

**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  
THURSDAY, DECEMBER 11, 2025  
5:30 PM**

**AGENDA**

Notice is hereby given that the School Board of North Branch Area Public Schools will hold a Regular School Board Meeting on Thursday, December 11, 2025 at 5:30 PM in the North Branch Area Education Center, Board Room, Room C120, 38705 Grand Avenue, North Branch, MN 55056.

- I. Call to Order
- II. Roll Call
- III. Pledge of Allegiance
- IV. Approval of Agenda
- V. School Board Recognition
  - A. Fall Sport Recipients 5
- VI. Superintendent's Report 6
- VII. Removal of Consent Items for Discussion
- VIII. Approval of Consent Items
  - A. Minutes of November 6, 2025 Work Session 20
  - B. Minutes of November 13, 2025 Policy Committee Meeting 21
  - C. Minutes of November 13, 2025 Regular School Board Meeting 22
  - D. Authorization of Payments, Transfers, and Investment Activity 29
  - E. Personnel
    - 1. Roberta Backus, retirement effective at the end of the 2025-26 school year, as Counselor at North Branch Area Middle School and Norse Area Learning Center
    - 2. Laurie Bednarczyk, retirement effective at the end of the 2025-26 school year, as Grade 3 Teacher at Sunrise River Elementary School

3. John Grund, retirement effective at the end of the 2025-26 school year, as Physical Education Teacher at North Branch Area High School
4. Deborah Pierce, retirement effective at the end of the 2025-26 school year, as Intervention Teacher at Sunrise River Elementary School
5. Diane Solberg, retirement effective at the end of the 2025-26 school year, as Math Teacher at North Branch Area Middle School
6. Juli Summer, retirement effective at the end of the 2026-27 school year, as Kindergarten Teacher at North Branch Area Education Center
7. Rachele Weinand, retirement effective at the end of the 2025-26 school year, as Technology Integration Specialist at North Branch Area Middle School
8. Tracey Nelson, resignation effective December 10, 2025, as Special Education Assistant at North Branch Area High School
9. Daniel Seiler, resignation effective December 31, 2025, as Schoolkeeper at North Branch Area Public Schools
10. Tina Weinkauf, resignation effective November 21, 2025, as Lunchroom/Playground Assistant at Sunrise River Elementary School
11. Joel Larson, employment effective October 28, 2025, as Lunchroom/Playground Assistant at Sunrise River Elementary School
12. Kristina Murphy, employment effective October 27, 2025, as Lunchroom/Playground Assistant at Sunrise River Elementary School
13. Tristen Geving, BS, Step 1, as long-term Substitute Teacher for Jennifer McCann, effective December 15, 2025 through February 9, 2026, as Kindergarten Teacher at North Branch Area Education Center
14. Cassandra Johnson, BS, Step 1, as long-term Substitute Teacher for Rachel Mellem, effective January 6, 2026 through March 16, 2026, as Grade 2 Teacher at Sunrise River Elementary School
15. Josie Schlosser, BS, Step 1, as long-term Substitute Teacher for Kristi Johnson, effective approximately January 5, 2026 through March 23, 2026, as Kindergarten Teacher at North Branch Area Education Center
16. 2025–26 Extracurricular Winter Coach Positions
  - a. Michael Thao, Class 3, Step 2, as Assistant Coach for Wrestling
17. 2025-26 Activities Advisor Positions
  - a. Kelly Doohen, Class 8, Step 3, as High School Math League Advisor

b. Sydney Rydberg-Engel, Class 6, Step 2, as Speech Assistant Coach

F. Policy

- 1. Policy 701 - Establishment and Adoption of School District Budget 30
- 2. Policy 701.1 - Modification of School District Budget 34
- 3. Policy 702 - Accounting 36
- 4. Policy 703 - Annual Audit 39
- 5. Policy 801 - Equal Access to School Facilities 43
- 6. Policy 805 - Waste Reduction and Recycling 50

G. Acceptance of Donations 64

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.

IX. **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.

X. Old Business

A. Consider Second Reading of the Following Policies

- 1. Policy 610 NB - Field Trips 65
- 2. Policy 616 NB - School District System Accountability 67

XI. New Business

- A. Consider Acceptance of Audit Report for FY2025 72
- B. Truth in Taxation Hearing Presentation 219

- C. Consider Certification of Property Tax Levy 2025, Payable 2026 in the Amount of \$10,123,678.48
- D. 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 231
- E. Consider First Reading of the Following Policy
  - 1. Policy 506-NB - Student Discipline 232
- XII. Addendum
  - A. Consider Approval of the Custodian and Groundskeeper Contract
- XIII. Information
- XIV. Board Requests
- XV. Committee Reports
- XVI. Dates to Remember
  - A. December 22, 2025 at 9:00 AM - NBEA Mediation Session, North Branch Area Education Center
  - B. January 8, 2026 at 4:30 PM - Policy Committee Meeting, North Branch Area Education Center, DO Conference Room B122
  - C. January 8, 2026 at 5:30 PM - Organizational School Board Meeting, North Branch Area Education Center, Board Room, Room C120
  - D. January 8, 2026 at 5:45 PM - Regular School Board Meeting, North Branch Area Education Center, Board Room, Room C120
- XVII. Adjournment

First Name	Last Name	Sport	All Conference	AC Honorable Mention	Academic AC	All State
Joseph	Damiani	Boys Cross Country		All Conference Honorable Mention		
Nathanael	Damiani	Boys Cross Country		All Conference Honorable Mention		
Caleb	Rueter	Boys Cross Country		All Conference Honorable Mention		
Ruby	Hanson	Girls Cross Country			Academic All Conference	
Mars	Lairson	Girls Cross Country			Academic All Conference	
Ava	Witkowski	Girls Cross Country			Academic All Conference	
Brady	Barie	Boys Soccer		All Conference Honorable Mention		
Jacob	Edmonds	Boys Soccer	All Conference		Academic All Conference	All State 2nd Team
Stephen	Gerten	Boys Soccer			Academic All Conference	
Spencer	Miller	Boys Soccer		All Conference Honorable Mention		
Tsavneej	Moua	Boys Soccer			Academic All Conference	
Drew	Peek	Boys Soccer		All Conference Honorable Mention		
Jackson	Puelston	Boys Soccer	All Conference		Academic All Conference	All State Second Team
Ethan	Thelander	Boys Soccer			Academic All Conference	
Peyton	Alcock	Girls Soccer			Academic All Conference	
Kirley	Barie	Girls Soccer	All Conference		Academic All Conference	
Greta	Cady	Girls Soccer		All Conference Honorable Mention		
Ella	Dick	Girls Soccer		All Conference Honorable Mention		
Sharis	Garcia Velazquez	Girls Soccer	All Conference		Academic All Conference	All State 2nd Team
Sharleen	Garcia Velazquez	Girls Soccer	All Conference		Academic All Conference	All State 1st Team
Kaytlin	Hammond	Girls Soccer	All Conference			
Reese	Moryn	Girls Soccer		All Conference Honorable Mention	Academic All Conference	
Alexis	Sway	Girls Soccer			Academic All Conference	
Brianna	Bjerketvedt	Girls Tennis			Academic All Conference	
Ainslee	Hunter	Girls Tennis		All Conference Honorable Mention		
Maggie	Hunter	Girls Tennis	All Conference		Academic All Conference	All State Academic
Evelyn	O'Donnell	Girls Tennis	All Conference			
Abigail	Pfeifer	Girls Tennis		All Conference Honorable Mention	Academic All Conference	All State Academic
Paulina	Rossini	Girls Tennis	All Conference			
Charlotte	Santjer	Girls Tennis	All Conference		Academic All Conference	
Julia	Schlagel	Girls Tennis		All Conference Honorable Mention	Academic All Conference	
Eliana	Smit	Girls Tennis			Academic All Conference	
Kara	Sullivan	Girls Tennis			Academic All Conference	All State Academic
Cosette	Trampe	Girls Tennis			Academic All Conference	
Rebekah	Wurdemann	Girls Tennis	All Conference			
Libby	Zderad	Girls Tennis			Academic All Conference	
Aayden	Anderson	Football				All Section Team
Austin	Buehring	Football				All Section Honorable Mention
Vinny	Dufeck	Football				All Section Team
Jacob	Edmonds	Football			Academic All District	
Josh	Eiyk	Football			Academic All District	
Brandon	Giese	Football			Academic All District	
Aaron	Goeltl	Football			Academic All District	All Section Honorable Mention
Logan	Hammel	Football	All District			All Section Team
Mason	Henry	Football			Academic All District	
Paul	Jackson	Football		All District Honorable Mention		All Section Honorable Mention
Jacob	Knoespel	Football	All District		Academic All District	
Aydan	Loren	Football				All Section Honorable Mention
Colton	Marvin	Football			Academic All District	
Bo	Pederson	Football		All District Honorable Mention		
Logan	Raine	Football	All District			
Jackson	Schlagel	Football		All District Honorable Mention		All Section Team
Ethan	Thorsen	Football	All District			
Brooke	Giese	Volleyball	All Conference			
Heidi	Hedberg	Volleyball		All District Honorable Mention	Academic All Conference	All State Academic
Josie	Hubbling	Volleyball			Academic All Conference	
Jade	Knoespel	Volleyball		All District Honorable Mention	Academic All Conference	
Amelia	Lattimore	Volleyball	All Conference		Academic All Conference	
Annabelle	Lattimore	Volleyball			Academic All Conference	All State Academic
Brooklyn	Maki	Volleyball			Academic All Conference	
Jenna	Minke	Volleyball	All Conference		Academic All Conference	
Savannah	Schroepfer	Volleyball	All Conference			
Sophia	Thorsen	Volleyball			Academic All Conference	



# Superintendent Update

December 11, 2025<sup>6</sup>



# Vision

## What we intend to create

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



# Mission

## Purpose of our work

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

## Viking Spotlight: Akirah Arveson

Celebrating Akirah Arveson, 11th grader, whose incredible artwork is capturing hearts across our community.

Peg [REDACTED]

Akirah Arveson would you be interested in doing a gallery show at the Pine Center for the Arts

Kim [REDACTED]

I would love to see if she would be interested in drawing a picture of my boy. And what she would charge. He's the one on my profile picture.

Steve [REDACTED]

AMAZING!!

If you draw people, I'd be interested in hiring you to do a portrait of my son who passed away three years ago.

If you're interested, please reach out!



# Viking Spotlight: Applied Learning at Norse Area Learning Center



Math Teacher  
Nicholas Schlender



Agriculture/Science Teacher  
Rickey Red

Students engage in hands-on, real-world learning that builds confidence and practical skills.

# SKOL to Neighborhood Bank!



Yesterday, Jill Linder and Jessie Magnison of Neighborhood Bank dropped off three boxes of hats and mittens donated by customers. SKOL! and thank you to Neighborhood and its customers for their generosity and support!



# Harmonaires Spread Holiday Cheer



Thanks to the NBAHS Harmonaires for providing some wonderful Christmas carols at Tuesday's North Branch Chamber of Commerce luncheon. It was such a nice treat and really put everyone in the holiday spirit!

# Bus Crew Gives Back



District transportation partner 4.0 Student Services held a "Stuff the Bus" event on Saturday, Nov. 22, to collect food donations for the local community.

- Jonelle Coe, one of our long-time drivers, was the main coordinator for the event.
- Donations:
  - 2,582 pounds of food
  - \$2654 cash donations
- All donations were delivered directly to North Branch Family Pathways so that our local community would be sure to get the help they need.



# How NBAPS Makes Weather Decisions



## Our Priorities

- Keep schedules predictable and consistent
- Ensure the safety of students and staff

## What We Don't Do

- No early dismissals once the school day begins

## How We Prepare

- Monitor forecasts, radar, and local agency updates the night before
- 3:00 a.m.: Check conditions with 4.0 Transportation
- By 5:30 a.m.: Decide to:
  - Run a normal schedule
  - Implement a 2-hour late start
  - Close school

## Communication

- Families notified by 5:45 a.m. via calls, email, website, social media, and local media
- When NBAPS has weather related delays, tardies and absences are excused if students are delayed getting to school



# NBAPS and the Max Impact

- NBAPS is committed to helping every student see real-life possibilities through confident, applied learning.
- 1958 alum and former valedictorian Max Malmquist has donated \$100,000 to create long-term scholarships for NBAPS graduates.
- In addition, the Max Impact continues with two, \$2,500 scholarships, to be awarded at our annual scholarship night.
- AND, this spring, NBAPS will launch The Max Advantage Finance Challenge, a personal finance competition focused on budgeting, saving, investing, and practical money management.
- This partnership brings learning to life, strengthens community connections, and advances our mission to help all students reach their greatest potential.
- The School Board will officially accept Max's donation at our January School Board meeting.



# Middle School Christmas Musical



Community Education presents

"A Christmas Line - A North Pole Musical"

December 13 (7 pm) and 14 (2 pm).

- To get tickets to this middle school musical directed by Angela Lund, scan the QR code on the flier or use this link:

<https://gofan.co/app/school/MN19629?activity=Performing%20Arts>

- Tickets are \$6

**North Branch Area Community Education  
Presents**



**By Andy Beck and Brian Fisher**

with additional music by Lois Brownsey and Marti Lantz  
recording orchestrated by Tim Hayden

16

**Directed by Angela Lund**

**December 13 @ 7:00pm**

**December 14 @ 2:00pm**

**Tickets \$6**



# Celebrate with the Vikettes

The flier is decorated with a vertical border of Christmas-themed items including red and white striped candy canes, red and gold ornaments, and green pine branches. The text is arranged in a clean, professional layout.

*North Branch Vikettes*  
HOME SHOW

The Vikettes Dance Team invites you to an afternoon of dancing & celebration! We are excited to be showcasing our routines, and spotlighting our NBDT dancers in front of our home community.

*Saturday, December 20th*  
11:00-1:00pm  
North Branch High School Gymnasium  
\$5 admission at the door  
(free for seniors 65+ and children under 5 years)

Don't miss the opportunity to see some incredible performances and to show some support to local gymnastic teams & dance studios as well!

Thank You To Our Sponsors!



Join the Vikettes Dance Team for an afternoon of dancing and celebration!

- They will be showcasing routines and spotlighting dancers on Saturday, Dec. 20, from 11 am to 1 pm in the NBAHS gym.
- Admission is \$5 at the door. See flier for additional details.

# Economic Growth Powered by Educational Alignment



- The North Branch Economic Development Authority (EDA) finalized a new purchase agreement for 110 acres of the available 250 acre Interstate Business Park, another major step towards bringing 100 high-quality jobs to North Branch.
- This development strengthens the EDA's vision of the Interstate Business Park as a workforce engine for the region.
- NBAPS' manufacturing pathway, Viking Bridge internships, and career-aligned learning directly support employer needs.
- Our education design ensures students graduate skilled, credentialed, and ready for local career opportunities.
- This alignment demonstrates the power of schools, city leadership, and industry working together to build a vibrant economic future.





**NORTH BRANCH INDEPENDENT SCHOOL DISTRICT NO. 138  
NORTH BRANCH AREA EDUCATION CENTER, BOARDROOM  
SCHOOL BOARD WORK SESSION  
November 6, 2025**

The School Board of Independent School District 138 met in a Work Session on Thursday, November 6, 2025, at 5:30 p.m. in the Boardroom at the North Branch Area Education Center.

Chair MacMillan called the meeting to order.

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

Absent: None

Others in Attendance: Zach Berg, Darin Marcussen, Denise Martin, Pakou Lee, Pat Teppeorten, Todd Tetzlaff, David Treichel

The Pledge of Allegiance was said by all.

Superintendent's Report

Superintendent Paul spotlighted new to district SRO Office Kendra Rock and gave an update on the district's growth and facilities.

Work Session Topics

Capital Levy Projects

The district reviewed how the 2017 Capital Projects Levy has strengthened safety, technology, and infrastructure across all schools. Funds have been managed responsibly, with clean audits, upgraded security systems, reliable classroom technology, and proactive maintenance that reduced costs.

The board discussed renewing the existing levy for February 2026. This renewal keeps the same tax rate and continues support for cybersecurity, classroom technology, career-connected learning tools, and safety upgrades.

Board members adjourned the meeting at 6:24 PM

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Heather Naegele, Clerk

**NORTH BRANCH INDEPENDENT SCHOOL DISTRICT NO. 138  
NORTH BRANCH AREA EDUCATION CENTER, ROOM B122  
POLICY COMMITTEE MEETING  
November 13, 2025**

The Policy Committee met on Thursday, November 13, 2025 at 4:30 p.m. in Room B122 at the North Branch Area Education Center.

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

Absent: David Treichel

**The following policies were reviewed and will move to December 11, 2025 board consent agenda.**

Policy 701 - Establishment and Adoption of School District Budget

Policy 701.1 - Modification of School District Budget

Policy 702 - Accounting

Policy 703 - Annual Audit

Policy 801 - Equal Access to School Facilities

Policy 805 - Waste Reduction and Recycling

**The following policies were reviewed following the regular review process and will move to a first reading at the December 11, 2025 school board meeting.**

Policy 506-NB - Student Discipline

**The following policies were reviewed following the regular review process and will not move to the November 13, 2025 school board meeting consent agenda.**

Policy 706-NB - Acceptance of Gifts by the School Board

Policy 802 - Disposition of Obsolete Equipment and Material

The meeting concluded at 5:20 PM.

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Heather Naegele, Clerk

**NORTH BRANCH INDEPENDENT SCHOOL DISTRICT NO. 138  
NORTH BRANCH AREA EDUCATION CENTER, BOARD ROOM C120,  
38705 GRAND AVENUE, NORTH BRANCH, MN 55056  
REGULAR SCHOOL BOARD MEETING  
THURSDAY, November 13, 2025  
5:30 PM**

The School Board of Independent School District 138 met in regular session on Thursday, November 13, 2025, at 5:30 p.m. in the Boardroom at the North Branch Area Education Center.

Chair MacMillan called the meeting to order.

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

**Absent:** Adam Trampe

**Others in attendance:** Kate Andersen, Erica Bjerketvedt, Tara Hallberg, Sara Kaminski, Pakou Lee, Shelby McGray, Lanay Miller, Samantha Pederson, Taylor Swanson, Pat Tepoorten, Todd Tetzlaff and David Treichel

**Approval of Agenda:**

Motion by Grovender, seconded LaValla and carried unanimously to approve the agenda.

**Superintendent's Report**

Superintendent Paul spotlighted Veteran's Day in the school district and gave updates on the Strategic Planning Advisory Meeting that was held on November 12, 2025 and apprenticeship opportunities.

Superintendent Paul, school board members and the Minnesota Community Education Association celebrated Erica Bjerketvedt, Kate Anderson, Katie Malchow, Lanay Miller, Michelle Thomas, Nancy Hoffman, Sara Petersen and Tara Hallberg for their contributions to community education.

NBAPS reviewed how weather decisions are made, focusing on safety and keeping schedules consistent. The district does not use early dismissals. Staff monitor conditions closely and decide whether to hold a normal day, delay, or close. Families are notified through all major communication channels.

**Removal of Consent Items for Discussion:** None

**Consent Items:**

Motion by Grovender, seconded by Naegele to approve the consent agenda. Motion carried.

Voted for: Grovender, LaValla, Naegele, McMillan

Voted against: None

Abstained: Johnson

- A. Minutes of October 9, 2025 Policy Committee Meeting
- B. Minutes of October 9, 2025 Regular School Board Meeting
- C. Minutes of October 9, 2025 School Board Retreat
- D. Minutes of October 15, 2025 OPEB Trust Committee Meeting
- E. Minutes of October 23, 2025 Work Session
- F. Authorization of Payments, Transfers, and Investment Activity
  - Accounts Payable, Bank 07 – \$2,155,891.54
  - Auxiliary, Bank 12 - \$2,419.93
  - Payroll, Bank 13 - \$3,351,057.63
  - Scholarship, Bank 18 - \$0.00
  - High School Student Activities, Bank 31 - \$16,640.65
  - Middle School Student Activities, Bank 32 - \$111.37

G. Personnel

1. Cydnie Brown, resignation effective October 29, 2025, as Lunchroom/Playground Assistant at North Branch Area Education Center
2. Amy Segelstrom, resignation effective October 7, 2025, as Special Education Assistant at Sunrise River Elementary School
3. Joanie Tjomsland, resignation effective December 15, 2025, as Custodian at North Branch Area Public Schools
4. Lisa Vang, termination effective October 3, 2025, as Special Education Assistant at Life Work Center
5. Jennifer McCann, leave request effective December 15, 2025 returning on February 9, 2026, as Kindergarten Teacher at North Branch Area Education Center
6. Rachel Mellem, extension of leave request to return on March 16, 2026, as Grade 2 Teacher at Sunrise River Elementary School

7. Jessica Felt, employment effective October 6, 2025, as Special Education Assistant at North Branch Area High School
8. Dawn Newton, employment effective September 22, 2025, as Lunchroom Assistant at North Branch Area Middle School
9. Katrina Rossman, employment effective as of October 6, 2025, as Schoolkeeper at North Branch Area Public Schools
10. Megan Wieczorek, employment effective October 6, 2025, as Special Education Assistant at Sunrise River Elementary School
11. Molly Christensen, position change effective October 13, 2025, from Lunchroom/Playground Assistant to Special Education Assistant at Sunrise River Elementary School
12. Dawn Newton, position change effective October 21, 2025, from Lunchroom Assistant at North Branch Area Middle School to Special Education Assistant at Life Work Center and Lunchroom Assistant at North Branch Area Middle School
13. 2025-26 Extracurricular Fall Coach Positions
  - a. Lauren Larsen, Class 3, Step 1, as Assistant Coach for Volleyball
14. 2025-26 Extracurricular Winter Coach Positions
  - a. Nathan Appleby, Class 3, Step 10, Assistant Coach for Boys Basketball
  - b. Josh Beaver, Class 3, Step 3, as Assistant Coach for Boys Basketball
  - c. James VanEerden, Class 3, Step 10, as Assistant Coach for Boys Basketball
  - d. Claire Patterson, Class 1, Step 1, as Head Coach for Girls Basketball
  - e. Hunter Brandel, Class 3, Step 3, as Assistant Coach for Girls Basketball
  - f. Brandon Hunter, Class 3, Step 3, as Assistant Coach for Girls Basketball
  - g. Rob Johnson, Class 1, Step 1, as Head Coach for Boys Basketball

- h. Natalie Bristol, Class 6, Step 3, as Coach for Middle School Boys Basketball
- i. Natalie Bristol, Class 6, Step 3, as Coach for Middle School Girls Basketball
- j. Allison Glenna, Class 6, Step 1, as Coach for Middle School Girls Basketball
- k. Chloe Kavanagh, Class 3, Step 2, as Head Coach for Dance
- l. Marissa Minor, Class 5, Step 2, as Assistant Coach for Dance
- m. Chris Johnson, Class 2, Step 10, as Head Coach for Gymnastics
- n. Jessica Audette, Class 4, Step 2, as Assistant Coach for Gymnastics
- o. Rylie Halbur, Class 4, Step 2, as Assistant Coach (0.5 FTE) for Gymnastics
- p. Norm Nagel, Class 9, Step 10, as Fitness Center Supervisor
- q. Kyle Kahl, Class 1, Step 10, as Head Coach for Wrestling
- r. Ryan Henry, Class 3, Step 1, as Assistant Coach (0.5 FTE) for Wrestling
- s. David Kaiser, Class 3, Step 4, as Assistant Coach for Wrestling
- t. Everett Appleby, Volunteer Coach for Boys Basketball
- u. Jim Roo, Volunteer Coach for Boys Basketball
- v. Justin Baker, Volunteer Coach Wrestling
- w. Ashton LaBelle, Volunteer Coach Wrestling
- x. Lucas Nadeau, Volunteer Coach Wrestling

15.2025-26 Activity Advisor Positions

- a. Melissa Kleschult, Class 7, Step 4, as Elementary Yearbook Advisor
- b. Chloe Petersen, Class 7, Step 1, as One Act Director

c. Juli Summer, Class 7, Step 4, as Elementary Yearbook Advisor

H. Annual Assurance of Compliance Report

I. Policies

1. Policy 527 - Student Use and Parking of Motor Vehicles; Patrols, Inspections and Searches
2. Policy 528 - Student Parental, Family, and Marital Status Nondiscrimination
3. Policy 711 - Video Recording on School Buses
4. Policy 712 - Video Surveillance Other Than on Buses

J. Acceptance of Donations

DATE	DONATION FROM	DONATION TO	AMOUNT	USE
10/2/2025	Anderson & Koch Ford, PO Box 158, North Branch, MN 55056	NBHS	\$500.00	Career Day Sponsor Donation
10/8/2025	Anonymous	Sunrise River Elem.	\$64.00	Field Trip Fund Donation
10/9/2025	Anderson & Koch Ford, PO Box 158, North Branch, MN 55056	NBHS Athletics	\$200.00	Girls Golf Tournament Sponsor Donation
10/9/2025	Anderson Landscaping, 39155 Mica Ave, North Branch, MN 55056	NBHS Athletics	\$200.00	Girls Golf Tournament Sponsor Donation
10/9/2025	Grizzly Concrete & Masonry, 5547 340th St, Stacy, MN 55079	NBHS Athletics	\$300.00	Girls Golf Tournament Sponsor Donation
10/9/2025	Kwik Trip, PO Box 2107, 1626 Oak St, La Crosse, WI 54603	NBHS Athletics	\$100.00	Girls Golf Tournament Sponsor Donation
10/9/2025	Lelm Custom Homes, 40452 Lowden Ave, North Branch, MN 55056	NBHS Athletics	\$500.00	Homecoming Fireworks Donation
10/9/2025	Matt & Mindy Lattimore, 38163 Everton Ave, North Branch, MN 55056	NBHS Athletics	\$100.00	Girls Golf Tournament Sponsor Donation
10/9/2025	Miller Trucking Incorporated, PO Box 414, Isle, MN 56342	NBHS Athletics	\$100.00	Homecoming Fireworks Donation
10/9/2025	North Branch Family Chiropractic, 6241 Main St, Ste. 102, North Branch, MN 55056	NBHS Athletics	\$100.00	Girls Golf Tournament Sponsor Donation
10/9/2025	Reider Machine, 6760 Ash St, North Branch, MN 55056	NBHS Athletics	\$100.00	Girls Golf Tournament Sponsor Donation
10/9/2025	The Hideout Restaurant & Bar, 31035 Forest Blvd, Stacy, MN 55079	NBHS Athletics	\$100.00	Homecoming Fireworks Donation
10/15/2025	Betty Ambers, PO Box 231, North Branch, MN 55056	NBHS Athletics	\$100.00	Girls Golf Tournament Sponsor Donation
10/15/2025	A-Star Concrete Pumping, PO Box 134, Baldwin, WI 54002	NBHS Athletics	\$200.00	Girls Golf Tournament Sponsor Donation
10/15/2025	Kristina Kolinski, 1391 Jake P, Chippewa Falls, WI 54729	NBHS Athletics	\$100.00	Girls Golf Tournament Sponsor Donation
10/15/2025	James Riley, RILEYJAMESP@JOHNDEERE.COM	NBHS Athletics	\$1,600.00	FRC Robotics Program Donation
10/15/2025	Team Watters Real Estate, 6041 Main St, Ste. C, North Branch, MN 55056	NBHS Athletics	\$200.00	Girls Golf Tournament Sponsor Donation
10/16/2025	NBAEF, 38868 12th Ave #4, North Branch, MN 55056	Community Ed	\$400.00	Concerts in the Park Donation
10/17/2025	Cyber Grants/US Bank (Matching Gift-D. Cash)	Sunrise River Elem.	\$64.00	Field Trip Fund Donation
10/30/2025	First State Bank of Wyoming, PO Box 308, Wyoming, MN 55092	NBHS Scholarship A/C	\$1,000.00	Scholarship Donation
10/30/2025	Michael & Kathryn Wilcox, 310 1st Ave NW, New Prague, MN 56071	NBHS Scholarship A/C	\$10,000.00	Scholarship Donation
			<b>\$16,028.00</b>	
OCT	Living Branch Lutheran Church, North Branch, MN 55056	Sunrise River Elem.		*Donated School Supplies Valued at Approx. \$400

**Open Mic**

None

**Old Business**

- A. Approval of Second Reading for the 2026-27 School Year Calendar  
Motion by Naegele, seconded by Johnson and carried unanimously to approve Second Reading for the 2026-27 School Year Calendar
- A. Approval of Second Reading of the Following Policies  
Motion by Grovender, seconded by Naegele and carried unanimously to approve Second Reading of the Following Policies.

1. Policy 204 - School Board Meeting Minutes

2. Policy 511 NB - Fundraising
3. Policy 524 NB - Internet Acceptable Use and Safety Policy
4. Policy 606 - Textbooks and Instructional Materials

## **New Business**

### **B. Preliminary Financial Statement Report**

Todd Tetzlaff, Director of Finance and Human Services gave a presentation. Audit will be presented by auditor from Clifton Larson Allen to the school board at the December regular school board meeting. Truth in Taxation Hearing is also scheduled for the December meeting. If there are any questions, please contact Dr. Tetzlaff directly at (651) 674-1009 or email him at [ttetzlaf@isd138.org](mailto:ttetzlaf@isd138.org).

### **C. Approval of the Resolution Relating to Renewing the Expiring Capital Project Levy Authorization to Fund Technology of the School District and Calling an Election Thereon**

Motion by Naegele, seconded by Grovender and carried unanimously to approve the Resolution Relating to Renewing the Expiring Capital Project Levy Authorization to Fund Technology of the School District and Calling an Election Thereon

### **D. Approval of the Memorandum of Understanding (MOU) between North Branch Area School District and North Branch Education Association - Resolving A Grievance and Amending and Restating the Career Step Provision of the Master Agreement**

Motion by Naegele, seconded by LaValla and carried unanimously to approve the Memorandum of Understanding (MOU) between North Branch Area School District and North Branch Education Association - Resolving A Grievance and Amending and Restating the Career Step Provision of the Master Agreement

### **E. Approval of the Resolution of Governing Board Supporting Form A Application to Minnesota State High School League Foundation**

Motion by Grovender, seconded by LaValla and carried unanimously to approve the Resolution of Governing Board Supporting Form "A" Application to Minnesota State High School League Foundation

### **F. Approval of First Reading of the Following Policies**

Motion by Naegele, seconded by LaValla and carried unanimously to approve First Reading of the Following Policies.

1. Policy 610 NB - Field Trips
2. Policy 616 NB - School District System Accountability

### **Addendum**

None

### **Information**

Fundraising Reports from May 1 - October 31

### **Board Requests**

None

### **Committee Reports**

Member Grovender reported on SCRED

Member LaValla reported on Community Education Committee Council

Member MacMillan informed that the next American Indian Parent Advisory Committee meeting date changed from November 19, 2025 to November 20, 2025.

### **Dates to Remember**

- A. November 18, 2025 at 4:15 PM - Negotiations Committee Meeting, North Branch Area Education Center
- B. November 18, 2025 at 4:30 PM - Custodian Negotiations Session, North Branch Area Education Center, DO Conference Room B122
- C. December 11, 2025 at 4:30 PM - Policy Committee Meeting, North Branch Area Education Center, DO Conference Room B122
- D. December 11, 2025 at 5:30 PM - Regular School Board Meeting, North Branch Area Education Center, Board Room, Room B122

### **Adjournment**

Motion by Grovender, seconded by Johnson and carried unanimously to adjourn the regular meeting at 6:42 PM.

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Heather Naegele, Clerk

**ELECTRONIC FUND TRANSFERS  
NOVEMBER 2025**

Direct Dep Cks		\$1,175,401.60	
ACHS		<u>\$11,005.64</u>	
		<b>\$1,186,407.24</b>	
Other Electronic Fund Transfers:			
Federal/FICA Taxes			11/3/2025 \$77,690.79
(Also reflected in P/R info)			11/3/2025 \$113,964.83
			11/17/2025 \$80,901.92
			11/17/2025 <u>\$111,537.25</u>
			<b>\$384,094.79</b>
Minnesota Withholding Taxes			11/3/2025 \$314.51
(Also reflected in P/R info)			11/4/2025 \$12,782.41
			11/4/2025 \$20,451.01
			11/17/2025 \$345.09
			11/18/2025 \$12,519.12
			11/18/2025 <u>\$19,438.55</u>
			<b>\$65,850.69</b>
Economic Service (EBC)			11/17/2025 \$13,334.02
(Also reflected in P/R info)			11/17/2025 <u>\$20,277.55</u>
			<b>\$33,611.57</b>
MII LIFE-F S A	PEIP		11/4/2025 \$145.99
	PEIP		11/13/2025 \$140.00
	PEIP		11/14/2025 <span style="color: red;">(\$140.00)</span>
	PEIP		11/17/2025 \$46.71
	PEIP		11/18/2025 \$220.57
	PEIP		11/18/2025 \$776.57
	PEIP Admin Inv		11/25/2025 <u>\$399.25</u>
			<b>\$1,589.09</b>
MII LIFE-M S A			11/17/2025 \$766.17
			11/17/2025 <u>\$7,732.77</u>
			<b>\$8,498.94</b>
Minnesota Teachers Retirement			11/14/2025 \$10,924.48
			11/14/2025 \$91,906.04
			11/28/2025 \$10,885.30
			11/28/2025 <u>\$88,103.11</u>
			<b>\$201,818.93</b>
PERA			11/14/2025 \$43,706.71
			11/28/2025 <u>\$43,512.58</u>
			<b>\$87,219.29</b>
Delta Dental Plan			11/21/2025 <b>\$18,620.78</b>
MN Sales Tax			11/18/2025 <b>\$404.00</b>
Neopost Annual Fee			11/3/2025 <b>\$50.00</b>
Neopost Advance			11/17/2025 <b>\$5,000.00</b>

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

MSBA/MASA Model Policy 701  
Orig. 1995  
Rev. 2024 (Nov.)

