Land Improvements	(5,281,849)	(469,988)	-	(5,751,837)
Buildings and Improvements	(49,400,890)	(4,442,218)	-	(53,843,108)
Equipment	(7,730,486)	(883,904)	22,911	(8,591,479)
Total Accumulated Depreciation	<u>(62,413,225)</u>	<u>(5,796,110)</u>	<u>22,911</u>	<u>(68,186,424)</u>
Total Capital Assets, Being Depreciated, Net	<u>85,671,758</u>	<u>(5,425,110)</u>	<u>-</u>	<u>80,246,648</u>
Governmental Activities Capital Assets, Net	<u>\$ 86,180,758</u>	<u>\$ (5,246,567)</u>	<u>\$ -</u>	<u>\$ 80,934,191</u>

Depreciation expense was charged to functions of the District as follows:

<b>Governmental Activities</b>	
Administration	\$ 25,735
Regular Instruction	5,360,444
Instructional Support Services	165,787
Pupil Support Services	83,553
Sites and Buildings	160,591
Total Depreciation Expense, Governmental Activities	<u>\$ 5,796,110</u>

**NORTH BRANCH PUBLIC SCHOOLS  
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**NOTE 5 LONG-TERM LIABILITIES**

The District has issued general obligation school building bonds to finance the construction of capital facilities or to refinance previous bond issues. Assets of the Debt Service Fund, together with scheduled future tax levies are dedicated for the retirement of these bonds. These levies are subject to reduction if fund balance amounts exceed limitations imposed by Minnesota law.

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

Issue Date	Net Interest Rate	Original Issue	Final Maturity	Principal Outstanding	
				Due Within One Year	Total
11/16/2016	2.00% - 2.25%	\$ 1,770,000	2/1/2031	\$ 125,000	\$ 950,000
11/9/2017	2.00% - 3.25%	67,590,000	2/1/2043	2,170,000	63,085,000
11/9/2017	1.79% - 2.64%	2,260,000	2/1/2025	405,000	405,000
7/19/2018	3.00%	6,385,000	2/1/2029	645,000	3,425,000
Total General Obligation Bonds				3,345,000	67,865,000
Bond Premium - Net				-	2,109,508
Compensated Absences Payable				130,417	694,598
Total				<u>\$ 3,475,417</u>	<u>\$ 70,669,106</u>

**B. Minimum Debt Payments**

Minimum annual principal and interest payments required to retire long-term debt, not including compensated absences, are as follows:

Year Ending June 30.	General Obligation Bonds Payable	
	Principal	Interest
2025	\$ 3,345,000	\$ 2,354,159
2026	3,205,000	2,213,217
2027	3,350,000	2,070,167
2028	3,495,000	1,920,417
2029	3,655,000	1,763,817
2030 - 2034	15,890,000	7,003,395
2035 - 2039	18,205,000	4,397,698
2040 - 2043	16,720,000	1,365,584
Total	<u>\$ 67,865,000</u>	<u>\$ 23,088,454</u>

**NORTH BRANCH PUBLIC SCHOOLS  
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**NOTE 5 LONG-TERM LIABILITIES (CONTINUED)**

**C. Description of Long-Term Debt**

**1. General Obligation School Building Bonds**

These bonds were issued to finance acquisition and/or construction/improvement of capital facilities. Assets of the Debt Service Fund, together with scheduled future ad valorem tax levies are dedicated for the retirement of these bonds. Total deferred tax levies available to retire bond principal and interest payable at June 30, 2024 are \$95,501,127. These levies are subject to reduction if fund balance amounts exceed limitations imposed by Minnesota Statute.

**2. General Obligation Taxable OPEB Bonds**

On November 9, 2017, the District issued \$2,260,000 General Obligation OPEB Refunding Bonds, Series 2017B to refund the General Obligation Taxable OPEB Bond, Series 2009A. The interest rates on the new bonds range from 1.79% to 2.64%, compared with rates of 2.00% to 5.25% on the 2009A Bonds.

**3. Finance Purchase Obligations**

On September 30, 2008, the District entered into a finance purchase obligation for building improvements. The finance purchase obligation is in the amount of \$1,403,094. The finance purchase obligation required semiannual payments of \$71,197 for 15 years, and the final payment related to the obligation was made in fiscal year 2024.

On November 11, 2018, the District entered into a finance purchase obligation with Lease Finance Group, Inc. for a scoreboard. The finance purchase obligation is in the amount of \$327,286 bearing interest at 7.5%. The finance purchase obligation required annual payments of \$64,833 for six years, and the final payment related to the obligation was made in fiscal year 2024.

**D. Changes in Long-Term Debt**

	June 30, 2023	Additions	Retirements	June 30, 2024
Bonds Payable	\$ 71,075,000	\$ -	\$ 3,210,000	\$ 67,865,000
Bond Premium	2,337,074	-	227,566	2,109,508
Finance Purchase Obligations	129,691	-	129,691	-
Compensated Absences Payable - Net	950,289	-	255,691	694,598
<b>Total</b>	<b>\$ 74,492,054</b>	<b>\$ -</b>	<b>\$ 3,822,948</b>	<b>\$ 70,669,106</b>

**NORTH BRANCH PUBLIC SCHOOLS  
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**NOTE 6 RESTRICTED, COMMITTED, AND ASSIGNED FUND BALANCE**

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. In addition, certain portions of fund balance have been committed and assigned by the District for specific purposes.

**A. Restricted for Student Activities**

Represents available resources to be used for extracurricular activity funds raised by students.

**B. Restricted for Scholarships**

The fund balance restriction represents accumulated resources available to provide scholarships for students.

**C. Restricted for Staff Development**

In accordance with state statute, represents available resources dedicated exclusively for staff development.

**D. Restricted for Capital Projects Levy**

Represents tax levies to be used for capital projects.

**E. Restricted for School Library Aid**

Represents the resources available for the school library aid uses.

**F. Restricted for Literacy Incentive Aid**

Represents the resources available to support implementation of evidence-based reading instruction.

**G. Restricted for Operating Capital**

Represents tax levies and state aid in the General Fund to be used for purchase of equipment and facilities.

**H. Restricted for American Indian Education Aid**

Represents available resources remaining in the American Indian Education funds levels in accordance with Minnesota Statutes 124D.81, Subdivision 2b.

**I. Restricted for Community Education Programs**

The fund balance restriction represents accumulated resources available to provide general community education programming.

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**NOTE 6 RESTRICTED, COMMITTED, AND ASSIGNED FUND BALANCE (CONTINUED)**

**J. Restricted for Early Childhood and Family Education Programs**

This fund balance restriction represents accumulated resources available to provide services for early childhood and family education programming.

**K. Restricted for Long-Term Facilities Maintenance (LTFM)**

This restriction represents available resources to be used for LTFM projects in accordance with the 10 year capital plan.

**L. Restricted for Medical Assistance**

Represents available resources to be used for Medical Assistance expenditures.

**M. Restricted for Other Purposes**

Restricted for other purposes represents amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Other Restricted:

Restricted for Grant Related Costs	\$ 81,387
Restricted for Food Service	718,426
Restricted for Community Service	96,831
Restricted for Debt Service	<u>1,231,552</u>
Total Other Restricted	<u><u>\$ 2,128,196</u></u>

**N. Assigned for Capital Outlay**

This assignment represents resources to support expenditures for the future capital outlay.

**NOTE 7 PENSION PLANS**

**A. Plan Description**

**1. General Employees Retirement Plan (General Employees Plan)**

The District participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association (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.

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**NOTE 7 PENSION PLANS (CONTINUED)**

**A. Plan Description (Continued)**

**1. General Employees Retirement Plan (General Employees Plan) (Continued)**

All full-time and certain part-time employees of the District, other than teachers, are covered by the General Employees Plan. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

**2. Teachers Retirement Fund (TRA)**

The Teacher's 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 employed by St. Paul Schools or Minnesota State Colleges and Universities). Educators first hired by Minnesota State may elect either TRA coverage or coverage through the Defined Contribution Plan (DCP) administered by the state of Minnesota.

**B. Benefits Provided**

**1. General Employees Plan Benefits**

PERA and TRA provide 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 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 accrual rate for Coordinated members is 1.2% of average salary for each of the first 10 years of service and 1.7% of average salary for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7% of average salary 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.

**NORTH BRANCH PUBLIC SCHOOLS  
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NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 7 PENSION PLANS (CONTINUED)**

**B. Benefits Provided (Continued)**

**1. General Employees Plan Benefits (Continued)**

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. In 2023, legislation repealed the statute delaying increases for members retiring before full retirement age.

**2. TRA Benefits**

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

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

*Tier I Benefits*

Tier 1	Step Rate Formula	Percentage
Basic	First Ten Years of Service	2.2% per Year
	All Years After	2.7% per Year
Coordinated	First Ten Years of Service 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 Services Years are July 1, 2006 or After	1.9% per Year

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**NOTE 7 PENSION PLANS (CONTINUED)**

**B. Benefits Provided (Continued)**

**2. TRA Benefits (Continued)**

*Tier II Benefits*

With these provisions:

- (a) Normal retirement age is 65 with less than 30 years of allowable service and age 62 with 30 or more years of allowable service.
- (b) 3.0% per year early retirement reduction factor for all years under normal retirement age.
- (c) Unreduced benefits for early retirement under a Rule-of-90 (age plus allowable service equals 90 or more).

or

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

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

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

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

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NOTES TO BASIC FINANCIAL STATEMENTS  
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**NOTE 7 PENSION PLANS (CONTINUED)**

**C. Contributions**

**1. General Employees Plan Contributions**

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state legislature. Coordinated Plan members were required to contribute 6.5% of their annual covered salary in fiscal year 2024 and the District was required to contribute 7.5% for Coordinated Plan members. The District's contributions to the General Employees Plan for the Plan's fiscal year ended June 30, 2024, were \$429,330. The District's contributions were equal to the required contributions for each year as set by state statute.

**2. TRA Contributions**

Per Minnesota Statutes, Chapter 354 rates for the fiscal year 2024 coordinated were 7.75% for the employee and 8.75% for the employer. Basic rates were 11.25% for the employee and 12.75% for the employer. The District's contributions to TRA for the plan's fiscal year ended June 30, 2024, were \$1,269,795. The District's contributions were equal to the required contributions for each year as set by state statute.

**D. Pension Costs**

**1. General Employees Plan Pension Costs**

At June 30, 2024, the District reported a liability of \$3,936,689 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 \$108,460, for a total of \$4,045,149 associated with the District. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on the District's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2022 through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. The District's proportionate share was 0.0704% at the end of the measurement period and 0.0674% for the beginning of the period.

For the year ended June 30, 2024, the District recognized pension expense of \$514,221 for its proportionate share of the General Employees Plan's pension expense. In addition, the District recognized \$487 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.

**NORTH BRANCH PUBLIC SCHOOLS  
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**NOTE 7 PENSION PLANS (CONTINUED)**

**D. Pension Costs (Continued)**

**1. General Employees Plan Pension Costs (Continued)**

At June 30, 2024, the District reported its proportionate share of General Employees Plan's deferred outflows of resources and deferred inflows of resources from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual		
Economic Experience	\$ 129,282	\$ 27,119
Changes in Actuarial Assumptions	637,295	1,079,013
Net Difference Between Projected and Actual		
Earnings on Pension Plan Investments	-	147,219
Changes in Proportion	199,863	76,027
District Contributions Subsequent to the Measurement Date	429,330	-
Total	<u>\$ 1,395,770</u>	<u>\$ 1,329,378</u>

\$429,330 reported as deferred outflows of resources related to pensions resulting from District contributions to General Employees Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to General Employees Plan pensions will be recognized in pension expense as follows:

Year Ended June 30,	Pension Expense Amount
2025	\$ 97,977
2026	(512,734)
2027	137,219
2028	(85,400)

**2. TRA Pension Costs**

At June 30, 2024, the District reported a liability of \$17,577,501 for its proportionate share of TRA's net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to TRA in relation to total system contributions including direct aid from the State of Minnesota, City of Minneapolis and Minneapolis School District. The District's proportionate share was 0.2129% at the end of the measurement period and 0.2059% for the beginning of the period.

**NORTH BRANCH PUBLIC SCHOOLS  
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**NOTE 7 PENSION PLANS (CONTINUED)**

**D. Pension Costs (Continued)**

**2. TRA Pension Costs (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:

Description	Amount
District's Proportionate Share of the TRA Net Pension Liability	\$ 17,577,501
State's Proportionate Share of TRA's Net Pension Liability Associated with the District	1,231,279
Total	<u>\$ 18,808,780</u>

For the year ended June 30, 2024, the District recognized a reduction of pension expense of \$1,305,374 for its proportionate share of the TRA's pension expense. In addition, the District recognized \$121,717 as a decrease to pension expense and grant revenue for the support provided by direct aid.

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

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 174,255	\$ 255,955
Changes in Actuarial Assumptions	2,047,680	-
Net Difference Between Projected and Actual Investment Earnings	-	65,194
Changes in Proportion	918,836	1,368,564
District Contributions Subsequent to the Measurement Date	1,269,795	-
Total	<u>\$ 4,410,566</u>	<u>\$ 1,689,713</u>

**NORTH BRANCH PUBLIC SCHOOLS  
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NOTES TO BASIC FINANCIAL STATEMENTS  
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**NOTE 7 PENSION PLANS (CONTINUED)**

**D. Pension Costs (Continued)**

**2. TRA Pension Costs (Continued)**

The \$1,269,795 reported as deferred outflows of resources related to pensions resulting from District contributions to TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to TRA will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Pension Expense Amount</u>
2025	\$ (303,159)
2026	(388,926)
2027	2,089,692
2028	(9,429)
2029	62,880

**3. Pension Totals**

The aggregate amount of net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense for the District's defined benefit pension plans are summarized below. These liabilities are typically liquidated by the individual activity in which the employee's costs are associated.

	General Employees Fund	Teachers Retirement Fund	Total
Net Pension Liability	\$ 3,936,689	\$ 17,577,501	\$ 21,514,190
Deferred Outflows of Resources	1,395,770	4,410,566	5,806,336
Deferred Inflows of Resources	1,329,378	1,689,713	3,019,091
Pension (Revenue) Expense	514,708	(1,427,091)	(912,383)

**NORTH BRANCH PUBLIC SCHOOLS  
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**NOTE 7 PENSION PLANS (CONTINUED)**

**E. Long-Term Expected Return on Investment**

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

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

The long-term expected rate of return on TRA 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 allocations and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

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

**NORTH BRANCH PUBLIC SCHOOLS  
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**NOTE 7 PENSION PLANS (CONTINUED)**

**F. Actuarial Methods and Assumptions**

The total pension liability in the June 30, 2023, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 7.0% for PERA and 7.0% for TRA. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 7.0% for PERA and 7.0% for TRA 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 Plan.

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.

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

TRA pre-retirement mortality rates were based on 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. Post-retirement mortality rates were based on 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. Post-disability mortality rates were based on the RP-2014 disabled retiree mortality table, without adjustment.

Inflation is assumed to be 2.5% for TRA. Benefit increases after retirement are assumed to be 1.0% for January 2019 through January 2023 then increasing by 0.10% each year up to 1.5% annually.

Salary growth assumptions for TRA range in annual increments from 2.85% to 8.85% before July 1, 2028, and 3.25% to 9.25% after June 30, 2028.

**NORTH BRANCH PUBLIC SCHOOLS  
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NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 7 PENSION PLANS (CONTINUED)**

**F. Actuarial Methods and Assumptions (Continued)**

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

Changes in Actuarial Assumptions:

- The investment return assumption and single discount rate were changed from 6.50% to 7.00%.

Changes in Plan Provisions:

- An additional one-time direct state aid contribution of \$170.1 million will be contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, noncompounding benefit increase of 2.50% minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

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

Changes in Actuarial Assumptions:

- There were no changes in actuarial assumptions since the prior valuation.

Changes in Plan Provisions:

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

**G. Discount Rate**

The discount rate used to measure the PERA General Employees Plan liability in 2023 was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund 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.

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NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 7 PENSION PLANS (CONTINUED)**

**G. Discount Rate (Continued)**

The discount rate used to measure the TRA pension liability in 2023 was 7.00%. 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 contribution will be made at the fiscal year 2023 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was not projected to be depleted and, as a result, the Municipal Bond Index Rate was not used in the determination of the Single Equivalent Interest Rate (SEIR).