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

## **701 ESTABLISHMENT AND ADOPTION OF SCHOOL DISTRICT BUDGET**

**[NOTE: The provisions of this policy substantially reflect the requirements of Minnesota Statutes.]**

### **I. PURPOSE**

The purpose of this policy is to establish lines of authority and procedures for the establishment of the school district's revenue and expenditure budgets.

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

The policy of the school district is to establish its revenue and expenditure budgets in accordance with the applicable provisions of law. Budget planning is an integral part of program planning so that the annual budget will effectively express and implement school board goals and the priorities of the school district.

### **III. REQUIREMENT**

- A. The superintendent or such other school official as designated by the superintendent or the school board shall each year prepare preliminary revenue and expenditure budgets for review by the school board or its designated committee or committees. The preliminary budgets shall be accompanied by such written commentary as may be necessary for them to be clearly understood by the members of the school board and the public. The school board shall review the projected revenues and expenditures for the school district for the next fiscal year and make such adjustments in the expenditure budget as necessary to carry out the education program within the revenues projected. When projected expenditures exceed projected revenues, the school board may consider use of an available fund balance, if one exists.
- B. The school district must maintain separate accounts to identify revenues and expenditures for each building. Expenditures shall be reported in compliance with Minnesota Statutes, section 123B.76.
- C. Prior to July 1 of each year, the school board shall approve and adopt its initial revenue and expenditure budgets for the next school year. The adopted expenditure budget document shall be considered the school board's expenditure authorization for that school year. No funds may be expended for any purpose in any school year prior to the adoption of the budget document which authorizes that expenditure for that year, or prior to the adoption of an amendment to that budget document by the school board to authorize that expenditure for that year.
- D. Each year, the school district shall publish its adopted revenue and expenditure budgets for the current year, the actual revenues, expenditures, and fund balances for the prior year, and the projected fund balances for the current year in the form prescribed by the ~~Minnesota~~ Commissioner of the Minnesota Department of Education (Commissioner) within one week of the acceptance of the final audit by the school board, or November 30, whichever is earlier. A statement shall be included in the publication that the complete budget in detail may be inspected by any resident of the school district upon request to the superintendent. A summary of this information and the address of the school district's official website where the information can be found must be published in a newspaper of general circulation in the school district. At the same time as this publication, the school district shall publish the other information required by Minnesota Statutes section 123B.10.

- E. At the public hearing on the adoption of the school district's proposed property tax levy, the school board shall review its current budget and the proposed property taxes payable in the following calendar year.
- F. The school district must also post the materials specified in Paragraph III.D. above on the school district's official website, including a link to the school district's school report card on the Minnesota Department of Education's website, and publish a summary of information and the address of the school district's website where the information can be found in a qualified newspaper of general circulation in the district.

**IV. IMPLEMENTATION**

- A. The school board places the responsibility for administering the adopted budget with the superintendent. The superintendent may delegate duties related thereto to other school officials, but the superintendent maintains the ultimate responsibility for this function.
- B. The program-oriented budgeting system will be supported by a program-oriented accounting structure organized and operated on a fund basis as provided for in Minnesota statutes through the Uniform Financial Accounting and Reporting Standards for Minnesota School Districts (UFARS).
- C. The superintendent or the superintendent's designee is authorized to make payments of claims or salaries authorized by the adopted or amended budget prior to school board approval.
- D. Supplies and capital equipment can be ordered prior to budget adoption only by authority of the school board. If additional personnel are provided in the proposed budget, actual hiring may not occur until the budget is adopted unless otherwise approved by the school board. Other funds to be expended in a subsequent school year may not be encumbered prior to budget adoption unless specifically approved by the school board.
- E. The school district shall make such reports to the ~~Minnesota~~-Commissioner of Education as required relating to initial allocations of revenue, reallocations of revenue, and expenditures of funds.

**Legal References:** Minn. Stat. § 123B.10 (Publication of Financial Information)  
Minn. Stat. § 123B.76 (Expenditures; Reporting)  
Minn. Stat. § 123B.77 (Accounting, Budgeting, and Reporting Requirements)

**Cross References:** MSBA/MASA Model Policy 701.1 (Modification of School District Budget)  
MSBA/MASA Model Policy 702 (Accounting)

# NON-INSTRUCTIONAL OPERATIONS AND BUSINESS SERVICES

## Establishment and Adoption of School District Budget

701

### I. PURPOSE

The purpose of this policy is to establish lines of authority and procedures for the establishment of the school district's revenue and expenditure budgets.

### II. GENERAL STATEMENT OF POLICY

The policy of the school district is to establish its revenue and expenditure budgets in accordance with the applicable provisions of law. Budget planning is an integral part of program planning so that the annual budget will effectively express and implement school board goals and the priorities of the school district.

### III. REQUIREMENT

- A. The superintendent or such other school official as designated by the superintendent or the school board shall each year prepare preliminary revenue and expenditure budgets for review by the school board or its designated committee or committees. The preliminary budgets shall be accompanied by such written commentary as may be necessary for them to be clearly understood by the members of the school board and the public. The school board shall review the projected revenues and expenditures for the school district for the next fiscal year and make such adjustments in the expenditure budget as necessary to carry out the education program within the revenues projected. When projected expenditures exceed projected revenues, the school board may consider use of an available fund balance, if one exists.
- B. The school district must maintain separate accounts to identify revenues and expenditures for each building. Expenditures shall be reported in compliance with Minnesota Statutes, section 123B.76.
- C. Prior to July 1 of each year, the school board shall approve and adopt its initial revenue and expenditure budgets for the next school year. The adopted expenditure budget document shall be considered the school board's expenditure authorization for that school year. No funds may be expended for any purpose in any school year prior to the adoption of the budget document which authorizes that expenditure for that year, or prior to the adoption of an amendment to that budget document by the school board to authorize that expenditure for that year.
- D. Each year, the school district shall publish its adopted revenue and expenditure budgets for the current year, the actual revenues, expenditures, and fund balances for the prior year, and the projected fund balances for the current year in the form prescribed by the Commissioner of the Minnesota Department of Education (Commissioner) within one week of the acceptance of the final audit by the school board, or November 30, whichever is earlier. A statement shall be included in the publication that the complete budget in detail may be inspected by any resident of the school district upon request to the superintendent. A summary of this information and the address of the school district's official website where the information can be found must be published in a newspaper of general circulation in the school district. At the same time as this publication, the school district shall publish the other information required by Minnesota Statutes section 123B.10.

North Branch Independent School District No. 138: District Policy #701

Adopted: April 10, 2014

Revised: February 8, 2018, (2025)

Effective: April 10, 2014, February 8, 2018, (2025)

701 Establishment and Adoption of School District Budget, page 1 of 2

# NON-INSTRUCTIONAL OPERATIONS AND BUSINESS SERVICES

## Establishment and Adoption of School District Budget

701

- E. At the public hearing on the adoption of the school district's proposed property tax levy, the school board shall review its current budget and the proposed property taxes payable in the following calendar year.
- F. The school district must also post the materials specified in Paragraph III.D. above on the school district's official website, including a link to the school district's school report card on the Minnesota Department of Education's website, and publish a summary of information and the address of the school district's website where the information can be found in a qualified newspaper of general circulation in the district.

### IV. IMPLEMENTATION

- A. The school board places the responsibility for administering the adopted budget with the superintendent. The superintendent may delegate duties related thereto to other school officials, but maintains the ultimate responsibility for this function.
- B. The program-oriented budgeting system will be supported by a program-oriented accounting structure organized and operated on a fund basis as provided for in Minnesota statutes through the Uniform Financial Accounting and Reporting Standards for Minnesota School Districts (UFARS).
- C. The superintendent or the superintendent's designee is authorized to make payments of claims or salaries authorized by the adopted or amended budget prior to school board approval.
- D. Supplies and capital equipment can be ordered prior to budget adoption only by authority of the school board. If additional personnel are provided in the proposed budget, actual hiring may not occur until the budget is adopted unless otherwise approved by the school board. Other funds to be expended in a subsequent school year may not be encumbered prior to budget adoption unless specifically approved by the school board.
- E. The school district shall make such reports to the Commissioner as required relating to initial allocations of revenue, reallocations of revenue, and expenditures of funds.

**Legal References:** Minn. Stat. § 123B.10 (Publication of Financial Information)  
Minn. Stat. § 123B.76 (Expenditures; Reporting)  
Minn. Stat. § 123B.77 (Accounting, Budgeting and Reporting Requirements)

**Cross References:** NB Policy 701.1 (Modification of School District Budget)  
NB Policy 702 (Accounting)  
MSBA Service Manual, Chapter 7, Education Funding

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

MSBA/MASA Model Policy 701.1

Orig. 1996

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

Rev. 2022~~00~~

## 701.1 MODIFICATION OF SCHOOL DISTRICT BUDGET

***[Note: The provisions of this policy substantially reflect the requirements of Minnesota Statutes.]***

### I. PURPOSE

The purpose of this policy is to establish procedures for the modification of the school district's adopted revenue and expenditure budgets.

### II. GENERAL STATEMENT OF POLICY

The policy of this school district is to modify its revenue and expenditure budgets in accordance with the applicable provisions of law.

### III. REQUIREMENT

- A. The school district's adopted expenditure budget shall be considered the school board's expenditure authorization for that school year.
- B. If revisions or modifications in the adopted expenditure budget are determined to be advisable by the administration, the superintendent shall recommend the proposed changes to the school board. The proposed changes shall be accompanied by sufficient and appropriate background information on the revenue and policy issues involved to allow the school board to make an informed decision. A school board member may also propose modifications on that board member's own motion, provided, however, the school board member is encouraged to review the proposed modifications with the superintendent prior to their being proposed so that the administration may prepare necessary background materials for the school board prior to its consideration of those proposed modifications.
- C. If sufficient funds are not included in the expenditure budget in a particular fund to allow the proposed expenditure, funds for this purpose may not be expended from that fund prior to the adoption of an expenditure budget amendment by the school board to authorize that expenditure for that school year. An amended expenditure shall not exceed the projected revenues available for that purpose in that fund.
- D. The school district's revenue budget shall be amended from time to time during a fiscal year to reflect updated or revised revenue estimates. The superintendent shall make recommendations to the school board for appropriate revisions. If necessary, the school board shall also make necessary revisions in the expenditure budget if it appears that expenditures would otherwise exceed revenues and fund balances in a fund.

**Legal References:** Minn. Stat. § 123B.77 (Accounting, Budgeting, and Reporting Requirement)

**Cross References:** MSBA/MASA Model Policy 701 (Establishment and Adoption of School District Budget)  
[MSBA Service Manual, Chapter 7](#)

# NON-INSTRUCTIONAL OPERATIONS AND BUSINESS SERVICES

## Modification of School District Budget

701.1

### I. PURPOSE

The purpose of this policy is to establish procedures for the modification of the school district's adopted revenue and expenditure budgets.

### II. GENERAL STATEMENT OF POLICY

The policy of this school district is to modify its revenue and expenditure budgets in accordance with the applicable provisions of law.

### III. REQUIREMENT

- A. The school district's adopted expenditure budget shall be considered the school board's expenditure authorization for that school year.
- B. If revisions or modifications in the adopted expenditure budget are determined to be advisable by the administration, the superintendent shall recommend the proposed changes to the school board. The proposed changes shall be accompanied by sufficient and appropriate background information on the revenue and policy issues involved to allow the school board to make an informed decision. A school board member may also propose modifications on that board member's own motion, provided, however, the school board member is encouraged to review the proposed modifications with the superintendent prior to their being proposed so that the administration may prepare necessary background materials for the school board prior to its consideration of those proposed modifications.
- C. If sufficient funds are not included in the expenditure budget in a particular fund to allow the proposed expenditure, funds for this purpose may not be expended from that fund prior to the adoption of an expenditure budget amendment by the school board to authorize that expenditure for that school year. An amended expenditure shall not exceed the projected revenues available for that purpose in that fund.
- D. The school district's revenue budget shall be amended from time to time during a fiscal year to reflect updated or revised revenue estimates. The superintendent shall make recommendations to the school board for appropriate revisions. If necessary, the school board shall also make necessary revisions in the expenditure budget if it appears that expenditures would otherwise exceed revenues and fund balances in a fund.

**Legal References:** Minn. Stat. § 123B.77 (Accounting, Budgeting, and Reporting Requirement)

**Cross References:** NB Policy 701 (Establishment and Adoption of School District Budget)

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

MSBA/MASA Model Policy 702

Orig. 1995

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

Rev. 2022~~06~~

## 702 ACCOUNTING

***[Note: The provisions of this policy reflect the applicable statutes and are not discretionary in nature.]***

### I. PURPOSE

The purpose of this policy is to adopt the Uniform Financial Accounting and Reporting Standards for Minnesota School Districts (UFARS) provided for in guidelines adopted by the Minnesota Department of Education.

### II. GENERAL STATEMENT OF POLICY

It is the policy of this school district to comply with the Uniform Financial Accounting and Reporting Standards for Minnesota School Districts.

### III. MAINTENANCE OF BOOKS AND ACCOUNTS

The school district shall maintain its books and records and do its accounting in compliance with the Uniform Accounting and Reporting Standards for Minnesota School Districts (UFARS) provided for in the guidelines adopted by the Minnesota Department of Education and in compliance with applicable state laws and rules relating to reporting of revenues and expenditures.

### IV. PERMANENT FUND TRANSFERS

Unless otherwise authorized pursuant to ~~Minn. Stat. §~~ Minnesota Statutes section 123B.80, as amended, or any other law, fund transfers shall be made in compliance with UFARS and permanent fund transfers shall only be made in compliance with Minnesota Statutes section ~~Minn. Stat. §~~ 123B.79, as amended, or other applicable statute.

### V. REPORTING

The school board shall provide for an annual audit of the books and records of the school district to assure compliance of its records with UFARS. Each year, the school district shall also provide for the publication of the financial information specified in Minnesota Statutes section ~~Minn. Stat. §~~ 123B.10 in the manner specified therein.

**Legal References:** Minn. Stat. § 123B.02 (~~General Powers of Independent School Districts~~)School District Powers)  
Minn. Stat. § 123B.09 (~~Boards of Independent School Districts~~)School Board Powers)  
Minn. Stat. § 123B.10 (Publication of Financial Information)  
Minn. Stat. § 123B.14, Subd. 7 (~~Officers of Independent School Districts~~)Duties of School Board Clerk)  
Minn. Stat. § 123B.75 (Revenue; Reporting)  
Minn. Stat. § 123B.76 (Expenditures; Reporting)  
Minn. Stat. § 123B.77 (Accounting, Budgeting and Reporting Requirements)  
Minn. Stat. § 123B.78 (Cash Flow; School District Revenues; Borrowing for Current Operating Costs; Capital Expenditure; Deficits)  
Minn. Stat. § 123B.79 (Permanent Fund Transfers)  
Minn. Stat. § 123B.80 (Exceptions for Permanent Fund Transfers)

**Cross References:** MSBA/MASA Model Policy 703 (Annual Audit)  
~~MSBA Service Manual, Chapter 7, Education Funding~~

# NON-INSTRUCTIONAL OPERATIONS AND BUSINESS SERVICES

## Accounting

702

### I. PURPOSE

The purpose of this policy is to adopt the Uniform Financial Accounting and Reporting Standards for Minnesota School Districts (UFARS) provided for in guidelines adopted by the Minnesota Department of Education.

### II. GENERAL STATEMENT OF POLICY

It is the policy of this school district to comply with the Uniform Financial Accounting and Reporting Standards for Minnesota School Districts.

### III. MAINTENANCE OF BOOKS AND ACCOUNTS

The school district shall maintain its books and records and do its accounting in compliance with the Uniform Accounting and Reporting Standards for Minnesota School Districts (UFARS) provided for in the guidelines adopted by the Minnesota Department of Education and in compliance with applicable state laws and rules relating to reporting of revenues and expenditures.

### IV. PERMANENT FUND TRANSFERS

Unless otherwise authorized pursuant to Minnesota Statutes section 123B.80, as amended, or any other law, fund transfers shall be made in compliance with UFARS and permanent fund transfers shall only be made in compliance with Minnesota Statutes section 123B.79, as amended, or other applicable statute.

### V. REPORTING

The school board shall provide for an annual audit of the books and records of the school district to assure compliance of its records with UFARS. Each year, the school district shall also provide for the publication of the financial information specified in Minnesota Statutes section 123B.10 in the manner specified therein.

#### **Legal References:**

Minn. Stat. § 123B.02 (General Powers of Independent School Districts)  
Minn. Stat. § 123B.09 (Boards of Independent School Districts)  
Minn. Stat. § 123B.10 (Publication of Financial Information)  
Minn. Stat. § 123B.14, Subd. 7 (Officers of Independent School Districts)  
Minn. Stat. § 123B.75 (Revenue; Reporting)  
Minn. Stat. § 123B.76 (Expenditures; Reporting)  
Minn. Stat. § 123B.77 (Accounting, Budgeting and Reporting Requirements)  
Minn. Stat. § 123B.78 (Cash Flow; School District Revenues; Borrowing for Current Operating Costs; Capital Expenditure Deficits)  
Minn. Stat. § 123B.79 (Permanent Fund Transfers)  
Minn. Stat. § 123B.80 (Exceptions for Permanent Fund Transfers)

#### **Cross References:**

MSBA/MASA Model Policy 703 (Annual Audit)

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

MSBA/MASA Model Policy 703

Orig. 1995

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

Rev. 2019-2022

## **703 ANNUAL AUDIT**

***[Note: The provisions of this policy reflect the applicable statutes and are not discretionary in nature.]***

### **I. PURPOSE**

The purpose of this policy is to provide for an annual audit of the books and records of the school district in order to comply with law, to provide a permanent record of the financial position of the school district, and to provide guidance to the school district to correct any errors and discrepancies in its practices.

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

The policy of this school district is to comply with all laws relating to the annual audit of the books and records of the school district.

### **III. REQUIREMENT**

- A. The school board shall appoint independent certified public accountants to audit, examine, and report upon the books and records of the school district. The school board may enter into a contract with a person or firm to provide the agreed upon services.
- B. After the close of each fiscal year, the books, records, and accounts of the school district shall be audited by said independent certified public accountants in accordance with applicable standards and legal requirements. The superintendent and members of the administration shall cooperate with the auditors.
- C. The school district shall, prior to September 15 of each year, submit unaudited financial data for the preceding year to the [Minnesota](#) Commissioner of Education (Commissioner) on forms prescribed by the Commissioner. The report shall also include those items required by ~~Minn. Stat. §~~[Minnesota Statutes section](#) 123B.14, ~~subdivision~~[Subd.](#) 7.
- D. The school district shall, prior to November 30 of each year, provide to the Commissioner audited financial data for the preceding fiscal year. The school district shall, prior to December 31 of each year, provide to the Commissioner and the State Auditor an audited financial statement in a form that will allow comparison with and correction of material differences in the unaudited data. The audited financial statement must also provide a statement of assurance pertaining to compliance with uniform financial accounting and reporting standards and a copy of the management letter submitted to the school district by its auditor.
- E. The audit must be conducted in compliance with generally accepted governmental auditing standards, the Federal Single Audit Act, and the Minnesota Legal Compliance Audit Guide [for School Districts](#) issued by the Office of the State Auditor.
- F. The school board must approve the audit report by resolution or require a further or amended report.
- G. The administration shall report to the school board regarding any actions necessary to correct any deficiencies or exceptions noted in the audit.
- H. The accounts and records of the school district shall also be subject to audit and inspection by the State Auditor to the extent provided in [Minnesota Statutes chapter](#)~~Minn. Stat. Ch.~~ 6.

**Legal References:**

Minn. Stat. Ch. 6 (State Auditor)  
Minn. Stat. § 123B.02 ([General Powers of Independent School Districts](#)~~School District Powers~~)  
Minn. Stat. § 123B.09 ([Boards of Independent School Districts](#)~~School Board Powers~~)  
Minn. Stat. § 123B.14, Subd. 7 ([Officers of Independent School Districts](#)~~Duties of School Board Clerk~~)  
Minn. Stat. § 123B.77, Subds. 2 and 3 ([Audited Financial Statements; Statement for Comparison and Correction](#)~~Accounting, Budgeting, and Reporting Requirement~~)

**Cross References:**

MSBA/MASA Model Policy 702 (Accounting)  
[MSBA Service Manual, Chapter 7, Education Funding](#)

# NON-INSTRUCTIONAL OPERATIONS AND BUSINESS SERVICES

## Annual Audit

703

### I. PURPOSE

The purpose of this policy is to provide for an annual audit of the books and records of the school district in order to comply with law, to provide a permanent record of the financial position of the school district, and to provide guidance to the school district to correct any errors and discrepancies in its practices.

### II. GENERAL STATEMENT OF POLICY

The policy of this school district is to comply with all laws relating to the annual audit of the books and records of the school district.

### III. REQUIREMENT

- A. The school board shall appoint independent certified public accountants to audit, examine, and report upon the books and records of the school district. The school board may enter into a contract with a person or firm to provide the agreed upon services.
- B. After the close of each fiscal year, the books, records, and accounts of the school district shall be audited by said independent certified public accountants in accordance with applicable standards and legal requirements. The superintendent and members of the administration shall cooperate with the auditors.
- C. The school district shall, prior to September 15 of each year, submit unaudited financial data for the preceding year to the Minnesota Commissioner of Education (Commissioner) on forms prescribed by the Commissioner. The report shall also include those items required Minnesota Statutes section 123B.14, subdivision 7.
- D. The school district shall, prior to November 30 of each year, provide to the Commissioner audited financial data for the preceding fiscal year. The school district shall, prior to December 31 of each year, provide to the Commissioner and the State Auditor an audited financial statement in a form that will allow comparison with and correction of material differences in the unaudited data. The audited financial statement must also provide a statement of assurance pertaining to compliance with uniform financial accounting and reporting standards and a copy of the management letter submitted to the school district by its auditor.
- E. The audit must be conducted in compliance with generally accepted governmental auditing standards, the Federal Single Audit Act and the Minnesota Legal Compliance Audit Guide for School Districts issued by the Office of the State Auditor.
- F. The school board must approve the audit report by resolution or require a further or amended report.
- G. The administration shall report to the school board regarding any actions necessary to correct any deficiencies or exceptions noted in the audit.

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North Branch Independent School District No. 138: District Policy #703

**Adopted:** April 10, 2014

**Revised:** February 13, 2020, (2025)

**Effective:** April 10, 2014, February 13, 2020, (2025)

703 Annual Audit, page 1 of 2

# NON-INSTRUCTIONAL OPERATIONS AND BUSINESS SERVICES

## Annual Audit

703

- H. The accounts and records of the school district shall also be subject to audit and inspection by the State Auditor to the extent provided in Minnesota Statutes chapter 6.

**Legal References:** Minn. Stat. Ch. 6 (State Auditor)  
Minn. Stat. § 123B.02 (General Powers of Independent School Districts)  
Minn. Stat. § 123B.09 (Boards of Independent School Districts)  
Minn. Stat. § 123B.14, Subd. 7 ((Officers of Independent School Districts)  
Minn. Stat. § 123B.77, Subds. 2 and 3 (Accounting, Budgeting, and Reporting Requirement)

**Cross References:** NB Policy 702 (Accounting)

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

MSBA/MASA Model Policy 801

Orig. 1995

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

Rev. 202206

## **801 EQUAL ACCESS TO SCHOOL FACILITIES**

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

### **I. PURPOSE**

The purpose of this policy is to implement the Equal Access Act by granting equal access to secondary school facilities for students who wish to conduct a meeting for religious, political, or philosophical purposes during noninstructional time.

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

- A. The policy of the school district is not to deny equal access or a fair opportunity to, or to discriminate against, any students who wish to conduct a meeting, on the basis of the religious, political, philosophical, or other content of the speech at such meetings.
- B. The school board has created a limited open forum for students enrolled in secondary schools during which noncurriculum-related student groups shall have equal access and a fair opportunity to conduct meetings during noninstructional time.
- C. Student use of facilities under this policy does not imply school district sponsorship, approval, or advocacy of the content of the expression at such meetings.
- D. The school district retains its authority to maintain order and discipline on school premises, to protect the well-being of students and faculty, and to assure that attendance of students at meetings is voluntary.
- E. In adopting and implementing this equal access policy, the school district will NOT:
  - 1. influence the form or content of any prayer or other religious activity;
  - 2. require any person to participate in prayer or other religious activity;
  - 3. expend public funds beyond the incidental cost of providing the space for student-initiated meetings;
  - 4. compel any school agent or employee to attend a school meeting if the content of the speech at the meeting is contrary to the beliefs of the agent or employee;
  - 5. sanction meetings that are otherwise unlawful;
  - 6. limit the rights of groups of students based on the size of the group;
  - 7. abridge the constitutional rights of any person.

### **III. DEFINITIONS**

- A. "Limited open forum" means that the school grants an offering to or opportunity for one or more noncurriculum related student groups to meet on school premises during noninstructional time.
- B. "Meeting" includes activities of student groups which are permitted under a limited open forum and are not directly related to the school curriculum. Distribution of literature does not constitute a meeting protected by the Equal Access Act.
- C. "Noninstructional time" means time set aside by the school before actual classroom

instruction begins or after actual classroom instruction ends, including such other periods that occur during the school day when no classroom instruction takes place.

- D. "Sponsorship" includes the act of promoting, leading, or participating in a meeting. The assignment of a school employee for custodial, observation, or maintenance of order and discipline purposes does not constitute sponsorship of the meeting.
- E. "Secondary school" means any school with enrollment of pupils ordinarily in grades 7 through 12 or any portion thereof.

#### **IV. FAIR OPPORTUNITY CRITERIA**

Schools in this school district shall uniformly provide that:

- A. A meeting held pursuant to this policy is voluntary and student-initiated;
- B. There is no sponsorship of the meeting by the school or its agents or employees;
- C. Employees or agents of the school are present at religious meetings only in a nonparticipatory capacity;
- D. The meeting does not materially and substantially interfere with the orderly conduct of educational activities within the school; and
- E. Nonschool persons may not direct, control, or regularly attend activities of student groups.

#### **V. PROCEDURES**

- A. Any student who wishes to initiate a meeting under this policy shall apply to the principal of the building at least 48 hours in advance of the time of the activity or meeting. The student must agree to the following:
  - 1. All activities or meetings must comply with existing policies, regulations, and procedures that govern operation of school-sponsored activities.
  - 2. The activities or meetings are voluntary and student-initiated. The principal may require assurances of this fact.
- B. Student groups meeting under this policy must comply with the following rules:
  - 1. Those attending must not engage in any activity that is illegal, dangerous, or which materially and substantially interferes with the orderly conduct of the educational activities of the school. Such activities shall be grounds for discipline of an individual student and grounds for a particular group to be denied access.
  - 2. The groups may not use the school name, school mascot name, school emblems, the school district name, or any name that might imply school or district sponsorship or affiliation in any activity, including fundraising and community involvement.
  - 3. The groups must comply with school policies, regulations and procedures governing school-sponsored activities.
- C. Students applying for use of school facilities under this policy must provide the following information to the principal: time and date of meeting, estimated number of students in attendance, and special equipment needs.
- D. The building principal has responsibility to:

1. Keep a log of application information.
  2. Find and assign a suitable room for the meeting or activity. The number of students in attendance will be limited to the safe capacity of the meeting space.
  3. Note the condition of the facilities and equipment before and after use.
  4. Assure proper supervision. Assignment of staff to be present in a supervisory capacity does not constitute school district sponsorship of the meeting or activity.
  5. Assure that the meeting or activity does not interfere with the school's regular instructional activities.
- E. The school district shall not expend public funds for the benefit of students meeting pursuant to this policy beyond the incidental cost of providing space. The school district will provide no additional or special transportation.
- F. Nonschool persons may not direct, conduct, control, or regularly attend meetings and activities held pursuant to this policy.
- G. School district employees or agents may not promote, lead, participate in, or otherwise sponsor meetings or activities held pursuant to this policy.
- H. A copy of this policy and procedures shall be made available to each student who initiates a request to use school facilities.

**Legal References:** 20 U.S.C. §§ 4071-74 (Equal Access Act)  
 20 U.S.C. § 7905 (Boy Scouts of America Equal Access Act)  
*Board of Educ. of Westside Community Schools v. Mergens*, 496 U.S. 226, ~~1105 S.Ct. 2356~~ (1990)  
*Good News Club v. Milford Central School*, 533 U.S. 98, ~~1215 S.Ct. 2093~~ (2001)  
*Child Evangelism Fellowship of Minnesota v. Special Sch. Dist. 1*, 690 F.3d 996 (8<sup>th</sup> Cir. 2012)  
*Child Evangelism Fellowship of Minnesota v. Elk River Area School Dist.* 728, 599 F.Supp. 2d 1136 (D. Minn. 2009)

**Cross References:** MSBA/MASA Model Policy 902 (Use of School District Facilities and Equipment)  
~~MSBA Service Manual, Chapter 13, School Law Bulletin "O" (Equal Access Act)~~

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*The Purpose, General Statement of Policy, Definitions, and Fair Opportunity Criteria sections reflect the language and requirements of the Equal Access Act and so should be adopted as written. School Boards have discretion to adopt reasonable procedures to implement the Act, however. We have provided a section on Procedures as a model.*

# BUILDINGS AND SITES

## Equal Access to School Facilities

801

### I. PURPOSE

The purpose of this policy is to implement the Equal Access Act by granting equal access to secondary school facilities for students who wish to conduct a meeting for religious, political, or philosophical purposes during noninstructional time.

### II. GENERAL STATEMENT OF POLICY

- A. The policy of the school district is not to deny equal access or a fair opportunity to, or to discriminate against, any students who wish to conduct a meeting, on the basis of the religious, political, philosophical, or other content of the speech at such meetings.
- B. The school board has created a limited open forum for students enrolled in secondary schools during which noncurriculum-related student groups shall have equal access and a fair opportunity to conduct meetings during noninstructional time.
- C. Student use of facilities under this policy does not imply school district sponsorship, approval, or advocacy of the content of the expression at such meetings.
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  - 4. compel any school agent or employee to attend a school meeting if the content of the speech at the meeting is contrary to the beliefs of the agent or employee;
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  - 6. limit the rights of groups of students based on the size of the group;
  - 7. abridge the constitutional rights of any person.

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North Branch Independent School District No. 138: District Policy 801

**Adopted:** April 14, 2011

**Replaced:** Policy 1210.1 Use of School Facility Policy

**Last Reviewed:** (2025)

**Revised:** November 14, 2013, (2025)

**Effective:** April 11, 2011, November 14, 2013, (2025)

# BUILDINGS AND SITES

## Equal Access to School Facilities

801

### III. DEFINITIONS

- A. "Limited open forum" means that the school grants an offering to or opportunity for one or more noncurriculum related student groups to meet on school premises during noninstructional time.
- B. "Secondary school" means any school with enrollment of pupils ordinarily in grades 7 through 12 or any portion thereof.
- C. "Sponsorship" includes the act of promoting, leading, or participating in a meeting. The assignment of a school employee for custodial, observation, or maintenance of order and discipline purposes does not constitute sponsorship of the meeting.
- D. "Meeting" includes activities of student groups which are permitted under a limited open forum and are not directly related to the school curriculum. Distribution of literature does not constitute a meeting protected by the Equal Access Act.
- E. "Noninstructional time" means time set aside by the school before actual classroom instruction begins or after actual classroom instruction ends, including such other periods that occur during the school day when no classroom instruction takes place.

### IV. FAIR OPPORTUNITY CRITERIA

Schools in this school district shall uniformly provide that:

- A. A meeting held pursuant to this policy is voluntary and student-initiated;
- B. There is no sponsorship of the meeting by the school or its agents or employees;
- C. Employees or agents of the school are present at religious meetings only in a nonparticipatory capacity;
- D. The meeting does not materially and substantially interfere with the orderly conduct of educational activities within the school; and
- E. Nonschool persons may not direct, control, or regularly attend activities of student groups.

### V. PROCEDURES

- A. Any student who wishes to initiate a meeting under this policy shall apply to the principal of the building at least 48 hours in advance of the time of the activity or meeting. The student must agree to the following:

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## BUILDINGS AND SITES

### Equal Access to School Facilities

801

1. All activities or meetings must comply with existing policies, regulations, and procedures that govern operation of school-sponsored activities.
  2. The activities or meetings are voluntary and student-initiated. The principal may require assurances of this fact.
- B. Student groups meeting under this policy must comply with the following rules:
1. Those attending must not engage in any activity that is illegal, dangerous, or which materially and substantially interferes with the orderly conduct of the educational activities of the school. Such activities shall be grounds for discipline of an individual student and grounds for a particular group to be denied access.
  2. The groups may not use the school name, school mascot name, school emblems, the school district name, or any name that might imply school or district sponsorship or affiliation in any activity, including fundraising and community involvement.
  3. The groups must comply with school policies, regulations and procedures governing school-sponsored activities.
- C. Students applying for use of school facilities under this policy must provide the following information to the principal: time and date of meeting, estimated number of students in attendance, and special equipment needs.
- D. The building principal has responsibility to:
1. Keep a log of application information.
  2. Find and assign a suitable room for the meeting or activity. The number of students in attendance will be limited to the safe capacity of the meeting space.
  3. Note the condition of the facilities and equipment before and after use.
  4. Assure proper supervision. Assignment of staff to be present in a supervisory capacity does not constitute school district sponsorship of the meeting or activity.
  5. Assure that the meeting or activity does not interfere with the school's regular instructional activities.
- E. The school district shall not expend public funds for the benefit of students meeting pursuant to this policy beyond the incidental cost of providing space. The school district will provide no additional or special transportation.

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## BUILDINGS AND SITES

### Equal Access to School Facilities

801

- F. Nonschool persons may not direct, conduct, control, or regularly attend meetings and activities held pursuant to this policy.
- G. School district employees or agents may not promote, lead, participate in, or otherwise sponsor meetings or activities held pursuant to this policy.
- H. A copy of this policy and procedures shall be made available to each student who initiates a request to use school facilities.

**Legal References:** 20 U.S.C. §§ 4071-74 (Equal Access Act)  
20 U.S.C. § 7905 (Boy Scouts of America Equal Access Act)  
*Board of Educ. of Westside Community Schools v. Mergens*, 496 U.S. 226 (1990)  
*Good News Club v. Milford Central School*, 533 U.S. 98 (2001)  
*Child Evangelism Fellowship of Minnesota v. Special Sch. Dist. 1*, 690 F.3d 996 (8<sup>th</sup> Cir. 2012)  
*Child Evangelism Fellowship of Minnesota v. Elk River Area School Dist. 728*, 599 F.Supp. 2d 1136 (D. Minn. 2009)

**Cross References:** NB Policy 902 (Use of School District Facilities and Equipment)

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

MSBA/MASA Model Policy 805

Orig. 1996

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

Rev. 2022~~16~~

## 805 WASTE REDUCTION AND RECYCLING

**[Note: The obligations stated in this policy are substantial and ~~are~~ virtually all are governed by statute. Accordingly, you will see statutory references throughout the policy. Obviously a A school district may choose to add obligations by policy.]**

### I. PURPOSE

The purpose of this policy is to establish a resource recovery program to promote the reduction of waste, the separation and recovery of recyclable and reusable commodities, the procurement of recyclable commodities and commodities containing recycled materials, the disposition of waste materials and surplus property, and the establishment of a program of education to develop an awareness of environmentally sound waste management. (~~Minn. Stat. § 115A.15, Subd. 1~~)

### II. GENERAL STATEMENT OF POLICY

The policy of the school district is to comply with all state laws relating to waste management and to make resource conservation an integral part of the physical operations and curriculum of the school district.

### III. DEFINITIONS

- A. "Lamp recycling facility" means a facility operated to remove, recover, and recycle for reuse mercury or other hazardous materials from fluorescent or high intensity discharge lamps. (~~Minn. Stat. § 116.93, Subd. 1~~)
- B. "Mixed municipal solid waste" means garbage, refuse, and other solid waste that is aggregated for collection but does not include auto hulks, street sweepings, ash, construction debris, mining waste, sludges, tree and agricultural wastes, tires, lead acid batteries, motor and vehicle fluids and filters, and other materials collected, processed, and disposed of as separate waste streams. (~~Minn. Stat. § 115A.03, Subd. 21~~)
- C. "Packaging" means a container and any appurtenant material that provide a means of transporting, marketing, protecting, or handling a product and includes pallets and packing such as blocking, bracing, cushioning, weatherproofing, strapping, coatings, closures, inks, dyes, pigments, and labels. (~~Minn. Stat. § 115A.03, Subd. 22b~~)
- D. "Postconsumer materials" means a finished material that would normally be discarded as a solid waste having completed its life cycle as a consumer item. (~~Minn. Stat. § 115A.03, Subd. 24b~~)
- E. "Rechargeable battery" means a sealed nickel-cadmium battery, a sealed lead acid battery, or any other rechargeable battery, except certain dry cell batteries or a battery exempted by the Commissioner of the Minnesota Pollution Control Agency (PCA) (Commissioner). (~~Minn. Stat. § 115A.9157~~)
- F. "Recyclable commodities" means materials, pieces of equipment, and parts which are not reusable but which contain recoverable resources. (~~Minn. Stat. § 115A.15, Subd. 1a(a)~~)
- G. "Recyclable materials" means materials that are separated from mixed municipal solid waste for the purpose of recycling or composting, including paper, glass, plastics,

metals, automobile oil, batteries, source-separated compostable materials, and sole source food waste streams that are managed through biodegradative processes. Refuse-derived fuel or other material that is destroyed by incineration is not a recyclable material. (~~Minn. Stat. § 115A.03, Subd. 25a~~)

H. "Recycling" means the process of collecting and preparing recyclable materials and reusing the materials in their original form that do not cause the destruction of recyclable materials in a manner that precludes further use. (~~Minn. Stat. § 115A.03, Subd. 25b~~)

I. "Resource conservation" means the reduction in the use of water, energy, and raw materials. (~~Minn. Stat. § 115A.03, Subd. 26a~~)

J. "Reusable commodities" means materials, pieces of equipment, parts, and used supplies which can be reused for their original purpose in their existing condition. (~~Minn. Stat. § 115A.15, Subd. 1a(b)~~)

K. "Source-separated compostable materials" means materials that:

1. are separated at the source by waste generators for the purpose of preparing them for use as compost;
2. are collected separately from mixed municipal solid waste and are governed by state licensing provisions;
3. are comprised of food wastes, fish and animal waste, plant materials, diapers, sanitary products, and paper that is not recyclable because the Commissioner has determined that no other person is willing to accept the paper for recycling;
4. are delivered to a facility to undergo controlled microbial degradation to yield a humus-like product meeting the PCA's class I or class II, or equivalent, compost standards and where process rejects do not exceed 15 percent by weight of the total material delivered to the facility; and
5. may be delivered to a transfer station, mixed municipal solid waste processing facility, or recycling facility only for the purposes of composting or transfer to a composting facility, unless the Commissioner determines that no other person is willing to accept the materials.

(~~Minn. Stat. § 115A.03, Subd. 32a~~)

L. "Waste reduction" or "source reduction" means an activity that prevents generation of waste or the inclusion of toxic materials in waste, including:

1. reusing the product in its original form;
2. increasing the life span of a product;
3. reducing material or the toxicity of material used in production or packaging; or
4. changing procurement, consumption, or waste generation habits to result in smaller quantities or lower toxicity of waste generated.

(~~Minn. Stat. § 115A.03, Subd. 36b~~)

#### **IV. WASTE DISPOSAL**

A. The school district will attempt to decrease the amount of waste consumable materials by:

1. reduction of the consumption of consumable materials whenever practicable;
  2. full utilization of materials prior to disposal;
  3. minimization of the use of non-biodegradable products whenever practicable.
- B. Each school district facility shall also collect at least three recyclable materials, such as, but not limited to, the following: paper, glass, plastic, and metal. (~~Minn. Stat. § 115A.151~~)
- C. The school district will transfer all recyclable materials collected to a recycler and, to the extent practicable, cooperate with, and participate in, recycling efforts being made by the city and/or county where the school district is located. (~~Minn. Stat. § 115A.151~~)
- D. Prior to entering into a contract for the management of mixed municipal solid waste, the school district will determine whether the disposal method provided for in the contract is equal to or better than the waste management practices currently employed in the county or district plan in the county where the school district is located and whether the contract is consistent with the solid waste plan. If the waste management method provided for in the contract is ranked lower than the waste management practices employed by the county or district, the school district will:
1. determine the potential liability to the school district and its taxpayers for managing waste in this manner;
  2. develop and implement a plan for managing the potential liability; and
  3. submit the information in (1) and (2) above to the PCA.

If the contract is inconsistent with the county plan or if the school district's waste management activities are inconsistent with the county plan, the school district should obtain the consent of the county prior to entering into a binding contract or developing or implementing inconsistent solid waste management activities. (~~Minn. Stat. § 115A.46, Subd. 5; Minn. Stat. § 115A.471; Minn. Stat. § 458D.07, Subd. 4~~)

- E. The school district may not knowingly place motor oil, brake fluid, power steering fluid, transmission fluid, motor oil filters, or motor vehicle antifreeze (other than small amounts of antifreeze contained in water used to flush the cooling system of a vehicle after the antifreeze has been drained and does not include de-icer that has been used on the exterior of a vehicle) in or on:
1. solid waste or solid waste management facilities other than a recycling facility or household hazardous waste collection facility;
  2. the land unless approved by the PCA; or
  3. the waters of the state, an individual sewage treatment system, or in a storm water or waste water collection or treatment system unless:
    - a. permitted to do so by the operator of the system and the PCA;
    - b. the school district generates an annual average of less than 50 gallons of waste motor vehicle antifreeze per month; and
    - c. the school district keeps records of the amount of waste antifreeze generated, maintains these records on site and makes the records available for inspection for a minimum of three years following generation of the waste antifreeze.

(~~Minn. Stat. § 115A.916~~)

- F. The school district may not place mercury or a thermostat, thermometer, electric switch, appliance, gauge, medical or scientific instrument, fluorescent or high-intensity discharge lamp, electric relay, or other electrical device from which the mercury has not been removed for reuse or recycling:
1. in solid waste; or
  2. in a wastewater disposal system.
- ~~(Minn. Stat. § 115A.932, Subd. 1(a))~~
- G. The school district may not knowingly place mercury or a thermostat, thermometer, electric switch, appliance, gauge, medical or scientific instrument, fluorescent or high-intensity discharge lamp, electric relay, or other electrical device from which the mercury has not been removed for reuse or recycling:
1. in a solid waste processing facility; or
  2. in a solid waste disposal facility.
- ~~(Minn. Stat. § 115A.932, Subd. 1(b))~~
- H. The school district will recycle a fluorescent or high-intensity discharge lamp by delivery of the lamp to a lamp recycling facility or to a facility that collects and stores lamps for the purpose of delivering them to a lamp recycling facility, including, but not limited to, a household hazardous waste collection or recycling facility, retailer take-back and utility provider program sites, or other sites designated by an electric utility under [Minn. Stat. § Minnesota Statutes section 216B.241, subdivision Subds. 2.](#) ~~(Minn. Stat. § 115A.932, Subd. 1(c))~~
- I. The school district may not place a lead acid battery in mixed municipal solid waste or dispose of a lead acid battery. The school district also may not place in mixed municipal solid waste a dry cell battery containing mercuric oxide electrode, silver oxide electrode, nickel-cadmium, or sealed lead-acid that was purchased for use or used by the school district. The school district also may not place in mixed municipal solid waste a rechargeable battery, a rechargeable battery pack, a product with a nonremovable rechargeable battery, or a product powered by rechargeable batteries or rechargeable battery pack, from which all batteries or battery packs have not been removed. ~~(Minn. Stat. § 115A.915; Minn. Stat. § 115A.9155, Subd. 1; Minn. Stat. § 115A.9157, Subd. 2)~~
- J. The school district may not place yard waste:
1. in mixed municipal solid waste;
  2. in a disposal facility;
  3. in a resource recovery facility, except for the purposes of reuse, composting, or cocomposting; or
  4. in a plastic bag unless exempt as specified in [Minn. Stat. § Minnesota Statutes section 115A.931\(c\), \(d\), or \(e\).](#)
- ~~(Minn. Stat. § 115A.931)~~
- K. The school district may not place a telephone directory:
1. in solid waste;

2. in a disposal facility; or
3. in a resource recovery facility, except a recycling facility.

~~(Minn. Stat. § 115A.951, Subd. 2)~~

L. The school district may not:

1. place major appliances in mixed municipal solid waste; or
2. dispose of major appliances in or on the land or in a solid waste processing or disposal facility.

~~(Minn. Stat. § 115A.9561)~~

M. The school district may not place in mixed municipal solid waste an electronic product containing a cathode-ray tube. ~~(Minn. Stat. § 115A.9565)~~

N. The school district, on its own or in cooperation with others, may implement a program to collect, process, or dispose of household batteries. The school district may provide financial incentives to any person, including public or private civic groups, to collect the batteries. ~~(Minn. Stat. § 115A.961, Subd. 3)~~

## **V. PROCUREMENT OF RECYCLED COMMODITIES AND MATERIALS**

A. When practicable and when the price of recycled materials does not exceed the price of nonrecycled materials by more than 10 percent, the school district may purchase recycled materials. In order to maximize the quantity and quality of recycled materials purchased, the school district may also use other appropriate procedures to acquire recycled materials at the most economical cost to the school district. ~~(Minn. Stat. § 16C.073, Subd. 3(a))~~

B. When purchasing commodities and services, the school district will apply and promote waste management practices with special emphasis on the reduction of the quantity and toxicity of materials in waste. ~~(Minn. Stat. § 16C.073, Subd. 3(b))~~

C. Whenever practicable, the school district will:

1. purchase uncoated copy paper, office paper, and printing paper unless the coated paper is made with at least 50 percent postconsumer material;
2. purchase recycled content copy paper with at least 30 percent postconsumer material by weight and purchase office and printing paper with at least 10 percent postconsumer material by weight;
3. purchase paper which has not been dyed with colors, excluding pastel colors;
4. purchase recycled content copy, office, and printing paper that is manufactured using little or no chlorine bleach or chlorine derivatives;
5. use reusable binding materials or staples and bind documents by methods that do not use glue;
6. use soy-based inks;
7. purchase printer or duplication cartridges that:
  - a. have 10 percent post-consumer material; or
  - b. are purchased as remanufactured; or

- c. are backed by a vendor-offered program that will take back the printer cartridges after their useful life, ensure that the cartridges are recycled, and comply with the definition of recycling in [Minn. Stat. § Minnesota Statutes section 115A.03, subdivision Subd. 25b](#);
- 8. produce reports, publications, and periodicals that are readily recyclable;
- 9. purchase paper which has been made on a paper machine located in Minnesota; and
- 10. print documents on both sides of the paper where commonly accepted publishing practices allow.

~~(Minn. Stat. § 16C.073, Subd. 2)~~

- D. The school district may not use a specified product included on the prohibited products list published in the State Register. ~~(Minn. Stat. § 115A.9651)~~
- E. In developing bid specifications, the school district will consider the extent to which a commodity or product is durable, reusable or recyclable, and marketable through applicable local or regional recycling programs and the extent to which the commodity or product contains postconsumer material. ~~(Minn. Stat. § 16C.073, Subd. 3(b))~~
- F. When a project involves the replacement of carpeting, the school district may require all persons who wish to bid on the project to designate a carpet recycling company in their bids. ~~(Minn. Stat. § 16C.073, Subd. 3(b))~~

## VI. OTHER

The policy of the school district is to actively advocate, where appropriate, for resource conservation practices to be adopted at the local, regional, and state levels.

**Legal References:** Minn. Stat. § 16C.073 (Purchase and Use of Paper Stock; Printing)  
Minn. Stat. § 115A.03 (Definitions)  
Minn. Stat. § 115A.15 (State Government Resource Recovery)  
Minn. Stat. § 115A.151 ([Recycling Requirements; Public Entities; Commercial Buildings; Sports Facilities](#))~~(State and Local Facilities)~~  
Minn. Stat. § 115A.46 ([Regional and Local Solid Waste Management Plan; Requirements](#))~~Requirements~~  
Minn. Stat. § 115A.471 (Public Entities; Management of Solid Waste)  
Minn. Stat. § 115A.915 (Lead Acid Batteries; Land Disposal Prohibited)  
Minn. Stat. § 115A.9155 (Disposal of Certain Dry Cell Batteries)  
Minn. Stat. § 115A.9157 (Rechargeable Batteries and Products)  
Minn. Stat. § 115A.916 (Motor Vehicle Fluids and Filters; Prohibitions)  
Minn. Stat. § 115A.931 (Yard Waste; Prohibition)  
Minn. Stat. § 115A.932 (Mercury Prohibition)  
Minn. Stat. § 115A.951 (Telephone Directories)  
Minn. Stat. § 115A.9561 (Major Appliances)  
Minn. Stat. § 115A.9565 (Cathode-Ray Tube Prohibition)  
Minn. Stat. § 115A.961, Subd. 3 (Household Batteries; Collection, Processing, and Disposal)  
Minn. Stat. § 115A.9651 (Listed Metals in Specified Products; Enforcement)  
Minn. Stat. § 116.93, Subd. 1 (Lamp Recycling Facilities)  
Minn. Stat. § 216B.241, Subds. 2 and 4 ([Public Utilities; Energy Conservation and Optimization](#))~~Energy Conservation Improvement~~  
Minn. Stat. § 458D.07 (Sewage Collection and Disposal)  
*National Solid Waste Management Ass'n v. Williams, et al.*, 966 F.Supp. 844 (D. Minn. 1997)

| **Cross References:** [None](#)

# **BUILDINGS AND SITES**

## **Waste Reduction and Recycling**

**805**

### **I. PURPOSE**

The purpose of this policy is to establish a resource recovery program to promote the reduction of waste, the separation and recovery of recyclable and reusable commodities, the procurement of recyclable commodities and commodities containing recycled materials, the disposition of waste materials and surplus property, and the establishment of a program of education to develop an awareness of environmentally sound waste management.

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

The policy of the school district is to comply with all state laws relating to waste management and to make resource conservation an integral part of the physical operations and curriculum of the school district.

### **III. DEFINITIONS**

- A. "Lamp recycling facility" means a facility operated to remove, recover, and recycle for reuse mercury or other hazardous materials from fluorescent or high intensity discharge lamps.
- B. "Mixed municipal solid waste" means garbage, refuse, and other solid waste that is aggregated for collection but does not include auto hulks, street sweepings, ash, construction debris, mining waste, sludges, tree and agricultural wastes, tires, lead acid batteries, motor and vehicle fluids and filters, and other materials collected, processed, and disposed of as separate waste streams.
- C. "Packaging" means a container and any appurtenant material that provide a means of transporting, marketing, protecting, or handling a product and includes pallets and packing such as blocking, bracing, cushioning, weatherproofing, strapping, coatings, closures, inks, dyes, pigments, and labels.
- D. "Postconsumer materials" means a finished material that would normally be discarded as a solid waste having completed its life cycle as a consumer item.
- E. "Rechargeable battery" means a sealed nickel-cadmium battery, a sealed lead acid battery, or any other rechargeable battery, except certain dry cell batteries or a battery exempted by the Commissioner of the Minnesota Pollution Control Agency (PCA) (Commissioner).
- F. "Recyclable commodities" means materials, pieces of equipment, and parts which are not reusable but which contain recoverable resources.
- G. "Recyclable materials" means materials that are separated from mixed municipal solid waste for the purpose of recycling or composting, including paper, glass, plastics, metals, automobile oil, batteries, source-separated compostable materials, and sole source food waste streams that are managed through biodegradative processes. Refuse-derived fuel or other material that is destroyed by incineration is not a recyclable material.

## BUILDINGS AND SITES

### Waste Reduction and Recycling

805

- H. “Recycling” means the process of collecting and preparing recyclable materials and reusing the materials in their original form that do not cause the destruction of recyclable materials in a manner that precludes further use.
- I. “Resource conservation” means the reduction in the use of water, energy, and raw materials.
- J. “Reusable commodities” means materials, pieces of equipment, parts, and used supplies which can be reused for their original purpose in their existing condition.
- K. “Source-separated compostable materials” means materials that:
  - 1. are separated at the source by waste generators for the purpose of preparing them for use as compost;
  - 2. are collected separately from mixed municipal solid waste and are governed by state licensing provisions;
  - 3. are comprised of food wastes, fish and animal waste, plant materials, diapers, sanitary products, and paper that is not recyclable because the Commissioner has determined that no other person is willing to accept the paper for recycling;
  - 4. are delivered to a facility to undergo controlled microbial degradation to yield a humus-like product meeting the PCA’s class I or class II, or equivalent, compost standards and where process rejects do not exceed 15 percent by weight of the total material delivered to the facility; and
  - 5. may be delivered to a transfer station, mixed municipal solid waste processing facility, or recycling facility only for the purposes of composting or transfer to a composting facility, unless the Commissioner determines that no other person is willing to accept the materials.
- L. “Waste reduction” or “source reduction” means an activity that prevents generation of waste or the inclusion of toxic materials in waste, including:
  - 1. reusing the product in its original form;
  - 2. increasing the life span of a product;
  - 3. reducing material or the toxicity of material used in production or packaging; or
  - 4. changing procurement, consumption, or waste generation habits to result in smaller quantities or lower toxicity of waste generated.

#### IV. WASTE DISPOSAL

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North Branch Independent School District No. 138: Policy #805

**Adopted:** April 10, 2014

**Last Reviewed:** (2025)

**Revised:** April 14, 2016, June 8, 2017, February 8, 2018, (2025) 58

**Effective:** April 10, 2014, April 14, 2016, June 8, 2017, February 8, 2018, (2025)

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## BUILDINGS AND SITES

### Waste Reduction and Recycling

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- A. The school district will attempt to decrease the amount of waste consumable materials by:
1. reduction of the consumption of consumable materials whenever practicable;
  2. full utilization of materials prior to disposal;
  3. minimization of the use of non-biodegradable products whenever practicable.
- B. Each school district facility shall also collect at least three recyclable materials, such as, but not limited to, the following: paper, glass, plastic, and metal.
- C. The school district will transfer all recyclable materials collected to a recycler and, to the extent practicable, cooperate with, and participate in, recycling efforts being made by the city and/or county where the school district is located.
- D. Prior to entering into a contract for the management of mixed municipal solid waste, the school district will determine whether the disposal method provided for in the contract is equal to or better than the waste management practices currently employed in the county or district plan in the county where the school district is located and whether the contract is consistent with the solid waste plan. If the waste management method provided for in the contract is ranked lower than the waste management practices employed by the county or district, the school district will:
1. determine the potential liability to the school district and its taxpayers for managing waste in this manner;
  2. develop and implement a plan for managing the potential liability; and
  3. submit the information in (1) and (2) above to the PCA.
- If the contract is inconsistent with the county plan or if the school district's waste management activities are inconsistent with the county plan, the school district should obtain the consent of the county prior to entering into a binding contract or developing or implementing inconsistent solid waste management activities.
- E. The school district may not knowingly place motor oil, brake fluid, power steering fluid, transmission fluid, motor oil filters, or motor vehicle antifreeze (other than small amounts of antifreeze contained in water used to flush the cooling system of a vehicle after the antifreeze has been drained and does not include de-icer that has been used on the exterior of a vehicle) in or on:
1. solid waste or solid waste management facilities other than a recycling facility or household hazardous waste collection facility;
  2. the land unless approved by the PCA; or
  3. the waters of the state, an individual sewage treatment system, or in a storm water or waste water collection or treatment system unless:

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North Branch Independent School District No. 138: Policy #805

Adopted: April 10, 2014

Last Reviewed: (2025)

Revised: April 14, 2016, June 8, 2017, February 8, 2018, (2025) 59

Effective: April 10, 2014, April 14, 2016, June 8, 2017, February 8, 2018, (2025)

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## BUILDINGS AND SITES

### Waste Reduction and Recycling

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- a. permitted to do so by the operator of the system and the PCA;
  - b. the school district generates an annual average of less than 50 gallons of waste motor vehicle antifreeze per month; and
  - c. the school district keeps records of the amount of waste antifreeze generated, maintains these records on site and makes the records available for inspection for a minimum of three years following generation of the waste antifreeze.
- F. The school district may not place mercury or a thermostat, thermometer, electric switch, appliance, gauge, medical or scientific instrument, fluorescent or high-intensity discharge lamp, electric relay, or other electrical device from which the mercury has not been removed for reuse or recycling:
1. in solid waste; or
  2. in a wastewater disposal system.
- G. The school district may not knowingly place mercury or a thermostat, thermometer, electric switch, appliance, gauge, medical or scientific instrument, fluorescent or high-intensity discharge lamp, electric relay, or other electrical device from which the mercury has not been removed for reuse or recycling:
1. in a solid waste processing facility; or
  2. in a solid waste disposal facility.
- H. The school district will recycle a fluorescent or high-intensity discharge lamp by delivery of the lamp to a lamp recycling facility or to a facility that collects and stores lamps for the purpose of delivering them to a lamp recycling facility, including, but not limited to, a household hazardous waste collection or recycling facility, retailer take-back and utility provider program sites, or other sites designated by an electric utility under Minnesota Statutes section 216B.241, subdivision 2 and 4.
- I. The school district may not place a lead acid battery in mixed municipal solid waste or dispose of a lead acid battery. The school district also may not place in mixed municipal solid waste a dry cell battery containing mercuric oxide electrode, silver oxide electrode, nickel-cadmium, or sealed lead-acid that was purchased for use or used by the school district. The school district also may not place in mixed municipal solid waste a rechargeable battery, a rechargeable battery pack, a product with a nonremovable rechargeable battery, or a product powered by rechargeable batteries or rechargeable battery pack, from which all batteries or battery packs have not been removed.
- J. The school district may not place yard waste:
1. in mixed municipal solid waste;

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North Branch Independent School District No. 138: Policy #805

Adopted: April 10, 2014

Last Reviewed: (2025)

Revised: April 14, 2016, June 8, 2017, February 8, 2018, (2025) 60

Effective: April 10, 2014, April 14, 2016, June 8, 2017, February 8, 2018, (2025)

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## **BUILDINGS AND SITES**

### **Waste Reduction and Recycling**

**805**

2. in a disposal facility;
  3. in a resource recovery facility, except for the purposes of reuse, composting, or cocomposting; or
  4. in a plastic bag unless exempt as specified in Minnesota Statutes section 115A.931(c), (d), or (e).
- K. The school district may not place a telephone directory:
1. in solid waste;
  2. in a disposal facility; or
  3. in a resource recovery facility, except a recycling facility.
- L. The school district may not:
1. place major appliances in mixed municipal solid waste; or
  2. dispose of major appliances in or on the land or in a solid waste processing or disposal facility.
- M. The school district may not place in mixed municipal solid waste an electronic product containing a cathode-ray tube.
- N. The school district, on its own or in cooperation with others, may implement a program to collect, process, or dispose of household batteries. The school district may provide financial incentives to any person, including public or private civic groups, to collect the batteries.

#### **V. PROCUREMENT OF RECYCLED COMMODITIES AND MATERIALS**

- A. When practicable and when the price of recycled materials does not exceed the price of nonrecycled materials by more than ~~ten~~ 10 percent, the school district may purchase recycled materials. In order to maximize the quantity and quality of recycled materials purchased, the school district may also use other appropriate procedures to acquire recycled materials at the most economical cost to the school district.
- B. When purchasing commodities and services, the school district will apply and promote waste management practices with special emphasis on the reduction of the quantity and toxicity of materials in waste.
- C. Whenever practicable, the school district will:
1. purchase uncoated copy paper, office paper, and printing paper unless the coated paper

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North Branch Independent School District No. 138: Policy #805

Adopted: April 10, 2014

Last Reviewed: (2025)

Revised: April 14, 2016, June 8, 2017, February 8, 2018, (2025) 61

Effective: April 10, 2014, April 14, 2016, June 8, 2017, February 8, 2018, (2025)

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## BUILDINGS AND SITES

### Waste Reduction and Recycling

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- is made with at least 50 percent postconsumer material;
2. purchase recycled content copy paper with at least 30 percent postconsumer material by weight and purchase office and printing paper with at least 10 percent postconsumer material by weight;
  3. purchase paper which has not been dyed with colors, excluding pastel colors;
  4. purchase recycled content copy, office, and printing paper that is manufactured using little or no chlorine bleach or chlorine derivatives;
  5. use reusable binding materials or staples and bind documents by methods that do not use glue;
  6. use soy-based inks;
  7. purchase printer or duplication cartridges that:
    - a. have 10 percent post-consumer material; or
    - b. are purchased as remanufactured; or
    - c. are backed by a vendor-offered program that will take back the printer cartridges after their useful life, ensure that the cartridges are recycled, and comply with the definition of recycling in Minnesota Statutes 115A.03, subdivision 25b;
  8. produce reports, publications, and periodicals that are readily recyclable;
  9. purchase paper which has been made on a paper machine located in Minnesota; and
  10. print documents on both sides of the paper where commonly accepted publishing practices allow.
- D. The school district may not use a specified product included on the prohibited products list published in the State Register.
- E. In developing bid specifications, the school district will consider the extent to which a commodity or product is durable, reusable or recyclable, and marketable through applicable local or regional recycling programs and the extent to which the commodity or product contains postconsumer material.
- F. When a project involves the replacement of carpeting, the school district may require all persons who wish to bid on the project to designate a carpet recycling company in their bids.

## VI. OTHER

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North Branch Independent School District No. 138: Policy #805

Adopted: April 10, 2014

Last Reviewed: (2025)

Revised: April 14, 2016, June 8, 2017, February 8, 2018, (2025) 62

Effective: April 10, 2014, April 14, 2016, June 8, 2017, February 8, 2018, (2025)

805 Waste Reduction and Recycling, Page 6 of 7

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## BUILDINGS AND SITES

### Waste Reduction and Recycling

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The policy of the school district is to actively advocate, where appropriate, for resource conservation practices to be adopted at the local, regional, and state levels.

- Legal References:**
- Minn. Stat. § 16C.073 (Purchase and Use of Paper Stock; Printing)
  - Minn. Stat. § 115A.03 (Definitions)
  - Minn. Stat. § 115A.15 (State Government Resource Recovery)
  - Minn. Stat. § 115A.151 (Recycling Requirements; Public Entities; Commercial Buildings; Sports Facilities)
  - Minn. Stat. § 115A.46 (Regional and Local Solid Waste Management Plan; Requirements)
  - Minn. Stat. § 115A.471 (Public Entities; Managing of Solid Waste)
  - Minn. Stat. § 115A.915 (Lead Acid Batteries; Land Disposal Prohibited)
  - Minn. Stat. § 115A.9155 (Disposing of Certain Dry Cell Batteries)
  - Minn. Stat. § 115A.9157 (Rechargeable Batteries and Products)
  - Minn. Stat. § 115A.916 (Motor Vehicle Fluids and Filters; Prohibitions)
  - Minn. Stat. § 115A.931 (Yard Waste; Prohibition)
  - Minn. Stat. § 115A.932 (Mercury Prohibition)
  - Minn. Stat. § 115A.951 (Telephone Directories)
  - Minn. Stat. § 115A.9561 (Major Appliances)
  - Minn. Stat. § 115A.9565 (Cathode-Ray Tube Prohibition)
  - Minn. Stat. § 115A.961, Subd. 3 (Household Batteries; Collection, Processing, and Disposal)
  - Minn. Stat. § 115A.9651 (Listed Metals in Specified Products, Enforcement)
  - Minn. Stat. § 116.93, Subd. 1 (Lamp Recycling Facilities)
  - Minn. Stat. § 216B.241, Subd. 2 and 4 (Public Utilities; Energy Conservation and Optimization)
  - Minn. Stat. § 458D.07 (Sewage Collection and Disposal)
  - National Solid Waste Management Ass'n v. Williams, et al.*, 966 F. Supp. 844 (D. Minn. 1997)

NOVEMBER 2025

DATE	DONATION FROM	DONATION TO	AMOUNT	USE
11/5/2025	Rebecca Leuer, PO Box 683, North Branch, MN 55056	NBHS Athletics	\$5,000.00	FTC Robotics Program Donation
11/5/2025	Revive Chiropratic, PO Box 94, North Branch, MN 55056	NBHS Athletics	\$300.00	Tennis Program-Sports Physical Donation
11/19/2025	Anonymous	Sunrise River Elem.	\$64.00	Field Trip Fund Donation
11/20/2025	Chris & Laura Darst, 36427 Elk Ave, North Branch, MN 55056	NBHS Scholarship A/C	\$400.00	Scholarship Donation
11/20/2025	Jason Endriss, 3463 Natalies Way, Blacksburg, VA 24060	NBHS Scholarship A/C	\$1,000.00	Scholarship Donation
11/20/2025	NBHS Alumni Association, PO Box 581, North Branch, MN 55056	NBHS Scholarship A/C	<u>\$31,931.32</u>	Scholarship Donation
			<b>\$38,695.32</b>	

# EDUCATION PROGRAMS

## Field Trips

610 - NB

### I. PURPOSE

The purpose of this policy is to provide guidelines for student trips and to identify the general process to be followed for review and approval of trip requests.