**H. Pension Liability Sensitivity**

The following 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 one percentage point lower or one percentage point higher than the current discount rate:

Description	1% Decrease	Current Discount Rate	1% Increase
<u>General Employees Plan Discount Rate</u>	6.00%	7.00%	8.00%
District's Proportionate Share of the General Employees Plan Net Pension Liability	\$ 6,964,319	\$ 3,936,689	\$ 1,446,348
<u>TRA Discount Rate</u>	6.00%	7.00%	8.00%
District's Proportionate Share of the TRA Net Pension Liability	\$ 28,034,821	\$ 17,577,501	\$ 9,016,911

**I. Pension Plan Fiduciary Net Position**

Detailed information about General Employees Plan's fiduciary's net position is available in a separately-issued PERA financial report. That report may be obtained on the Internet at [www.mnpera.org](http://www.mnpera.org).

Detailed information about TRA's fiduciary net position is available in a separately-issued TRA financial report. That report can be obtained at [www.MinnesotaTRA.org](http://www.MinnesotaTRA.org); by writing to TRA at 60 Empire Drive #400, St. Paul, Minnesota, 55103-2088; or by calling (651) 296-2409 or 1-800-657-3669.

**NORTH BRANCH PUBLIC SCHOOLS  
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NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 8 OTHER POSTEMPLOYMENT BENEFIT PLAN**

**A. Plan Description**

The District operates and administers a single-employer defined benefit plan (the Plan) that provides health and dental insurance to eligible retired employees and their spouses through the District's health insurance plan. There are 293 active participants, 6 spouse participants and 24 retired participants. Benefit and eligibility provisions are established through negotiations between the District and various unions representing District employees and are renegotiated each two-year bargaining period. The Plan does not issue a publicly available financial report. The Plan does not have a separate board other than the board of education.

**B. Funding Policy**

The District has assets in a qualified irrevocable trust which is included as a fiduciary fund in these financial statements. The District's investment policy is to follow state statutes as listed in Note 3. The District is assumed to make no future contributions to the trust. Benefit payments equal to the annual direct subsidy plus implicit subsidy are assumed to be made from the trust. Contribution requirements are negotiated between the District and union representatives. For fiscal year 2024, the District made no contributions to the plan. All current year benefits were paid from the District's OPEB Trust Fund.

**C. Net OPEB Liability (Asset) of the District**

The components of the net OPEB liability (asset) of the District at June 30, 2024, were as follows:

Total OPEB Liability	\$	1,720,189
Plan Fiduciary Net Position		2,464,758
District's Net OPEB Liability (Asset)	<u>\$</u>	<u>(744,569)</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)		143%

**D. Actuarial Methods and Assumptions**

The long-term expected rate of return on OPEB plan investments that are expected to be used to finance the payment of benefits, to the extent that (1) the OPEB plan's fiduciary net position is projected to be sufficient to make projected benefit payments and (2) OPEB plan assets are expected to be invested using a strategy to achieve that return, and a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale), to the extent that the conditions above are not met.

The District's net OPEB liability (asset) was measured as of June 30, 2024, and the total OPEB liability (asset) used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2022.

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 8 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)**

**D. Actuarial Methods and Assumptions (Continued)**

Liabilities in this report were calculated as of the valuation date and rolled forward to the measurement date using standard actuarial roll forward techniques. The total OPEB liability was determined by an actuarial valuation as of July 1, 2022, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	Service Graded Table
Investment Rate of Return	6.10%
Health Care Trend Rates	6.25% Decreasing to 5.00% over 6 years then to 4.00% over the next 48 years

Mortality rates were based on the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2021 Generational Improvement Scale and other adjustments.

Economic assumptions are based on input from a variety of published sources of historical and projected future financial data. Each assumption was reviewed for reasonableness with the source information as well as for consistency with the other economic assumptions.

For the year ended June 30, 2024, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan expenditures, was 8.50%. The money-weighted rate of return expresses investment performance, net of investment expenditures, adjusted for the changing amounts actually invested.

The long-term expected rate of return on OPEB 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 OPEB plan investment expense and inflation) are developed for each major asset class. These asset class estimates are combined to produce the portfolio long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage (or target allocation, if available) and by adding expected inflation (2.50%). Best estimates of geometric real and 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 Allocation	Expected Class Return
Equities	36.00 %	7.90 %
Fixed Income	46.00	4.10
International Equity	12.00	7.30
Real Estate	6.00	8.10
Total	100.00 %	
Net Assumed Investment Return (Weighted Avg, Rounded to 1/4%)		6.10 %

**NORTH BRANCH PUBLIC SCHOOLS  
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JUNE 30, 2024**

**NOTE 8 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)**

**D. Actuarial Methods and Assumptions (Continued)**

The discount rate used to measure the total OPEB liability was 6.10%. The projection of cash flows and OPEB trust assets used to determine the discount rate were based on recent employer contribution history and their stated funding policy. The OPEB trust's long-term assumed investment return was used to discount projected benefit payments for as long as projected trust assets are available to fund OPEB payments. Once projected trust assets are exhausted, the municipal bond index rate was applied to the remaining expected benefit payments.

The expected employer asset return is based on plan's target investment allocation along with long-term return expectations by asset class. Where there is sufficient historical evidence of market outperformance, historical average returns may be considered.

Since the most recent valuation, the following changes have been made:

- No changes noted.

**E. Changes in the Net OPEB Liability (Asset)**

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2023	\$ 1,790,144	\$ 2,532,123	\$ (741,979)
Changes for the Year:			
Service Cost	71,457	-	71,457
Interest	106,120	-	106,120
Differences Between Expected and Actual Experience	-	61,759	(61,759)
Net Investment Return	-	154,460	(154,460)
Benefit Payments	(247,532)	(247,532)	-
Administrative Expense	-	(36,052)	36,052
Net Changes	<u>(69,955)</u>	<u>(67,365)</u>	<u>(2,590)</u>
Balances at June 30, 2024	<u>\$ 1,720,189</u>	<u>\$ 2,464,758</u>	<u>\$ (744,569)</u>

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 8 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)**

**E. Changes in the Net OPEB Liability (Asset) (Continued)**

The following presents the net OPEB liability (asset) of the District, as well as what the District's net OPEB liability (asset) would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease (5.10%)	Discount Rate (6.10%)	1% Increase (7.10%)
Net OPEB Liability (Asset)	\$ (656,522)	\$ (744,569)	\$ (830,015)

The following presents the net OPEB liability (asset) of the District, as well as what the District's net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are 1% lower (5.25% decreasing to 4.00% over six years then 3.00% over the next 48 years) or 1% higher (7.25% decreasing to 6.00% over six years then 5.00% over the next 48 years) than the current healthcare cost trend rates:

	Healthcare Cost		
	1% Decrease 5.00% Decreasing to 4.00% then 3.00%	Current Trend Rates 6.00% Decreasing to 5.00% then 4.00%	1% Increase 7.00% Decreasing to 6.00% then 5.00%
Medical Trend Rate			
Net OPEB Liability (Asset)	\$ (830,635)	\$ (744,569)	\$ (647,108)

For the year ended June 30, 2024, the District recognized OPEB revenue of \$522. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Liability	\$ 189,519	\$ 164,970
Change of Assumptions	19,527	136,750
Net Difference Between Projected and Actual Investment Earnings	86,882	-
Total	<u>\$ 295,928</u>	<u>\$ 301,720</u>

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,	Future Recognition
2025	\$ (58,608)
2026	71,310
2027	(32,017)
2028	13,523
Total	<u>\$ (5,792)</u>

**NORTH BRANCH PUBLIC SCHOOLS  
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NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 9 FLEXIBLE BENEFIT PLAN**

The District has a flexible benefit plan which is classified as a “cafeteria plan” under Section 125 of the Internal Revenue Code. All employee groups of the District are eligible if and when the collective bargaining agreement or contract with their group allows eligibility. Eligible employees can elect to participate by contributing pre-tax dollars withheld from payroll checks to the plan for health care and dependent care benefits.

Before the beginning of the plan year, which is October 1 to September 30, each participant designates a total amount of pre-tax dollars to be contributed to the plan during the year. At June 30, the District is contingently liable for claims against the total amount of participants’ annual contributions to the plan, whether or not such contributions have been made.

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

Amounts withheld for medical reimbursement and dependent care are held for the benefit of the flexible benefit plan. All assets of the plan are administered by an employee of the District. Payments are made by the District to participating employees upon submitting a request for reimbursement of eligible expenses incurred by the participant. The medical reimbursement and dependent care activity is included in the financial statements in the General Fund.

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

**NOTE 10 DEFINED CONTRIBUTION PLAN**

The District provides eligible employees future retirement benefits through the District’s 403(b) Plan (the Plan). Employees of the District are eligible to participate in the Plan commencing on the date of their employment. Eligible employees may elect to have a percentage of their pay contributed to the Plan. Some employees are eligible to receive a District match of employee contributions up to the qualifying amounts set forth in their respective collective bargaining agreements. Contributions are invested in tax-deferred annuities selected and owned by Plan participants. The District contributions for the year ended June 30, 2024 was \$221,301.

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 11 COMMITMENTS AND CONTINGENCIES**

**Federal and State Programs**

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

**NOTE 12 DENTAL SELF-INSURANCE PLAN**

The District maintains an Internal Service Fund to account for and finance a self-insurance program for dental benefits. Accordingly, the District has not purchased outside insurance for the risks of losses to which it is exposed. District management believes it is more economical to manage its risks internally and set aside assets for claim settlement. The Internal Service Fund currently services all claims and risk of loss to which the District is exposed for dental expenses.

Participants in the program make premium payments to the fund based on the insurance premium. The excess amount received above current year claims is used to establish a reserve for future claims.

District liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Because actual claim liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing a claim liability does not necessarily result in an exact amount. Claims liabilities are re-evaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors. There is a possibility for loss if claims are in excess of the premiums collected. The District does not believe this occurrence would have a material financial effect on the District. The District held \$818,626 in cash and investments at June 30, 2024 for payment of claims.

There has been no significant reduction in insurance coverage from the previous year in any of the District's policies. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 12 DENTAL SELF-INSURANCE PLAN (CONTINUED)**

Changes in the balances of claim liabilities during fiscal year 2024 and 2023 were as follows:

	2024	2023
Beginning of Fiscal Year Liability - July 1,	\$ 26,097	\$ 23,608
Current Year Claims, Changes in Estimates and Other Charges	241,363	213,249
Payments to Dental Care Providers	(242,865)	(210,760)
End of Fiscal Year Liability - June 30,	\$ 24,595	\$ 26,097

**NOTE 13 INTERFUND ACTIVITY**

During fiscal year 2024, the following interfund transfers were recorded:

Transfer Out:	Transfer In: General Fund	Reason for Transfer
Capital Projects Fund	\$ 232,761	Closeout of the capital projects fund.

**NOTE 14 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; injuries to employees; and natural disasters. The District purchases commercial insurance coverage for such risks. The District purchases workers compensation insurance from Employers Mutual Insurance Company. The District pays an annual premium to Employers Mutual Insurance Company for its insurance coverage.

There has been no significant reduction in insurance coverage from the previous year in any of the District's policies. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL**

	Budgeted Amounts		Actual Amounts	Over (Under) Final Budget
	Original	Final		
<b>REVENUES</b>				
Local Sources:				
Property Taxes	\$ 4,290,182	\$ 4,348,579	\$ 4,485,816	\$ 137,237
Earnings on Investments	39,587	400,272	738,723	338,451
Other	1,720,081	1,855,167	2,494,514	639,347
State Sources	29,223,791	30,146,181	30,063,744	(82,437)
Federal Sources	1,490,048	1,408,663	1,418,154	9,491
Total Revenues	<u>36,763,689</u>	<u>38,158,862</u>	<u>39,200,951</u>	<u>1,042,089</u>
<b>EXPENDITURES</b>				
Current:				
Administration	1,768,730	1,905,984	1,850,128	(55,856)
District Support Services	1,822,803	1,915,632	1,678,615	(237,017)
Elementary and Secondary Regular Instruction	13,302,857	14,356,033	14,168,448	(187,585)
Vocational Education Instruction	556,722	643,756	805,736	161,980
Special Education Instruction	7,259,374	7,492,724	6,978,548	(514,176)
Instructional Support Services	2,932,915	2,306,566	2,160,279	(146,287)
Pupil Support Services	3,823,851	3,637,586	3,739,412	101,826
Sites and Buildings	3,461,797	3,778,767	3,249,216	(529,551)
Fiscal and Other Fixed Cost Programs	179,786	179,786	324,611	144,825
Capital Outlay	673,462	576,990	733,355	156,365
Debt Service:				
Principal	326,017	144,783	129,691	(15,092)
Interest and Fiscal Charges	42,453	16,129	6,340	(9,789)
Total Expenditures	<u>36,150,767</u>	<u>36,954,736</u>	<u>35,824,379</u>	<u>(1,130,357)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	612,922	1,204,126	3,376,572	2,172,446
<b>OTHER FINANCING SOURCES</b>				
Sale of Equipment	10,167	10,167	-	(10,167)
Transfers In	-	-	232,761	232,761
Total Other Financing Sources	<u>10,167</u>	<u>10,167</u>	<u>232,761</u>	<u>222,594</u>
Net Change in Fund Balance	<u>\$ 623,089</u>	<u>\$ 1,214,293</u>	3,609,333	<u>\$ 2,395,040</u>
<b>FUND BALANCE</b>				
Beginning of Year			8,129,067	
End of Year			<u>\$ 11,738,400</u>	

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
MAJOR FOOD SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL**

	Budgeted Amounts		Actual Amounts	Over (Under) Final Budget
	Original	Final		
<b>REVENUES</b>				
Local Sources:				
Other - Primarily Meal Sales	\$ 311,854	\$ 235,854	\$ 241,126	\$ 5,272
State Sources	69,161	543,660	922,845	379,185
Federal Sources	1,339,492	769,100	952,989	183,889
Total Revenues	<u>1,720,507</u>	<u>1,548,614</u>	<u>2,116,960</u>	<u>568,346</u>
<b>EXPENDITURES</b>				
Current:				
Food Service	1,481,170	1,640,440	1,827,399	186,959
Capital Outlay	-	700	-	(700)
Total Expenditures	<u>1,481,170</u>	<u>1,641,140</u>	<u>1,827,399</u>	<u>186,259</u>
Net Change in Fund Balance	<u>\$ 239,337</u>	<u>\$ (92,526)</u>	289,561	<u>\$ 382,087</u>
<b>FUND BALANCE</b>				
Beginning of Year			454,353	
End of Year			<u>\$ 743,914</u>	

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
MAJOR COMMUNITY SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL**

	Budgeted Amounts		Actual Amounts	Over (Under) Final Budget
	Original	Final		
<b>REVENUES</b>				
Local Sources:				
Property Taxes	\$ 232,425	\$ 273,117	\$ 239,045	\$ (34,072)
Other - Primarily Tuition and Fees	973,870	1,137,597	1,410,287	272,690
State Sources	355,322	385,399	448,650	63,251
Federal Sources	53,123	53,123	8,333	(44,790)
Total Revenues	<u>1,614,740</u>	<u>1,849,236</u>	<u>2,106,315</u>	<u>257,079</u>
<b>EXPENDITURES</b>				
Current:				
Community Service	1,607,461	1,596,886	1,913,056	316,170
Capital Outlay	-	4,173	2,096	(2,077)
Total Expenditures	<u>1,607,461</u>	<u>1,601,059</u>	<u>1,915,152</u>	<u>314,093</u>
Net Change in Fund Balance	<u>\$ 7,279</u>	<u>\$ 248,177</u>	191,163	<u>\$ (57,014)</u>
<b>FUND BALANCE</b>				
Beginning of Year			998,628	
End of Year			<u>\$ 1,189,791</u>	

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY (ASSET) AND  
RELATED RATIOS  
JUNE 30, 2024**