### II. GENERAL STATEMENT OF POLICY

It is the general expectation of the school board that all student trips will be well planned, conducted in an orderly and safe manner and will relate directly to the objectives of the class or activity for which the trip is requested. Student trips will be categorized within three general areas:

#### A. Instructional Trips

Trips that take place during the school day, relate directly to a course of study or district goals, and require student participation, shall fall in this category. These trips shall be subject to review and approval of the building principal or appropriate administrator, and shall be financed by school district funds within the constraints of the school building budget. Fees may not be assessed against students to defray direct costs of instructional trips. (Minnesota Statutes section 123B.37)

#### B. Supplementary Trips

This category pertains to those trips in which students voluntarily participate and which may take place during or outside the regular school day. Examples of trips in this category involve student activities, clubs, classroom supplementary experiences, and other special interest groups. These trips are subject to review and approval of the building principal or appropriate administrator. Financial contributions by students may be requested. (Minnesota Statutes section 123B.36)

#### C. Extended Trips

1. Trips that involve one or more overnight stops fall into this category. Extended trips may be instructional or supplementary, and must be requested well in advance of the planned activity. An extended trip must be approved by the building principal or appropriate administrator and superintendent. Exceptions to the approval policy may be granted or expedited to accommodate emergencies or contingencies (e.g., tournament competition).
2. The school board acknowledges and supports the efforts of booster clubs and similar organizations in providing support for extended trip opportunities for students outside of the school day.
3. It is expected that extended trips will take place, as much as possible, at times when students do not miss class time. To that end, extended trips should be planned over breaks or during the summer.

#### D. Regulations

1. A field trip request form needs to be submitted to the building principal or appropriate administrator and should detail the educational benefits of the student trip and how it is integrated into a specific

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NORTH BRANCH INDEPENDENT SCHOOL DISTRICT NO. 138: Policy #610 - NB

Adopted: December 14, 2000

Replaces Field Trip Policy 6153: December 14, 2000

Reviewed: 12/11/25

Revised: 4/14/11, 3/14/13, 12/11/25

65

Effective: 12/14/2000; 4/14/11, 3/14/13, 12/11/25

610 - NB Field Trips, Page 1 of 2

# EDUCATION PROGRAMS

## Field Trips

610 - NB

educational unit.

2. Rules of conduct and student discipline as stated in the student handbook shall apply to all students throughout the duration of the trip.
3. The school administration shall be responsible for providing more detailed procedures, including parental involvement, supervision, and such other factors deemed important and in the best interest of students.
4. Transportation shall be furnished through a commercial carrier or school-owned vehicle. In the event a private vehicle is approved for use, a certificate of insurance must be on file in the school district office.

**Legal References:**

Minn. Stat. § 123B.36 (Authorized Fees)  
Minn. Stat. § 123.37 (Prohibited Fees)  
Minn. Stat. § 123B.49 (Extracurricular Activities; Insurance)  
Minn. Stat. § 169.011, Sub. 71 (a) (Definitions)  
Minn. Stat. § 169.454, Subd. 13 (Type III Vehicle Standards)  
*Sonkowsky v. Board of Educ. for Indep. Sch. Dist. No. 721*, 327 F.3d 675 (8th Cir. 2003)  
*Lee v. Pine Bluff Sch. Dist.*, 472 F.3d 1026 (8th Cir. 2007)

**Cross References:**

NB Policy 403 (Discipline, Suspension, and Dismissal of School District Employees)  
NB Policy 423 (Employee – Student Relationships)  
NB Policy 506 (Student Discipline)  
NB Policy 707 (Transportation of Public School Students)  
NB Policy 709 (Student Transportation Safety Policy)  
NB Policy 710 (Extracurricular Transportation)

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**NORTH BRANCH INDEPENDENT SCHOOL DISTRICT NO. 138: Policy #610 - NB**

**Adopted:** December 14, 2000

**Replaces Field Trip Policy 6153:** December 14, 2000

**Reviewed:** 12/11/25

**Revised:** 4/14/11, 3/14/13, 12/11/25

**Effective:** 12/14/2000; 4/14/11, 3/14/13, 12/11/25

# 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. "Comprehensive achievement and civic readiness" 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 prepare students to be lifelong learners .

### 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 (Comprehensive Achievement and Civic Readiness 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.

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

**Adopted:** 5/9/13

**Last Reviewed:** 12/11/25

**Revised:** 2/8/18, 5/9/19, 4/8/21, 12/9/21, 1/12/23, 6/13/24, 12/11/25

**Effective:** 5/9/13, 2/8/18, 5/9/19, 4/8/21, 12/9/21, 1/12/23, 6/13/24, 12/11/25

616 School District System Accountability, page 1 of 5

## EDUCATION PROGRAMS

### School District System Accountability

616-NB

3. The school district-wide improvement goals should address recommendations identified through the NBAPS Strategic Advisory Committee (CACR 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 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 (CACR 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 (CACR 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 (CACR 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 (CACR 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 (CACR Committee)

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

Adopted: 5/9/13

Last Reviewed: 12/11/25

Revised: 2/8/18, 5/9/19, 4/8/21, 12/9/21, 1/12/23, 6/13/24, 12/11/25

Effective: 5/9/13, 2/8/18, 5/9/19, 4/8/21, 12/9/21, 1/12/23, 6/13/24, 12/11/25

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 (CACR 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 (CACR Committee) shall meet the following criteria:
    - a. The NBAPS Strategic Advisory Committee (CACR Committee) shall ensure active community participation in all planning for instruction and curriculum affecting Graduation Standards.
    - b. The NBAPS Strategic Advisory Committee (CACR 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 (CACR 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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North Branch Independent School District No. 138: District Policy #616-NB

**Adopted:** 5/9/13

**Last Reviewed:** 12/11/25

**Revised:** 2/8/18, 5/9/19, 4/8/21, 12/9/21, 1/12/23, 6/13/24, 12/11/25

**Effective:** 5/9/13, 2/8/18, 5/9/19, 4/8/21, 12/9/21, 1/12/23, 6/13/24, 12/11/25

616 School District System Accountability, page 3 of 5

# EDUCATION PROGRAMS

## School District System Accountability

616-NB

5. The NBAPS Strategic Advisory Committee (CACR 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 (CACR 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 comprehensive achievement and civic readiness. 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.

**Legal References:** Minn. Stat. § 120B.018 (Definitions)  
Minn. Stat. § 120B.02 (Educational Expectations and Graduation Requirements for Minnesota's Students)

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

**Adopted:** 5/9/13

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**Effective:** 5/9/13, 2/8/18, 5/9/19, 4/8/21, 12/9/21, 1/12/23, 6/13/24, 12/11/25

616 School District System Accountability, page 4 of 5

## EDUCATION PROGRAMS

### School District System Accountability

616-NB

Minn. Stat. § 120B.11 (School District Process for Reviewing Curriculum, Instruction, and Student Achievement Goals; Striving Comprehensive Achievement and Civic Readiness)  
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 3501.0660 (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

**Last Reviewed:** 12/11/25

**Revised:** 2/8/18, 5/9/19, 4/8/21, 12/9/21, 1/12/23, 6/13/24, 12/11/25

**Effective:** 5/9/13, 2/8/18, 5/9/19, 4/8/21, 12/9/21, 1/12/23, 6/13/24, 12/11/25

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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, 2025**



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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, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 2, 2025.

***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 2025-001 to 2025-003 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  
December 2, 2025



**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, 2025. 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, 2025.

***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***

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

*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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2025-004, to be significant deficiency.

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.

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the internal control over compliance findings identified in our audit 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 compliance and, accordingly, we express no opinion on the response.

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, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We have issued our report thereon, dated December 2, 2025, 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  
December 2, 2025

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2025**

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
U.S. Department of Agriculture				
Pass-Through Minnesota Department of Education				
Noncash Assistance (Commodities):				
National School Lunch Program	10.555	# 1-0138-000	\$ 127,911	
Total Noncash Assistance			\$ 127,911	\$ -
Cash Assistance:				
National School Lunch Program	10.555	# 1-0138-000	577,908	
School Breakfast Program	10.553	# 1-0138-000	151,185	
Total Cash Assistance			729,093	-
Total Child Nutrition Cluster			857,004	-
Local Food for Schools Cooperative Agreement Program	10.185	1-0138-000	4,092	-
USDA Distribution Reimbursement	10.560	1-0138-000	5,368	-
Total U.S. Department of Agriculture			866,464	-
U.S. Department of Education				
Pass-Through Minnesota Department of Education				
Title I - Grants to Local Education Agencies	84.010	S010A240023A	367,181	-
Carl Perkins Vocational Education	84.048	N/A	21,709	-
Title II, Part A - Supporting Effective Instruction State Grants	84.367	S367A240022	62,476	-
Title III, Part A - English Language Acquisition Grants	84.365	S365A240024A	12,859	-
Pass-Through St. Croix River Education District				
Special Education Cluster				
Special Education Grants to States	84.027	H027A240087	19,840	
Total Special Education Cluster			19,840	-
Total U.S. Department of Education			484,065	-
Total Federal Expenditures			\$ 1,350,529	\$ -

# - Child Nutrition Cluster

The total of Assistance Listing No. 10.555 is \$705,819

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2025**

**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, 2025. 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.

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2025**

**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?     X     yes            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  
10.553 and 10.555

Name of Federal Program or Cluster  
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, 2025**

**B. FINDINGS AND QUESTIONED COSTS – FINANCIAL STATEMENT AUDIT**

**2025-001                      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 2024-001

**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, 2025**

**B. FINDINGS AND QUESTIONED COSTS – FINANCIAL STATEMENT AUDIT (CONTINUED)**

**2025-002                      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 - 2024-002.

**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, 2025**

**B. FINDINGS AND QUESTIONED COSTS – FINANCIAL STATEMENT AUDIT (CONTINUED)**

**2025-003                      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 - 2024-003.

**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, 2025**

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT**

**2025-004 – Suspension and Debarment**

**Federal Agency:** U.S. Department of Agriculture

**Federal Program Name:** Child Nutrition Cluster

**Assistance Listing Number:** 10.553 and 10.555

**Federal Award Identification Number and Year:** Unknown – 2025

**Pass-Through Agency:** Minnesota Department of Education

**Pass-Through Number(s):** 1-0138-000

**Type of Finding:** Significant Deficiency in Internal Control over Compliance

**Condition:** The District did not retain documentation to support that the vendors used were not suspended or debarred.

**Criteria or specific requirement:** Federal guidelines require grant recipients to perform verification procedures that a vendor is not federally suspended or debarred prior to entering into a covered transaction.

**Questioned Costs:** None. The vendors were not federally suspended or debarred.

**Context:** During suspension and debarment testing, five of the five covered transactions tested did not have support retained that the vendor was not federally suspended or debarred.

**Effect:** Lack of proper documentation of controls over compliance with suspension and debarment requirements could result in paying suspended or debarred vendors. This could ultimately result in questioned costs. After review of vendors, it was noted that no vendors used were on the suspension or debarment list.

**Cause:** Oversight.

**Repeat Finding:** No.

**Recommendation:** We recommend the District implement additional procedures to ensure suspension and debarment documentation is retained.

**Views of responsible officials:** There is no disagreement with the audit finding.

**D. FINDINGS – MINNESOTA LEGAL COMPLIANCE**

None reported.





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

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

December 2, 2025

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, 2025**



**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, 2025**

**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, 2025.

**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** – One “significant deficiency” in internal control over compliance was noted related to the major federal award programs for suspension and debarment.

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

**Enrollment** – For fiscal 2024-25, the District had an adjusted average daily membership of 2,687.30 (or 2,942.31 adjusted pupil units). For fiscal 2023-24, North Branch Public Schools had an estimated total adjusted average daily membership of 2,722.89 (or 2,995.86 adjusted pupil units).

**Fund Balance** – The District’s General Fund unassigned fund balance increased by \$288,877 during fiscal year 2024-25, increasing from \$4,266,536 to \$4,555,413. Total fund balance of the General Fund decreased by \$53,485, ending at \$11,684,915 as of June 30, 2025. 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 \$588,758 (or 1.52%) higher than the budgeted amount while total expenditures were \$296,711 (or 0.76%) higher than the budgeted amount. The net effect, after also considering other financing sources, was a change in total fund balance that was \$343,386 more than had been reflected in the District’s final amended budget.

# FINANCIAL RESULTS

## Fund Balances

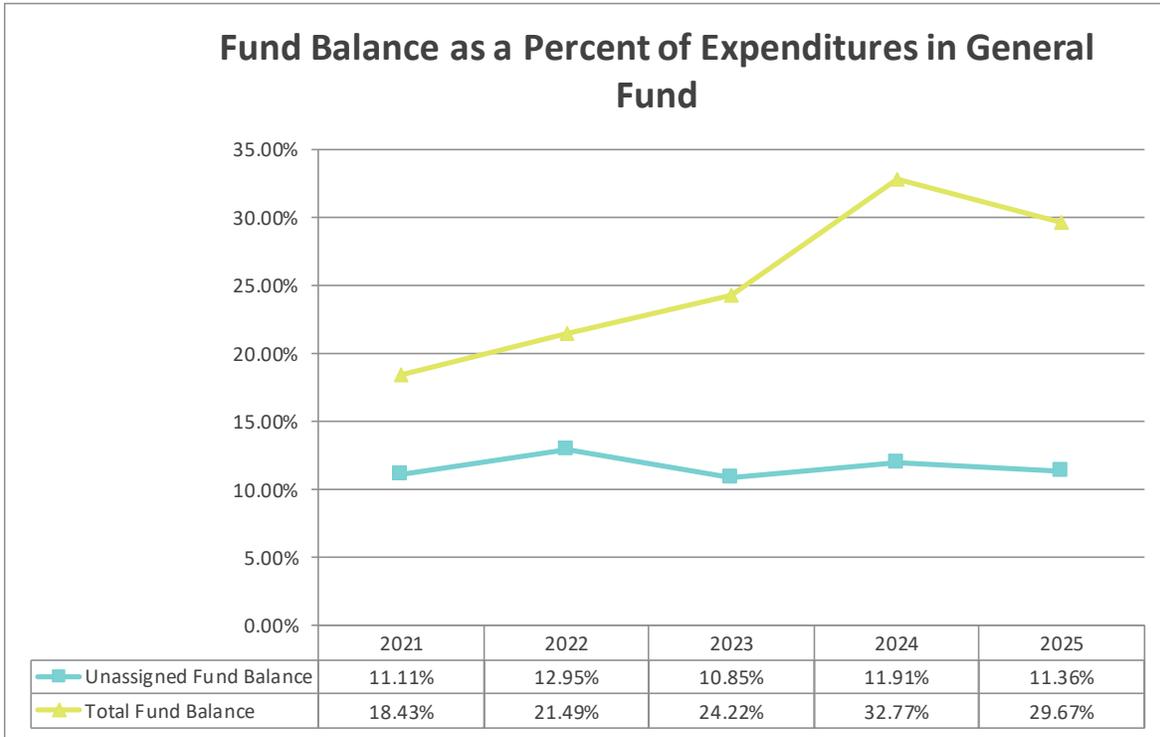
### NORTH BRANCH ISD #138 AUDITED FUND BALANCES THROUGH JUNE 30, 2025

FUND DESCRIPTION	6/30/2024 AUDITED BALANCE	2024-25 AUDITED REVENUES	TRANSFERS INTO FUNDS	2024-25 AUDITED EXPENDITURES	TRANSFERS OUT OF FUNDS	6/30/2025 AUDITED BALANCE
<b>GENERAL FUND</b>						
<b>A. UNASSIGNED - OPERATING</b>	\$ 4,266,536	\$ 34,317,513	-	\$ 34,028,636	\$ (79,154)	\$ 4,476,259
As a percentage of current year expenditures	11.91%					11.36%
<b>B. NONSPENDABLE FOR</b>						
INVENTORY	\$ 29,531	\$ 38,984	-	\$ 29,531	-	\$ 38,984
PREPAIDS	\$ 14,134	\$ 336,508	-	\$ 14,134	-	\$ 336,508
TOTAL NONSPENDABLE	\$ 43,665	\$ 375,492	-	\$ 43,665	-	\$ 375,492
<b>C. ASSIGNED FOR</b>						
CAPITAL OUTLAY	\$ 4,623,980	\$ 628,450	-	-	-	\$ 5,252,430
<b>D. COMMITTED FOR</b>						
SEPARATION/RETIREMENT BENEFITS	-	-	-	-	-	-
<b>E. RESTRICTED FOR</b>						
STUDENT ACTIVITIES	\$ 192,547	\$ 182,066	-	\$ 192,610	-	\$ 182,003
SCHOLARSHIP	\$ 160,965	\$ 68,523	-	\$ 123,750	-	\$ 105,738
STAFF DEVELOPMENT	\$ 155,523	\$ 428,420	-	\$ 437,828	-	\$ 146,115
LTFM	\$ 927,806	\$ 354,257	-	\$ 1,192,920	-	\$ 89,143
CAPITAL PROJECTS LEVY	\$ 503,109	\$ 974,390	-	\$ 1,239,329	-	\$ 238,170
MEDICAL ASSISTANCE	\$ 272,163	\$ 94,915	-	\$ 10,325	-	\$ 356,753
OPERATING CAPITAL	\$ 450,520	\$ 667,190	-	\$ 1,113,679	-	\$ 4,031
Q COMP	-	\$ 712,989	-	\$ 621,442	-	\$ 91,547
SAFE SCHOOLS	-	\$ 103,137	-	\$ 182,291	\$ 79,154	-
AMERICAN INDIAN ED	\$ 45,943	\$ 48,287	-	\$ 43,359	-	\$ 50,871
SCHOOL LIBRARY AID	\$ 4,807	\$ 48,261	-	\$ 48,276	-	\$ 4,792
LITERACY INCENTIVE AID	\$ 9,449	\$ 121,911	-	\$ 109,720	-	\$ 21,640
LITERACY AID	-	\$ 109,595	-	-	-	\$ 109,595
TEACHER COMPENSATION FOR READ ACT TRAINING	-	\$ 98,949	-	-	-	\$ 98,949
RESTRICTED	\$ 81,387	-	-	-	-	\$ 81,387
TOTAL RESTRICTED	\$ 2,804,219	\$ 4,012,890	-	\$ 5,315,529	\$ 79,154	\$ 1,580,734
BUDGET	-	\$ 38,694,248	-	\$ 39,091,119	-	\$ 11,341,529
TOTAL GENERAL FUND	\$ 11,738,400	\$ 39,334,345	-	\$ 39,387,830	-	\$ 11,684,915
DIFFERENCE	-	\$ 640,097	-	\$ 296,711	-	\$ 343,386
% VARIANCE	-	1.65%	-	0.76%	-	-
<b>FOOD SERVICE</b>						
NONSPENDABLE FOR INVENTORY	\$ 25,488	\$ 35,626	-	\$ 25,488	-	\$ 35,626
RESTRICTED FOR FOOD SERVICE PROG	\$ 718,426	\$ 2,117,278	-	\$ 1,873,799	-	\$ 961,905
BUDGET	-	\$ 2,087,064	-	\$ 1,808,589	-	\$ 732,828
TOTAL FOOD SERVICE	\$ 454,353	\$ 2,152,904	-	\$ 1,899,287	-	\$ 707,970
DIFFERENCE	-	\$ 65,840	-	\$ 90,698	-	\$ (24,858)
% VARIANCE	-	3.15%	-	5.01%	-	-
<b>COMMUNITY EDUCATION</b>						
<b>A. NONSPENDABLE FOR</b>						
PREPAIDS	\$ 6,847	\$ 6,170	-	\$ 6,847	-	\$ 6,170
TOTAL NONSPENDABLE	\$ 6,847	\$ 6,170	-	\$ 6,847	-	\$ 6,170
<b>B. RESTRICTED FOR</b>						
COMMUNITY EDUCATION PROGRAMS	\$ 574,851	\$ 1,299,699	-	\$ 1,404,813	-	\$ 469,737
ECFE PROGRAMS	\$ 511,262	\$ 225,690	-	\$ 162,142	-	\$ 574,810
SCHOOL READINESS	-	\$ 195,772	-	\$ 290,335	\$ 94,563	-
Q COMP	-	-	-	\$ 18,743	\$ 18,743	-
OTHER PURPOSES	\$ 96,832	\$ 413,029	-	\$ 357,479	\$ (113,306)	\$ 39,076
BUDGET	-	\$ 1,939,386	-	\$ 2,007,995	-	\$ 1,121,182
TOTAL COMMUNITY EDUCATION	\$ 1,189,791	\$ 2,140,360	-	\$ 2,240,359	-	\$ 1,089,792
DIFFERENCE	-	\$ 200,974	-	\$ 232,364	-	\$ (31,390)
% VARIANCE	-	10.36%	-	11.57%	-	-
<b>CAPITAL PROJECTS-BUILDING CONSTRUCTION</b>						
OTHER PURPOSES	-	-	-	-	-	-
BUDGET	-	-	-	-	-	-
TOTAL BUILDING FUND	-	-	-	-	-	-
DIFFERENCE	-	-	-	-	-	-
% VARIANCE	-	-	-	-	-	-
<b>DEBT SERVICE</b>						
OTHER PURPOSES	\$ 1,231,552	\$ 5,736,764	-	\$ 5,704,210	-	\$ 1,264,106
BUDGET	-	\$ 5,859,170	-	\$ 5,735,050	-	\$ 1,204,433
TOTAL DEBT SERVICE	\$ 1,080,313	\$ 5,736,764	-	\$ 5,704,210	-	\$ 1,112,867
DIFFERENCE	-	\$ (122,406)	-	\$ (30,840)	-	\$ (91,566)
% VARIANCE	-	-2.09%	-	-0.54%	-	-
<b>PROPRIETARY AND FIDUCIARY FUNDS</b>						
OPEB TRUST FUND	\$ 2,464,758	\$ 226,261	-	\$ 238,485	-	\$ 2,452,534
INTERNAL SERVICE - SELF INS FUND	\$ 791,031	\$ 302,703	-	\$ 251,802	-	\$ 841,932
TOTAL PROPRIETARY	\$ 3,255,789	\$ 528,964	-	\$ 490,287	-	\$ 3,294,466
TOTAL	\$ 17,718,646	\$ 49,893,337	-	\$ 49,721,973	-	\$ 17,890,010

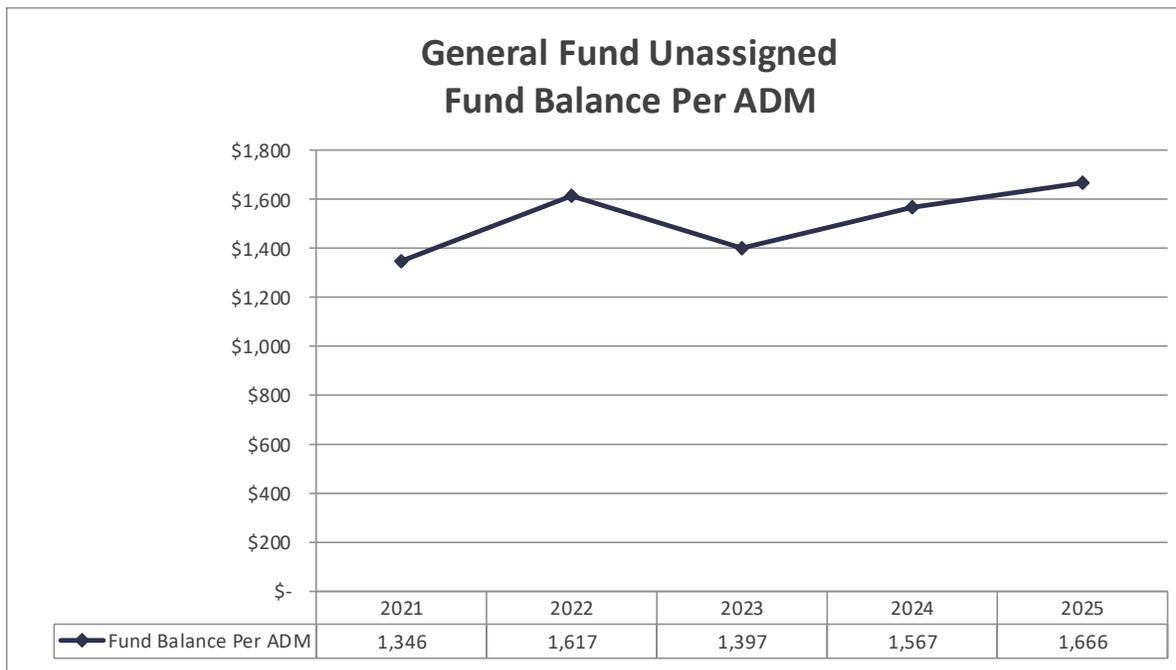
**FINANCIAL RESULTS (CONTINUED)**

**Fund Balances (Continued)**

As a percentage of annual expenditures:

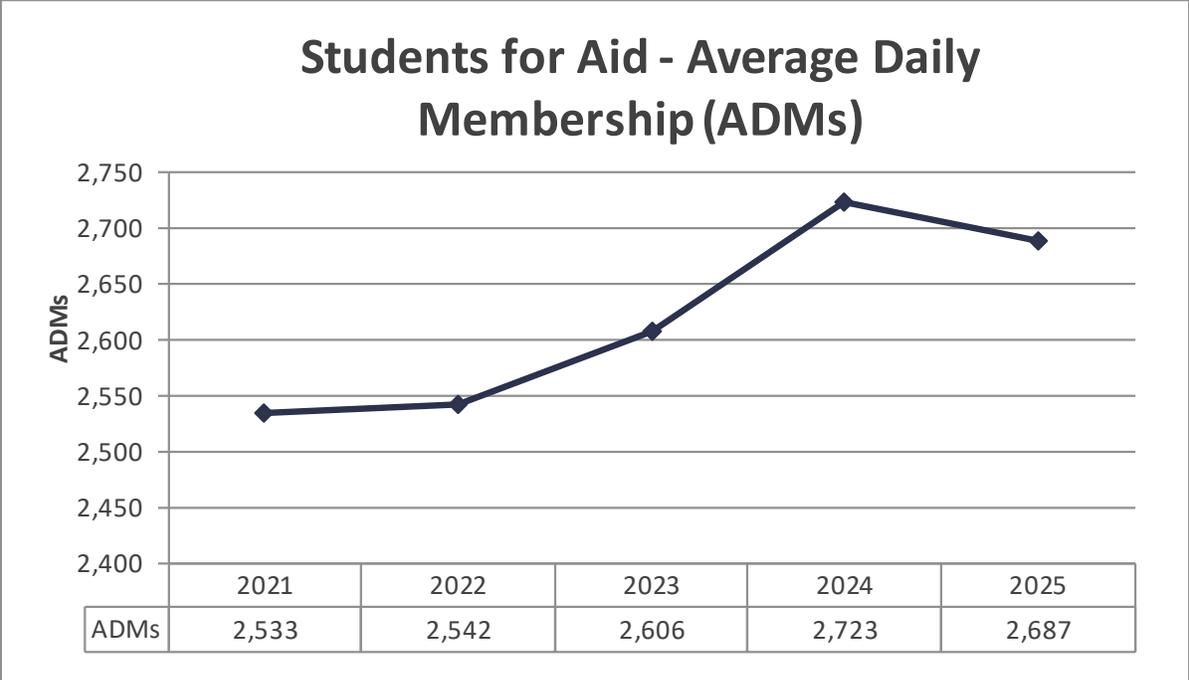


Per student served.



**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,	
	<u>2025</u>	<u>2024</u>
Total Fund Balance for Governmental Funds	\$ 15,036,345	\$ 14,903,657
Capital Assets, Less Accumulated Depreciation/Amortization	77,682,318	80,934,191
Net Prepaid OPEB Asset	492,744	744,569
Long-Term Liabilities	(68,034,234)	(70,669,106)
Net Pension Liability	(16,286,220)	(21,514,190)
Other - Net	<u>(786,974)</u>	<u>2,828,064</u>
Total Net Position - Governmental Activities	<u>\$ 8,103,979</u>	<u>\$ 7,227,185</u>
Net Position:		
Net Investment in Capital Assets	\$ 11,268,630	\$ 11,364,683
Restricted	4,560,010	5,795,876
Unrestricted	<u>(7,724,661)</u>	<u>(9,933,374)</u>
Total Net Position - Governmental Activities	<u>\$ 8,103,979</u>	<u>\$ 7,227,185</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 2025 and 2024:

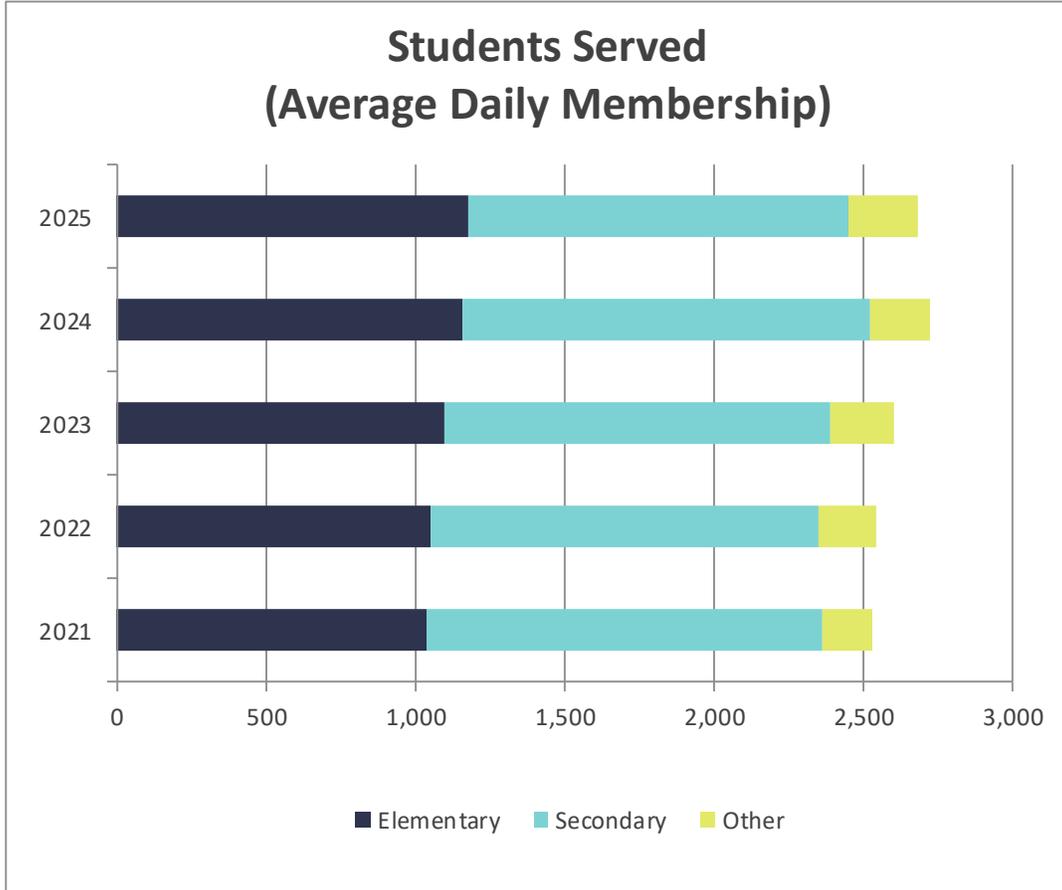
	Year Ended June 30,	
	2025	2024
Net Change in Fund Balance - Total Governmental Funds	\$ 132,688	\$ 4,008,535
Capital Asset Purchases	2,470,998	549,543
Depreciation	(5,711,280)	(5,796,110)
Change in Net Prepaid OPEB Asset	(44,106)	522
Repayment of Debt	3,345,000	3,210,000
Change in Net Pension Liability	1,434,074	2,498,224
Other - Net	(750,580)	658,186
Change in Net Position - Governmental Activities	<u>\$ 876,794</u>	<u>\$ 5,128,900</u>

# APPENDIX A

## FINANCIAL TRENDS OF YOUR DISTRICT

### Average Daily Membership and Pupil Units

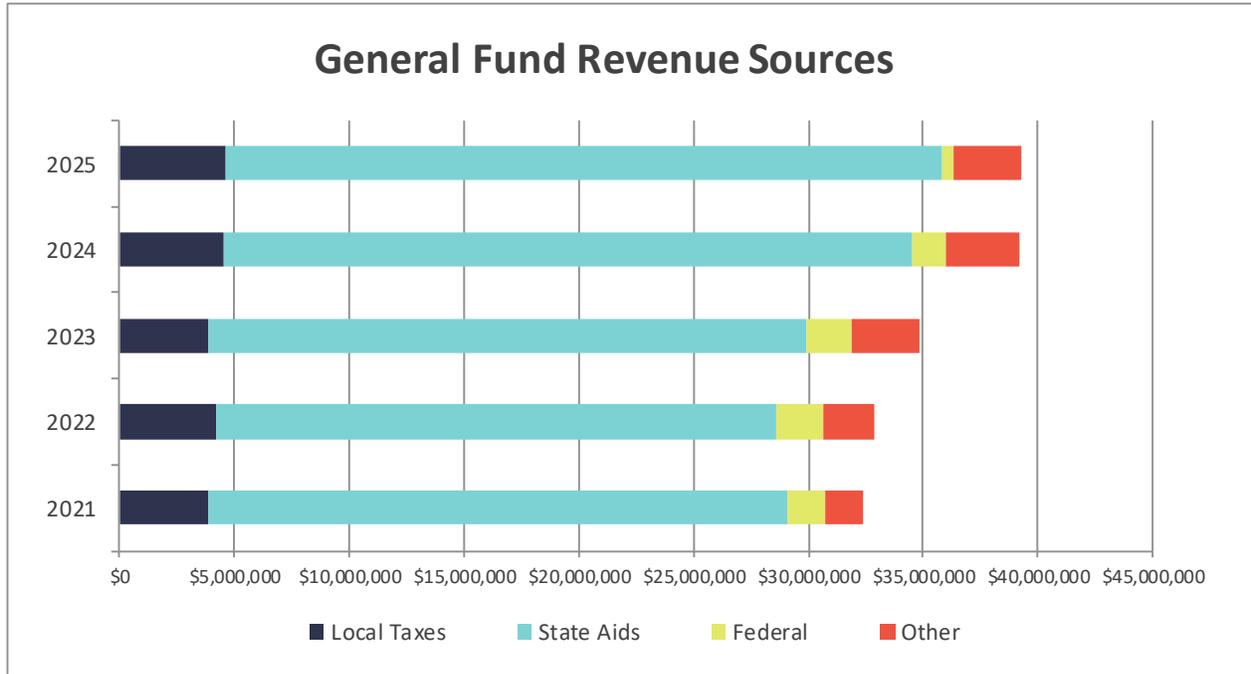
The following graph summarizes average daily membership of Independent School District No. 138 over the past five years ended June 30:



The District's average daily membership (ADM) for the 2025 fiscal year was 2,687 students, which represents a decrease of 1.31% over the previous year. In the past five fiscal years, the District's enrollment has increased by 6.07%.

## General Fund Revenue

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



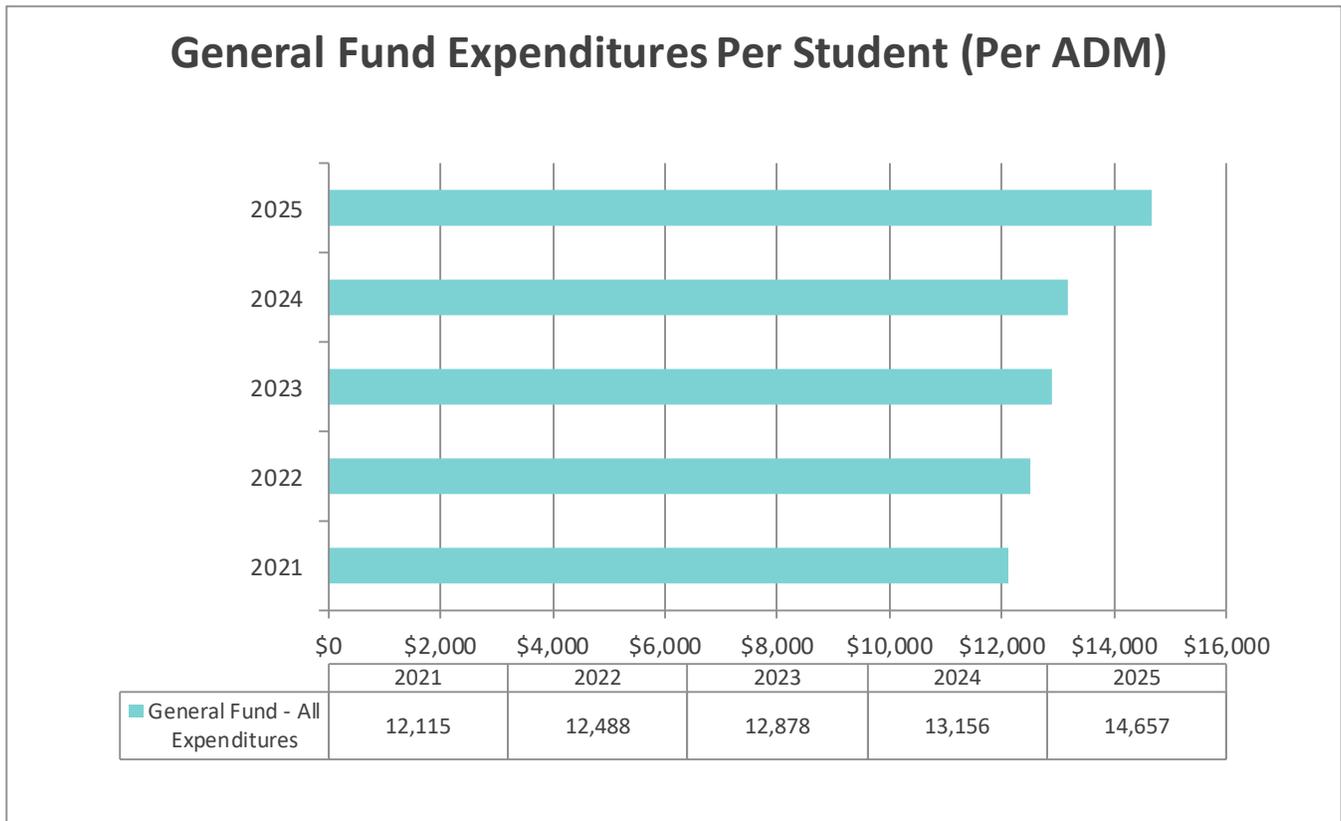
The table above illustrates the fluctuation that occurs between the taxes and state aid categories based on legislative activity. The Legislature determines what portion of the general education funding formula will be paid by local taxpayers. In addition, when the tax shift percentage changes or the 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	%		
2021	3,839,645	12	25,231,598	78	1,702,613	5	1,571,294	5	32,345,150	100
2022	4,215,634	13	24,398,147	74	2,056,445	6	2,220,251	7	32,890,477	100
2023	3,877,782	11	26,010,208	75	2,024,437	6	2,960,224	8	34,872,651	100
2024	4,485,816	11	30,063,744	77	1,418,154	4	3,233,237	8	39,200,951	100
2025	4,569,800	12	31,246,374	80	484,065	1	2,972,600	8	39,272,839	100

**Expenditures Per Student**

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



General Fund expenditures for fiscal 2025 were \$39,387,830 which represents an increase of \$3,563,451 over fiscal 2024.

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

	2025			%	2024
	Budget	Actual	Over (Under) Budget		Actual
Salaries	\$ 19,710,088	\$ 20,897,490	\$ 1,187,402	6.0 %	\$ 19,647,731
Employee Benefits	6,635,506	6,127,607	(507,899)	(7.7)	5,971,807
Purchased Services	8,644,698	7,733,648	(911,050)	(10.5)	7,133,759
Supplies and Materials	2,024,385	1,776,695	(247,690)	(12.2)	1,935,740
Capital Expenditures	1,664,262	2,529,904	865,642	52.0	683,857
Other Expenditures	412,180	322,486	(89,694)	(21.8)	451,485
<b>Total Expenditures</b>	<b>\$ 39,091,119</b>	<b>\$ 39,387,830</b>	<b>\$ 296,711</b>	<b>0.8</b>	<b>\$ 35,824,379</b>

On a net basis, total expenditures were 0.80% higher 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:

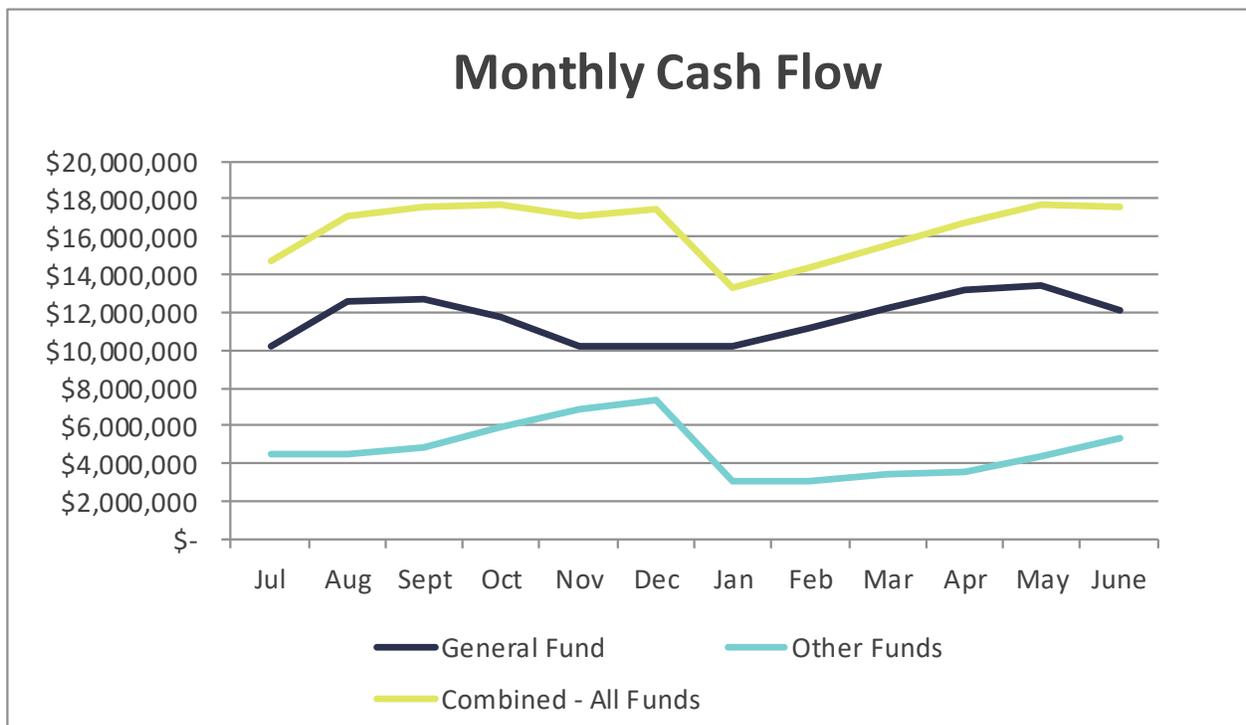
	Year Ended June 30,				
	2021	2022	2023	2024	2025
Revenues	\$ 32,345,150	\$ 32,890,477	\$ 34,872,651	\$ 39,200,951	\$ 39,272,839
Expenditures	30,693,641	31,743,487	33,564,845	35,824,379	39,387,830
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,651,509	1,146,990	1,307,806	3,376,572	(114,991)
Other Financing Sources (Uses):					
Insurance Recovery Proceeds	28,846	16,325	-	-	-
Proceeds from Sale of Assets	20,849	-	-	-	-
Proceeds from Sale of Real Property	-	-	-	-	1,710
Subscription Liability Proceeds	-	-	-	-	59,796
Transfer Out	(65,905)	-	-	232,761	-
Total Other Financing Sources (Uses)	(16,210)	16,325	-	232,761	61,506
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	1,635,299	1,163,315	1,307,806	3,609,333	(53,485)
Fund Balance:					
Beginning of Year	4,022,647	5,657,946	6,821,261	8,129,067	11,738,400
End of Year	\$ 5,657,946	\$ 6,821,261	\$ 8,129,067	\$ 11,738,400	\$ 11,684,915
Nonspendable Fund Balance	\$ 51,116	\$ 43,350	\$ 341,537	\$ 43,665	\$ 375,492
Restricted/Committed Fund Balance	1,695,997	2,167,849	2,620,485	2,804,219	1,580,734
Assigned Fund Balance	500,000	500,000	1,525,000	4,623,980	5,252,430
Unassigned Fund Balance	3,410,833	4,110,062	3,642,045	4,266,536	4,476,259
Total Fund Balance	\$ 5,657,946	\$ 6,821,261	\$ 8,129,067	\$ 11,738,400	\$ 11,684,915
Unassigned Fund Balance as a Percentage of Expenditures	11.11%	12.95%	10.85%	11.91%	11.36%
Total Fund Balance as a Percentage of Expenditures	18.43%	21.49%	24.22%	32.77%	29.67%

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

The District’s General Fund had an excess of expenditures over revenues of \$53,485 for fiscal 2025, decreasing total fund balance to \$11,684,915 at June 30, 2025. Total fund balance includes a net of \$7,208,656 in nonspendable/restricted/committed/assigned accounts as prescribed by state statute. The remainder is an unassigned fund balance of \$4,476,259 at year-end.

Total General Fund revenues were higher than the budgeted amount for fiscal 2025 by \$588,758 (or 1.52%). Total General Fund expenditures were over budget by \$296,711 (or 0.76%). The net combined outcome of the budget variances was an increase to the ending fund balance that was \$343,386 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 2025:



## Food Service Fund

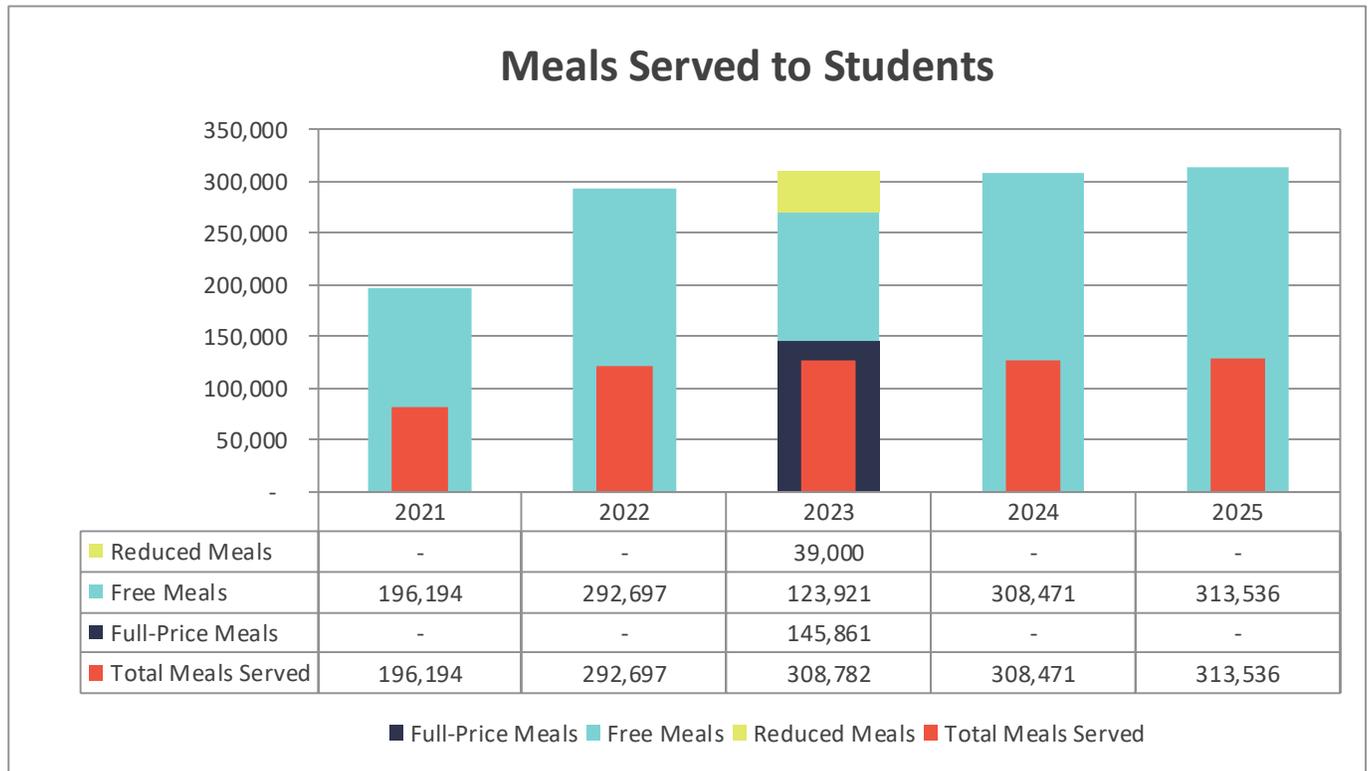
The following chart reflects the growth of the Food Service program over the past five years:

	Year Ended June 30,				
	2021	2022	2023	2024	2025
Revenues	\$ 1,242,570	\$ 2,092,805	\$ 1,647,449	\$ 2,116,960	\$ 2,152,904
Expenditures	1,184,055	1,732,821	1,713,515	1,827,399	1,899,287
Excess (Deficiency) of Revenues Over (Under) Expenditures	58,515	359,984	(66,066)	289,561	253,617
Other Financing Sources (Uses):					
Transfer In	-	-	-	-	-
Fund Balance:					
Beginning of Year	101,920	160,435	520,419	454,353	743,914
End of Year	\$ 160,435	\$ 520,419	\$ 454,353	\$ 743,914	\$ 997,531
Lunches Served to Students	196,194	292,697	308,782	308,471	313,536
Revenue per Lunch Served	\$ 6.33	\$ 7.15	\$ 5.34	\$ 6.86	\$ 6.87

In terms of revenue growth, the District's food service program has increased by 73.26% since 2021 (from total revenues of \$1,242,570 for fiscal 2021 to \$2,152,904 for fiscal year 2025).

Total revenues exceeded total expenditures by \$253,617 in the District's Food Service Fund for 2025, increasing fund balance to \$997,531 at June 30, 2025.

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,				
	2021	2022	2023	2024	2025
Revenues	\$ 1,305,287	\$ 1,858,658	\$ 1,919,784	\$ 2,106,315	\$ 2,133,542
Expenditures	1,146,885	1,405,933	1,656,553	1,915,152	2,233,540
Excess (Deficiency) of Revenues Over (Under) Expenditures	158,402	452,725	263,231	191,163	(99,998)
Other Financing Sources Transfer In	65,905	-	-	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	224,307	452,725	263,231	191,163	(99,998)
Fund Balance:					
Beginning of Year	58,365	282,672	735,397	998,628	1,189,791
End of Year	\$ 282,672	\$ 735,397	\$ 998,628	\$ 1,189,791	\$ 1,089,793
Fund Balance:					
Nonspendable	\$ 954	\$ 7,691	\$ 2,070	\$ 6,847	\$ 6,170
Restricted for ECFE	205,977	297,360	394,448	511,262	574,810
Restricted for Community Ed	92,369	327,809	499,033	574,851	469,737
Restricted for School Readiness	8,412	-	-	-	-
Other Restricted	-	153,016	103,077	96,831	39,076
Unassigned	(25,040)	(50,479)	-	-	-
Total Fund Balance	\$ 282,672	\$ 735,397	\$ 998,628	\$ 1,189,791	\$ 1,089,793

The District's Community Service Fund had an excess of expenditures over revenues of \$99,998 for fiscal year 2025, bringing the combined fund balance to \$1,09,793 at June 30, 2025.

Total revenues of the District's Community Service Fund for 2025 were \$194,156 more than the budgeted amount while total expenditures were over budget by \$225,545. As a result, total fund balance increased by \$31,389 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	2022	2023		2025
	2024	2024		2024	2024	
District and School Administration	\$ 772	\$ 677	\$ 637	\$ 675	\$ 679	\$ 692
District Support Services	600	545	587	666	616	631
Regular Instruction (including Co- & Extra-Curricular)	6,558	5,982	4,858	4,938	5,203	5,406
Vocational Instruction (Career and Technical)	243	225	206	222	296	329
Special Education Instruction	3,158	2,922	2,482	2,374	2,566	2,723
Instructional Support Services	874	788	736	887	793	793
Pupil Support Services (including Transportation)	1,706	1,512	1,354	1,421	1,373	1,475
Operations and Maintenance and Other	1,192	1,205	1,291	1,408	1,312	1,645
Total General Fund Operations	15,103	13,856	12,151	12,591	12,838	13,694
Food Service	801	803	682	657	671	681
Community Service	818	798	553	636	703	829
Capital Expenditure	996	908	504	236	267	969
Debt Service	1,737	1,931	2,363	2,304	2,145	2,145
Total Pre-K - 12						
Operating Expenditures, including OPEB	\$ 19,455	\$ 18,296	\$ 16,253	\$ 16,424	\$ 16,624	\$ 18,318
Percent Change from Prior Year			-6.58%	1.05%	1.22%	10.19%

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. 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, 2025, and have issued our report thereon dated December 2, 2025. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit in our statement of work dated January 16, 2025. 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.

As described in Note 1, the District changed accounting policies related to compensated absences by adopting Statement of Governmental Accounting Standards Board (GASB Statement) No. 101, *Compensated Absences*, in 2025.

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.

**Significant unusual transactions**

We identified no significant unusual transactions.

**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:

- Beginning compensated absences balance changed due to the implementation of GASB 101 causing the change in Net Position to be overstated by \$738,231 for Governmental Activities.

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 December 2, 2025.

**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.

**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 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 December 2, 2025.

**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  
December 2, 2025

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

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2025**



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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, 2025**

**BOARD OF EDUCATION**

<b><u>NAME</u></b>	<b><u>TERM ON BOARD EXPIRES</u></b>	<b><u>BOARD POSITION</u></b>
Tim MacMillan	01/02/29	Chairperson
Sarah Grovender	01/02/27	Vice Chairperson
Heather Naegele	01/02/29	Clerk
Jesse LaValla	01/02/27	Treasurer
Shelly Johnson	01/02/29	Director
Adam Trampe	01/02/27	Director

**ADMINISTRATION**

Sara Paul	Superintendent
Todd Tetzlaff	Director of Human Resources and Finance
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

#### **Opinions**

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, 2025, 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, 2025, 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 twelve 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 net OPEB liability (asset) and related ratios, the schedule of money-weighted rate of return on OPEB plan assets, 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 2024 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 6, 2024. In our opinion the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2025, 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  
December 2, 2025

## **REQUIRED SUPPLEMENTARY INFORMATION**

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2025**

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, 2025. Please read it in conjunction with the District's financial statements, which immediately follow this section.

**FINANCIAL HIGHLIGHTS**

Key financial highlights for the 2024-2025 fiscal year include the following:

- Net position increased from District operations by \$876,794 as compared to June 30, 2024.
- Overall General Fund revenues were \$39,272,839 as compared to \$39,387,830 of expenditures.
- The ending fund balance of the General Fund decreased \$53,485 from the prior year. Revenues increased 0.2% over the prior year, and expenditures increased 9.9% 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, 2025**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**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, 2025**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**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 \$8,103,979 on June 30, 2025. This was an increase of \$876,794 from the prior year (see Table A-1).

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

	Governmental Activities		Percentage Change
	2025	2024	
Current and Other Assets	\$ 29,269,641	\$ 28,993,896	0.95 %
Capital and Noncurrent Assets	77,682,318	80,934,191	(4.02)
<b>Total Assets</b>	106,951,959	109,928,087	(2.71)
Deferred Outflows of Resources	5,589,289	6,102,264	(8.41)
Current Liabilities	7,316,525	7,009,514	4.38
Long-Term Liabilities	80,940,417	88,707,879	(8.76)
<b>Total Liabilities</b>	88,256,942	95,717,393	(7.79)
Deferred Inflows of Resources	16,180,327	13,085,773	23.65
Net Position			
Net Investment in Capital Assets	11,268,630	11,364,683	(0.85)
Restricted	4,560,010	5,795,876	(21.32)
Unrestricted	(7,724,661)	(9,933,374)	(22.24)
<b>Total Net Position</b>	\$ 8,103,979	\$ 7,227,185	

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2025**

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

**Changes in Net Position**

The District's total revenues were \$49,770,747 for the year ended June 30, 2025. Property taxes and unrestricted state formula aid accounted for 66.1% of total revenue for the year. Another 2.7% 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
	2025	2024	
<b>Revenues</b>			
<u>Program Revenues</u>			
Charges for Services	\$ 3,524,022	\$ 3,533,242	(0.26)%
Operating Grants and Contributions	11,852,932	11,618,068	2.02
Capital Grants and Contributions	367,989	419,842	(12.35)
<u>General Revenues</u>			
Property Taxes	10,031,230	10,117,813	(0.86)
Unrestricted State Aid	22,891,783	22,348,042	2.43
Investment Earnings	805,482	738,723	9.04
Other	297,309	606,187	(50.95)
Total Revenues	<u>49,770,747</u>	<u>49,381,917</u>	0.79
<b>Expenses</b>			
Administration	1,990,920	1,775,780	12.12
District Support Services	1,738,795	1,686,885	3.08
Regular Instruction	19,155,289	17,771,313	7.79
Vocational Education Instruction	755,961	745,784	1.36
Special Education Instruction	7,297,788	6,507,161	12.15
Instructional Support Services	3,242,348	2,222,732	45.87
Pupil Support Services	3,890,046	3,727,753	4.35
Sites and Buildings	4,270,590	3,628,812	17.69
Fiscal and Other Fixed Cost Programs	374,371	323,109	15.87
Food Service	1,899,287	1,827,399	3.93
Community Service	2,193,732	1,830,150	19.87
Interest and Fiscal Charges on Long-Term Liabilities	2,084,826	2,206,139	(5.50)
Total Expenses	<u>48,893,953</u>	<u>44,253,017</u>	10.49
<b>Increase (Decrease) in Net Position</b>			
Net Position - Beginning of Year	7,227,185	2,098,285	
Net Position - End of Year	<u>\$ 8,103,979</u>	<u>\$ 7,227,185</u>	

The total cost of all programs and services including interest and fiscal charges, was \$48,893,953. Total revenues exceeded expenses, increasing net position by \$876,794 over last year. The increase in charges for services is due to more participation for community service programs. The increase in investment earnings is due to the increase in investments and market value change. 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.

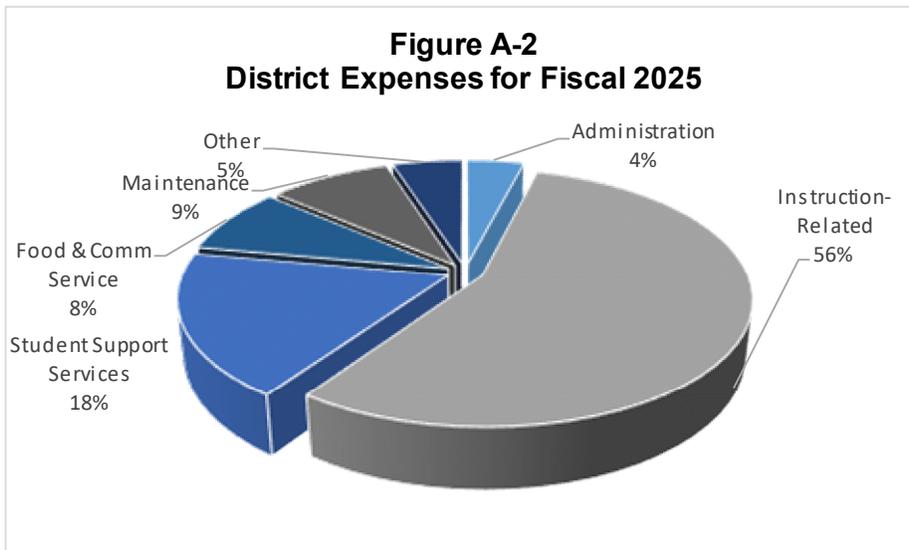
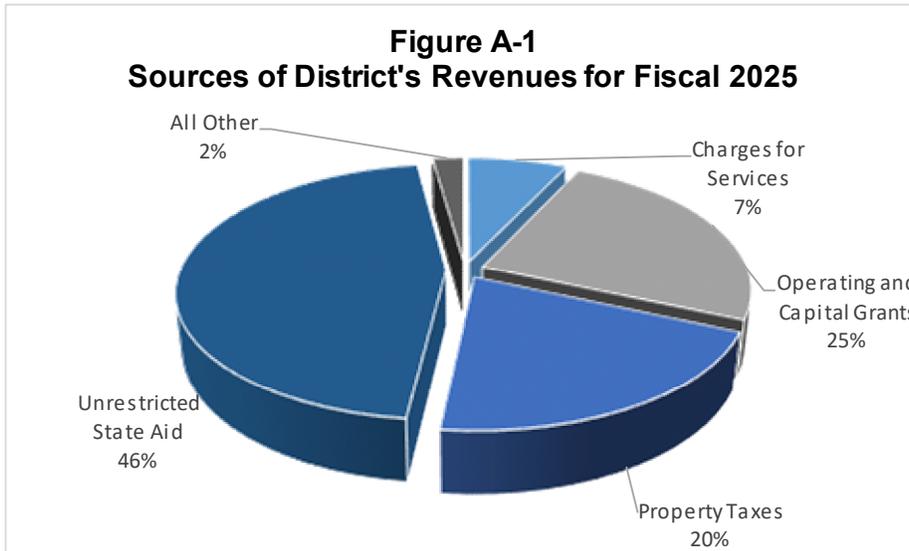
**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2025**

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

**Changes in Net Position (Continued)**

The cost of all *governmental* activities this year was \$48,893,953.

- Some of the cost was paid by the users of the District's programs (\$3,524,022).
- The federal and state governments subsidized certain programs with operating and capital grants and contributions (\$12,220,921).
- 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 \$10,031,230 in property taxes, \$22,891,783 of state aid based on the statewide education aid formula, and \$1,102,791 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, 2025**

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

**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 59.2% 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
	2025	2024		2025	2024	
Administration	\$ 1,990,920	\$ 1,775,780	12.12 %	\$ 1,858,463	\$ 1,665,235	11.60 %
District Support Services	1,738,795	1,686,885	3.08	1,743,653	1,669,957	4.41
Regular Instruction	19,155,289	17,771,313	7.79	15,478,054	13,649,224	13.40
Vocational Education Instruction	755,961	745,784	1.36	720,782	732,445	(1.59)
Special Education Instruction	7,297,788	6,507,161	12.15	1,326,424	955,533	38.82
Instructional Support Services	3,242,348	2,222,732	45.87	2,017,815	1,050,183	92.14
Pupil Support Services	3,890,046	3,727,753	4.35	3,374,985	3,253,395	(3.74)
Sites and Buildings	4,270,590	3,628,812	17.69	4,014,253	3,333,763	20.41
Fiscal and Other Fixed Cost Programs	374,371	323,109	15.87	374,371	323,109	15.87
Food Service	1,899,287	1,827,399	3.93	(250,283)	(289,561)	13.56
Community Service	2,193,732	1,830,150	19.87	405,667	132,443	206.30
Interest and Fiscal Charges on Long-Term Liabilities	2,084,826	2,206,139	(5.50)	2,084,826	2,206,139	(5.50)
<b>Total</b>	<b>\$ 48,893,953</b>	<b>\$ 44,253,017</b>	<b>10.49</b>	<b>\$ 33,149,010</b>	<b>\$ 28,681,865</b>	<b>15.57</b>

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

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a *combined* fund balance of \$15,036,345 which is \$132,688 higher last year's ending fund balance of \$14,903,657. Revenues and other financing sources for the District's governmental funds were \$49,357,555 while total expenditures were \$49,224,867.