	2024	2023	2022	2021	2020	2019	2018	2017
<b>Total OPEB Liability</b>								
Service Cost	\$ 71,457	\$ 69,376	\$ 82,858	\$ 79,194	\$ 105,290	\$ 94,096	\$ 118,980	\$ 119,345
Interest	106,120	74,509	81,841	87,990	98,192	112,235	112,795	114,479
Differences Between Expected and Actual Experience	-	284,279	-	(262,087)	-	(368,529)	-	-
Changes of Assumptions	-	(135,531)	7,238	(107,301)	53,215	(2,896)	(26,138)	-
Benefit Payments	(247,532)	(328,306)	(243,924)	(270,125)	(128,275)	(339,244)	(317,871)	(234,057)
<b>Net Change in Total OPEB Liability</b>	<b>(69,955)</b>	<b>(35,673)</b>	<b>(71,987)</b>	<b>(472,329)</b>	<b>128,422</b>	<b>(504,338)</b>	<b>(112,234)</b>	<b>(233)</b>
<b>Total OPEB Liability - Beginning</b>	<b>1,790,144</b>	<b>1,825,817</b>	<b>1,897,804</b>	<b>2,370,133</b>	<b>2,241,711</b>	<b>2,746,049</b>	<b>2,858,283</b>	<b>2,858,516</b>
<b>Total OPEB Liability - Ending (a)</b>	<b>\$ 1,720,189</b>	<b>\$ 1,790,144</b>	<b>\$ 1,825,817</b>	<b>\$ 1,897,804</b>	<b>\$ 2,370,133</b>	<b>\$ 2,241,711</b>	<b>\$ 2,746,049</b>	<b>\$ 2,858,283</b>
<b>Plan Fiduciary Net Position</b>								
Contributions - Employer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,262
Net Investment Income	154,460	166,534	145,527	135,702	137,041	164,353	162,475	317,045
Differences Between Expected and Actual Experience	61,759	(36,166)	(435,660)	384,341	(13,293)	-	55,347	-
Benefit Payments	(247,532)	(328,306)	(243,924)	(270,125)	(128,275)	(339,244)	(317,871)	(234,057)
Administrative Expense	(36,052)	-	(43,315)	(26,624)	(25,906)	(27,052)	(40,352)	(16,546)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>(67,365)</b>	<b>(197,938)</b>	<b>(577,372)</b>	<b>223,294</b>	<b>(30,433)</b>	<b>(201,943)</b>	<b>(140,401)</b>	<b>67,704</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>2,532,123</b>	<b>2,730,061</b>	<b>3,307,433</b>	<b>3,084,139</b>	<b>3,114,572</b>	<b>3,316,515</b>	<b>3,456,916</b>	<b>3,389,212</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 2,464,758</b>	<b>\$ 2,532,123</b>	<b>\$ 2,730,061</b>	<b>\$ 3,307,433</b>	<b>\$ 3,084,139</b>	<b>\$ 3,114,572</b>	<b>\$ 3,316,515</b>	<b>\$ 3,456,916</b>
<b>District's Net OPEB Asset - Ending (a) - (b)</b>	<b>\$ (744,569)</b>	<b>\$ (741,979)</b>	<b>\$ (904,244)</b>	<b>\$ (1,409,629)</b>	<b>\$ (714,006)</b>	<b>\$ (872,861)</b>	<b>\$ (570,466)</b>	<b>\$ (598,633)</b>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Asset	143.28%	141.45%	149.53%	174.28%	130.13%	138.94%	120.77%	120.94%
Covered-Employee Payroll	\$ 17,714,884	\$ 17,198,916	\$ 16,214,679	\$ 15,742,407	\$ 17,398,253	\$ 16,891,508	\$ 18,465,734	\$ 17,927,897
District's Net OPEB Asset as a Percentage of Covered Payroll	-4.20%	-4.31%	-5.58%	-8.95%	-4.10%	-5.17%	-3.09%	-3.34%

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The District implement GASB Statement Nos. 74 and 75 in fiscal year 2017, and the above table will be expanded to 10 years of information as the information becomes available.

See accompanying Notes to Required Supplementary Information.

**NORTH BRANCH PUBLIC SCHOOLS  
 INDEPENDENT SCHOOL DISTRICT NO. 138  
 SCHEDULE OF MONEY-WEIGHTED RATE OF RETURN ON OPEB PLAN ASSETS  
 JUNE 30, 2024**

<u>Year</u>	<u>Annual Money-Weighted Rate of Return, Net of Investment Expense</u>
2024	8.50%
2023	4.80%
2022	-10.10%
2021	4.40%
2020	5.00%
2019	5.80%
2018	6.30%
2017	-1.40%

The District implemented GASB Statement Nos. 74 and 75 in fiscal year 2017, and the above table will be expanded to 10 years of information as the information becomes available.

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
LAST TEN MEASUREMENT PERIODS**

	Measurement Date June 30, 2023	Measurement Date June 30, 2022	Measurement Date June 30, 2021	Measurement Date June 30, 2020	Measurement Date June 30, 2019	Measurement Date June 30, 2018	Measurement Date June 30, 2017	Measurement Date June 30, 2016	Measurement Date June 30, 2015	Measurement Date June 30, 2014
<b>PERA</b>										
District's Proportion of the Net Pension Liability	0.0704%	0.0674%	0.0651%	0.0701%	0.0750%	0.0905%	0.0935%	0.0941%	0.0927%	0.0932%
District's Proportionate Share of the Net Pension Liability	\$ 3,936,689	\$ 5,338,102	\$ 2,780,062	\$ 4,202,815	\$ 4,146,582	\$ 5,020,569	\$ 5,968,978	\$ 7,640,453	\$ 4,804,195	\$ 4,378,069
State's Proportionate Share of the Net Pension Liability	108,460	156,326	84,786	129,669	128,828	164,739	75,020	99,757	-	174
District's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability	\$ 4,045,149	\$ 5,494,428	\$ 2,864,848	\$ 4,332,484	\$ 4,275,410	\$ 5,185,308	\$ 6,043,998	\$ 7,740,210	\$ 4,804,195	\$ 4,378,069
District's Covered Payroll	\$ 5,469,253	\$ 5,076,013	\$ 4,744,347	\$ 5,006,787	\$ 5,300,213	\$ 6,089,760	\$ 6,026,107	\$ 5,871,013	\$ 5,355,413	\$ 4,890,875
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	71.98%	105.16%	58.60%	83.94%	78.23%	82.44%	99.05%	130.14%	89.71%	89.52%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.10%	76.70%	87.00%	79.10%	80.23%	79.53%	75.90%	68.91%	78.20%	78.75%
<b>TRA</b>										
District's Proportion of the Net Pension Liability	0.2129%	0.2059%	0.1995%	0.2060%	0.2301%	0.2430%	0.2565%	0.2574%	0.2587%	0.2574%
District's Proportionate Share of the Net Pension Liability	\$ 17,577,501	\$ 16,487,383	\$ 8,730,717	\$ 15,219,556	\$ 14,666,622	\$ 15,262,986	\$ 51,202,053	\$ 61,396,042	\$ 16,003,154	\$ 11,860,807
State's Proportionate Share of the Net Pension Liability Associated with District	1,231,279	1,222,685	736,339	1,275,652	1,298,143	1,434,000	4,949,626	6,162,560	1,962,723	834,368
Total of District's and State's Proportionate Share of the Net Pension Liability	\$ 18,808,780	\$ 17,710,068	\$ 9,467,056	\$ 16,495,208	\$ 15,964,765	\$ 16,696,986	\$ 56,151,679	\$ 67,558,602	\$ 17,965,877	\$ 12,695,175
District's Covered Payroll	\$ 13,580,129	\$ 13,070,683	\$ 12,668,499	\$ 12,132,260	\$ 13,315,383	\$ 13,668,027	\$ 13,700,893	\$ 13,387,387	\$ 13,129,392	\$ 11,744,179
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	129.44%	126.14%	68.92%	125.45%	110.15%	111.67%	373.71%	458.61%	121.89%	100.99%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.42%	76.17%	86.63%	75.48%	78.21%	78.07%	51.57%	44.88%	76.80%	81.50%

See accompanying Notes to Required Supplementary Information.

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS  
LAST TEN FISCAL YEARS**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>PERA</b>										
Contractually Required Contribution	\$ 429,330	\$ 410,194	\$ 380,701	\$ 355,826	\$ 375,509	\$ 397,516	\$ 456,732	\$ 451,958	\$ 440,326	\$ 401,656
Contributions in Relation to the Contractually Required Contribution	<u>(429,330)</u>	<u>(410,194)</u>	<u>(380,701)</u>	<u>(355,826)</u>	<u>(375,509)</u>	<u>(397,516)</u>	<u>(456,732)</u>	<u>(451,958)</u>	<u>(440,326)</u>	<u>(401,656)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -175</u>
District's Covered Payroll	5,724,400	5,469,253	5,076,013	\$ 4,744,347	\$ 5,006,787	\$ 5,300,213	\$ 6,089,760	\$ 6,026,107	\$ 5,871,013	\$ 5,355,413
Contributions as a Percentage of Covered Payroll	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%
<b>TRA</b>										
Contractually Required Contribution	\$ 1,269,795	\$ 1,161,101	\$ 1,090,095	\$ 1,029,949	\$ 960,875	\$ 1,026,616	\$ 1,025,102	\$ 1,027,567	\$ 1,004,054	\$ 984,624
Contributions in Relation to the Contractually Required Contribution	<u>(1,269,795)</u>	<u>(1,161,101)</u>	<u>(1,090,095)</u>	<u>(1,029,949)</u>	<u>(960,875)</u>	<u>(1,026,616)</u>	<u>(1,025,102)</u>	<u>(1,027,567)</u>	<u>(1,004,054)</u>	<u>(984,624)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 14,511,943	\$ 13,580,129	\$ 13,070,683	\$ 12,668,499	\$ 12,132,260	\$ 13,315,383	\$ 13,668,027	\$ 13,700,893	\$ 13,387,387	\$ 13,129,392
Contributions as a Percentage of Covered Payroll	8.75%	8.55%	8.34%	8.13%	7.92%	7.71%	7.50%	7.50%	7.50%	7.50%

See accompanying Notes to Required Supplementary Information.

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2024**

**NOTE 1 COMPLIANCE – BUDGETS**

The budget and the actual amounts are both prepared on the modified accrual basis of accounting in accordance with GAAP.

In the following funds, expenditures exceeded the appropriations during the year ended June 30, 2024:

	<u>Budget</u>	<u>Expenditures</u>	<u>Excess</u>
Special Revenue Fund:			
Food Service Fund	\$ 1,641,140	\$ 1,827,399	\$ 186,259
Community Service Fund	1,601,059	1,915,152	314,093

The overages above were considered by District management to be the result of necessary expenditures critical to operations.

**NOTE 2 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS**

The following changes were reflected in the valuation performed on behalf of the Public Employees Retirement Association for the year ended June 30:

**2023**

Changes in Actuarial Assumptions

- The investment return assumption and single discount rate were changed from 6.50% to 7.00%.

Changes in Plan Provisions

- An additional one-time direct state aid contribution of \$170.1 million will be contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, noncompounding benefit increase of 2.50% minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

**2022**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2024**

**NOTE 2 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS,  
AND ASSUMPTIONS (CONTINUED)**

**2021**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**2020**

Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- 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 & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2024**

**NOTE 2 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS,  
AND ASSUMPTIONS (CONTINUED)**

**2020 (Continued)**

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% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

**2019**

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, decreased from \$31.0 million to \$21.0 million per year. The State's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

**2018**

Changes in Actuarial Assumption

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed postretirement benefit increase was changed from 1.0% per year through 2044 and 2.50% 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 4.00% to 3.00%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Postretirement benefit increases were changed from 1.00% per year with a provision to increase to 2.50% upon attainment of 90.00% funding ratio to 50.00% of the Social Security Cost of Living Adjustment, not less than 1.00% and not more than 1.50% 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.

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2024**

**NOTE 2 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS,  
AND ASSUMPTIONS (CONTINUED)**

**2017**

Changes in Actuarial Assumption

- The Combined Service Annuity (CSA) loads were changed from 0.8% for active members and 60% for vested and nonvested deferred members. The revised CSA loads are now 0.0% for active member liability, 15.0% for vested deferred member liability, and 3.0% for nonvested deferred member liability.
- The assumed postretirement 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.

**2016**

Changes in Actuarial Assumptions

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

Changes in Actuarial Plan Provisions

- There have been no changes since the prior valuation.

**2015**

Changes in Actuarial Assumptions

- The assumed postretirement benefit increase rate was changed from 1.00% per year through 2030 and 2.50% per year thereafter to 1.00% per year through 2035 and 2.50% per year thereafter.

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2024**

**NOTE 2 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS,  
AND ASSUMPTIONS (CONTINUED)**

**2015 (Continued)**

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.

The following changes were reflected in the valuation performed on behalf of the Teachers Retirement Association for the year ended June 30:

**2023**

Changes in Actuarial Assumptions

- There have been no changes since the prior valuation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**2022**

Changes in Actuarial Assumptions

- There have been no changes since the prior valuation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**2021**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2024**

**NOTE 2 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS,  
AND ASSUMPTIONS (CONTINUED)**

**2020**

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.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**2019**

Changes in Actuarial Assumptions

- There have been no changes since the prior valuation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**2018**

Changes in Actuarial Assumptions

- The investment return assumption was changed from 8.5% to 7.5%.
- The price inflation assumption was lowered from 3.0% to 2.5%.
- The payroll growth assumption was lowered from 3.5% to 3.0%.
- The wage inflation assumption (above price inflation) was reduced from 0.75% to 0.35% for the next 10 years, and 0.75% thereafter.
- The total salary increase assumption was adjusted by the wage inflation change.
- The amortization date for the funding of the Unfunded Actuarial Accrual Liability (UAAL) was reset to June 30, 2048 (30 years).
- The mechanism in the law that provided the TRA Board with some authority is set contribution rates was eliminated.

Changes in Plan Provisions

- The 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% in January 1, 2028.

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2024**

**NOTE 2 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS,  
AND ASSUMPTIONS (CONTINUED)**

**2018 (Continued)**

Changes in Plan Provisions (Continued)

- 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 June 30, 2024 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt.
- Augmentation on deferred benefits will be reduced to 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 is reduced from 8.5% to 7.5%, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next four years, (7.92% in 2019, 8.13% in 2021, 8.55% in 2022, and 8.75% in 2023). In addition, the employee contribution rate will increase from 7.50% to 7.75% on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.

**2017**

Changes in Actuarial Assumptions

- The cost of living adjustment (COLA) was assumed to increase from 2.0% annually to 2.5% annually on July 1, 2045.
- Adjustment 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 nonvested inactive load increased from 4.0% to 9.0%.
- The investment return assumption was changed from 8.0% to 7.5%.
- The COLA was not assumed to increase to 2.5%, but remain at 2.0% for all future years.
- The price inflation assumption was lowered from 2.75% to 2.5%.
- The payroll growth assumption was lowered from 3.5% to 3.0%.
- The general wage growth assumption was lowered from 3.5% to 2.85% for 10 years followed by 3.25% thereafter.
- The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2024**

**NOTE 2 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS,  
AND ASSUMPTIONS (CONTINUED)**

**2016**

Changes in Actuarial Assumptions

- The cost of living adjustment was not assumed to increase (it remained at 2.0% for all future years).
- The price inflation assumption was lowered from 3.0% to 2.75%.
- The general wage growth and payroll growth assumptions were lowered from 3.75% to 3.5%.
- Minor changes at 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 3 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 adjustments.
- 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 forms of payment at retirement were made.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**2015**

Changes in Actuarial Assumptions

- The cost of living adjustment was assumed to increase from 2.0% annually to 2.5% annually on July 1, 2037.
- The investment return assumption was changed from 8.25% to 8.0%.

Changes in Plan Provisions

- The Duluth Teachers Retirement Fund Association was merged into TRA on June 30, 2015. This also resulted in a state-provided contribution stream of \$14.377 million until the System becomes fully funded.

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2024**

**NOTE 2 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)**

**2014**

Changes in Actuarial Assumptions

- The cost of living adjustment was assumed to increase from 2.0% annually to 2.5% annually once the legally specified criteria was met. This was estimated to occur July 1, 2031.

Changes in Plan Provisions

- The increase in the post-retirement benefit adjustment (COLA) will be made once the System is 90% funded (on a market value basis) in two consecutive years, rather than just one year.