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2025**

**GENERAL FUND**

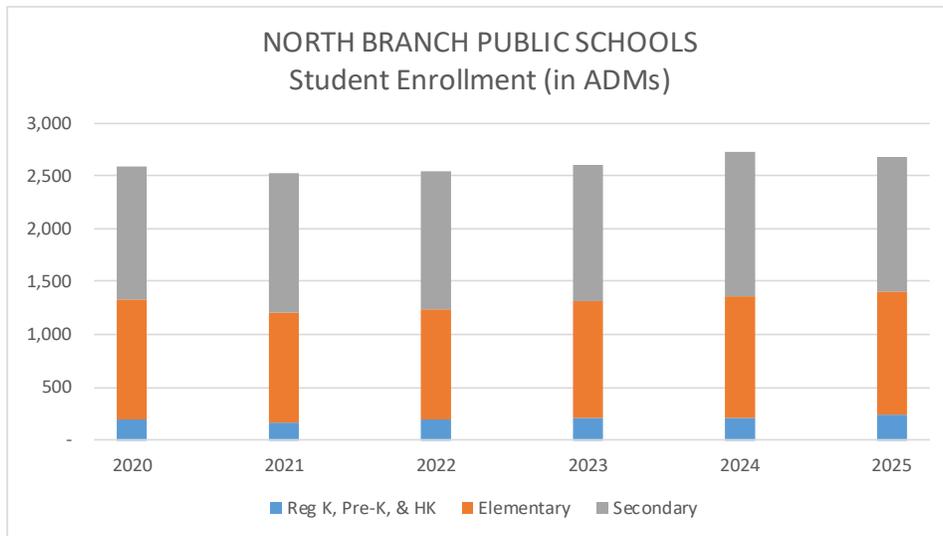
The General Fund includes the primary operations of the District in providing educational services to students from kindergarten through grade 12 including pupil transportation activities and capital outlay projects. Approximately 80.8% of General Fund operational revenue is controlled by a complex set 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 79.6% 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)**

	2020	2021	2022	2023	2024	2025
Reg K, Pre-K, & HK	197	166	192	213	201	236
Elementary	1,130	1,038	1,049	1,097	1,157	1,177
Secondary	1,258	1,330	1,301	1,296	1,365	1,275
<b>Total Students for Aid</b>	<b>2,585</b>	<b>2,534</b>	<b>2,542</b>	<b>2,606</b>	<b>2,723</b>	<b>2,688</b>
Percent Change	-4.01%	-1.97%	0.32%	2.52%	4.49%	-1.29%



In 2025, the District experienced a decrease in enrollment of 35 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, 2025**

**GENERAL FUND (CONTINUED)**

The following schedule presents a summary of General Fund revenues.

**Table A-5  
General Fund Revenues**

Fund	Year Ended		Change	
	June 30, 2025	June 30, 2024	Increase (Decrease)	Percent
Local Sources:				
Property Taxes	\$ 4,569,800	\$ 4,485,816	\$ 83,984	1.9 %
Earnings on Investments	805,482	738,723	66,759	9.0
Other	2,167,118	2,494,514	(327,396)	(13.1)
State Sources	31,246,374	30,063,744	1,182,630	3.9
Federal Sources	484,065	1,418,154	(934,089)	(65.9)
Total General Fund Revenues	<u>\$ 39,272,839</u>	<u>\$ 39,200,951</u>	<u>\$ 71,888</u>	0.2

Total General Fund revenue increased by \$71,888 or 0.2% 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, 2025	June 30, 2024		
Salaries	\$ 20,897,490	\$ 19,647,731	\$ 1,249,759	6.4 %
Employee Benefits	6,127,607	5,971,807	155,800	2.6
Purchased Services	7,733,648	7,133,759	599,889	8.4
Supplies and Materials	1,776,695	1,926,951	(150,256)	(7.8)
Capital Expenditures	2,529,904	733,355	1,796,549	245.0
Other Expenditures	322,486	410,776	(88,290)	(21.5)
Total Expenditures	<u>\$ 39,387,830</u>	<u>\$ 35,824,379</u>	<u>\$ 3,563,451</u>	9.9

Total General Fund expenditures increased \$3,563,451 or 9.9% 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, 2025**

**GENERAL FUND (CONTINUED)**

In 2024-2025, General Fund expenditures exceeded revenues and other financing sources by \$53,485. Therefore, total fund balance decreased to \$11,684,915 at June 30, 2025. After deducting statutory restrictions, the unassigned fund balance increased from \$4,266,536 at June 30, 2024 to \$4,476,259 at June 30, 2025 due to new state sources that are restricted for specific purposes. 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 2025 and was presented with and adopted a revised budget for all funds in June 2025. 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 \$588,758 higher than expected, mainly due to higher than expected earnings on investments and other revenue, which consisted of revenue from other districts.

The actual expenditures were \$296,711 higher than budget, mainly due to an increase in capital outlay.

The District's final budget for the General Fund anticipated a decrease in fund balance of \$396,871, the actual results for the year show a decrease of \$53,485, so the ending fund balance was more than budget by \$343,386. 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 \$32,554 in 2024-2025. The remaining fund balance of \$1,264,106 is restricted at June 30, 2025.

**OTHER MAJOR FUNDS**

Revenues exceeded expenditures in the Food Service Fund by \$253,617, leaving a fund balance of \$997,531.

The total fund balance of the Community Service Fund decreased by \$99,998. The decrease related to decreased 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, 2025**

**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 2025, the District had invested about \$151,253,000 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/amortization expense for the year was approximately \$5,711,000.

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

	2025	2024	Percentage Change
Land	\$ 509,000	\$ 509,000	-
Construction in Progress	571,663	178,543	220.2
Land Improvements	10,558,692	10,507,217	0.5
Buildings and Improvements	122,004,614	121,278,993	0.6
Equipment	17,548,938	16,646,862	5.4
Subscription Based Information Technology Arrangement Asset	59,796	-	N/A
Less: Accumulated Depreciation/Amortization	(73,570,385)	(68,186,424)	7.9
Total	<u>\$ 77,682,318</u>	<u>\$ 80,934,191</u>	(4.0)

**Long-Term Liabilities**

At year-end, the District had \$64,520,000 in general obligation bonds outstanding – a decrease of 4.9% from last year – as shown in Note 5 to the financial statements.

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

	2025	2024	Percentage Change
General Obligation Bonds	\$ 64,520,000	\$ 67,865,000	(4.9)%
Net Bond Premium and (Discount)	1,893,688	2,109,508	(10.2)
Compensated Absences	1,712,935	694,598	146.6
Total	<u>\$ 68,126,623</u>	<u>\$ 70,669,106</u>	(3.6)
Long-Term Liabilities:			
Due Within One Year	\$ 3,472,426	\$ 3,475,417	
Due in More Than One Year	64,654,197	67,193,689	
Total	<u>\$ 68,126,623</u>	<u>\$ 70,669,106</u>	

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2025**

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

**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 insurance, fuel, energy and supplies. Over the past 24 months, we have reached agreements with bargaining groups that are higher than historical average increases to salaries and benefits and settlements are still pending for the current fiscal year.

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. Cash-flow borrowing was a regular annual process in the past and that added cost has been avoided because the District has been able to maintain a fund balance within our established target. When the District maintains a fund balance, interest is accrued that further improves the District's standing. The audited fund balance in the unassigned general fund has improved from a recent low of (-1.19%) in 2018 to 11.91% in 2024 and 11.55% in 2025 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 in recent years. Two factors are leading to improved student enrollment include 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, 2025**

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

In recent years, State funding has increased, and the funding formula has been tied to inflation. Cross-subsidy funding for special education has also increased to offset general fund expenses related to the special needs of students. This funding has been helpful in the absence of federal funding received during the COVID pandemic.

**Construction and Facilities Maintenance**

The District regularly monitors enrollments to plan for needed capacity. Current projections suggest that building capacity District-wide will be adequate for the foreseeable future. A facility study has been conducted and strategic adjustments are currently being implemented to ensure school buildings have needed space. Beginning in the 2026 – 2027 school year, first grade students will attend school at the Education Center and the district office will be moved to the Middle School. In May of 2017, voters authorized the District to issue bonds of \$70,165,000 for deferred maintenance and building 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 ensure 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, 2025  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2024)**

	Governmental Activities	
	2025	2024
<b>ASSETS</b>		
Cash and Investments	\$ 18,492,995	\$ 17,451,026
Receivables:		
Property Taxes	6,645,235	6,674,638
Other Governments	2,858,524	3,280,728
Other	362,855	653,880
Prepaid Items	342,678	20,981
Inventory	74,610	55,019
Due From Trust	-	113,055
Net OPEB Asset	492,744	744,569
Capital Assets:		
Land	509,000	509,000
Construction in Progress	571,663	178,543
Other Capital Assets, Net of Depreciation	76,601,655	80,246,648
Total Assets	106,951,959	109,928,087
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension Related	5,214,060	5,806,336
OPEB Related	375,229	295,928
Total Deferred Outflows of Resources	5,589,289	6,102,264
<b>LIABILITIES</b>		
Due to Trust	5,771	-
Salaries Payable and Other Payroll Related Items	1,817,332	1,802,373
Accounts, Contracts, and Claims Payable	839,197	512,378
Accrued Interest	922,173	980,941
Due to Other Governmental Units	119,464	123,899
Unearned Revenue	140,162	114,506
Long-Term Liabilities:		
Net Pension Liability	16,286,220	21,514,190
Portion Due Within One Year	3,472,426	3,475,417
Portion Due in More Than One Year	64,654,197	67,193,689
Total Liabilities	88,256,942	95,717,393
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension Related	6,220,711	3,019,091
OPEB Related	173,302	301,720
Property Taxes Levied for Subsequent Year	9,786,314	9,764,962
Total Deferred Inflows of Resources	16,180,327	13,085,773
<b>NET POSITION</b>		
Net Investment in Capital Assets	11,268,630	11,364,683
Restricted for:		
General Fund Operating Capital Purposes	4,031	450,520
General Fund State-Mandated Reserves	1,495,316	2,272,312
General Fund Grant Restricted	81,387	81,387
Food Service	997,531	743,914
Community Service	1,091,560	1,192,763
Other Postemployment Benefits	492,744	744,569
Debt Service	397,441	310,411
Unrestricted	(7,724,661)	(9,933,374)
Total Net Position	\$ 8,103,979	\$ 7,227,185

See accompanying Notes to Basic Financial Statements.

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2025  
(WITH SUMMARIZED FINANCIAL STATEMENT INFORMATION FOR YEAR ENDED JUNE 30, 2024)**

Functions	2025				2024	
	Expenses	Program Revenues			Net (Expense)	Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and	Revenue and
					Changes in Net Position	Changes in Net Position
				Total	Total	
				Governmental	Governmental	
				Activities	Activities	
<b>Governmental Activities</b>						
Administration	\$ 1,990,920	\$ -	\$ 132,457	\$ -	\$ (1,858,463)	\$ (1,665,235)
District Support Services	1,738,795	-	(17,085)	12,227	(1,743,653)	(1,669,957)
Regular Instruction	19,155,289	736,811	2,933,374	7,050	(15,478,054)	(13,649,224)
Vocational Education Instruction	755,961	196	34,983	-	(720,782)	(732,445)
Special Education Instruction	7,297,788	815,271	5,156,093	-	(1,326,424)	(955,533)
Instructional Support Services	3,242,348	52,532	1,116,783	55,218	(2,017,815)	(1,050,183)
Pupil Support Services	3,890,046	243,552	234,096	37,413	(3,374,985)	(3,253,395)
Sites and Buildings	4,270,590	25,025	(24,769)	256,081	(4,014,253)	(3,333,763)
Fiscal and Other Fixed Cost Programs	374,371	-	-	-	(374,371)	(323,109)
Food Service	1,899,287	233,943	1,915,627	-	250,283	289,561
Community Service	2,193,732	1,416,692	371,373	-	(405,667)	(132,443)
Interest and Fiscal Charges on Long-Term Liabilities	2,084,826	-	-	-	(2,084,826)	(2,206,139)
<b>Total School District</b>	<b>\$ 48,893,953</b>	<b>\$ 3,524,022</b>	<b>\$ 11,852,932</b>	<b>\$ 367,989</b>	<b>(33,149,010)</b>	<b>(28,681,865)</b>
<b>General Revenues</b>						
Property Taxes Levied for:						
General Purposes					4,567,187	4,490,169
Community Service					181,088	239,444
Debt Service					5,282,955	5,388,200
State Aid Not Restricted to Specific Purposes					22,891,783	22,348,042
Earnings on Investments					805,482	738,723
Miscellaneous					297,309	606,187
<b>Total General Revenues</b>					<b>34,025,804</b>	<b>33,810,765</b>
<b>CHANGE IN NET POSITION</b>					<b>876,794</b>	<b>5,128,900</b>
Net Position - Beginning of Year					7,227,185	2,098,285
<b>NET POSITION - END OF YEAR</b>					<b>\$ 8,103,979</b>	<b>\$ 7,227,185</b>

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2025  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2024)**

	Major Funds				Total Governmental	
	General	Food Service	Community Service	Debt Service	Funds	
					2025	2024
<b>ASSETS</b>						
Cash and Investments	\$ 12,104,447	\$ 1,150,641	\$ 1,377,112	\$ 2,989,034	\$ 17,621,234	\$ 16,632,400
Receivables:						
Current Property Taxes	2,919,107	-	137,059	3,359,972	6,416,138	6,499,261
Delinquent Property Taxes	100,794	-	4,712	123,591	229,097	175,377
Due from Other Minnesota School Districts	119,566	-	-	-	119,566	229,696
Due from Minnesota Department of Education	2,369,564	28,724	36,820	44,952	2,480,060	2,803,063
Due from Federal through Minnesota						
Department of Education	54,580	20,266	-	-	74,846	103,581
Due from Other Governmental Units	183,652	-	400	-	184,052	144,388
Other Receivables	346,824	-	16,031	-	362,855	653,880
Due from Other Funds	-	-	-	-	-	113,055
Prepaid Items	336,508	-	6,170	-	342,678	20,981
Inventory	38,984	35,626	-	-	74,610	55,019
Total Assets	<u>\$ 18,574,026</u>	<u>\$ 1,235,257</u>	<u>\$ 1,578,304</u>	<u>\$ 6,517,549</u>	<u>\$ 27,905,136</u>	<u>\$ 27,430,701</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>						
Liabilities:						
Salaries Payable	\$ 1,847,929	\$ -	\$ 61,792	\$ -	\$ 1,909,721	\$ 1,932,790
Accounts and Contracts Payable	507,314	221,961	83,093	-	812,368	487,783
Due to Other Governmental Units	118,641	823	-	-	119,464	123,899
Due to Other Funds	5,771	-	-	-	5,771	-
Unearned Revenue	-	14,942	125,220	-	140,162	114,506
Total Liabilities	<u>2,479,655</u>	<u>237,726</u>	<u>270,105</u>	<u>-</u>	<u>2,987,486</u>	<u>2,658,978</u>
Deferred Inflows of Resources:						
Property Taxes Levied for Subsequent Year	4,371,737	-	216,642	5,197,935	9,786,314	9,764,962
Unavailable Revenue - Delinquent Taxes	37,719	-	1,764	55,508	94,991	103,104
Total Deferred Inflows of Resources	<u>4,409,456</u>	<u>-</u>	<u>218,406</u>	<u>5,253,443</u>	<u>9,881,305</u>	<u>9,868,066</u>
Fund Balance:						
Nonspendable:						
Prepaid Items	336,508	-	6,170	-	342,678	20,981
Inventory	38,984	35,626	-	-	74,610	55,019
Restricted:						
Student Activities	182,003	-	-	-	182,003	192,547
Scholarships	105,738	-	-	-	105,738	160,965
Staff Development	146,115	-	-	-	146,115	155,523
Capital Projects Levy	238,170	-	-	-	238,170	503,109
School Library Aid	4,792	-	-	-	4,792	4,807
Literacy Incentive Aid	21,640	-	-	-	21,640	9,449
American Indian Education	50,871	-	-	-	50,871	45,943
Operating Capital	4,031	-	-	-	4,031	450,520
Community Education Programs	-	-	469,737	-	469,737	574,851
Early Childhood and Family						
Educations Programs	-	-	574,810	-	574,810	511,262
Q Comp	91,547	-	-	-	91,547	-
Literacy Aid	109,595	-	-	-	109,595	-
Teacher Compensation for Read Act Training	98,949	-	-	-	98,949	-
Long-Term Facilities Maintenance	89,143	-	-	-	89,143	927,806
Medical Assistance	356,753	-	-	-	356,753	272,163
Other Restricted	81,387	961,905	39,076	1,264,106	2,346,474	2,128,196
Assigned:						
Capital Outlay	5,252,430	-	-	-	5,252,430	4,623,980
Unassigned	4,476,259	-	-	-	4,476,259	4,266,536
Total Fund Balance	<u>11,684,915</u>	<u>997,531</u>	<u>1,089,793</u>	<u>1,264,106</u>	<u>15,036,345</u>	<u>14,903,657</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 18,574,026</u>	<u>\$ 1,235,257</u>	<u>\$ 1,578,304</u>	<u>\$ 6,517,549</u>	<u>\$ 27,905,136</u>	<u>\$ 27,430,701</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, 2025  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2024)**

	2025	2024
<b>Total Fund Balance for Governmental Funds</b>	\$ 15,036,345	\$ 14,903,657
<p>Total fund balance reported for governmental activities in the statement of net position is different because:</p> <p>Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. Those assets consist of:</p>		
Land	509,000	509,000
Construction in Progress	571,663	178,543
Land Improvements, Net of Accumulated Depreciation	4,361,605	4,755,380
Buildings and Improvements, Net of Accumulated Depreciation	63,892,325	67,435,885
Equipment, Net of Accumulated Depreciation	8,294,781	8,055,383
Subscription Based Information Technology Arrangement Asset, Net of Amortization	52,944	-
<p>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.</p>		
	94,991	103,104
<p>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:</p>		
Net Pension Liability	(16,286,220)	(21,514,190)
Deferred Inflows of Resources - Pension Related	(6,220,711)	(3,019,091)
Deferred Outflows of Resources - Pension Contributions	5,214,060	5,806,336
<p>Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.</p>		
	(922,173)	(980,941)
<p>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:</p>		
Net OPEB Asset	492,744	744,569
Deferred Inflows of Resources - OPEB Related	(173,302)	(301,720)
Deferred Outflows of Resources - OPEB Related	375,229	295,928

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
GOVERNMENTAL FUNDS  
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION  
GOVERNMENTAL ACTIVITIES (CONTINUED)  
JUNE 30, 2025  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2024)**

	2025	2024
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:	\$ 844,932	\$ 794,031
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	(64,520,000)	(67,865,000)
Unamortized Premiums	(1,893,688)	(2,109,508)
Compensated Absences	(1,620,546)	(564,181)
<b>Total Net Position of Governmental Activities</b>	<b>\$ 8,103,979</b>	<b>\$ 7,227,185</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, 2025  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2024)**

	Major Funds				Total Governmental	
	General	Food Service	Community Service	Debt Service	Funds	
					2025	2024
<b>REVENUES</b>						
Local Sources:						
Property Taxes	\$ 4,569,800	\$ -	\$ 182,296	\$ 5,287,247	\$ 10,039,343	\$ 10,114,515
Earnings on Investments	805,482	-	-	-	805,482	738,723
Other	2,167,118	237,277	1,416,707	-	3,821,102	4,145,927
State Sources	31,246,374	1,049,163	534,539	449,517	33,279,593	31,901,121
Federal Sources	484,065	866,464	-	-	1,350,529	2,379,476
Total Revenues	<u>39,272,839</u>	<u>2,152,904</u>	<u>2,133,542</u>	<u>5,736,764</u>	<u>49,296,049</u>	<u>49,279,762</u>
<b>EXPENDITURES</b>						
Current:						
Administration	1,860,488	-	-	-	1,860,488	1,850,128
District Support Services	1,695,361	-	-	-	1,695,361	1,678,615
Regular Instruction	14,526,883	-	-	-	14,526,883	14,168,448
Vocational Education Instruction	883,116	-	-	-	883,116	805,736
Special Education Instruction	7,316,807	-	-	-	7,316,807	6,978,548
Instructional Support Services	2,131,067	-	-	-	2,131,067	2,160,279
Pupil Support Services	3,962,621	-	-	-	3,962,621	3,739,412
Sites and Buildings	4,047,212	-	-	-	4,047,212	3,249,216
Fiscal and Other Fixed Cost Programs	374,371	-	-	-	374,371	324,611
Food Service	-	1,829,610	-	-	1,829,610	1,827,399
Community Service	-	-	2,228,441	-	2,228,441	1,913,056
Capital Outlay	2,529,904	69,677	5,099	-	2,604,680	735,451
Debt Service:						
Principal	59,796	-	-	3,345,000	3,404,796	3,339,691
Interest and Fiscal Charges	204	-	-	2,359,210	2,359,414	2,500,637
Total Expenditures	<u>39,387,830</u>	<u>1,899,287</u>	<u>2,233,540</u>	<u>5,704,210</u>	<u>49,224,867</u>	<u>45,271,227</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(114,991)	253,617	(99,998)	32,554	71,182	4,008,535
<b>OTHER FINANCING SOURCES (USES)</b>						
Sale of Equipment	1,710	-	-	-	1,710	-
Subscription Liability Proceeds	59,796	-	-	-	59,796	-
Transfers In	-	-	-	-	-	232,761
Transfers Out	-	-	-	-	-	(232,761)
Total Other Financing Sources (Uses)	<u>61,506</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>61,506</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	(53,485)	253,617	(99,998)	32,554	132,688	4,008,535
Fund Balances - Beginning of Year	<u>11,738,400</u>	<u>743,914</u>	<u>1,189,791</u>	<u>1,231,552</u>	<u>14,903,657</u>	<u>10,895,122</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 11,684,915</u>	<u>\$ 997,531</u>	<u>\$ 1,089,793</u>	<u>\$ 1,264,106</u>	<u>\$ 15,036,345</u>	<u>\$ 14,903,657</u>

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, 2025  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2024)**

	2025	2024
<b>Net Change in Fund Balance - Total Governmental Funds</b>	\$ 132,688	\$ 4,008,535

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

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/amortization expense. This is the amount by which depreciation/amortization exceeded capital outlays in the current period.

Capital Outlays	2,470,998	549,543
Gain (Loss) on Disposal of Capital Assets	(11,591)	-
Depreciation/Amortization Expense	(5,711,280)	(5,796,110)

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.

Principal Payments - Finance Purchase Obligations	-	129,691
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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.

	(44,106)	522
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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.

	1,434,074	2,498,224
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The governmental funds report bond proceeds as financing sources, while repayment 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:

Repayment of Bond Principal	3,345,000	3,210,000
Change in Accrued Interest Expense - General Obligation Bonds	58,768	60,592
Issuance of Subscription Liability	(59,796)	-
Repayment of Subscription Liability	59,796	-
Amortization of Bond Premium	215,820	227,566

**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 (CONTINUED)  
YEAR ENDED JUNE 30, 2025  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2024)**

	2025	2024
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.	\$ (8,113)	\$ 3,298
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).	(1,056,365)	182,062
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.	50,901	54,977
<b>Change in Net Position of Governmental Activities</b>	<b>\$ 876,794</b>	<b>\$ 5,128,900</b>

**NORTH BRANCH PUBLIC SCHOOLS**  
**INDEPENDENT SCHOOL DISTRICT NO. 138**  
**PROPRIETARY FUND**  
**INTERNAL SERVICE FUND**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2025**  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2024)

	Governmental Activities - Internal Service Funds	
	2025	2024
<b>ASSETS</b>		
Current Assets:		
Cash and Investments	\$ 871,761	\$ 818,626
<b>LIABILITIES</b>		
Current Liabilities:		
Claims Payable for Dental Benefits	26,829	24,595
<b>NET POSITION</b>		
Unrestricted	\$ 844,932	\$ 794,031

**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, 2025**  
 (WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2024)

	Governmental Activities - Internal Service Funds	
	2025	2024
<b>OPERATING REVENUES</b>		
Charges for Services	\$ 302,703	\$ 296,340
<b>OPERATING EXPENSES</b>		
Dental Claims	251,802	241,363
<b>OPERATING INCOME</b>	50,901	54,977
Total Net Position - Beginning of Year	794,031	739,054
<b>TOTAL NET POSITION - END OF YEAR</b>	\$ 844,932	\$ 794,031

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
PROPRIETARY FUND  
INTERNAL SERVICE FUND  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2025  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2024)**

	Governmental Activities - Internal Service Funds	
	2025	2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from Interfund Services Provided	\$ 302,703	\$ 296,340
Payments for Dental Fees and Insurance Claims	(249,568)	(242,865)
Net Cash Provided by Operating Activities	53,135	53,475
Cash and Cash Equivalents - Beginning of Year	818,626	765,151
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 871,761</b>	<b>\$ 818,626</b>
 <b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating Income	\$ 50,901	\$ 54,977
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Increase (Decrease) in Claims Payable	2,234	(1,502)
Net Cash Provided by Operating Activities	<b>\$ 53,135</b>	<b>\$ 53,475</b>

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2025**

	<u>Postemployment Benefits Irrevocable Trust Fund</u>
<b>ASSETS</b>	
Cash and Deposits	\$ 42,719
Investments:	
Equities	1,239,702
Fixed Income	1,085,486
Real Assets	<u>78,856</u>
Total Investments	2,404,044
Due from Other Funds	<u>5,771</u>
Total Assets	<u><u>2,452,534</u></u>
 <b>NET POSITION</b>	
Restricted for Postemployment Benefits Other Than Pensions	<u><u>\$ 2,452,534</u></u>

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
YEAR ENDED JUNE 30, 2025**

	<u>Postemployment Benefits Irrevocable Trust Fund</u>
<b>ADDITIONS</b>	
Investment Income:	
Net Increase (Decrease) in Fair Value of Investments	\$ 192,041
Interest and Dividends	70,178
Less: Investment Expense	<u>(35,958)</u>
Total Additions	226,261
 <b>DEDUCTIONS</b>	
Benefit Payments	202,527
Administrative Expense	<u>35,958</u>
Total Deductions	<u><u>238,485</u></u>
 <b>CHANGE IN NET POSITION</b>	 (12,224)
Net Position - Beginning of Year	<u>2,464,758</u>
 <b>NET POSITION - END OF YEAR</b>	 <u><u>\$ 2,452,534</u></u>

## **NOTES TO BASIC FINANCIAL STATEMENTS**

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025**

**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, 2025**

**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.

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025**

**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  
INDEPENDENT SCHOOL DISTRICT NO. 138  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025**

**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.

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  
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NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025**

**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  
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NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025**

**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 unavailable 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 2024 Pay 2025 levy, normally revenue for the 2025-2026 fiscal year, are also advance recognized at June 30, 2025, 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  
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**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, 2025, 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.

SBITA assets are initially measured as the sum of the present value of payments expected to be made during the subscription term, payments associated with the SBITA contract made to the SBITA vendor at the commencement of the subscription term, when applicable, and capitalizable implementation costs, less any SBITA vendor incentives received from the SBITA vendor at the commencement of the SBITA term. SBITA assets are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT assets.

**NORTH BRANCH PUBLIC SCHOOLS  
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NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025**

**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**

Compensated Absences

The liability for compensated absences reported in the government-wide statements consists of leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that has been used for time off but has not yet been paid in cash or settled through noncash means and certain other types of leave.

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  
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NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025**

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

**N. 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, 2025**

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

**O. 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.

**P. 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.

**Q. 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.

**R. 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.

**S. 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  
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NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025**

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

**S. 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.

**T. 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.

**U. 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, 2024, from which the summarized information was derived.

**NORTH BRANCH PUBLIC SCHOOLS  
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NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025**

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

**V. Use of Estimates**

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**W. Adoption of New Accounting Standards**

In June 2022, the Governmental Accounting Standards Board (GASB) issues GASB Statement No. 101, *Compensated Absences*. This statement updated the recognition and measurement guidance for compensated absences and associated salary-related payments and amended certain previously required disclosures.

The District adopted the requirements of the guidance effective June 30, 2024, and has applied the provisions of this standard to the beginning of the period of adoption. The implementation of this standard did not result in any material adjustments.

**NOTE 2 STEWARDSHIP AND ACCOUNTABILITY**

Expenditures exceeded budgeted amounts in the following funds at June 30, 2025:

	<u>Budget</u>	<u>Expenditures</u>	<u>Excess</u>
General Fund	\$ 39,091,119	\$ 39,387,830	\$ 296,711
Special Revenue Fund:			
Food Service Fund	1,808,589	1,899,287	90,698
Community Service Fund	2,007,995	2,233,540	225,545

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

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025**

**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, 2025 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, 2025**

**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, 2025, the District had the following investments:

	Amount
MN Trust Investment Shares	\$ 7,256,652
MN Trust Term Series	600,000
U.S. Treasury	1,011,218
<b>OPEB Trust</b>	
Money Markets	42,340
Government Agency	626,265
Corporate Bonds	439,450
Equities	1,239,702
Mortgage Backed Securities	19,771
Alternative Investments	78,856
Total Investments	\$ 11,314,254

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025**

**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	\$ 7,256,652	\$ 7,256,652	\$ -	\$ -	\$ -
MN Trust Term Series	600,000	600,000	-	-	-
U.S. Treasury	1,011,218	1,011,218	-	-	-
<b>OPEB Trust</b>					
Money Markets	42,340	42,340	-	-	-
Government Agency	626,265	24,710	19,556	103,748	478,251
Corporate Bonds	439,450	29,808	29,619	117,013	263,010
Equities	1,239,702	1,239,702	-	-	-
Mortgage Backed Securities	19,771	-	-	-	19,771
Alternative Investments	78,856	78,856	-	-	-
Total	<u>\$ 11,314,254</u>	<u>\$ 10,283,286</u>	<u>\$ 49,175</u>	<u>\$ 220,761</u>	<u>\$ 761,032</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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NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025**

**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	\$ 7,256,652
MN Trust Term Series	NR	600,000
U.S. Treasury	Aaa/AA+	1,011,218
<b>OPEB Trust</b>		
Money Markets	NR	42,340
Government Agency	AA1/AA+	626,265
Corporate Bonds	A1-BBB	439,450
Equities	NR	1,239,702
Mortgage Backed Securities	AAA	19,771
Alternative Investments	NR	78,856
Total		<u>\$ 11,314,254</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, 2025, 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, 2025, 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	\$ 9,625,125
OPEB Trust Deposits	379
Investments	8,867,870
OPEB Trust Investments	2,446,384
Total Cash and Investments	<u>\$ 20,939,758</u>

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

Cash and Investments - Statement of Net Position	\$ 18,492,995
Cash and Investments - Statement of Fiduciary	
Fund Net Position	2,446,763
Total Cash and Investments	<u>\$ 20,939,758</u>

**NORTH BRANCH PUBLIC SCHOOLS  
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NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025**

**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.

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025**

**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 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	\$ 414,224	\$ 212,042	\$ -	\$ 626,266
Mortgage Backed Securities	-	19,771	-	19,771
Corporate Bonds	439,450	-	-	439,450
U.S. Treasury	1,011,217	-	-	1,011,217
Equity Securities	1,239,702	-	-	1,239,702
Alternative Investments	4,310	-	-	4,310
Total	<u>\$ 3,108,903</u>	<u>\$ 231,813</u>	<u>\$ -</u>	<u>3,340,716</u>

Investments measured at the net asset value (NAV)	74,546
Investments Measured at Amortized Cost	<u>7,898,992</u>
Total Investments	<u>\$ 11,314,254</u>

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025**

**NOTE 4 CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2025 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	393,120	-	571,663
Total Capital Assets, Not Being Depreciated	<u>687,543</u>	<u>393,120</u>	<u>-</u>	<u>1,080,663</u>
Capital Assets, Being Depreciated:				
Land Improvements	10,507,217	51,475	-	10,558,692
Buildings and Improvements	121,278,993	725,621	-	122,004,614
Equipment	16,646,862	1,240,986	(338,910)	17,548,938
Total Capital Assets, Being Depreciated	<u>148,433,072</u>	<u>2,018,082</u>	<u>(338,910)</u>	<u>150,112,244</u>
Accumulated Depreciation for:				
Land Improvements	(5,751,837)	(445,250)	-	(6,197,087)
Buildings and Improvements	(53,843,108)	(4,269,181)	-	(58,112,289)
Equipment	(8,591,479)	(989,997)	327,319	(9,254,157)
Total Accumulated Depreciation	<u>(68,186,424)</u>	<u>(5,704,428)</u>	<u>327,319</u>	<u>(73,563,533)</u>
Total Capital Assets, Being Depreciated, Net	80,246,648	(3,686,346)	(11,591)	76,548,711
Subscription Based Information Technology Arrangement Asset	-	59,796	-	59,796
Accumulated Amortization for:				
Subscription Based Information Technology Arrangements	-	(6,852)	-	(6,852)
Total Subscription Based Information Technology Arrangement Assets, Being Amortized, Net	<u>-</u>	<u>52,944</u>	<u>-</u>	<u>52,944</u>
Governmental Activities Capital Assets, Net	<u>\$ 80,934,191</u>	<u>\$ (3,240,282)</u>	<u>\$ (11,591)</u>	<u>\$ 77,682,318</u>

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

<b>Governmental Activities</b>	
Administration	\$ 26,505
Regular Instruction	5,237,151
Instructional Support Services	168,826
Pupil Support Services	97,589
Sites and Buildings	181,209
Total Depreciation/Amortization Expense, Governmental Activities	<u>\$ 5,711,280</u>

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025**

**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	\$ 130,000	\$ 825,000
11/9/2017	2.00% - 3.25%	67,590,000	2/1/2043	2,410,000	60,915,000
7/19/2018	3.00%	6,385,000	2/1/2029	665,000	2,780,000
Total General Obligation Bonds				3,205,000	64,520,000
Bond Premium - Net				-	1,893,688
Compensated Absences				267,426	1,712,935
Total				<u>\$ 3,472,426</u>	<u>\$ 68,126,623</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
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	3,040,000	1,627,317
2031 - 2035	16,275,000	6,469,683
2036 - 2040	18,765,000	3,839,332
2041 - 2043	12,735,000	830,346
Total	<u>\$ 64,520,000</u>	<u>\$ 20,734,296</u>

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025**

**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, 2025 are \$89,517,008. 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. The final payment was made on February 1, 2025.