**NOTE 3 CHANGES IN SIGNIFICANT OTHER POSTEMPLOYMENT BENEFIT PLAN PROVISION, ACTUARIAL METHODS, AND ASSUMPTIONS**

The following assumption changes were made for the measurement date June 30, 2024:

- None

The following plan change was made for the measurement date June 30, 2024:

- None

The following assumption changes were made for the measurement date June 30, 2023:

- The health care trend rates were changed to better anticipate short term and long-term medical increases.
- The mortality tables were updated from the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2019 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2021 Generational Improvement Scale.
- The salary increase rates for non-teachers were updated to reflect the latest experience study.
- The withdrawal rates were updated to reflect the latest experience study.
- The expected long-term investment return was changed from 4.40% to 6.10%.
- The discount rate was changed from 4.30% to 6.10%.

The following plan change was made for the measurement date June 30, 2023:

- None

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2024**

**NOTE 3 CHANGES IN SIGNIFICANT OTHER POSTEMPLOYMENT BENEFIT PLAN PROVISION, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)**

The following assumption changes were made for the measurement date June 30, 2022:

- The discount rate was changed from 4.40% to 4.30%.

The following plan change was made for the measurement date June 30, 2022:

- None

The following assumption changes were made for the measurement date June 30, 2021:

- The health care trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality tables (General, Teachers) with MP-2019 Generational Improvement Scale.
- The salary increase rates were changed from a flat 3.0% per year for all employees to rates which vary by service and contract group.
- The discount rate was changed from 3.80% to 4.40%.

The following plan change was made for the measurement date June 30, 2021:

- None

The following assumption change was made for the measurement date June 30, 2020:

- The discount rate was changed from 4.30% to 3.80%.
- The long-term expected return on assets was changed from 4.70% to 4.40%.

The following plan change was made for the measurement date June 30, 2020:

- None

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2024**

**NOTE 3 CHANGES IN SIGNIFICANT OTHER POSTEMPLOYMENT BENEFIT PLAN PROVISION, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)**

The following assumption changes were made for the measurement date June 30, 2019:

- The health care trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale to the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale.
- The discount rate was changed from 4.20% to 4.30%.

The following plan change was made for the measurement date June 30, 2019:

- None

The following assumption changes were made for the measurement date June 30, 2018:

- The discount rate was changed from 4.00% to 4.20%.

The following plan change was made for the measurement date June 30, 2018:

- None

## **SUPPLEMENTARY INFORMATION**

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS  
COMPLIANCE TABLE  
JUNE 30, 2024**

	Audit	UFARS	Audit-UFARS		Audit	UFARS	Audit-UFARS
<b>01 GENERAL FUND</b>				<b>06 BUILDING CONSTRUCTION</b>			
Total Revenues	\$ 39,200,951	\$ 39,200,951	\$ -	Total Revenues	\$ -	\$ -	\$ -
Total Expenditures	\$ 35,824,379	\$ 35,824,376	\$ 3	Total Expenditures	\$ -	\$ -	\$ -
<i>Nonspendable:</i>				<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	\$ 43,665	\$ 43,665	\$ -	460 Nonspendable Fund Balance	\$ -	\$ -	\$ -
<i>Restricted/Reserved:</i>				<i>Restricted/Reserved:</i>			
401 Student Activities	\$ 192,547	\$ 192,547	\$ -	407 Capital Projects Levy	\$ -	\$ -	\$ -
402 Scholarships	\$ 160,965	\$ 160,965	\$ -	409 Alternative Fac. Program	\$ -	\$ -	\$ -
403 Staff Development	\$ 155,523	\$ 155,523	\$ -	461 LTFM	\$ -	\$ -	\$ -
407 Capital Project Levy	\$ 503,109	\$ 503,109	\$ -	<i>Restricted:</i>			
408 Cooperative Revenue	\$ -	\$ -	\$ -	464 Restricted Fund Balance	\$ -	\$ -	\$ -
412 Literacy Incentive Aid	\$ 9,449	\$ 9,449	\$ -	<i>Unassigned:</i>			
414 Operating Debt	\$ -	\$ -	\$ -	463 Unassigned Fund Balance	\$ -	\$ -	\$ -
416 Levy Reduction	\$ -	\$ -	\$ -				
417 Excess Taconite Building Maint.	\$ -	\$ -	\$ -	<b>07 DEBT SERVICE</b>			
420 American Indian Ed Aid	\$ 45,943	\$ 45,943	\$ -	Total Revenues	\$ 5,447,993	\$ 5,447,994	\$ (1)
424 Operating Capital	\$ 450,520	\$ 450,520	\$ -	Total Expenditures	\$ 5,293,816	\$ 5,293,816	\$ -
426 \$25 Taconite	\$ -	\$ -	\$ -	<i>Nonspendable:</i>			
427 Disabled Accessibility	\$ -	\$ -	\$ -	460 Nonspendable Fund Balance	\$ -	\$ -	\$ -
428 Learning & Development	\$ -	\$ -	\$ -	<i>Restricted/Reserved:</i>			
434 Area Learning Center	\$ -	\$ -	\$ -	425 Bond Refundings	\$ -	\$ -	\$ -
435 Contracted Alt. Programs	\$ -	\$ -	\$ -	451 QZAB and QSCB Payments	\$ -	\$ -	\$ -
436 St. Approved Alt. Prog.	\$ -	\$ -	\$ -	<i>Restricted:</i>			
438 Gifted & Talented	\$ -	\$ -	\$ -	464 Restricted	\$ 1,152,087	\$ 1,152,087	\$ -
441 Basic Skills	\$ -	\$ -	\$ -	<i>Unassigned:</i>			
443 School Library Aid	\$ 4,807	\$ 4,807	\$ -	463 Unassigned Fund Balance	\$ -	\$ -	\$ -
448 Achievement & Integration	\$ -	\$ -	\$ -				
449 Safe Schools Levy	\$ -	\$ -	\$ -	<b>08 TRUST</b>			
450 Pre-Kindergarten	\$ -	\$ -	\$ -	Total Revenues	\$ -	\$ -	\$ -
451 QZAB and QSCB Payments	\$ -	\$ -	\$ -	Total Expenditures	\$ -	\$ -	\$ -
452 OPEB Liab. Not in Trust	\$ -	\$ -	\$ -	422 Net Position	\$ -	\$ -	\$ -
459 Basic Skills Ext Time	\$ -	\$ -	\$ -				
467 LTFM	\$ 927,806	\$ 927,806	\$ -	<b>09 AGENCY</b>			
471 Student Support Personnel	\$ -	\$ -	\$ -	<i>Unrestricted: Should Always Be -0-</i>			
472 Medical Assistance	\$ 272,163	\$ 272,163	\$ -	422 Unassigned	\$ -	\$ -	\$ -
<i>Restricted:</i>							
464 Restricted Fund Balance	\$ 81,387	\$ 81,387	\$ -	<b>20 INTERNAL SERVICE</b>			
<i>Committed:</i>				Total Revenues	\$ 296,340	\$ 296,340	\$ -
418 Committed for Separation	\$ -	\$ -	\$ -	Total Expenditures	\$ 241,363	\$ 241,363	\$ -
461 Committed Fund Balance	\$ -	\$ -	\$ -	422 Net Position	\$ 794,031	\$ 794,031	\$ -
<i>Assigned:</i>							
462 Assigned Fund Balance	\$ 4,623,980	\$ 4,623,980	\$ -	<b>25 OPEB REVOCABLE TRUST</b>			
<i>Unassigned:</i>				Total Revenues	\$ -	\$ -	\$ -
422 Unassigned	\$ 4,266,536	\$ 4,266,535	\$ 1	Total Expenditures	\$ -	\$ -	\$ -
				422 Net Position	\$ -	\$ -	\$ -
<b>02 FOOD SERVICE</b>							
Total Revenues	\$ 2,116,960	\$ 2,116,960	\$ -	<b>45 OPEB IRREVOCABLE TRUST</b>			
Total Expenditures	\$ 1,827,399	\$ 1,827,399	\$ -	Total Revenues	\$ 216,219	\$ 216,219	\$ -
<i>Nonspendable:</i>				Total Expenditures	\$ 283,584	\$ 283,585	\$ (1)
460 Nonspendable Fund Balance	\$ 25,488	\$ 25,488	\$ -	422 Net Position	\$ 2,464,758	\$ 2,464,758	\$ -
<i>Restricted/Reserved:</i>							
452 OPEB Liab. Not in Trust	\$ -	\$ -	\$ -	<b>47 OPEB DEBT SERVICE</b>			
464 Restricted Fund Balance	\$ 718,426	\$ 718,427	\$ (1)	Total Revenues	\$ 407,543	\$ 407,543	\$ -
<i>Unassigned:</i>				Total Expenditures	\$ 410,481	\$ 410,481	\$ -
463 Unassigned Fund Balance	\$ -	\$ -	\$ -	<i>Nonspendable:</i>			
				460 Nonspendable Fund Balance	\$ -	\$ -	\$ -
<b>04 COMMUNITY SERVICE</b>				<i>Restricted:</i>			
Total Revenues	\$ 2,106,315	\$ 2,106,314	\$ 1	425 Bond Refundings	\$ -	\$ -	\$ -
Total Expenditures	\$ 1,915,152	\$ 1,915,148	\$ 4	464 Restricted Fund Balance	\$ 79,465	\$ 79,465	\$ -
<i>Nonspendable:</i>				<i>Unassigned:</i>			
460 Nonspendable Fund Balance	\$ 6,847	\$ 6,847	\$ -	463 Unassigned Fund Balance	\$ -	\$ -	\$ -
<i>Restricted/Reserved:</i>							
426 \$25 Taconite	\$ -	\$ -	\$ -				
431 Community Education	\$ 574,851	\$ 574,851	\$ -				
432 E.C.F.E.	\$ 511,262	\$ 511,262	\$ -				
444 School Readiness	\$ (80,304)	\$ (80,304)	\$ -				
447 Adult Basic Education	\$ -	\$ -	\$ -				
452 OPEB Liab. Not in Trust	\$ -	\$ -	\$ -				
<i>Restricted:</i>							
464 Restricted Fund Balance	\$ 177,135	\$ 177,136	\$ (1)				
<i>Unassigned:</i>							
463 Unassigned Fund Balance	\$ -	\$ -	\$ -				

\* Amounts differ from those reported on the fund-level balance sheet due to the need to reclassify negative restricted fund balance to unassigned fund balance for the CAFR.

## **OTHER INFORMATION**

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
BOND SCHEDULES  
JUNE 30, 2024  
(UNAUDITED)**

\$1,770,000 G.O. Capital Facilities Bonds, Series 2016A, Issued 11/16/2016

<u>Due Date</u>	<u>Rate %</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Due</u>	<u>Deferred Tax Levy</u>
08/01/24		\$ -	\$ 10,031	\$ 10,031	
02/01/25	2.000	125,000	10,031	135,031	\$ 152,315
08/01/25		-	8,781	8,781	
02/01/26	2.000	130,000	8,781	138,781	154,940
08/01/26		-	7,481	7,481	
02/01/27	2.000	135,000	7,481	142,481	157,460
08/01/27		-	6,131	6,131	
02/01/28	2.000	135,000	6,131	141,131	154,625
08/01/28		-	4,781	4,781	
02/01/29	2.250	140,000	4,781	144,781	157,040
08/01/29		-	3,206	3,206	
02/01/30	2.250	140,000	3,206	143,206	153,733
08/01/30		-	1,631	1,631	
02/01/31	2.250	145,000	1,631	146,631	155,675
Totals		<u>\$ 950,000</u>	<u>\$ 84,084</u>	<u>\$ 1,034,084</u>	<u>\$ 1,085,788</u>

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
BOND SCHEDULES (CONTINUED)  
JUNE 30, 2024  
(UNAUDITED)**

\$67,590,000 G.O. School Building Bonds, Series 2017A, Issued 11/9/17

Due Date	Rate %	Principal	Interest	Total Due	Deferred Tax Levy
08/01/24		\$ -	\$ 1,110,377	\$ 1,110,377	
02/01/25	5.000	2,170,000	1,110,377	3,280,377	\$ 4,610,292
08/01/25		-	1,056,127	1,056,127	
02/01/26	5.000	2,410,000	1,056,127	3,466,127	4,748,367
08/01/26		-	995,877	995,877	
02/01/27	5.000	2,530,000	995,877	3,525,877	4,747,842
08/01/27		-	932,627	932,627	
02/01/28	5.000	2,655,000	932,627	3,587,627	4,746,267
08/01/28		-	866,252	866,252	
02/01/29	4.000	2,790,000	866,252	3,656,252	4,748,629
08/01/29		-	810,452	810,452	
02/01/30	4.000	2,900,000	810,452	3,710,452	4,746,949
08/01/30		-	752,452	752,452	
02/01/31	4.000	3,015,000	752,452	3,767,452	4,745,899
08/01/31		-	692,152	692,152	
02/01/32	3.000	3,135,000	692,152	3,827,152	4,745,269
08/01/32		-	645,127	645,127	
02/01/33	3.000	3,230,000	645,127	3,875,127	4,746,267
08/01/33		-	596,677	596,677	
02/01/34	3.000	3,325,000	596,677	3,921,677	4,744,272
08/01/34		-	546,802	546,802	
02/01/35	3.000	3,425,000	546,802	3,971,802	4,744,534
08/01/35		-	495,427	495,427	
02/01/36	3.000	3,530,000	495,427	4,025,427	4,746,897
08/01/36		-	442,477	442,477	
02/01/37	3.100	3,635,000	442,477	4,077,477	4,745,952
08/01/37		-	386,134	386,134	
02/01/38	3.100	3,750,000	386,134	4,136,134	4,748,381
08/01/38		-	328,009	328,009	
02/01/39	3.125	3,865,000	328,009	4,193,009	4,747,069
08/01/39		-	267,619	267,619	
02/01/40	3.150	3,985,000	267,619	4,252,619	4,746,250
08/01/40		-	204,855	204,855	
02/01/41	3.200	4,110,000	204,855	4,314,855	4,745,696
08/01/41		-	139,095	139,095	
02/01/42	3.250	4,245,000	139,095	4,384,095	4,749,350
08/01/42		-	71,175	71,175	
02/01/43	3.250	4,380,000	71,175	4,451,175	4,748,468
Totals		<u>\$ 63,085,000</u>	<u>\$ 22,679,426</u>	<u>\$ 85,764,426</u>	<u>\$ 90,052,650</u>

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
BOND SCHEDULES (CONTINUED)  
JUNE 30, 2024  
(UNAUDITED)**

\$2,260,000 G.O. OPEB Refunding Bonds, Series 2017B, Issued 11/9/17

<u>Due Date</u>	<u>Rate %</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Due</u>	<u>Deferred Tax Levy</u>
08/01/24		\$ -	\$ 5,346	\$ 5,346	
02/01/25	2.640	405,000	5,346	410,346	\$ 436,477
Totals		<u>\$ 405,000</u>	<u>\$ 10,692</u>	<u>\$ 415,692</u>	<u>\$ 436,477</u>

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
BOND SCHEDULES (CONTINUED)  
JUNE 30, 2024  
(UNAUDITED)**

\$6,385,000 G.O. Facilities Maintenance Bonds, Series 2018A, Issued 7/19/18

<u>Due Date</u>	<u>Rate %</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Due</u>	<u>Deferred Tax Levy</u>
08/01/24		\$ -	\$ 51,375	\$ 51,375	
02/01/25	3.000	645,000	51,375	696,375	\$ 785,138
08/01/25		-	41,700	41,700	
02/01/26	3.000	665,000	41,700	706,700	785,820
08/01/26		-	31,725	31,725	
02/01/27	3.000	685,000	31,725	716,725	785,873
08/01/27		-	21,450	21,450	
02/01/28	3.000	705,000	21,450	726,450	785,295
08/01/28		-	10,875	10,875	
02/01/29	3.000	725,000	10,875	735,875	784,088
Totals		<u>\$ 3,425,000</u>	<u>\$ 314,250</u>	<u>\$ 3,739,250</u>	<u>\$ 3,926,214</u>



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**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138**

**SCHEDULE OF EXPENDITURES OF FEDERAL  
AWARDS AND OTHER REQUIRED REPORTS**

**JUNE 30, 2024**



**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
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**SINGLE AUDIT AND OTHER REQUIRED REPORTS**



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

Board of Education  
North Branch Public Schools  
Independent School District No. 138  
North Branch, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 138 (the District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 6, 2024 .

***Report on Internal Control Over Financial Reporting***

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2024-001 to 2024-003 that we consider to be material weaknesses.

***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*.

***The District’s Response to Findings***

*Government Auditing Standards* requires the auditor to perform limited procedures on the District’s response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District’s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

***Purpose of This Report***

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



**CliftonLarsonAllen LLP**

Minneapolis, Minnesota  
November 6, 2024



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

Board of Education  
North Branch Public Schools  
Independent School District No. 138  
North Branch, Minnesota

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Independent School District No. 138's (the District) 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 each of the District's major federal programs for the year ended June 30, 2024. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; 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 *Auditors' 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.

### ***Auditors' 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above 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.

#### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We have issued our report thereon, dated November 6, 2024, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



**CliftonLarsonAllen LLP**

Minneapolis, Minnesota  
November 6, 2024

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2024**

Federal Grantor/Pass through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Passed Through to Subrecipients
<b>U.S. Department of Agriculture</b>				
Pass-Through Minnesota Department of Education				
Noncash Assistance (Commodities):				
National School Lunch Program	10.555	# 1-0138-000	\$ 138,275	
Total Noncash Assistance			\$ 138,275	\$ -
Cash Assistance:				
National School Lunch Program	10.555	# 1-0138-000	587,861	
School Breakfast Program	10.553	# 1-0138-000	149,017	
COVID-19 - Supply Chain Assistance Funding	10.555	# 1-0138-000	69,310	
Total Cash Assistance			806,188	-
Total Child Nutrition Cluster			944,463	-
Local Food for Schools Cooperative Agreement Program	10.185	1-0138-000	7,896	-
Child and Adult Care Food Program	10.558	1-0138-000	630	-
COVID-19 - Pandemic EBT Administrative Costs	10.649	1-0138-000	3,256	-
Total U.S. Department of Agriculture			956,245	-
<b>U.S. Department of Treasury</b>				
Pass-Through Minnesota Department of Education				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	8,333	-
COVID-19 - American Rescue Plan (ARP) Summer Academic Enrichment and Mental Health	21.027	N/A	30,750	-
Pass-Through Chisago County				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	80,050	-
Total U.S. Department of Treasury			119,133	-
<b>U.S. Department of Education</b>				
Pass-Through Minnesota Department of Education				
Title I - Grants to Local Education Agencies	84.010	S010A230023A	344,731	-
Carl Perkins Vocational Education	84.048	N/A	15,251	-
Title II, Part A - Supporting Effective Instruction State Grants	84.367	S367A230022	56,581	-
Title III, Part A - English Language Acquisition Grants	84.365	S365A230024A	12,719	-
Education Stabilization Fund				
COVID-19 - Expanded Summer Learning for Emergency Relief Fund (ESSER III)	84.425U	* S425U230045	682,488	
COVID-19 - Learning Loss for Elementary and Secondary School Emergency Relief Fund (ESSER III)	84.425U	* S425U230045	227,713	
ARP - Elementary and Secondary School Emergency Relief - Homeless Children and Youth	84.425W	* S425W230024	1,393	
Total Education Stabilization Fund			911,594	-
Pass-Through St. Croix River Education District				
Special Education Cluster				
Special Education Grants to States	84.027	@ H027A230087	42,888	
Special Education Preschool Grants	84.173	@ H173A230086	384	
Total Special Education Cluster			43,272	-
Total U.S. Department of Education			1,384,148	-
Total Federal Expenditures			\$ 2,459,526	\$ -

# - Child Nutrition Cluster  
@ - Special Education Cluster  
\* - Education Stabilization Fund

The total of Assistance Listing No. 10.555 is \$795,446  
The total of Assistance Listing No. 84.425U is \$910,201  
The total of Assistance Listing No. 21.027 is \$119,113

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2024**

**NOTE 1 GENERAL**

The accompanying schedule of expenditures of federal awards includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2024. The reporting entity is defined in Note 1 to the District's financial statements. All federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies is included on the schedule. The District did not pass any federal award money to subrecipients during the fiscal year. The information in this Schedule is presented in accordance with the requirements of 2 CFR 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 in net position, or cash flows of the District.

**NOTE 2 BASIS OF ACCOUNTING**

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the District's financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance. Under these principles, certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE 3 INDIRECT COST RATE**

The District has not elected to use the 10% de minimis in direct costs rate as allowed under Uniform Guidance.



## INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE

Board of Education  
North Branch Public Schools  
Independent School District No. 138  
North Branch, 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. 138 (the District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 6, 2024 .

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

The purpose of this report is solely to describe the scope of our testing of compliance relating to the provisions of the *Minnesota Legal Compliance Audit Guide for School Districts* and the results of that testing, and not to provide an opinion on compliance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Minneapolis, Minnesota  
November 6, 2024

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2024**

**A. SUMMARY OF AUDITOR'S RESULTS**

***Financial Statements***

Type of auditors' report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified?                      X   yes                           no
- Significant deficiency(ies) identified?                           yes                      X   none reported

Noncompliance material to financial statements noted?

       yes                      X   no

***Federal Awards***

Internal control over major programs:

- Material weakness(es) identified?                           yes                      X   no
- Significant deficiency(ies) identified?                           yes                      X   none reported

Type of auditors' report issued on compliance for major programs:

*Unmodified*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

       yes                      X   no

Identification of major programs:

Assistance Listing Numbers  
84.425U and 84.425W  
10.553 and 10.555

Name of Federal Program or Cluster  
COVID-19 – Education Stabilization Fund  
Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

       yes                      X   no

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2024**

**B. FINDINGS AND QUESTIONED COSTS – FINANCIAL STATEMENT AUDIT**

**2024-001                      Financial Statement Preparation**

**Type of Finding:**      Material Weakness in Internal Control Over Financial Reporting

**Condition:** The Board and management share the ultimate responsibility for the District's internal control system. While it is acceptable to outsource various accounting functions, the responsibility for internal control cannot be outsourced. The District engages CliftonLarsonAllen (CLA) to assist in preparing the financial statements and accompanying disclosures. However, as independent auditors, CLA cannot be considered part of the District's internal control system. As part of its internal control over the preparation of its financial statements, including disclosures, the District has implemented a comprehensive review procedure to ensure that the financial statements, including disclosures, are complete and accurate. Such review procedures should be performed by an individual possessing a thorough understanding of U.S. generally accepted accounting principles and knowledge of the District's activities and operations.

**Criteria or specific requirement:** Management is responsible for establishing and maintaining internal controls, including monitoring, and for the fair presentation of the financial statements including the related disclosures, in conformity with U.S. generally accepted accounting principles.

**Effect:** The potential exists that a material misstatement of the annual financial statements could occur and not be prevented or detected by the District's internal controls in the normal course of business.

**Cause:** The District relies on the audit firm to prepare the annual financial statements and related footnote disclosures. However, management has reviewed and approved the annual financial statements and the related footnote disclosures.

**Repeat finding:** Yes – Finding 2023-001

**Recommendation:** Management should continue to evaluate its internal staff capacity to determine if an internal control policy over the annual financial reporting is beneficial.

**Views of responsible officials and planned corrective actions:** There is no disagreement with the audit finding and there is a planned corrective action in place.

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2024**

**B. FINDINGS AND QUESTIONED COSTS – FINANCIAL STATEMENT AUDIT (CONTINUED)**

**2024-002                      Segregation of Duties**

**Type of Finding:**      Material Weakness in Internal Control Over Financial Reporting

**Condition:** The District has limited number of office personnel and accordingly, does not have adequate internal controls in place because of a lack of segregation of duties.

**Criteria or specific requirement:** A good system of internal accounting control contemplates an adequate segregation of duties so that no one individual handles a transaction from its inception to its completion.

**Effect:** Inadequate segregation of duties could adversely affect the District’s ability to detect misstatements in amounts that would be material in relation to the financial statements in a timely period by employees in the normal course of performing their assigned functions.

**Cause:** The District’s resources did not allow for personnel to address this issue.

**Repeat finding:** Yes - 2023-002.

**Recommendation:** While we recognize that the District may not be large enough to permit complete segregation of duties in all material respects for an effective system of internal controls, the functions should be reviewed to determine if additional segregation of duties is feasible and to improve efficiency and effectiveness of financial management of the District.

**Views of responsible officials and planned corrective actions:** There is no disagreement with the audit finding and there is a planned corrective action in place.

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2024**

**B. FINDINGS AND QUESTIONED COSTS – FINANCIAL STATEMENT AUDIT (CONTINUED)**

**2024-003                      Material Audit Adjustments**

**Type of Finding:**      Material Weakness in Internal Control Over Financial Reporting

**Condition:** As part of the audit, we proposed material adjustments related to tax and state revenue/receivables.

**Criteria or specific requirement:** Management is responsible for establishing and maintaining internal controls, including monitoring, and for the fair representation in the financial statements in accordance with U.S. GAAP. Management is responsible for the accuracy and completeness of all financial records and related information. Their responsibilities include adjusting the financial statement to correct material misstatements and produce accurate financial statements on a timely basis.

**Effect:** Errors in the preparation of year-end balances increases the risk related to financial statement misstatements. The amounts were, in our judgment, material to the financial statements and therefore, we concluded that a material weakness existed in the District's control policies and procedures related to recording such adjustments, which are required to be reported under professional standards.

**Cause:** The District's resources did not allow for personnel to address this issue in the current year.

**Repeat finding:** Yes - 2023-003.

**Recommendation:** We recommend that District management and financial personnel establish a process to ensure the recording of all related transactions to properly adjust financial statements at year-end.

**Views of responsible officials and planned corrective actions:** There is no disagreement with the audit finding and there is a planned corrective action in place.

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2024**

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT**

Our audit did not disclose any matters required to be reported in accordance with 2 CRF 200.516(a).

**D. FINDINGS – MINNESOTA LEGAL COMPLIANCE**

**None reported.**



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See [CLAGlobal.com/disclaimer](http://CLAGlobal.com/disclaimer). Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
CORRECTIVE ACTION PLAN  
JUNE 30, 2024**

Independent School District No. 138 (the District) respectfully submits the following corrective action plan for the year ended June 30, 2024.

Audit period: July 1, 2023 – June 30, 2024

The findings from the June 30, 2024 Schedule of Findings and Questioned Costs is discussed below. The finding is numbered consistent with the number assigned in the schedule.

**FINDINGS – FINANCIAL STATEMENT AUDIT**

**MATERIAL WEAKNESS**

**2024-001 FINANCIAL STATEMENT PREPARATION**

**Recommendation:**

Management should continue to evaluate its internal staff capacity to determine if an internal control policy over the annual financial reporting is beneficial.

**Explanation of Disagreement with Audit Findings:**

There is no disagreement with the audit finding.

**Actions Planned in Response to the Finding:**

The District will continue to rely upon the audit firm to prepare the financial statements; however, the District has established internal control procedures to document the annual review of the financial statements.

**Official Responsible for Ensuring CAP:**

Todd Tetzlaff, Director of Finance and Human Resources.

**Planned Completion Date for CAP:**

June 30, 2025.

**FINDINGS – FINANCIAL STATEMENT AUDIT (CONTINUED)**

**MATERIAL WEAKNESS (CONTINUED)**

**2024-002      SEGREGATION OF DUTIES**

**Recommendation:**

While we recognize that the District may not be large enough to permit complete segregation of duties in all material respects for an effective system of internal controls, the functions should be reviewed to determine if additional segregation of duties is feasible and to improve efficiency and effectiveness of financial management of the District.

**Explanation of Disagreement with Audit Findings:**

There is no disagreement with the audit finding.

**Actions Planned in Response to the Finding:**

The District will continue to evaluate their internal staff capacity to determine if additional segregation of duties is feasible and to improve efficiency and effectiveness of financial management.

**Official Responsible for Ensuring CAP:**

Todd Tetzlaff, Director of Finance and Human Resources.

**Planned Completion Date for CAP:**

June 30, 2025.

**2024-003      MATERIAL AUDIT ADJUSTMENTS**

**Recommendation:**

We recommend that District management and financial personnel establish a process to ensure the recording of all related transactions to properly adjust financial statements at year-end.

**Explanation of Disagreement with Audit Findings:**

There is no disagreement with the audit finding.

**Actions Planned in Response to the Finding:**

The District will continue to work on establishing a process to ensure all recording of related transactions to properly adjust financial statements at year-end.

**Official Responsible for Ensuring CAP:**

Todd Tetzlaff, Director of Finance and Human Resources.

**Planned Completion Date for CAP:**

June 30, 2025.

**FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL PROGRAMS**

None reported.

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2020**

Independent School District No. 138 respectfully submits the following summary schedule of prior audit findings for the year ended June 30, 2024.

Audit period: July 1, 2023 – June 30, 2024

The findings from the prior audit's schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the prior year.

**FINDINGS – FINANCIAL STATEMENT**

**Prior Year Reference Number: 2023-001 – Financial Statement Preparation**

**Status:**

See current year finding 2024-001

**Reason for Finding's Recurrence:**

The District is not able to resolve this finding due to the District relying on the audit firm to prepare the annual financial statements and related footnote disclosures. However, they have reviewed and approved the annual financial statements and related footnote disclosures.

**Prior Year Reference Number: 2023-002 – Segregation of Duties**

**Status:**

See current year finding 2024-002

**Reason for Finding's Recurrence:**

Limited number of District personnel and the cost of hiring an additional person to adequately segregate duties is not beneficial to the District.

**Prior Year Reference Number: 2023-003 – Material Audit Adjustments**

**Status:**

See current year finding 2024-003

**Reason for Finding's Recurrence:**

Limited number of District personnel within the business office makes it difficult to resolve this finding. District management continues to evaluate the concentration of duties and responsibilities.

**Prior Year Reference Number: 2023-004 – Lack of Proper Approval of Disbursements**

**Status:**

Corrective action was taken.

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2024**

**FINDINGS – FEDERAL AWARD PROGRAMSAUDITS**

There were no federal award program audit findings in the prior year.

If involved agencies have any questions regarding this plan, please call Todd Tetzlaff at 651-674-1009.

Sincerely yours,

Todd Tetzlaff, Director of Finance and Human Resources  
North Branch Public Schools

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138**

**SCHEDULE OF EXPENDITURES OF FEDERAL  
AWARDS AND OTHER REQUIRED REPORTS**

**JUNE 30, 2024**



**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
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**SINGLE AUDIT AND OTHER REQUIRED REPORTS**



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

Board of Education  
North Branch Public Schools  
Independent School District No. 138  
North Branch, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 138 (the District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 6, 2024 .

***Report on Internal Control Over Financial Reporting***

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2024-001 to 2024-003 that we consider to be material weaknesses.

***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*.

***The District’s Response to Findings***

*Government Auditing Standards* requires the auditor to perform limited procedures on the District’s response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District’s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

***Purpose of This Report***

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



**CliftonLarsonAllen LLP**

Minneapolis, Minnesota  
November 6, 2024



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

Board of Education  
North Branch Public Schools  
Independent School District No. 138  
North Branch, Minnesota

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Independent School District No. 138's (the District) 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 each of the District's major federal programs for the year ended June 30, 2024. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; 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 *Auditors' 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.

### ***Auditors' 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above 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.

#### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We have issued our report thereon, dated November 6, 2024, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



**CliftonLarsonAllen LLP**

Minneapolis, Minnesota  
November 6, 2024

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2024**

Federal Grantor/Pass through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Passed Through to Subrecipients
<b>U.S. Department of Agriculture</b>				
Pass-Through Minnesota Department of Education				
Noncash Assistance (Commodities):				
National School Lunch Program	10.555	# 1-0138-000	\$ 138,275	
Total Noncash Assistance			\$ 138,275	\$ -
Cash Assistance:				
National School Lunch Program	10.555	# 1-0138-000	587,861	
School Breakfast Program	10.553	# 1-0138-000	149,017	
COVID-19 - Supply Chain Assistance Funding	10.555	# 1-0138-000	69,310	
Total Cash Assistance			806,188	-
Total Child Nutrition Cluster			944,463	-
Local Food for Schools Cooperative Agreement Program	10.185	1-0138-000	7,896	-
Child and Adult Care Food Program	10.558	1-0138-000	630	-
COVID-19 - Pandemic EBT Administrative Costs	10.649	1-0138-000	3,256	-
Total U.S. Department of Agriculture			956,245	-
<b>U.S. Department of Treasury</b>				
Pass-Through Minnesota Department of Education				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	8,333	-
COVID-19 - American Rescue Plan (ARP) Summer Academic Enrichment and Mental Health	21.027	N/A	30,750	-
Pass-Through Chisago County				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	80,050	-
Total U.S. Department of Treasury			119,133	-
<b>U.S. Department of Education</b>				
Pass-Through Minnesota Department of Education				
Title I - Grants to Local Education Agencies	84.010	S010A230023A	344,731	-
Carl Perkins Vocational Education	84.048	N/A	15,251	-
Title II, Part A - Supporting Effective Instruction State Grants	84.367	S367A230022	56,581	-
Title III, Part A - English Language Acquisition Grants	84.365	S365A230024A	12,719	-
Education Stabilization Fund				
COVID-19 - Expanded Summer Learning for Emergency Relief Fund (ESSER III)	84.425U	* S425U230045	682,488	
COVID-19 - Learning Loss for Elementary and Secondary School Emergency Relief Fund (ESSER III)	84.425U	* S425U230045	227,713	
ARP - Elementary and Secondary School Emergency Relief - Homeless Children and Youth	84.425W	* S425W230024	1,393	
Total Education Stabilization Fund			911,594	-
Pass-Through St. Croix River Education District				
Special Education Cluster				
Special Education Grants to States	84.027	@ H027A230087	42,888	
Special Education Preschool Grants	84.173	@ H173A230086	384	
Total Special Education Cluster			43,272	-
Total U.S. Department of Education			1,384,148	-
Total Federal Expenditures			\$ 2,459,526	\$ -

# - Child Nutrition Cluster  
@ - Special Education Cluster  
\* - Education Stabilization Fund

The total of Assistance Listing No. 10.555 is \$795,446  
The total of Assistance Listing No. 84.425U is \$910,201  
The total of Assistance Listing No. 21.027 is \$119,113

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2024**

**NOTE 1 GENERAL**

The accompanying schedule of expenditures of federal awards includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2024. The reporting entity is defined in Note 1 to the District's financial statements. All federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies is included on the schedule. The District did not pass any federal award money to subrecipients during the fiscal year. The information in this Schedule is presented in accordance with the requirements of 2 CFR 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 in net position, or cash flows of the District.

**NOTE 2 BASIS OF ACCOUNTING**

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the District's financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance. Under these principles, certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE 3 INDIRECT COST RATE**

The District has not elected to use the 10% de minimis in direct costs rate as allowed under Uniform Guidance.



## INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE

Board of Education  
North Branch Public Schools  
Independent School District No. 138  
North Branch, 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. 138 (the District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 6, 2024 .

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

The purpose of this report is solely to describe the scope of our testing of compliance relating to the provisions of the *Minnesota Legal Compliance Audit Guide for School Districts* and the results of that testing, and not to provide an opinion on compliance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Minneapolis, Minnesota  
November 6, 2024

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2024**

**A. SUMMARY OF AUDITOR'S RESULTS**

***Financial Statements***

Type of auditors' report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified?     X     yes            no
- Significant deficiency(ies) identified?            yes     X     none reported

Noncompliance material to financial statements noted?

           yes     X     no

***Federal Awards***

Internal control over major programs:

- Material weakness(es) identified?            yes     X     no
- Significant deficiency(ies) identified?            yes     X     none reported

Type of auditors' report issued on compliance for major programs:

*Unmodified*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

           yes     X     no

Identification of major programs:

Assistance Listing Numbers  
84.425U and 84.425W  
10.553 and 10.555

Name of Federal Program or Cluster  
COVID-19 – Education Stabilization Fund  
Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

           yes     X     no

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2024**

**B. FINDINGS AND QUESTIONED COSTS – FINANCIAL STATEMENT AUDIT**

**2024-001                      Financial Statement Preparation**

**Type of Finding:**      Material Weakness in Internal Control Over Financial Reporting

**Condition:** The Board and management share the ultimate responsibility for the District's internal control system. While it is acceptable to outsource various accounting functions, the responsibility for internal control cannot be outsourced. The District engages CliftonLarsonAllen (CLA) to assist in preparing the financial statements and accompanying disclosures. However, as independent auditors, CLA cannot be considered part of the District's internal control system. As part of its internal control over the preparation of its financial statements, including disclosures, the District has implemented a comprehensive review procedure to ensure that the financial statements, including disclosures, are complete and accurate. Such review procedures should be performed by an individual possessing a thorough understanding of U.S. generally accepted accounting principles and knowledge of the District's activities and operations.

**Criteria or specific requirement:** Management is responsible for establishing and maintaining internal controls, including monitoring, and for the fair presentation of the financial statements including the related disclosures, in conformity with U.S. generally accepted accounting principles.

**Effect:** The potential exists that a material misstatement of the annual financial statements could occur and not be prevented or detected by the District's internal controls in the normal course of business.

**Cause:** The District relies on the audit firm to prepare the annual financial statements and related footnote disclosures. However, management has reviewed and approved the annual financial statements and the related footnote disclosures.

**Repeat finding:** Yes – Finding 2023-001

**Recommendation:** Management should continue to evaluate its internal staff capacity to determine if an internal control policy over the annual financial reporting is beneficial.

**Views of responsible officials and planned corrective actions:** There is no disagreement with the audit finding and there is a planned corrective action in place.

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2024**

**B. FINDINGS AND QUESTIONED COSTS – FINANCIAL STATEMENT AUDIT (CONTINUED)**

**2024-002                      Segregation of Duties**

**Type of Finding:**      Material Weakness in Internal Control Over Financial Reporting

**Condition:** The District has limited number of office personnel and accordingly, does not have adequate internal controls in place because of a lack of segregation of duties.

**Criteria or specific requirement:** A good system of internal accounting control contemplates an adequate segregation of duties so that no one individual handles a transaction from its inception to its completion.

**Effect:** Inadequate segregation of duties could adversely affect the District's ability to detect misstatements in amounts that would be material in relation to the financial statements in a timely period by employees in the normal course of performing their assigned functions.

**Cause:** The District's resources did not allow for personnel to address this issue.

**Repeat finding:** Yes - 2023-002.

**Recommendation:** While we recognize that the District may not be large enough to permit complete segregation of duties in all material respects for an effective system of internal controls, the functions should be reviewed to determine if additional segregation of duties is feasible and to improve efficiency and effectiveness of financial management of the District.

**Views of responsible officials and planned corrective actions:** There is no disagreement with the audit finding and there is a planned corrective action in place.

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2024**

**B. FINDINGS AND QUESTIONED COSTS – FINANCIAL STATEMENT AUDIT (CONTINUED)**

**2024-003                      Material Audit Adjustments**

**Type of Finding:**      Material Weakness in Internal Control Over Financial Reporting

**Condition:** As part of the audit, we proposed material adjustments related to tax and state revenue/receivables.

**Criteria or specific requirement:** Management is responsible for establishing and maintaining internal controls, including monitoring, and for the fair representation in the financial statements in accordance with U.S. GAAP. Management is responsible for the accuracy and completeness of all financial records and related information. Their responsibilities include adjusting the financial statement to correct material misstatements and produce accurate financial statements on a timely basis.

**Effect:** Errors in the preparation of year-end balances increases the risk related to financial statement misstatements. The amounts were, in our judgment, material to the financial statements and therefore, we concluded that a material weakness existed in the District's control policies and procedures related to recording such adjustments, which are required to be reported under professional standards.

**Cause:** The District's resources did not allow for personnel to address this issue in the current year.

**Repeat finding:** Yes - 2023-003.

**Recommendation:** We recommend that District management and financial personnel establish a process to ensure the recording of all related transactions to properly adjust financial statements at year-end.

**Views of responsible officials and planned corrective actions:** There is no disagreement with the audit finding and there is a planned corrective action in place.

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2024**

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT**

Our audit did not disclose any matters required to be reported in accordance with 2 CRF 200.516(a).

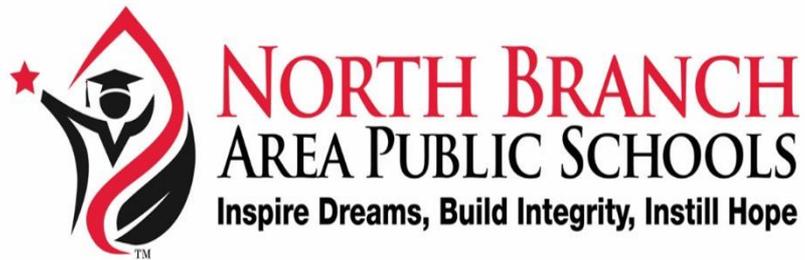
**D. FINDINGS – MINNESOTA LEGAL COMPLIANCE**

**None reported.**





# *Property Tax Levy Truth in Taxation Meeting*



*December 12, 2024*

# Why have a Truth in Taxation Meeting? <sup>1</sup>

Truth in Taxation Law, passed in 1989 MS 275.065

Two major requirements:

## 1. Tax Statements

Counties must send out proposed property tax statements in November based on proposed tax levies set by all taxing jurisdictions (counties, cities, townships, school districts, etc.)

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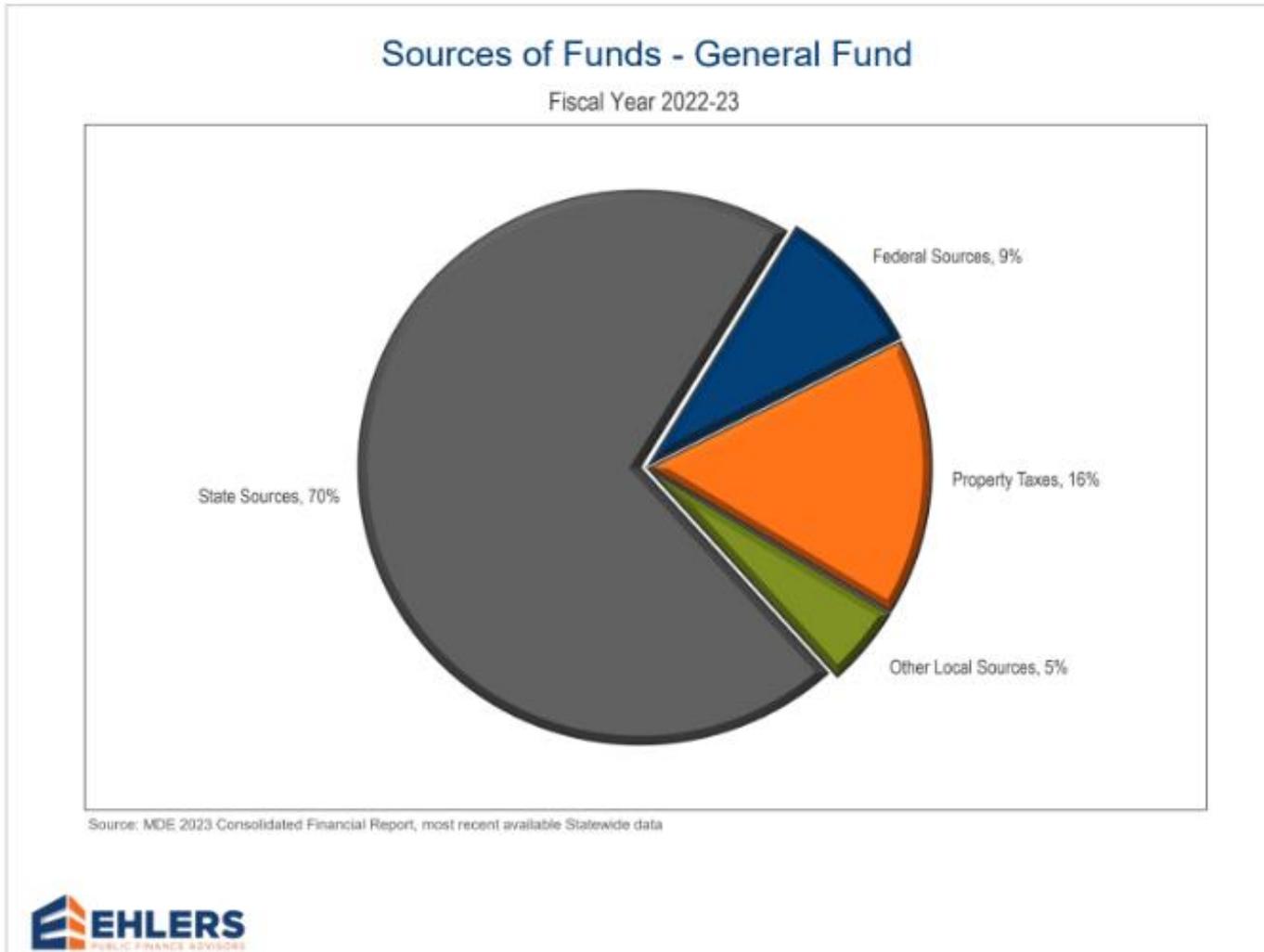
## 2. Public Hearing

Most taxing jurisdictions must hold a public hearing prior to certifying the final levy and discuss:

- Payable 2025 levy
- Fiscal year 2025 budget
- Public comments

This is the school district's annual required hearing

# Sources of General Funds Across the State



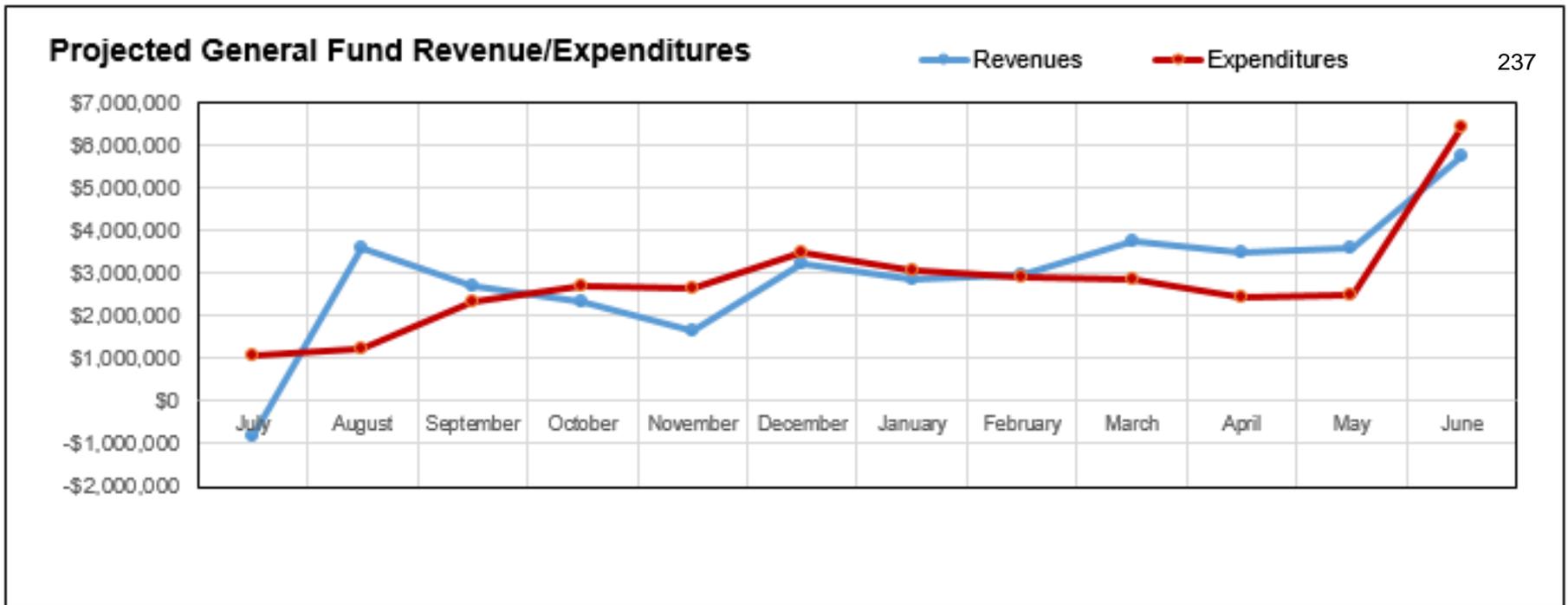
# 2023 – 2024 Revised Budget and 2024 – 2025 Approved Budget

<b>FY 24 Revised Budget</b>		
	<b>Revenue</b>	<b>Expenses</b>
<b>Fund 1</b>	<b>34,812,985.84</b>	<b>30,803,287.35</b>
<b>Funds 2 through 47</b>	<b>13,052,352.21</b>	<b>15,587,418.26</b>
<b>Total All Funds</b>	<b>47,865,338.05</b>	<b>46,390,705.61</b>

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<b>FY 25 Approved Budget</b>		
	<b>Revenue</b>	<b>Expenses</b>
<b>Fund 1</b>	<b>34,939,487.84</b>	<b>31,881,402.41</b>
<b>Funds 2 through 47</b>	<b>13,268,676.21</b>	<b>15,726,679.26</b>
<b>Total All Funds</b>	<b>48,208,164.05</b>	<b>47,608,081.67</b>

# Revenue, Expenses and Cash flow Pattern



# State of Minnesota Levy Components

5

- Levies
  - Formulas established by legislature
  - Formula changes impact levy amounts
- Adjustments for prior years
- Abatement adjustments

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# Additional Factors Beyond School District Levy

- City/Townships Taxes
- County Taxes
- Changes to Property Valuation

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# School District Property Tax Levy

<b>Fund</b>	<b>Pay '25 Levy Limit</b>	<b>Increase (Decrease)</b>	<b>Percent Change</b>
<b>General</b>	4,621,885	113,893	2.53%
<b>Community Education</b>	216,642	31,409	16.96%
<b>General Debt Service</b>	5,197,935	166,146	3.30%
<b>OPEB Debt Service</b>	0	(419,692)	-100%
<b>TOTAL</b>	10,036,461	(108,245)	<b>-1.07%</b>

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# Summary Statement

8

- The school district property tax will decrease by -1.07%

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- Total levy for 2024 will decrease by \$108,245

- Impact on taxpayers varies

# Levy Timeline

9

- December
  - Certification by School Board before December 31

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# Property Tax Levy

10

- Questions from the school board?
- Public Comment from members of the audience?