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

	June 30, 2024	Additions	Retirements	June 30, 2025
Bonds Payable	\$ 67,865,000	\$ -	\$ 3,345,000	\$ 64,520,000
Bond Premium	2,109,508	-	215,820	1,893,688
Subscription Liability	-	59,796	59,796	-
Compensated Absences	* 694,598	1,018,337	-	1,712,935
Total	<u>\$ 70,669,106</u>	<u>\$ 1,078,133</u>	<u>\$ 3,620,616</u>	<u>\$ 68,126,623</u>

\*The change in the compensated absences balance is presented as a net change.

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
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JUNE 30, 2025**

**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 American Indian Education Aid**

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

**H. Restricted for Operating Capital**

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

**I. Restricted for Community Education Programs**

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

**NORTH BRANCH PUBLIC SCHOOLS  
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NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025**

**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 Quality Compensation**

This restriction represents available resources to be used for quality compensation.

**L. Restricted for Literacy Aid**

This restriction represents resources available for literacy aid for evidence-based literacy supports for children in prekindergarten through grade 12 based on structured literacy.

**M. Restricted for Teacher Compensation for Read Act Training**

This restriction represents available resources available for teacher compensation for Read Act training.

**N. 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.

**O. Restricted for Medical Assistance**

Represents available resources to be used for Medical Assistance expenditures.

**P. 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	961,905
Restricted for Community Service	39,076
Restricted for Debt Service	<u>1,264,106</u>
Total Other Restricted	<u>\$ 2,346,474</u>

**Q. Assigned for Capital Outlay**

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

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025**

**NOTE 7 PENSION PLANS**

**A. Plan Description**

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

The District participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). These plan provisions are established and administered according to Minnesota Statutes chapters 353, 353D, 353E, 353G, and 356. Minnesota Statutes chapter 356 defines each plan's financial reporting requirements. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

Membership in the General Plan includes employees of counties, cities, townships, schools in non-certified positions, and other governmental entities whose revenues are derived from taxation, fees, or assessments. Plan membership is required for any employee who is expected to earn more than \$425 in a month, unless the employee meets exclusion criteria.

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

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

Educators employed in Minnesota's public elementary and secondary school, 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 within one year of eligible employment or elect coverage through the Defined Contribution Retirement Plan (DCR) administered by Minnesota State. A teacher employed by Minnesota State and electing DCR plan is not a member of TRA except for purposes of social security coverage.

**B. Benefits Provided**

**1. General Employees Plan Benefits**

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state Legislature. Vested, terminated employees who are entitled to benefits, but are not receiving them yet, are bound by the provisions in effect at the time they last terminated their public service. When a member is "vested," they have earned enough service credit to receive a lifetime monthly benefit after leaving public service and reaching an eligible retirement age. Members who retire at or over their Social Security full retirement age with at least one year of service qualify for a retirement benefit.

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025**

**NOTE 7 PENSION PLANS (CONTINUED)**

**B. Benefits Provided (Continued)**

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

General Employees Plan requires three years of service to vest. 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 General Plan members. Members hired prior to July 1, 1989, receive the higher of the Step or Level formulas. Only the Level formula is used for members hired after June 30, 1989. Under the Step formula, General Plan members receive 1.2% of the highest average salary for each of the first 10 years of service and 1.7% for each additional year. Under the Level formula, General Plan members receive 1.7% of highest average salary for all years of service. For members hired prior to July 1, 1989 a full retirement benefit is available when age plus years of service equal 90 and normal retirement age is 65. Members can receive a reduced requirement benefit as early as age 55 if they have three or more years of service. Early retirement benefits are reduced by 0.25% for each month under age 65. Members with 30 or more years of service can retire at any age with a reduction of 0.25% for each month the member is younger than age 62. The Level formula allows General Plan members to receive a full retirement benefit at age 65 if they were first hired before July 1, 1989 or at age 66 if they were hired on or after July 1, 1989. Early retirement begins at age 55 with an actuarial reduction applied to the benefit.

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%. The 2024 annual increase was 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 prorated increase.

**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 consecutive 60 months of formula service, age and years of formula service credit at termination of service. TRA members belong to either the Basic or Coordinated Plan.

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.

**NORTH BRANCH PUBLIC SCHOOLS  
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NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025**

**NOTE 7 PENSION PLANS (CONTINUED)**

**B. Benefits Provided (Continued)**

**2. TRA Benefits (Continued)**

*Tier I Benefits*

Tier 1	Step Rate Formula	Percentage
Basic	First Ten Years of Service	2.2% per Year
	All Years After	2.7% per Year
Coordinated	First Ten Years 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

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

*Tier II Benefits*

For years of service prior to July 1, 2006, a level formula of 1.7% per year for coordinated members and 2.7% per year for basic members is applied. For years of service July 1, 2006 and after, a level formula of 1.9% per year for coordinated members and 2.7% per year for Basic members applies. An early retirement reduction is applied to members retiring prior to age 65. Members who reach age 62 with 30 years of service have a lower (more favorable to the member) reduction rate applied.

Members first employed after June 30, 1989, receive only the Tier II benefit calculation with a normal retirement age that is their retirement age for full Social Security retirement benefits, but not to exceed age 66. After July 1, 2024, the age will change to not to exceed 65. An early retirement reduction is applied to members retiring before age 66, but will be age 65 after July 1, 2024. Members who reach age 62 with 30 years of service have a lower (more favorable to the member) early retirement reduction rate applied.

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
NOTES TO BASIC FINANCIAL STATEMENTS  
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**NOTE 7 PENSION PLANS (CONTINUED)**

**B. Benefits Provided (Continued)**

**2. TRA Benefits (Continued)**

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

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

**C. Contributions**

**1. General Employees Plan Contributions**

*Minnesota Statutes* chapters 353, 353E, 353G, and 356 set the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature. General Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2025 and the District was required to contribute 7.50% for General Plan members. The District's contributions to the General Employees Fund for the year ended June 30, 2025 were \$494,363. 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 sets the contribution rates for employees and employers. Rates for the fiscal year 2025 for 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, 2025 were \$1,337,635. The District's contributions were equal to the required contributions for each year as set by state statute.

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025**

**NOTE 7 PENSION PLANS (CONTINUED)**

**D. Pension Costs**

**1. General Employees Plan Pension Costs**

At June 30, 2025, the District reported a liability of \$2,497,344 for its proportionate share of the General Employees Fund's net pension liability. The District's net pension liability reflected a reduction due to the state of Minnesota's contribution of \$16 million. The state of Minnesota is considered a nonemployer contributing entity and the state's contribution meets the definition of a special funding situation. The state of Minnesota's proportionate share of the net pension liability associated with the District totaled \$64,576, for a total net pension liability of \$2,561,920 associated with the District.

The net pension liability was measured as of June 30, 2024, 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, 2023 through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. The District's proportionate share was 0.0676% at the end of the measurement period and 0.0704% for the beginning of the period.

For the year ended June 30, 2025, the District recognized pension expense of \$177,001 for its proportionate share of the General Employees Plan's pension expense. In addition, the District recognized an additional \$800 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.

During the plan year ended June 30, 2025, the State of Minnesota contributed \$170.1 million to the General Employees Fund. The State of Minnesota is not included as a non-employer contributing entity in the General Employees Plan pension allocation schedules for the \$170.1 million in direct state aid because this contribution was not considered to meet the definition of a special funding situation. The District recognized \$114,901 for the year ended June 30, 2025 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the General Employees Fund

At June 30, 2025, the District reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
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JUNE 30, 2025**

**NOTE 7 PENSION PLANS (CONTINUED)**

**D. Pension Costs (Continued)**

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

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual		
Economic Experience	\$ 234,816	\$ -
Changes in Actuarial Assumptions	12,193	945,203
Net Difference Between Projected and Actual		
Earnings on Pension Plan Investments	-	725,208
Changes in Proportion	122,585	134,220
District Contributions Subsequent to the Measurement Date	494,363	-
Total	<u>\$ 863,957</u>	<u>\$ 1,804,631</u>

The \$494,363 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Pension Expense Amount
2026	\$ (757,638)
2027	(135,274)
2028	(350,719)
2029	(191,406)

**2. TRA Pension Costs**

At June 30, 2025, the District reported a liability of \$13,788,876 for its proportionate share of TRA's net pension liability. The net pension liability was measured as of June 30, 2024, 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 0.2170% at the end of the measurement period and 0.2129% for the beginning of the period.

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:

**NORTH BRANCH PUBLIC SCHOOLS  
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JUNE 30, 2025**

**NOTE 7 PENSION PLANS (CONTINUED)**

**D. Pension Costs (Continued)**

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

Description	Amount
District's Proportionate Share of the TRA Net Pension Liability	\$ 13,788,876
State's Proportionate Share of TRA's Net Pension Liability Associated with the District	901,877
Total	<u>\$ 14,690,753</u>

For the year ended June 30, 2025, the District recognized a recognized pension expense of \$707,480 for its proportionate share of the TRA's pension expense. In addition, the District recognized (\$11,034) as an increase to pension expense and grant revenue for the support provided by direct aid.

At June 30, 2025, 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	\$ 657,367	\$ 178,698
Changes in Actuarial Assumptions	1,390,609	1,644,361
Net Difference Between Projected and Actual Investment Earnings	-	1,951,649
Changes in Proportion	964,492	641,372
District Contributions Subsequent to the Measurement Date	1,337,635	-
Total	<u>\$ 4,350,103</u>	<u>\$ 4,416,080</u>

The \$1,337,635 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, 2026. Other amounts reported as deferred outflows and inflows of resources related to TRA will be recognized in pension expense as follows:

Year Ended June 30.	Pension Expense Amount
2026	\$ (1,146,018)
2027	1,372,479
2028	(769,312)
2029	(693,471)
2030	(167,290)

**NORTH BRANCH PUBLIC SCHOOLS  
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NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025**

**NOTE 7 PENSION PLANS (CONTINUED)**

**D. Pension Costs (Continued)**

**3. Summary**

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	\$ 2,497,344	\$ 13,788,876	\$ 16,286,220
Deferred Outflows of Resources	863,957	4,350,103	5,214,060
Deferred Inflows of Resources	1,804,631	4,416,080	6,220,711
Pension (Revenue) Expense	177,801	696,446	874,247

**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 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:

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025**

**NOTE 7 PENSION PLANS (CONTINUED)**

**E. Long-Term Expected Return on Investment (Continued)**

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	100.0 %	

**F. Actuarial Methods and Assumptions**

The total pension liability for each of the cost-sharing defined benefit plans was determined by an actuarial valuation as of June 30, 2024, using the entry age normal actuarial cost method. The long-term rate of return on pension plan investments used to determine the total liability is 7.0%. The 7.0% assumption is based on a review of inflation and investment return assumptions from a number of national investment consulting firms. The review provided a range of investment return rates considered reasonable by the actuary. An investment return of 7.0% is within that range.

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. The tables are adjusted slightly to fit PERA's experience.

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

TRA pre-retirement mortality rates were based on the PubT-2010(A) Employee Mortality Table, male rates set forward one year and female rates unadjusted. Generational projection uses the MP-2021 scale. Healthy retirees mortality rates were based on the PubT-2010(A) Retiree Mortality Table, male rates set forward one year and female rates unadjusted. Generational projection uses the MP-2021 scale. Beneficiaries mortality rates were based on the Pub-2010(A) Contingent Survivor Mortality Table, male rates set forward one year and female rates unadjusted. Generational projection uses the MP-2021 scale. Disabled retirees mortality rates were based on the PubNS-2010 Disabled Retiree Mortality Table, male rates set forward one year and female rates unadjusted. Generational projection uses the MP-2021 scale.

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

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

Inflation is assumed to be 2.5% for TRA. TRA cost of living benefit increases 1.0% for January 2019 through January 2023, then increasing by 0.1% 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.

The following changes in actuarial assumptions and plan provisions for PERA occurred in 2024:

Changes in Actuarial Assumptions:

- Rates of merit and seniority were adjusted, resulting in slightly higher rates.
- Assumed rates of retirement were adjusted as follows: increase the rate of assumed unreduced retirements, slight adjustments to Rule of 90 retirement rates, and slight adjustments to early retirement rates for Tier 1 and Tier 2 members.
- Minor increase in assumed withdrawals for males and females.
- Lower rates of disability.
- Continued use of Pub-2010 general mortality table with slight rate adjustments as recommended in the most recent experience study.
- Minor changes to form of payment assumptions for male and female retirees.
- Minor changes to assumptions made with respect to missing participant data.

Changes in Plan Provisions:

- The workers' compensation offset for disability benefits was eliminated. The actuarial equivalent factors updated to reflect the changes in assumptions.

The following changes in actuarial assumptions and plan provisions for TRA occurred in 2024:

Changes in Actuarial Assumptions:

- Mortality tables were updated for active employees, retirees, disabled retirees, and contingent beneficiaries to recently published tables derived from public plan data known as the Pub2010 family.
- Retirement rates were increased for some of the Tier II early retirement ages and some of the unreduced retirement rates were modified for both tiers to better align with actual experience.
- Probability that new female retirees elect either the Straight Life Annuity or 100% Joint & Survivor Annuity were refined to reflect the actual experience.
- Termination rates were reduced in the first 10 years of employment and slightly increased in years 16 to 25 to better match the observed experience.
- Disability rates were decreased beyond age 45 by 15% to reflect the continued lower than expected observations.

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025**

**NOTE 7 PENSION PLANS (CONTINUED)**

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

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

**G. Discount Rate**

The discount rate used to measure the PERA General Employees Plan liability in 2024 was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Plan 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.

The discount rate used to measure the TRA pension liability was 7.0%. There was no change in the discount rate since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year 2024 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. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**H. Pension Liability Sensitivity**

The following 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	\$ 5,454,600	\$ 2,497,344	\$ 64,730
<u>TRA Discount Rate</u>	6.00%	7.00%	8.00%
District's Proportionate Share of the TRA Net Pension Liability	\$ 24,283,018	\$ 13,788,876	\$ 5,151,949

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025**

**NOTE 7 PENSION PLANS (CONTINUED)**

**I. Pension Plan Fiduciary Net Position**

Detailed information about General Employees Fund'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 800-657-3669.

**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 323 active participants, 1 spouse participant and 18 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 2025, 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, 2025, were as follows:

Total OPEB Liability	\$ 1,959,790
Plan Fiduciary Net Position	2,452,534
District's Net OPEB Liability (Asset)	<u>\$ (492,744)</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	125%

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025**

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

**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, 2025, and the total OPEB liability (asset) used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2024.

The total OPEB liability was determined by an actuarial valuation as of July 1, 2024, 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	6.50% 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, 2025, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan expenditures, was 8.90%. The money-weighted rate of return expresses investment performance, net of investment expenditures, adjusted for the changing amounts actually invested.

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025**

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

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

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected Class Return</u>
Equities	36.00 %	7.90 %
Fixed Income	46.00	4.10
International Equity	12.00	7.30
Real Estate	6.00	8.10
Total	<u>100.00 %</u>	
Net Assumed Investment Return (Weighted Avg, Rounded to 1/4%)		<u>6.10 %</u>

The discount rate used to measure the total OPEB liability was 5.40%. 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:

- The health care trend rates were changes to better anticipate short term and long term medical increases.
- The discount rate was changed from 6.10% to 5.40%.

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025**

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

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

	Increase (Decrease)		
	Total	Plan Fiduciary	Net
	OPEB Liability	Net Position	OPEB Liability
	(a)	(b)	(a) - (b)
Balances at June 30, 2024	\$ 1,720,189	\$ 2,464,758	\$ (744,569)
Changes for the Year:			
Service Cost	97,883	-	97,883
Interest	104,817	-	104,817
Differences Between Expected and Actual Experience	90,294	70,140	20,154
Contributions-Employer	-	5,771	(5,771)
Net Investment Return	149,134	150,350	(1,216)
Benefit Payments	(202,527)	(202,527)	-
Administrative Expense	-	(35,958)	35,958
Net Changes	<u>239,601</u>	<u>(12,224)</u>	<u>251,825</u>
Balances at June 30, 2025	<u>\$ 1,959,790</u>	<u>\$ 2,452,534</u>	<u>\$ (492,744)</u>

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 (4.40%)	Discount Rate (5.40%)	1% Increase (6.40%)
Net OPEB Liability (Asset)	\$ (397,278)	\$ (492,744)	\$ (585,453)

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 5.25% Decreasing to 4.00% then 3.00%	Current Trend Rates 6.25% Decreasing to 5.00% then 4.00%	1% Increase 7.25% Decreasing to 6.00% then 5.00%
Medical Trend Rate			
Net OPEB Liability (Asset)	\$ (591,431)	\$ (492,744)	\$ (379,944)

For the year ended June 30, 2025, the District recognized OPEB expense of \$49,877. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025**

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

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

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Liability	\$ 269,968	\$ 74,882
Change of Assumptions	88,236	98,420
Net Difference Between Projected and Actual Investment Earnings	17,025	-
Total	<u>\$ 375,229</u>	<u>\$ 173,302</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
2026	\$ 91,487
2027	(11,840)
2028	33,700
2029	20,177
2030	34,205
Thereafter	34,198
Total	<u>\$ 201,927</u>

**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) 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.

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025**

**NOTE 9 FLEXIBLE BENEFIT PLAN (CONTINUED)**

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, 2025 was \$228,764.

**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.

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025**

**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 \$871,761 in cash and investments at June 30, 2025 for payment of claims.

Changes in the balances of claim liabilities during fiscal year 2025 and 2024 were as follows:

	<u>2025</u>	<u>2024</u>
Beginning of Fiscal Year Liability - July 1,	\$ 24,595	\$ 26,097
Current Year Claims, Changes in Estimates and Other Charges	251,802	241,363
Payments to Dental Care Providers	<u>(249,568)</u>	<u>(242,865)</u>
End of Fiscal Year Liability - June 30,	<u>\$ 26,829</u>	<u>\$ 24,595</u>

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025**

**NOTE 13 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	\$ 4,830,685	\$ 4,667,979	\$ 4,569,800	\$ (98,179)
Earnings on Investments	400,269	475,269	805,482	330,213
Other	1,850,312	1,850,312	2,167,118	316,806
State Sources	30,893,473	31,213,431	31,246,374	32,943
Federal Sources	466,685	477,090	484,065	6,975
Total Revenues	<u>38,441,424</u>	<u>38,684,081</u>	<u>39,272,839</u>	<u>588,758</u>
<b>EXPENDITURES</b>				
Current:				
Administration	1,972,700	1,972,700	1,860,488	(112,212)
District Support Services	1,966,609	1,970,409	1,695,361	(275,048)
Elementary and Secondary Regular Instruction	14,578,985	14,036,535	14,526,883	490,348
Vocational Education Instruction	666,299	680,949	883,116	202,167
Special Education Instruction	7,722,571	7,846,818	7,316,807	(530,011)
Instructional Support Services	2,513,681	2,305,276	2,131,067	(174,209)
Pupil Support Services	3,769,325	3,898,590	3,962,621	64,031
Sites and Buildings	3,900,517	4,237,649	4,047,212	(190,437)
Fiscal and Other Fixed Cost Programs	186,024	316,524	374,371	57,847
Capital Outlay	562,218	1,664,262	2,529,904	865,642
Debt Service:				
Principal	144,783	144,783	59,796	(84,987)
Interest and Fiscal Charges	16,624	16,624	204	(16,420)
Total Expenditures	<u>38,000,336</u>	<u>39,091,119</u>	<u>39,387,830</u>	<u>296,711</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	441,088	(407,038)	(114,991)	292,047
<b>OTHER FINANCING SOURCES</b>				
Sale of Equipment	10,167	10,167	1,710	(8,457)
Subscription Liability Proceeds	-	-	59,796	59,796
Total Other Financing Sources	<u>10,167</u>	<u>10,167</u>	<u>61,506</u>	<u>51,339</u>
Net Change in Fund Balance	<u>\$ 451,255</u>	<u>\$ (396,871)</u>	(53,485)	<u>\$ 343,386</u>
<b>FUND BALANCE</b>				
Beginning of Year			11,738,400	
End of Year			<u>\$ 11,684,915</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	\$ 235,854	\$ 229,354	\$ 237,277	\$ 7,923
State Sources	554,660	913,360	1,049,163	135,803
Federal Sources	769,100	944,350	866,464	(77,886)
Total Revenues	1,559,614	2,087,064	2,152,904	65,840
<b>EXPENDITURES</b>				
Current:				
Food Service	1,668,763	1,807,889	1,829,610	21,721
Capital Outlay	-	700	69,677	68,977
Total Expenditures	1,668,763	1,808,589	1,899,287	90,698
Net Change in Fund Balance	\$ (109,149)	\$ 278,475	253,617	\$ (24,858)
<b>FUND BALANCE</b>				
Beginning of Year			743,914	
End of Year			\$ 997,531	

**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	\$ 276,117	\$ 244,617	\$ 182,296	\$ (62,321)
Other - Primarily Tuition and Fees	1,147,226	1,281,201	1,416,707	135,506
State Sources	386,899	413,568	534,539	120,971
Federal Sources	53,123	-	-	-
Total Revenues	1,863,365	1,939,386	2,133,542	194,156
<b>EXPENDITURES</b>				
Current:				
Community Service	1,600,868	2,003,822	2,228,441	224,619
Capital Outlay	-	4,173	5,099	926
Total Expenditures	1,600,868	2,007,995	2,233,540	225,545
Net Change in Fund Balance	\$ 262,497	\$ (68,609)	(99,998)	\$ (31,389)
<b>FUND BALANCE</b>				
Beginning of Year			1,189,791	
End of Year			\$ 1,089,793	

**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, 2025**

	2025	2024	2023	2022	2021	2020	2019	2018	2017
<b>Total OPEB Liability</b>									
Service Cost	\$ 97,883	\$ 71,457	\$ 69,376	\$ 82,858	\$ 79,194	\$ 105,290	\$ 94,096	\$ 118,980	\$ 119,345
Interest	104,817	106,120	74,509	81,841	87,990	98,192	112,235	112,795	114,479
Differences Between Expected and Actual Experience	149,134	-	284,279	-	(262,087)	-	(368,529)	-	-
Changes of Assumptions	90,294	-	(135,531)	7,238	(107,301)	53,215	(2,896)	(26,138)	-
Benefit Payments	(202,527)	(247,532)	(328,306)	(243,924)	(270,125)	(128,275)	(339,244)	(317,871)	(234,057)
<b>Net Change in Total OPEB Liability</b>	239,601	(69,955)	(35,673)	(71,987)	(472,329)	128,422	(504,338)	(112,234)	(233)
<b>Total OPEB Liability - Beginning</b>	1,720,189	1,790,144	1,825,817	1,897,804	2,370,133	2,241,711	2,746,049	2,858,283	2,858,516
<b>Total OPEB Liability - Ending (a)</b>	<u>\$ 1,959,790</u>	<u>\$ 1,720,189</u>	<u>\$ 1,790,144</u>	<u>\$ 1,825,817</u>	<u>\$ 1,897,804</u>	<u>\$ 2,370,133</u>	<u>\$ 2,241,711</u>	<u>\$ 2,746,049</u>	<u>\$ 2,858,283</u>
<b>Plan Fiduciary Net Position</b>									
Contributions - Employer	\$ 5,771	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,262
Net Investment Income	150,350	154,460	166,534	145,527	135,702	137,041	164,353	162,475	317,045
Differences Between Expected and Actual Experience	70,140	61,759	(36,166)	(435,660)	384,341	(13,293)	-	55,347	-
Benefit Payments	(202,527)	(247,532)	(328,306)	(243,924)	(270,125)	(128,275)	(339,244)	(317,871)	(234,057)
Administrative Expense	(35,958)	(36,052)	-	(43,315)	(26,624)	(25,906)	(27,052)	(40,352)	(16,546)
<b>Net Change in Plan Fiduciary Net Position</b>	(12,224)	(67,365)	(197,938)	(577,372)	223,294	(30,433)	(201,943)	(140,401)	67,704
<b>Plan Fiduciary Net Position - Beginning</b>	2,464,758	2,532,123	2,730,061	3,307,433	3,084,139	3,114,572	3,316,515	3,456,916	3,389,212
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>\$ 2,452,534</u>	<u>\$ 2,464,758</u>	<u>\$ 2,532,123</u>	<u>\$ 2,730,061</u>	<u>\$ 3,307,433</u>	<u>\$ 3,084,139</u>	<u>\$ 3,114,572</u>	<u>\$ 3,316,515</u>	<u>\$ 3,456,916</u>
<b>District's Net OPEB Asset - Ending (a) - (b)</b>	\$ (492,744)	\$ (744,569)	\$ (741,979)	\$ (904,244)	\$ (1,409,629)	\$ (714,006)	\$ (872,861)	\$ (570,466)	\$ (598,633)
Plan Fiduciary Net Position as a Percentage of the Total OPEB Asset	125.14%	143.28%	141.45%	149.53%	174.28%	130.13%	138.94%	120.77%	120.94%
Covered-Employee Payroll	\$ 19,591,198	\$ 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	-2.52%	-4.20%	-4.31%	-5.58%	-8.95%	-4.10%	-5.17%	-3.09%	-3.34%

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, 2025**

<u>Year</u>	<u>Annual Money-Weighted Rate of Return, Net of Investment Expense</u>
2025	8.90%
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, 2024	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
<b>PERA</b>										
District's Proportion of the Net Pension Liability	0.0676%	0.0704%	0.0674%	0.0651%	0.0701%	0.0750%	0.0905%	0.0935%	0.0941%	0.0927%
District's Proportionate Share of the Net Pension Liability	\$ 2,497,344	\$ 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
State's Proportionate Share of the Net Pension Liability	64,576	108,460	156,326	84,786	129,669	128,828	164,739	75,020	99,757	-
District's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability	<u>\$ 2,561,920</u>	<u>\$ 4,045,149</u>	<u>\$ 5,494,428</u>	<u>\$ 2,864,848</u>	<u>\$ 4,332,484</u>	<u>\$ 4,275,410</u>	<u>\$ 5,185,308</u>	<u>\$ 6,043,998</u>	<u>\$ 7,740,210</u>	<u>\$ 4,804,195</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
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	43.63%	71.98%	105.16%	58.60%	83.94%	78.23%	82.44%	99.05%	130.14%	89.71%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	89.08%	83.10%	76.70%	87.00%	79.10%	80.23%	79.53%	75.90%	68.91%	78.20%
<b>TRA</b>										
District's Proportion of the Net Pension Liability	0.2170%	0.2129%	0.2059%	0.1995%	0.2060%	0.2301%	0.2430%	0.2565%	0.2574%	0.2587%
District's Proportionate Share of the Net Pension Liability	\$ 13,788,876	\$ 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
State's Proportionate Share of the Net Pension Liability Associated with District	901,877	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
Total of District's and State's Proportionate Share of the Net Pension Liability	<u>\$ 14,690,753</u>	<u>\$ 18,808,780</u>	<u>\$ 17,710,068</u>	<u>\$ 9,467,056</u>	<u>\$ 16,495,208</u>	<u>\$ 15,964,765</u>	<u>\$ 16,696,986</u>	<u>\$ 56,151,679</u>	<u>\$ 67,558,602</u>	<u>\$ 17,965,877</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
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	95.02%	129.44%	126.14%	68.92%	125.45%	110.15%	111.67%	373.71%	458.61%	121.89%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.07%	76.42%	76.17%	86.63%	75.48%	78.21%	78.07%	51.57%	44.88%	76.80%

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**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<b>PERA</b>										
Contractually Required Contribution	\$ 494,363	\$ 429,330	\$ 410,194	\$ 380,701	\$ 355,826	\$ 375,509	\$ 397,516	\$ 456,732	\$ 451,958	\$ 440,326
Contributions in Relation to the Contractually Required Contribution	(494,363)	(429,330)	(410,194)	(380,701)	(355,826)	(375,509)	(397,516)	(456,732)	(451,958)	(440,326)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	6,591,507	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
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	\$ 1,337,635	\$ 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
Contributions in Relation to the Contractually Required Contribution	(1,337,635)	(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)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 15,287,257	\$ 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
Contributions as a Percentage of Covered Payroll	8.75%	8.75%	8.55%	8.34%	8.13%	7.92%	7.71%	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, 2025**

**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, 2025:

	Budget	Expenditures	Excess
General Fund	\$ 39,091,119	\$ 39,387,830	\$ 296,711
Special Revenue Fund:			
Food Service Fund	1,808,589	1,899,287	90,698
Community Service Fund	2,007,995	2,233,540	225,545

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:

**2024**

Changes in Actuarial Assumptions

- Rates of merit and seniority were adjusted, resulting in slightly higher rates.
- Assumed rates of retirement were adjusted as follows: increase the rate of assumed unreduced retirements, slight adjustments to Rule of 90 retirement rates, and slight adjustments to early retirement rates for Tier 1 and Tier 2 members.
- Minor increase in assumed withdrawals for males and females.
- Lower rates of disability.
- Continued use of Pub-2010 general mortality table with slight rate adjustments as recommended in the most recent experience study.
- Minor changes to form of payment assumptions for male and female retirees.
- Minor changes to assumptions made with respect to missing participant data

Changes in Plan Provisions

- The workers' compensation offset for disability benefits was eliminated. The actuarial equivalent factors updated to reflect the changes in assumptions.

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2025**

**NOTE 2 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS,  
AND ASSUMPTIONS (CONTINUED)**

**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.

**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.

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2025**

**NOTE 2 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS,  
AND ASSUMPTIONS (CONTINUED)**

**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.

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.

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2025**

**NOTE 2 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS,  
AND ASSUMPTIONS (CONTINUED)**

**2019 (Continued)**

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.

**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.

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2025**

**NOTE 2 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS,  
AND ASSUMPTIONS (CONTINUED)**

**2017 (Continued)**

Changes in Plan Provisions

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

**2016**

Changes 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.

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.

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2025**

**NOTE 2 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS,  
AND ASSUMPTIONS (CONTINUED)**

The following changes were reflected in the valuation performed on behalf of the Teachers Retirement Association for the year ended June 30:

**2024**

Changes in Actuarial Assumptions

- Mortality tables were updated for active employees, retirees, disabled retirees, and contingent beneficiaries to recently published tables derived from public plan data known as the Pub2010 family.
- Retirement rates were increased for some of the Tier II early retirement ages and some of the unreduced retirement rates were modified for both tiers to better align with actual experience.
- Probability that new female retirees elect either the Straight Life Annuity or 100% Joint & Survivor Annuity were refined to reflect the actual experience.
- Termination rates were reduced in the first 10 years of employment and slightly increased in years 16 to 25 to better match the observed experience.
- Disability rates were decreased beyond age 45 by 15% to reflect the continued lower than expected observations.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**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.

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2025**

**NOTE 2 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS,  
AND ASSUMPTIONS (CONTINUED)**

**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.

**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.

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2025**

**NOTE 2 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS,  
AND ASSUMPTIONS (CONTINUED)**

**2018 (Continued)**

Changes in Actuarial Assumptions (Continued)

- 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.
- 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.

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2025**

**NOTE 2 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS,  
AND ASSUMPTIONS (CONTINUED)**

**2017 (Continued)**

Changes in Actuarial Assumptions (Continued)

- 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.

**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 while 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.

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2025**

**NOTE 2 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)**

**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.

**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, 2025:

- The health care trend rates were changes to better anticipate short term and long term medical increases.
- The discount rate was changed from 6.10% to 5.40%.