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# Property Tax Levy

11

- Contact school district for questions about school district levy

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- Todd Tetzlaff, Director of Finance and Human Resources

[ttetzlaf@isd138.org](mailto:ttetzlaf@isd138.org)

651 674-1009

**RESOLUTION ESTABLISHING COMBINED POLLING PLACES  
FOR MULTIPLE PRECINCTS AND  
DESIGNATING HOURS DURING WHICH THE POLLING  
PLACES WILL REMAIN OPEN FOR VOTING  
FOR SCHOOL DISTRICT ELECTIONS NOT HELD  
ON THE DAY OF A STATEWIDE ELECTION**

BE IT RESOLVED by the School Board of Independent School District No. 138, State of Minnesota, as follows:

1. Pursuant to Minnesota Statutes, Section 205A.11, the precincts and polling places for school district elections are those precincts or parts of precincts located within the boundaries of the school district which have been established by the cities or towns located in whole or in part within the school district. The board hereby confirms those precincts and polling places so established by those municipalities.

2. Pursuant to Minnesota Statutes, Section 205A.11, the board may establish a combined polling place for several precincts for school district elections not held on the day of a statewide election. **Each combined polling place must be a polling place that has been designated by a county or municipality.** The following combined polling places are established to serve the precincts specified for all school district special and general elections not held on the same day as a statewide election:

Combined Polling Place: Precinct B – Main Street Church, 6500 Main Street, North Branch, MN 55056  
Name and address of combined polling place

"This combined polling place serves all territory in Independent School District No. 138 located in located in the City of Harris, the City of Stacy and the City of North Branch, and Fish Lake, Sunrise, Amador, Chisago Lakes, Lent and Wyoming Townships, all in Chisago County, Minnesota; and North Branch and Oxford Townships in Isanti County, Minnesota.

3. Pursuant to Minnesota Statutes, Section 205A.09, the polling places will remain open for voting for school district elections not held on the same day as a statewide election between the hours of 7:00 o'clock a.m. and 8:00 o'clock p.m.

4. The clerk is directed to file a certified copy of this resolution with the county auditors of each of the counties in which the school district is located, in whole or in part, within thirty (30) days after its adoption.

5. As required by Minnesota Statutes, Section 204B.16, Subdivision 1a, the clerk is hereby authorized and directed to give written notice of new polling place locations to each affected household with at least one registered voter in the school district whose school district polling place location has been changed. The notice must be a nonforwardable notice mailed at least twenty-five (25) days before the date of the first election to which it will apply. A notice that is returned as undeliverable must be forwarded immediately to the appropriate county auditor, who shall change the registrant's status to "challenged" in the statewide registration system.

**I. PURPOSE**

The purpose of this policy is to provide a fair employment setting for all persons and to comply with state and federal law.

**II. GENERAL STATEMENT OF POLICY**

- A. The school district shall not discriminate against qualified individuals with disabilities because of the disabilities of such individuals in regard to job application procedures, hiring, advancement, discharge, compensation, job training, and other terms, conditions, and privileges of employment.
- B. The school district shall not engage in contractual or other arrangements that have the effect of subjecting its qualified applicants or employees with disabilities to discrimination on the basis of disability. The school district shall not exclude or otherwise deny equal jobs or job benefits to a qualified individual because of the known disability of an individual with whom the qualified individual is known to have a relationship or association.
- C. The school district shall make reasonable accommodations for the known physical or mental limitations of an otherwise qualified individual with a disability who is an applicant or employee, unless the accommodation would impose undue hardship on the operation of the business of the school district.
- D. Any job applicant or employee wishing to discuss the need for a reasonable accommodation, or other matters related to a disability or the enforcement and application of this policy, should contact the Director of Finance and Human Resources. This individual is the school district's appointed ADA/Section 504 coordinator.

**Legal References:** Minn. Stat. Ch. 363A (Minnesota Human Rights Act)  
29 U.S.C. 794 *et seq.* (Rehabilitation Act of 1973, § 504)  
42 U.S.C., Ch. 126 § 12112 (Americans with Disabilities Act)  
29 C.F.R. Part 32  
34 C.F.R. Part 35  
34 C.F.R. Part 104

**Cross References:** NB Policy 521 (Student Disability Nondiscrimination)

## EMPLOYEES/PERSONNEL

### Mandated Reporting of Child Neglect or Physical or Sexual Abuse 414

#### I. PURPOSE

The purpose of this policy is to make clear the statutory requirements of school personnel to report suspected child neglect or physical or sexual abuse.

#### II. GENERAL STATEMENT OF POLICY

- A. The policy of the school district is to fully comply with Minnesota Statutes chapter 260E requiring school personnel to report suspected child neglect or physical or sexual abuse.
- B. A violation of this policy occurs when any school personnel fails to immediately report instances of child neglect or physical or sexual abuse when the school personnel knows or has reason to believe a child is being neglected or physically or sexually abused or has been neglected or physically or sexually abused within the preceding three years.

#### III. DEFINITIONS

- A. "Accidental" means a sudden, not reasonably foreseeable, and unexpected occurrence or event that:
  - 1. is not likely to occur and could not have been prevented by exercise of due care; and
  - 2. if occurring while a child is receiving services from a facility, happens when the facility and the employee or person providing services in the facility are in compliance with the laws and rules relevant to the occurrence of event.
- B. "Child" means one under age 18 and, for purposes of Minnesota Statutes chapter 260C (Juvenile Safety and Placement) and Minnesota Statutes chapter 260D (Child in Voluntary Foster Care for Treatment), includes an individual under age 21 who is in foster care pursuant to Minnesota Statutes chapter 260C.451 (Foster Care Benefits Past Age 18).
- C. "Immediately" means as soon as possible but in no event longer than 24 hours.
- D. "Mandated reporter" means any school personnel who knows or has reason to believe a child is being maltreated or has been maltreated within the preceding three years.
- E. "Mental injury" means an injury to the psychological capacity or emotional stability of a child as evidenced by an observable or substantial impairment in the child's ability to function within a normal range of performance and behavior with due regard to the child's culture.
- F. "Neglect" means the commission or omission of any of the acts specified below, other than by accidental means:

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NORTH BRANCH INDEPENDENT SCHOOL DISTRICT NO. 138: Policy #414

**Adopted:** 5/5/03

**Replaces:** Policy 5141.4 Maltreatment of Minors

**Last Reviewed:** 4/8/21, 12/9/21, 5/9/24

**Revised:** 5/13/04, 11/10/16, 8/10/17, 1/9/20, 8/11/22, 2/9/23

**Effective:** 5/5/03, 5/13/04, 11/10/16, 8/10/17, 1/9/20, 8/11/22, 2/9/23 247

414 Mandated Reporting of Child Neglect or Physical or Sexual Abuse, Page 1 of 7

## EMPLOYEES/PERSONNEL

### Mandated Reporting of Child Neglect or Physical or Sexual Abuse 414

1. failure by a person responsible for a child's care to supply a child with necessary food, clothing, shelter, health care, medical, or other care required for the child's physical or mental health when reasonably able to do so;
2. failure to protect a child from conditions or actions that seriously endanger the child's physical or mental health when reasonably able to do so, including a growth delay, which may be referred to as a failure to thrive, that has been diagnosed by a physician and is due to parental neglect;
3. failure to provide for necessary supervision or child care arrangements appropriate for a child after considering factors as the child's age, mental ability, physical condition, length of absence, or environment, when the child is unable to care for the child's own basic needs or safety, or the basic needs or safety of another child in his or her care;
4. failure to ensure that a child is educated in accordance with state law, which does not include a parent's refusal to provide his or her child with sympathomimetic medications;
5. prenatal exposure to a controlled substance as defined in state law used by the mother for a nonmedical purpose, as evidenced by withdrawal symptoms in the child at birth, results of a toxicology test performed on the mother at delivery or the child's birth, medical effects or developmental delays during the child's first year of life that medically indicate prenatal exposure to a controlled substance, or the presence of a fetal alcohol spectrum disorder;
6. medical neglect as defined by Minnesota Statutes section 260C.007, subdivision. 6, clause (5);
7. chronic and severe use of alcohol or a controlled substance by a person responsible for the care of the child that adversely affects the child's basic needs and safety; or
8. emotional harm from a pattern of behavior that contributes to impaired emotional functioning of the child, which may be demonstrated by a substantial and observable effect in the child's behavior, emotional response, or cognition that is not within the normal range for the child's age and stage of development, with due regard to the child's culture.

Neglect does not occur solely because the child's parent, guardian, or other person responsible for the child's care in good faith selects and depends upon spiritual means or prayer for treatment or care of disease or remedial care of the child in lieu of medical care.

- G. "Nonmaltreatment mistake" occurs when: (1) at the time of the incident, the individual was performing duties identified in the center's child care program plan required under Minnesota Rules part 9503.0045; (2) the individual has not been determined responsible for a similar incident that resulted

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NORTH BRANCH INDEPENDENT SCHOOL DISTRICT NO. 138: Policy #414

**Adopted:** 5/5/03

**Replaces:** Policy 5141.4 Maltreatment of Minors

**Last Reviewed:** 4/8/21, 12/9/21, 5/9/24

**Revised:** 5/13/04, 11/10/16, 8/10/17, 1/9/20, 8/11/22, 2/9/23

**Effective:** 5/5/03, 5/13/04, 11/10/16, 8/10/17, 1/9/20, 8/11/22, 2/9/23 248

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in a finding of maltreatment for at least seven years; (3) the individual has not been determined to have committed a similar nonmaltreatment mistake under this paragraph for at least four years; (4) any injury to a child resulting from the incident, if treated, is treated only with remedies that are available over the counter, whether ordered by a medical professional or not; and (5) except for the period when the incident occurred, the facility and the individual providing services were both in compliance with all licensing requirements relevant to the incident. This definition only applies to child care centers licensed under Minnesota Rules chapter 9503.

- H. "Person responsible for the child's care" means (1) an individual functioning within the family unit and having responsibilities for the care of the child such as a parent, guardian, or other person having similar care responsibilities, or (2) an individual functioning outside the family unit and having responsibilities for the care of the child such as a teacher, school administrator, other school employee or agent, or other lawful custodian of a child having either full-time or short-term care responsibilities including, but not limited to, day care, babysitting whether paid or unpaid, counseling, teaching, and coaching.
- I. "Physical abuse" means any physical injury, mental injury (under subdivision 13), or threatened injury (under subdivision 23), inflicted by a person responsible for the child's care on a child other than by accidental means; or any physical or mental injury that cannot reasonably be explained by the child's history of injuries, or any aversive or deprivation procedures, or regulated interventions, that have not been authorized by Minnesota Statutes section 125A.0942 or 245.825.

Abuse does not include reasonable and moderate physical discipline of a child administered by a parent or legal guardian that does not result in an injury. Abuse does not include the use of reasonable force by a teacher, principal, or school employee as allowed by Minnesota Statutes section 121A.582.

Actions that are not reasonable and moderate include, but are not limited to, any of the following: (1) throwing, kicking, burning, biting, or cutting a child; (2) striking a child with a closed fist; (3) shaking a child under age three; (4) striking or other actions that result in any nonaccidental injury to a child under 18 months of age; (5) unreasonable interference with a child's breathing; (6) threatening a child with a weapon, as defined in Minn. Stat. § 609.02, Subd. 6; (7) striking a child under age one on the face or head; (8) striking a child who is at least age one but under age four on the face or head, which results in an injury; (9) purposely giving a child poison, alcohol, or dangerous, harmful, or controlled substances that were not prescribed for the child by a practitioner, in order to control or punish the child, or other substances that substantially affect the child's behavior, motor coordination, or judgment, or that result in sickness or internal injury, or that subject the child to medical procedures that would be unnecessary if the child were not exposed to the substances; (10) unreasonable physical confinement or restraint not permitted under Minnesota Statutes section 609.379, including, but not limited to, tying, caging, or chaining; or (11) in a school facility or school zone, an act by a person responsible for the child's care that is a violation under Minnesota Statutes section 121A.58.

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- J. "Report" means any communication received by the local welfare agency, police department, county sheriff, or agency responsible for child protection pursuant to this section that describes maltreatment of a child and contains sufficient content to identify the child and any person believed to be responsible for the maltreatment, if known.
- K. "School personnel" means professional employee or professional's delegate of the school district who provides health, educational, social, psychological, law enforcement, or child care services.
- L. "Sexual abuse" means the subjection of a child by a person responsible for the child's care, by a person who has a significant relationship to the child (as defined in Minn. Stat. § 609.341, Subd. 15), or by a person in a current or recent position of authority (as defined in Minn. Stat. § 609.341, Subd. 10) to any act which constitutes a violation of Minnesota statutes prohibiting criminal sexual conduct. Such acts include sexual penetration, sexual contact, solicitation of children to engage in sexual conduct, and communication of sexually explicit materials to children. Sexual abuse also includes any act involving a minor that constitutes a violation of Minnesota statutes prohibiting prostitution or use of a minor in a sexual performance. Sexual abuse includes all reports of known or suspected child sex trafficking involving a child who is identified as a victim of sex trafficking. Sexual abuse includes threatened sexual abuse which includes the status of a parent or household member who has committed a violation that requires registration under Minnesota Statutes section 243.166, Subd. 1b(a) or (b).
- M. "Threatened injury" means a statement, overt act, condition, or status that represents a substantial risk of physical or sexual abuse or mental injury. Threatened injury includes, but is not limited to, exposing a child to a person responsible for the child's care who has (1) subjected the child to, or failed to protect a child from, an overt act or condition that constitutes egregious harm; (2) been found to be palpably unfit; (3) committed an act that resulted in an involuntary termination of parental rights; (4) , or committed an act that resulted in the involuntary transfer of permanent legal and physical custody of a child to a relative.

#### IV. REPORTING PROCEDURES

- A. A mandated reporter shall immediately report the information to the local welfare agency, agency responsible for assessing or investigating the report, police department, county sheriff, tribal social services agency, or tribal police department. The reporter will include his or her name and address in the report.
- B. An oral report shall be made immediately by telephone or otherwise., The oral report shall be followed by a written report within 72 hours (exclusive of weekends and holidays) to the appropriate police department, the county sheriff, local welfare agency, or agency responsible for assessing or investigating the report. Any report shall be of sufficient content to identify the child, any person believed to be responsible for the maltreatment of the child if the person is known, the nature and

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extent of the maltreatment, and the name and address of the reporter.

- C. Regardless of whether a report is made, as soon as practicable after a school receives information regarding an incident that may constitute maltreatment of a child in a school facility, the school shall inform the parent, legal guardian, or custodian of the child that an incident has occurred that may constitute maltreatment of the child, when the incident occurred, and the nature of the conduct that may constitute maltreatment.
- D. A mandated reporter who knows or has reason to know of the deprivation of custodial or parental rights or the kidnapping of a child shall report the information to the local police department or the county sheriff.
- E. With the exception of a health care professional or a social service professional who is providing the woman with prenatal care or other health care services, a mandated reporter shall immediately report to the local welfare agency if the person knows or has reason to believe that a woman is pregnant and has used a controlled substance for a nonmedical purpose during the pregnancy, including, but not limited to, tetrahydrocannabinol, or has consumed alcoholic beverages during the pregnancy in any way that is habitual or excessive.
- F. A person mandated by Minnesota law and this policy to report who fails to report may be subject to criminal penalties and/or discipline, up to and including termination of employment.
- G. An employer of a mandated reporter shall not retaliate against the person for reporting in good faith maltreatment against a child with respect to whom a report is made, because of the report.
- H. Any person who knowingly or recklessly makes a false report under the provisions of applicable Minnesota law or this policy shall be liable in a civil suit for any actual damages suffered by the person or persons so reported and for any punitive damages set by the court or jury, plus costs and reasonable attorney fees. Knowingly or recklessly making a false report also may result in discipline.

#### V. INVESTIGATION

- A. The responsibility for assessing or investigating reports of suspected maltreatment rests with the appropriate state, county, or local agency or agencies. The agency responsible for assessing or investigating reports of maltreatment has the authority to interview the child, the person or persons responsible for the child's care, the alleged offender, and any other person with knowledge of the maltreatment for the purpose of gathering facts, assessing safety and risk to the child, and formulating a plan. The investigating agency may interview the child at school. The interview may take place outside the presence of the alleged offender or parent, legal guardian, or school official. The investigating agency, not the school, is responsible for either notifying or withholding notification of the interview to the parent, guardian, or person responsible for the child's care. School officials

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may not disclose to the parent, legal custodian, or guardian the contents of the notification or any other related information regarding the interview until notified in writing by the local welfare or law enforcement agency that the investigation or assessment has been concluded.

- B. When the investigating agency determines that an interview should take place on school property, written notification of intent to interview the child on school property must be received by school officials prior to the interview. The notification shall include the name of the child to be interviewed, the purpose of the interview, and a reference to the statutory authority to conduct an interview on school property.
- C. Except where the alleged offender is believed to be a school official or employee, the time and place, and manner of the interview on school premises shall be within the discretion of school officials, but the local welfare or law enforcement agency shall have the exclusive authority to determine who may attend the interview. The conditions as to time, place, and manner of the interview set by the school officials shall be reasonable, and the interview shall be conducted not more than 24 hours after the receipt of the notification unless another time is considered necessary by agreement between the school officials and the local welfare or law enforcement agency. Every effort must be made to reduce the disruption of the educational program of the child, other students, or school employees when an interview is conducted on school premises.
- D. Where the alleged offender is believed to be a school official or employee, the school district shall conduct its own investigation independent of MDE and, if involved, the local welfare or law enforcement agency.
- E. Upon request by MDE, the school district shall provide all requested data that are relevant to a report of maltreatment and are in the possession of a school facility, pursuant to an assessment or investigation of a maltreatment report of a student in school. The school district shall provide the requested data in accordance with the requirements of the Minnesota Government Data Practices Act, Minnesota Statutes chapter 13, and the Family Educational Rights and Privacy Act, 20 United States Code section 1232g.

#### VI. MAINTENANCE OF SCHOOL RECORDS CONCERNING ABUSE OR POTENTIAL ABUSE

- A. When a local welfare or local law enforcement agency determines that a potentially abused or abused child should be interviewed on school property, written notification of the agency's intent to interview on school property must be received by school officials prior to the interview. The notification shall include the name of the child to be interviewed, the purpose of the interview, and a reference to the statutory authority to conduct the interview. The notification shall be private data. School officials may not disclose to the parent, legal custodian, or guardian the contents of the notice or any other related information regarding the interview until notified in writing by the local welfare or law enforcement agency that the investigation has been concluded.

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- B. All records regarding a report of maltreatment, including any notification of intent to interview which was received by the school as described above in Paragraph A., shall be destroyed by the school only when ordered by the agency conducting the investigation or by a court of competent jurisdiction.

#### VII. PHYSICAL OR SEXUAL ABUSE AS SEXUAL HARASSMENT OR VIOLENCE

Under certain circumstances, alleged physical or sexual abuse may also be sexual harassment or violence under Minnesota law. If so, the duties relating to the reporting and investigation of such harassment or violence may be applicable.

#### VIII. DISSEMINATION OF POLICY AND TRAINING

- A. This policy shall appear in school personnel handbooks.
- B. The school district will develop a method of discussing this policy with school personnel.
- C. This policy shall be reviewed at least annually for compliance with state law.

**Legal References:** Minn. Stat. Ch. 13 (Minnesota Government Data Practices Act)  
Minn. Stat. § 121A.58 (Corporal Punishment)  
Minn. Stat. § 121A.582 (Student Discipline; Reasonable Force)  
Minn. Stat. § 125A.0942 (Standards for Restrictive Procedures)  
Minn. Stat. § 243.166, Subd. 1b(a)(b) (Registration of Predatory Offenders)  
Minn. Stat. § 245.825 (Use of Aversive or Deprivation Procedures)  
Minn. Stat. § 260C.007, Subd. 6, Clause (5) (Child in Need of Protection)  
Minn. Stat. § 260C.451 (Foster Care Benefits Past Age 18)  
Minn. Stat. Ch. 260D (Child in Voluntary Foster Care for Treatment)  
Minn. Stat. Ch. 260E (Reporting of Maltreatment of Minors)  
Minn. Stat. § 609.02, Subd. 6 (Definitions – Dangerous Weapon)  
Minn. Stat. § 609.341, Subd. 10 (Definitions – Position of Authority)  
Minn. Stat. § 609.341, Subd. 15 (Definitions – Significant Relationship)  
Minn. Stat. § 609.379 (Reasonable Force)  
20 U.S.C. § 1232g (Family Educational Rights and Privacy Act)

**Cross References:** NB Policy 415 (Mandated Reporting of Maltreatment of Vulnerable Adults)

## EMPLOYEES/PERSONNEL

### Mandated Reporting of Maltreatment of Vulnerable Adults

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#### I. PURPOSE

The purpose of this policy is to make clear the statutory requirements of school personnel to report suspected maltreatment of vulnerable adults.

#### II. GENERAL STATEMENT OF POLICY

- A. The policy of the school district is to comply fully with Minnesota Statutes section 626.557 requiring school personnel to report suspected maltreatment of vulnerable adults.
- B. A violation of this policy occurs when any school personnel fails to report suspected maltreatment of vulnerable adults when the school personnel has reason to believe that a vulnerable adult is being or has been maltreated, or has knowledge that a vulnerable adult has sustained a physical injury which is not reasonably explained.

#### III. DEFINITIONS

- A. "Abuse" means:
  - 1. An act against a vulnerable adult that constitutes a violation of, an attempt to violate, or aiding and abetting a violation of: (1) assault in the first through fifth degrees as defined in Minnesota Statutes sections 609.221 to 609.224; (2) the use of drugs to injure or facilitate crime as defined in Minnesota Statutes section 609.235; (3) the solicitation, inducement, and promotion of prostitution as defined in Minnesota Statutes section 609.322; and (4) criminal sexual conduct in the first through fifth degrees as defined in Minnesota Statutes sections 609.342 to 609.3451. A violation includes any action that meets the elements of the crime, regardless of whether there is a criminal proceeding or conviction.
  - 2. Conduct which is not an accident or therapeutic conduct as defined in Minnesota Statutes section 626.5572 which produces or could reasonably be expected to produce physical pain or injury or emotional distress including, but not limited to, the following: (1) hitting, slapping, kicking, pinching, biting, or corporal punishment of a vulnerable adult; (2) use of repeated or malicious oral, written, or gestured language toward a vulnerable adult or the treatment of a vulnerable adult which would be considered by a reasonable person to be disparaging, derogatory, humiliating, harassing, or threatening; (3) use of any aversive or deprivation procedure, unreasonable confinement, or involuntary seclusion, including the forced separation of the vulnerable adult from other persons against the will of the vulnerable adult or the legal representative of the vulnerable adult; and (4) use of any aversive or deprivation procedures for persons with developmental disabilities or related conditions not authorized under Minnesota Statutes section 245.825.
  - 3. Any sexual contact or penetration as defined in Minn. Stat. § 609.341 between a facility staff

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person or a person providing services in the facility and a resident, patient, or client of that facility.

4. The act of forcing, compelling, coercing, or enticing a vulnerable adult against the vulnerable adult's will to perform services for the advantage of another.

Abuse does not include actions specifically excluded by Minnesota Statutes section 626.5572, Subd. 2.

- B. "Caregiver" means an individual or facility who has responsibility for the care of a vulnerable adult as a result of a family relationship, or who has assumed responsibility for all or a portion of the care of a vulnerable adult voluntarily, by contract, or by agreement.
- C. "Common entry point" means the entity responsible for receiving reports of alleged or suspected maltreatment of a vulnerable adult and designated by the Commissioner of the Minnesota Department of Human Services as the MN Adult Abuse Reporting Center (MAARC).
- D. "Financial Exploitation" means a breach of a fiduciary duty by an actor's unauthorized expenditure of funds entrusted to the actor for the benefit of the vulnerable adult or by an actor's failure to provide food, clothing, shelter, health care, therapeutic conduct or supervision, the failure of which results or is likely to result in detriment to the vulnerable adult. Financial exploitation also includes: the willful use, withholding or disposal of funds or property of a vulnerable adult; the obtaining of services for wrongful profit or advantage which results in detriment to the vulnerable adult; the acquisition of a vulnerable adult's funds or property through undue influence, harassment, duress, deception or fraud; and the use of force, coercion, or enticement to cause a vulnerable adult to perform services against the vulnerable adult's will for the profit or advantage of another.
- E. "Immediately" means as soon as possible, but no longer than 24 hours from the time initial knowledge that the incident occurred has been received.
- F. "Mandated reporter" means a professional or professional's delegate while engaged in education.
- G. "Maltreatment" means the neglect, abuse, or financial exploitation of a vulnerable adult.
- H. "Neglect" means the failure or omission by a caregiver to supply a vulnerable adult with care or services, including but not limited to, food, clothing, shelter, health care, or supervision which is: (1) reasonable and necessary to obtain or maintain the vulnerable adult's physical or mental health or safety, considering the physical and mental capacity or dysfunction of the vulnerable adult; and (2) which is not the result of an accident or therapeutic conduct.
- I. Neglect also means the absence or likelihood of absence of care or services, including but not limited to, food, clothing, shelter, health care, or supervision necessary to maintain the physical and mental

## EMPLOYEES/PERSONNEL

### Mandated Reporting of Maltreatment of Vulnerable Adults

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health of the vulnerable adult which a reasonable person would deem essential to obtain or maintain the vulnerable adult's health, safety, or comfort considering the physical or mental capacity or dysfunction of the vulnerable adult. Neglect does not include actions specifically excluded by Minnesota Statutes section 626.5572, Subd. 17.

- J. "School personnel" means professional employees or their delegates of the school district engaged in providing health, educational, social, psychological, law enforcement, or other caretaking services of vulnerable adults.
- K. "Vulnerable adult" means any person 18 years of age or older who: (1) is a resident or inpatient of a facility; (2) receives services required to be licensed under Minnesota Statutes chapter 245A, except as excluded under Minnesota Statutes section 626.5572, Subd. 21(a)(2); (3) receives services from a licensed home care provider or person or organization that offers, provides, or arranges for personal care assistance services under the medical assistance program; or (4) regardless of residence or whether any type of service is received, possesses a physical or mental infirmity or other physical, mental, or emotional dysfunction that impairs the individual's ability to provide adequately for the individual's own care without assistance or supervision and, because of the dysfunction or infirmity and need for care or services, has an impaired ability to protect the individual's self from maltreatment.

#### IV. REPORTING PROCEDURES

- A. A mandated reporter as defined herein shall immediately report the suspected maltreatment to the common entry point responsible for receiving reports.
- B. Whenever a mandated reporter, as defined herein, knows or has reason to believe that an individual made an error in the provision of therapeutic conduct to a vulnerable adult which results in injury or harm, which reasonably requires the care of a physician, such information shall be reported immediately to the designated county agency. The mandated reporter also may report a belief that the error did not constitute neglect and why the error does not constitute neglect.
- C. The report shall, to the extent possible, identify the vulnerable adult, the caregiver, the nature and extent of the suspected maltreatment, any evidence of previous maltreatment, the name and address of the reporter, the time, date, and location of the incident, and any other information that the reporter believes might be helpful in investigating the suspected abuse or neglect. A mandated reporter may disclose *not public data*, as defined under Minnesota Statutes section 13.02, to the extent necessary to comply with the above reporting requirements.
- D. A person mandated to report suspected maltreatment of a vulnerable adult who negligently or intentionally fails to report is liable for damages caused by the failure. A negligent or intentional failure to report may result in discipline. A mandatory reporter who intentionally fails to make a report, who knowingly provides false or misleading information in reporting, or who intentionally fails to

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provide all the material circumstances surrounding the reported incident may be guilty of a misdemeanor.

- E. Retaliation against a person who makes a good faith report under Minnesota law and this policy, or against vulnerable adult who is named in a report is prohibited.
- F. Any person who intentionally makes a false report under the provisions of applicable Minnesota law or this policy shall be liable in a civil suit for any actual damages suffered by the person or persons so reported and for any punitive damages set by the court or jury. The intentional making of a false report may result in discipline.

#### V. INVESTIGATION

The responsibility for investigating reports of suspected maltreatment of a vulnerable adult rests with the entity designated by the county for receiving reports.

#### VI. DISSEMINATION OF POLICY AND TRAINING

- A. This policy should appear in school personnel handbooks as appropriate.
- B. The school district will develop a method of discussing this policy with employees as appropriate.
- C. This policy should be reviewed at least annually for compliance with state law.

**Legal References:** Minn. Stat. § 13.02 (Government Data Practices; Definitions)  
Minn. Stat. Ch. 245A (Human Services Licensing)  
Minn. Stat. § 245.825 (Aversive and Deprivation Procedures; Licensed Facilities and Services)  
Minn. Stat. §§ 609.221-609.224 (Assault)  
Minn. Stat. § 609.232 (Crimes Against Vulnerable Adults; Definitions)  
Minn. Stat. § 609.235 (Use of Drugs to Injure or Facilitate Crime)  
Minn. Stat. § 609.322 (Solicitation, Inducement, and Promotion of Prostitution; Sex Trafficking)  
Minn. Stat. § 609.341 (Definitions)  
Minn. Stat. §§ 609.342-609.3451 (Criminal Sexual Conduct)  
Minn. Stat. § 626.557 (Reporting of Maltreatment of Vulnerable Adults)  
Minn. Stat. § 626.5572 (Definitions)  
*In re Kleven*, 736 N.W.2d 707 (Minn. App. 2007)

**Cross References:** NB Policy 103 (Complaints – Students, Employees, Parents, Other Persons)  
NB Policy 211 (Criminal or Civil Action Against School District, School Board Member,

## **EMPLOYEES/PERSONNEL**

### **Mandated Reporting of Maltreatment of Vulnerable Adults**

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Employee, or Student)

NB Policy 403 (Discipline, Suspension, and Dismissal of School District Employees)

NB Policy 406 (Public and Private Personnel Data)

NB Policy 414 (Mandated Reporting of Child Neglect or Physical or Sexual Abuse)

NB Policy 515 (Protection and Privacy of Pupil Records)

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#### **NORTH BRANCH INDEPENDENT SCHOOL DISTRICT NO. 138: Policy 415**

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