The following plan change was made for the measurement date June 30, 2025:

- None

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

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2025**

**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, 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

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

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2025**

**NOTE 3 CHANGES IN SIGNIFICANT OTHER POSTEMPLOYMENT BENEFIT PLAN PROVISION, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)**

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

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, 2025**

	Audit	UFARS	Audit-UFARS		Audit	UFARS	Audit-UFARS
<b>01 GENERAL FUND</b>				<b>06 BUILDING CONSTRUCTION</b>			
Total Revenues	\$ 39,272,839	\$ 39,272,833	\$ 6	Total Revenues	\$ -	\$ -	\$ -
Total Expenditures	\$ 39,387,830	\$ 39,387,830	\$ -	Total Expenditures	\$ -	\$ -	\$ -
<i>Nonspendable:</i>				<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	\$ 375,492	\$ 375,492	\$ -	460 Nonspendable Fund Balance	\$ -	\$ -	\$ -
<i>Restricted/Reserved:</i>				<i>Restricted/Reserved:</i>			
401 Student Activities	\$ 182,003	\$ 182,003	\$ -	407 Capital Projects Levy	\$ -	\$ -	\$ -
402 Scholarships	\$ 105,738	\$ 105,738	\$ -	409 Alternative Fac. Program	\$ -	\$ -	\$ -
403 Staff Development	\$ 146,115	\$ 146,115	\$ -	461 LTFM	\$ -	\$ -	\$ -
407 Capital Project Levy	\$ 238,170	\$ 238,170	\$ -	<i>Restricted:</i>			
408 Cooperative Revenue	\$ -	\$ -	\$ -	464 Restricted Fund Balance	\$ -	\$ -	\$ -
412 Literacy Incentive Aid	\$ 21,640	\$ 21,640	\$ -	<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	\$ 50,871	\$ 50,871	\$ -	Total Revenues	\$ 5,325,819	\$ 5,325,819	\$ -
424 Operating Capital	\$ 4,031	\$ 4,031	\$ -	Total Expenditures	\$ 5,288,517	\$ 5,288,516	\$ 1
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>			
437 Q Comp	\$ 91,547	\$ 91,547	\$ -	464 Restricted	\$ 1,189,389	\$ 1,189,389	\$ -
438 Gifted & Talented	\$ -	\$ -	\$ -	<i>Unassigned:</i>			
441 Basic Skills	\$ -	\$ -	\$ -	463 Unassigned Fund Balance	\$ -	\$ -	\$ -
443 School Library Aid	\$ 4,792	\$ 4,792	\$ -				
448 Achievement & Integration	\$ -	\$ -	\$ -	<b>08 TRUST</b>			
449 Safe Schools Levy	\$ (79,154)	\$ (79,154)	\$ -	Total Revenues	\$ -	\$ -	\$ -
450 Pre-Kindergarten	\$ -	\$ -	\$ -	Total Expenditures	\$ -	\$ -	\$ -
459 Basic Skills Ext Time	\$ -	\$ -	\$ -	422 Net Position	\$ -	\$ -	\$ -
456 Literacy Aid	\$ 109,595	\$ 109,595	\$ -				
457 Teacher Comp Read Act	\$ 98,949	\$ 98,949	\$ -	<b>09 AGENCY</b>			
467 LTFM	\$ 89,143	\$ 89,143	\$ -	<i>Unrestricted: Should Always Be -0-</i>			
471 Student Support Personnel	\$ -	\$ -	\$ -	422 Unassigned	\$ -	\$ -	\$ -
472 Medical Assistance	\$ 356,753	\$ 356,753	\$ -				
<i>Restricted:</i>				<b>20 INTERNAL SERVICE</b>			
464 Restricted Fund Balance	\$ 81,387	\$ 81,387	\$ -	Total Revenues	\$ 302,703	\$ 302,703	\$ -
<i>Committed:</i>				Total Expenditures	\$ 251,802	\$ 251,802	\$ -
418 Committed for Separation	\$ -	\$ -	\$ -	422 Net Position	\$ 844,932	\$ 844,932	\$ -
461 Committed Fund Balance	\$ -	\$ -	\$ -				
<i>Assigned:</i>				<b>25 OPEB REVOCABLE TRUST</b>			
462 Assigned Fund Balance	\$ 5,252,430	\$ 5,252,430	\$ -	Total Revenues	\$ -	\$ -	\$ -
<i>Unassigned:</i>				Total Expenditures	\$ -	\$ -	\$ -
422 Unassigned	\$ 4,555,413	\$ 4,555,407	\$ 6	422 Net Position	\$ -	\$ -	\$ -
<b>02 FOOD SERVICE</b>				<b>45 OPEB IRREVOCABLE TRUST</b>			
Total Revenues	\$ 2,152,904	\$ 2,152,905	\$ (1)	Total Revenues	\$ 226,261	\$ 226,261	\$ -
Total Expenditures	\$ 1,899,287	\$ 1,899,290	\$ (3)	Total Expenditures	\$ 238,485	\$ 238,485	\$ -
<i>Nonspendable:</i>				422 Net Position	\$ 2,452,534	\$ 2,452,534	\$ -
460 Nonspendable Fund Balance	\$ 35,626	\$ 35,626	\$ -				
<i>Restricted/Reserved:</i>				<b>47 OPEB DEBT SERVICE</b>			
452 OPEB Liab. Not in Trust	\$ -	\$ -	\$ -	Total Revenues	\$ 410,945	\$ 410,945	\$ -
464 Restricted Fund Balance	\$ 961,905	\$ 961,905	\$ -	Total Expenditures	\$ 415,693	\$ 415,692	\$ 1
<i>Unassigned:</i>				<i>Nonspendable:</i>			
463 Unassigned Fund Balance	\$ -	\$ -	\$ -	460 Nonspendable Fund Balance	\$ -	\$ -	\$ -
				<i>Restricted:</i>			
<b>04 COMMUNITY SERVICE</b>				425 Bond Refundings	\$ -	\$ -	\$ -
Total Revenues	\$ 2,133,542	\$ 2,133,544	\$ (2)	464 Restricted Fund Balance	\$ 74,717	\$ 74,717	\$ -
Total Expenditures	\$ 2,233,540	\$ 2,233,540	\$ -	<i>Unassigned:</i>			
<i>Nonspendable:</i>				463 Unassigned Fund Balance	\$ -	\$ -	\$ -
460 Nonspendable Fund Balance	\$ 6,170	\$ 6,170	\$ -				
<i>Restricted/Reserved:</i>							
426 \$25 Taconite	\$ -	\$ -	\$ -				
431 Community Education	\$ 469,737	\$ 469,737	\$ -				
432 E.C.F.E.	\$ 574,810	\$ 574,810	\$ -				
437 Q Comp	\$ (18,743)	\$ (18,743)	\$ -				
444 School Readiness	\$ (174,868)	\$ (174,868)	\$ -				
447 Adult Basic Education	\$ -	\$ -	\$ -				
452 OPEB Liab. Not in Trust	\$ -	\$ -	\$ -				
<i>Restricted:</i>							
464 Restricted Fund Balance	\$ 232,687	\$ 232,691	\$ (4)				
<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, 2025  
(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>
08/01/25		\$ -	\$ 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>\$ 825,000</u>	<u>\$ 64,022</u>	<u>\$ 889,022</u>	<u>\$ 933,473</u>

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
BOND SCHEDULES (CONTINUED)  
JUNE 30, 2025  
(UNAUDITED)**

\$67,590,000 G.O. School Building Bonds, Series 2017A, 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>
08/01/25		\$ -	\$ 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>\$ 60,915,000</u>	<u>\$ 20,458,672</u>	<u>\$ 81,373,672</u>	<u>\$ 85,442,358</u>

**NORTH BRANCH PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 138  
BOND SCHEDULES (CONTINUED)  
JUNE 30, 2025  
(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>
08/01/25		\$ -	\$ 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>\$ 2,780,000</u>	<u>\$ 211,500</u>	<u>\$ 2,991,500</u>	<u>\$ 3,141,076</u>

## **OTHER REQUIRED REPORTS**



## 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, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 2, 2025.

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

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**  
Minneapolis, Minnesota  
December 2, 2025





**NORTH BRANCH**  
**AREA PUBLIC SCHOOLS**  
Inspire Dreams, Build Integrity, Instill Hope



# Property Tax Levy Truth in Taxation Meeting

*December 11, 2025*

# Why have a Truth in Taxation Meeting?

- **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.)
  - **2. Public Hearing**  
Most taxing jurisdictions must hold a public hearing prior to certifying the final levy and discuss:
    - Payable year 2026 levy
    - Budget Information
    - Public comments
- **This is the school district's annual required hearing**



**NORTH BRANCH**  
**AREA PUBLIC SCHOOLS**  
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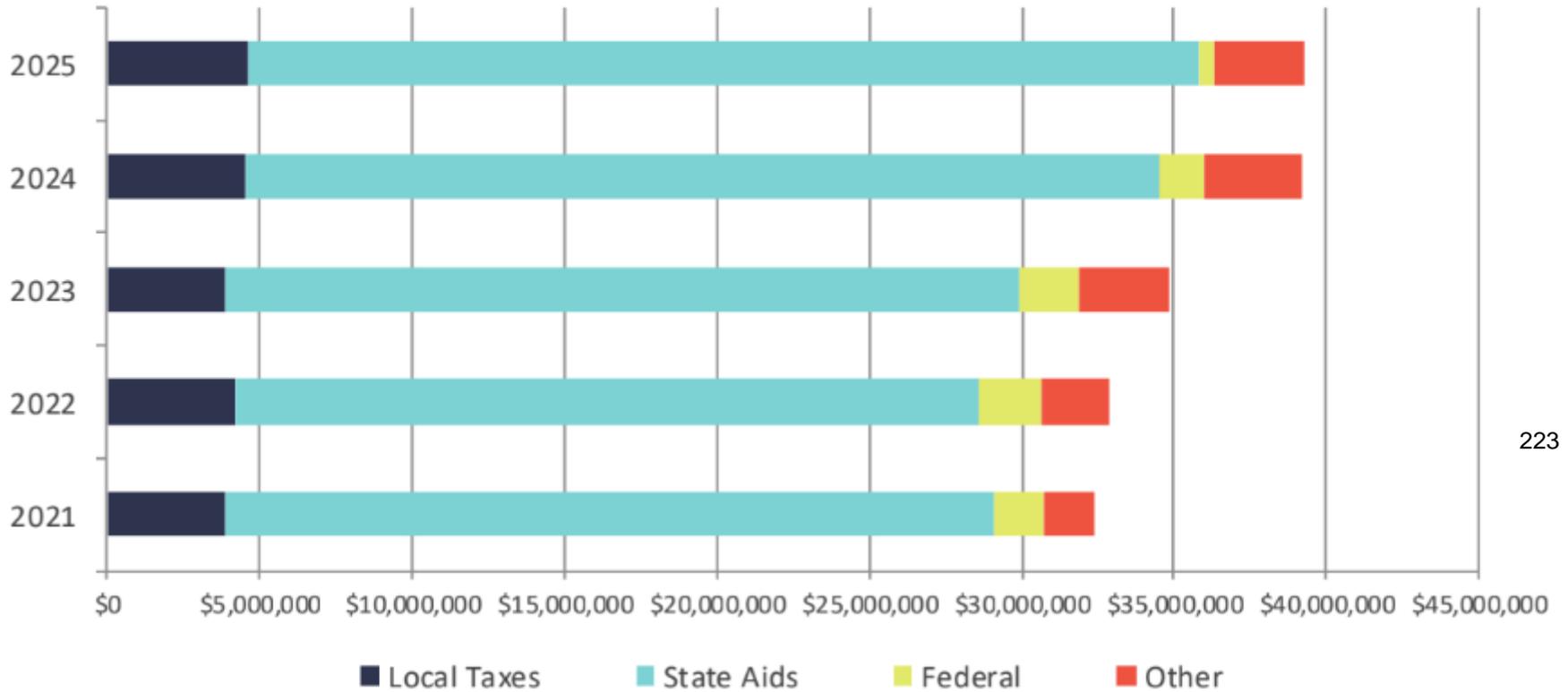
		Revenue		
		FY 25 Budget	FY 26 Budget	Difference
Fund 01	General Fund	\$ 38,694,248.00	\$ 39,210,398.00	\$ 516,150.00
Fund 02	Food Service	\$ 2,087,064.00	\$ 2,120,064.00	\$ 33,000.00
Fund 04	Comm Ed	\$ 1,939,386.00	\$ 1,995,497.00	\$ 56,111.00
Fund 07	Debt Service	\$ 5,451,569.00	\$ 5,372,018.00	\$ (79,551.00)
Fund 20	Internal Svc	\$ 270,159.00	\$ 275,500.00	\$ 5,341.00
Fund 45	Irrevocable Trust	\$ 199,779.00	\$ 179,850.00	\$ (19,929.00)
Fund 47	OPEB Debt Svc	\$ 407,601.00	\$ -	\$ (407,601.00)
	All Revenue	\$ 49,049,806.00	\$ 49,153,327.00	\$ 103,521.00



**NORTH BRANCH**  
**AREA PUBLIC SCHOOLS**  
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		<b>Expenses</b>		
		<b>FY 25 Budget</b>	<b>FY 26 Budget</b>	<b>Difference</b>
Fund 01	General Fund	\$ 39,091,119.00	\$ 39,938,496.00	\$ 847,377.00
Fund 02	Food Service	\$ 1,808,589.00	\$ 1,825,970.00	\$ 17,381.00
Fund 04	Comm Ed	\$ 2,007,995.00	\$ 2,040,095.00	\$ 32,100.00
Fund 07	Debt Service	\$ 5,305,830.00	\$ 5,305,830.00	\$ -
Fund 20	Internal Svc	\$ 185,000.00	\$ 241,235.00	\$ 56,235.00
Fund 45	Irrevocable Trust	\$ 418,180.00	\$ 327,000.00	\$ (91,180.00)
Fund 47	OPEB Debt Svc	\$ 429,220.00	\$ 429,220.00	\$ -
	<b>All Expenses</b>	<b>\$ 49,245,933.00</b>	<b>\$ 50,107,846.00</b>	<b>\$ 861,913.00</b>

# General Fund Revenue Sources



## NBAPS Unassigned Fund Balance Target is between 10% and 15%

<b>Fiscal Year Ending</b>	<b>General Fund – Unassigned Fund Balance Percentage</b>	<b>Number of Months of Operating Expenses</b>
June 30, 2025 (actual)	11.36%	1.81 Months
June 30, 2024 (actual)	11.91%	1.96 Months
June 30, 2023 (actual)	10.85%	1.60 Months
June 30, 2022 (actual)	12.95%	2.27 Months
June 30, 2021 (actual)	11.11%	1.74 Months
June 30, 2020 (actual)	7.11%	.89 Months
June 30, 2019 (actual)	1.96%	.24 Months
June 30, 2018 (actual)	<b>-1.19%</b>	<b>-.14 Months</b>
June 30, 2017 (actual)	2.58%	.31 Months

# Additional Factors Beyond School District Levy

- City/Townships Taxes
- County Taxes
- Changes to Property Valuation

# School District Property Tax Levy

Fund	Pay '26 Levy Limit	Increase (Decrease)	Percent Change
<b>General</b>	4,770,368	148,484	3.21%
<b>Community Education</b>	194,096	(22,546)	-10.41%
<b>General Debt Service</b>	5,159,214	(38,721)	-.74%
<b>TOTAL</b>	10,123,678	87,218	<b>.87%</b>

# Summary Statement

- The school district property tax will increase by .87%
- Total levy for 2026 will increase by \$87,218
- Impact on taxpayers varies

# Levy Timeline

- December
  - Certification by School Board before December 31

# Property Tax Levy

10

- Questions from the school board?
- Public Comment from members of the audience?

229

# Property Tax Levy

11

- Contact school district for questions about school district levy
- Todd Tetzlaff, Director of Finance and Human Resources

[ttetzlaf@isd138.org](mailto:ttetzlaf@isd138.org)

230

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 the City of North Branch; City of Stacy, W-1, P-1 and W-2, P-2; Chisago City, Precinct C; City of Wyoming, Precinct A; Amador Township; Chisago Lake Township, Precinct N; Fish Lake Township; Harris Township; and Sunrise Township, all in Chisago County, Minnesota; and North Branch Township and Oxford Township, all 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.

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

MSBA/MASA Model Policy 506

Orig. 1995

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

Rev. 2024 [\(June\)](#)

## **506 STUDENT DISCIPLINE**

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

### **I. PURPOSE**

The purpose of this policy is to ensure that students are aware of and comply with the school district's expectations for student conduct. Such compliance will enhance the school district's ability to maintain discipline and ensure that there is no interference with the educational process. The school district will take appropriate disciplinary action when students fail to adhere to the Code of Student Conduct established by this policy.

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

The school board recognizes that individual responsibility and mutual respect are essential components of the educational process. The school board further recognizes that nurturing the maturity of each student is of primary importance and is closely linked with the balance that must be maintained between authority and self-discipline as the individual progresses from a child's dependence on authority to the more mature behavior of self-control.

All students are entitled to learn and develop in a setting which promotes respect of self, others, and property. Proper positive discipline can only result from an environment which provides options and stresses student self-direction, decision-making, and responsibility. Schools can function effectively only with internal discipline based on mutual understanding of rights and responsibilities.

Students must conduct themselves in an appropriate manner that maintains a climate in which learning can take place. Overall decorum affects student attitudes and influences student behavior. Proper student conduct is necessary to facilitate the education process and to create an atmosphere conducive to high student achievement.

Although this policy emphasizes the development of self-discipline, it is recognized that there are instances when it will be necessary to administer disciplinary measures. The position of the school district is that a fair and equitable district-wide student discipline policy will contribute to the quality of the student's educational experience. This discipline policy is adopted in accordance with and subject to the Minnesota Pupil Fair Dismissal Act, Minnesota Statutes, sections 121A.40-121A.56.

In view of the foregoing and in accordance with Minnesota Statutes, section 121A.55, the school board, with the participation of school district administrators, teachers, employees, students, parents, community members, and such other individuals and organizations as appropriate, has developed this policy which governs student conduct and applies to all students of the school district.

### **III. DEFINITIONS**

A. "Nonexclusionary disciplinary policies and practices" means policies and practices that are alternatives to dismissing a pupil from school, including but not limited to evidence-based positive behavior interventions and supports, social and emotional services, school-linked mental health services, counseling services, social work services, academic screening for Title 1 services or reading interventions, and alternative education services. Nonexclusionary disciplinary policies and practices include but are not limited to the policies and practices under [Minnesota Statutes](#), sections 120B.12; 121A.575, clauses (1) and (2); 121A.031, subdivision 4, paragraph (a), clause (1);

121A.61, subdivision 3, paragraph (r); and 122A.627, clause (3).

- B. "Pupil withdrawal agreement" means a verbal or written agreement between a school administrator or district administrator and a pupil's parent to withdraw a student from the school district to avoid expulsion or exclusion dismissal proceedings. The duration of the withdrawal agreement cannot be for more than a 12-month period.

#### **IV. POLICY**

- A. The school board must establish uniform criteria for dismissal and adopt written policies and rules to effectuate the purposes of the Minnesota Pupil Fair Dismissal Act. The policies must include nonexclusionary disciplinary policies and practices consistent with Minnesota Statutes, section 121A.41, subdivision 12, and must emphasize preventing dismissals through early detection of problems. The policies must be designed to address students' inappropriate behavior from recurring.
- B. The policies must recognize the continuing responsibility of the school for the education of the pupil during the dismissal period.
- C. The school is responsible for ensuring that alternative educational services, if the pupil wishes to take advantage of them, must be adequate to allow the pupil to make progress toward meeting the graduation standards adopted under Minnesota Statutes, section 120B.02 and help prepare the pupil for readmission in accordance with section Minnesota Statutes, section 121A.46, subdivision 5.
- D. For expulsion and exclusion dismissals and pupil withdrawal agreements as defined in Minnesota Statutes, section 121A.41, subdivision 13:
  - 1. for a pupil who remains enrolled in the school district or is awaiting enrollment in a new district, the school district's continuing responsibility includes reviewing the pupil's schoolwork and grades on a quarterly basis to ensure the pupil is on track for readmission with the pupil's peers. The school district must communicate on a regular basis with the pupil's parent or guardian to ensure that the pupil is completing the work assigned through the alternative educational services as defined in Minnesota Statutes, section 121A.41, subdivision 11. These services are required until the pupil enrolls in another school or returns to the same school;
  - 2. a pupil receiving school-based or school-linked mental health services in the school district under Minnesota Statutes, section 245.4889 continues to be eligible for those services until the pupil is enrolled in a new district; and
  - 3. the school district must provide to the pupil's parent or guardian information on accessing mental health services, including any free or sliding fee providers in the community. The information must also be posted on the school district website.

#### **V. AREAS OF RESPONSIBILITY**

- A. The School Board. The school board holds all school personnel responsible for the maintenance of order within the school district and supports all personnel acting within the framework of this discipline policy.
- B. Superintendent. The superintendent shall establish guidelines and directives to carry out this policy, hold all school personnel, students, and parents responsible for conforming to this policy, and support all school personnel performing their duties within the framework of this policy. The superintendent shall also establish guidelines and directives for using the services of appropriate agencies for assisting students and parents. Any guidelines or directives established to implement this policy shall be submitted to the school board for approval and shall be attached as an addendum to

this policy.

- C. Principal. The school principal is given the responsibility and authority to formulate building rules and regulations necessary to enforce this policy, subject to final school board approval. The principal shall give direction and support to all school personnel performing their duties within the framework of this policy. The principal shall consult with parents of students conducting themselves in a manner contrary to the policy. The principal shall also involve other professional employees in the disposition of Behavior referrals and shall make use of those agencies appropriate for assisting students and parents. A principal, in exercising the person's lawful authority, may use reasonable force when it is necessary under the circumstances to correct or restrain a student to prevent bodily harm or death to the student or another. A principal shall not use prone restraint and shall not inflict any form of physical holding that restricts or impairs a student's ability to breathe; restricts or impairs a student's ability to communicate distress; places pressure or weight on a student's head, throat, neck, chest, lungs, sternum, diaphragm, back, or abdomen; or results in straddling a student's torso.
- D. Teachers. All teachers shall be responsible for providing a well-planned teaching/learning environment and shall have primary responsibility for student conduct, with appropriate assistance from the administration. All teachers shall enforce the Code of Student Conduct. A teacher, in exercising the person's lawful authority, may use reasonable force when it is necessary under the circumstances to correct or restrain a student to prevent bodily harm or death to the student or another. A teacher shall not use prone restraint and shall not inflict any form of physical holding that restricts or impairs a student's ability to breathe; restricts or impairs a student's ability to communicate distress; places pressure or weight on a student's head, throat, neck, chest, lungs, sternum, diaphragm, back, or abdomen; or results in straddling a student's torso.
- E. Other School District Personnel. All school district personnel shall be responsible for contributing to the atmosphere of mutual respect within the school. Their responsibilities relating to student behavior shall be as authorized and directed by the superintendent. A school employee, school bus driver, or other agent of a school district, in exercising the person's lawful authority, may use reasonable force when it is necessary under the circumstances to restrain a student to prevent bodily harm or death to the student or another. A school employee, which does not include a school resource officer, shall not use prone restraint and shall not inflict any form of physical holding that restricts or impairs a student's ability to breathe; restricts or impairs a student's ability to communicate distress; places pressure or weight on a student's head, throat, neck, chest, lungs, sternum, diaphragm, back, or abdomen; or results in straddling a student's torso.  
  
[For the purpose of Minnesota Statutes, section 121A.582 \(Student Discipline; Reasonable Force\), a school resource officer, as defined in Minnesota Statutes, section 626.8482, subdivision 1, paragraph \(c\) is not a school employee or agent of the district.](#)
- F. Parents or Legal Guardians. Parents and guardians shall be held responsible for the behavior of their children as determined by law and community practice. They are expected to cooperate with school authorities and to participate regarding the behavior of their children.
- G. Students. All students shall be held individually responsible for their behavior and for knowing and obeying the Code of Student Conduct and this policy.
- H. Community Members. Members of the community are expected to contribute to the establishment of an atmosphere in which rights and duties are effectively acknowledged and fulfilled.
- I. Reasonable Force Reports

1. The school district must report data on its use of any reasonable force used on a student with a disability to correct or restrain the student to prevent bodily harm or death to the student or another that is consistent with the definition of physical holding under Minnesota Statutes, section 125A.0941, paragraph (c), as outlined in section 125A.0942, subdivision 3, paragraph (b).
2. Beginning with the 2024-2025 school year, the school district must report annually by July 15, in a form and manner determined by the MDE Commissioner, data from the prior school year about any reasonable force used on a general education student to correct or restrain the student to prevent bodily harm or death to the student or another that is consistent with the definition of physical holding under Minnesota Statutes, section 125A.0941, paragraph (c).
3. Any reasonable force used under Minnesota Statutes, sections 121A.582; 609.06, subdivision 1; and 609.379 which intends to hold a child immobile or limit a child's movement where body contact is the only source of physical restraint or confines a child alone in a room from which egress is barred shall be reported to the Minnesota Department of Education as a restrictive procedure, including physical holding or seclusion used by an unauthorized or untrained staff person.

## **VI. STUDENT RIGHTS**

All students have the right to an education and the right to learn.

## **VII. STUDENT RESPONSIBILITIES**

All students have the responsibility:

- A. For their behavior and for knowing and obeying all school rules, regulations, policies, and procedures;
- B. To attend school daily, except when excused, and to be on time to all classes and other school functions;
- C. To pursue and attempt to complete the courses of study prescribed by the state and local school authorities;
- D. To make necessary arrangements for making up work when absent from school;
- E. To assist the school staff in maintaining a safe school for all students;
- F. To be aware of all school rules, regulations, policies, and procedures, including those in this policy, and to conduct themselves in accord with them;
- G. To assume that until a rule or policy is waived, altered, or repealed, it is in full force and effect;
- H. To be aware of and comply with federal, state, and local laws;
- I. To volunteer information in disciplinary cases should they have any knowledge relating to such cases and to cooperate with school staff as appropriate;
- J. To respect and maintain the school's property and the property of others;
- K. To dress and groom in a manner which meets standards of safety and health and common standards of decency and which is consistent with applicable school district policy;

- L. To avoid inaccuracies in student newspapers or publications and refrain from indecent or obscene language;
- M. To conduct themselves in an appropriate physical or verbal manner; and
- N. To recognize and respect the rights of others.

### **VIII. CODE OF STUDENT CONDUCT**

- A. The following are examples of unacceptable behavior subject to disciplinary action by the school district. These examples are not intended to be an exclusive list. Any student who engages in any of these activities shall be disciplined in accordance with this policy. This policy applies to all school buildings, school grounds, and school property or property immediately adjacent to school grounds; school-sponsored activities or trips; school bus stops; school buses, school vehicles, school contracted vehicles, or any other vehicles approved for school district purposes; the area of entrance or departure from school premises or events; and all school-related functions, school-sponsored activities, events, or trips. School district property also may mean a student's walking route to or from school for purposes of attending school or school-related functions, activities, or events. While prohibiting unacceptable behavior subject to disciplinary action at these locations and events, the school district does not represent that it will provide supervision or assume liability at these locations and events. This policy also applies to any student whose conduct at any time or in any place interferes with or obstructs the mission or operations of the school district or the safety or welfare of the student, other students, or employees.
  - 1. Violations against property including, but not limited to, damage to or destruction of school property or the property of others, failure to compensate for damage or destruction of such property, arson, breaking and entering, theft, robbery, possession of stolen property, extortion, trespassing, unauthorized usage, or vandalism;
  - 2. The use of profanity or obscene language, or the possession of obscene materials;
  - 3. Gambling, including, but not limited to, playing a game of chance for stakes;
  - 4. Violation of the school district's Hazing Prohibition Policy;
  - 5. Attendance problems including, but not limited to, truancy, absenteeism, tardiness, skipping classes, or leaving school grounds without permission;
  - 6. Violation of the school district's Student Attendance Policy;
  - 7. Opposition to authority using physical force or violence;
  - 8. Using, possessing, or distributing tobacco, tobacco-related devices, electronic cigarettes, or tobacco paraphernalia in violation of the school district's Tobacco-Free Environment; Possession and Use of Tobacco, Tobacco-Related Devices, and Electronic Delivery Devices Policy;
  - 9. Using, possessing, distributing, intending to distribute, making a request to another person for (solicitation), or being under the influence of alcohol or other intoxicating substances or look-alike substances;
  - 10. Using, possessing, distributing, intending to distribute, making a request to another person for (solicitation), or being under the influence of narcotics, drugs, or other controlled substances (except as prescribed by a physician), or look-alike substances (these prohibitions include medical marijuana or medical cannabis, even when prescribed by a physician, and one student sharing

prescription medication with another student);

11. Using, possessing, or distributing items or articles that are illegal or harmful to persons or property including, but not limited to, drug paraphernalia;
12. Using, possessing, or distributing weapons, or look-alike weapons or other dangerous objects;
13. Violation of the school district's Weapons Policy;
14. Violation of the school district's Violence Prevention Policy;
15. Possession of ammunition including, but not limited to, bullets or other projectiles designed to be used in or as a weapon;
16. Possession, use, or distribution of explosives or any compound or mixture, the primary or common purpose or intended use of which is to function as an explosive;
17. Possession, use, or distribution of fireworks or any substance or combination of substances or article prepared for the purpose of producing a visible or an audible effect by combustion, explosion, deflagration or detonation;
18. Using an ignition device, including a butane or disposable lighter or matches, inside an educational building and under circumstances where there is a risk of fire, except where the device is used in a manner authorized by the school;
19. Violation of any local, state, or federal law as appropriate;
20. Acts disruptive of the educational process, including, but not limited to, disobedience, disruptive or disrespectful behavior, defiance of authority, cheating, insolence, insubordination, failure to identify oneself, improper activation of fire alarms, or bomb threats;
21. Violation of the school district's Internet Acceptable Use and Safety Policy;
22. Use of a cell phone in violation of the school district's Internet Acceptable Use and Safety Policy;
23. Violation of school bus or transportation rules or the school district's Student Transportation Safety Policy;
24. Violation of parking or school traffic rules and regulations, including, but not limited to, driving on school property in such a manner as to endanger persons or property;
25. Violation of directives or guidelines relating to lockers or improperly gaining access to a school locker;
26. Violation of the school district's Search of Student Lockers, Desks, Personal Possessions, and Student's Person Policy;
27. Violation of the school district's Student Use and Parking of Motor Vehicles; Patrols, Inspections, and Searches Policy;
28. Possession or distribution of slanderous, libelous, or pornographic materials;
29. Violation of the school district's Bullying Prohibition Policy;
30. Student attire or personal grooming which creates a danger to health or safety

or creates a disruption to the educational process, including clothing which bears a message which is lewd, vulgar, or obscene, apparel promoting products or activities that are illegal for use by minors, or clothing containing objectionable emblems, signs, words, objects, or pictures communicating a message that is racist, sexist, or otherwise derogatory to a protected minority group or which connotes gang membership;

31. Criminal activity;
32. Falsification of any records, documents, notes, or signatures;
33. Tampering with, changing, or altering records or documents of the school district by any method including, but not limited to, computer access or other electronic means;
34. Scholastic dishonesty which includes, but is not limited to, cheating on a school assignment or test, plagiarism, or collusion, including the use of picture phones or other technology to accomplish this end;
35. Impertinent or disrespectful words, symbols, acronyms, or language, whether oral or written, related to teachers or other school district personnel;
36. Violation of the school district's Harassment and Violence Policy;
37. Actions, including fighting or any other assaultive behavior, which causes or could cause injury to the student or other persons or which otherwise endangers the health, safety, or welfare of teachers, students, other school district personnel, or other persons;
38. Committing an act which inflicts great bodily harm upon another person, even though accidental or a result of poor judgment;
39. Violations against persons, including, but not limited to, assault or threatened assault, fighting, harassment, interference or obstruction, attack with a weapon, or look-alike weapon, sexual assault, illegal or inappropriate sexual conduct, or indecent exposure;
40. Verbal assaults or verbally abusive behavior including, but not limited to, use of words, symbols, acronyms, or language, whether oral or written, that are discriminatory, abusive, obscene, threatening, intimidating, degrading to other people, or threatening to school property;
41. Physical or verbal threats including, but not limited to, the staging or reporting of dangerous or hazardous situations that do not exist;
42. Inappropriate, abusive, threatening, or demeaning actions based on race, color, creed, religion, sex, marital status, status with regard to public assistance, disability, national origin, or sexual orientation;
43. Violation of the school district's Distribution of Nonschool-Sponsored Materials on School Premises by Students and Employees Policy;
44. Violation of the school district's one-to-one device rules and regulations;
45. Violation of school rules, regulations, policies, or procedures, including, but not limited to, those policies specifically enumerated in this policy;
46. Other acts, as determined by the school district, which are disruptive of the educational process or dangerous or detrimental to the student or other students, school district personnel or surrounding persons, or which violate the

rights of others or which damage or endanger the property of the school, or which otherwise interferes with or obstruct the mission or operations of the school district or the safety or welfare of students or employees.

#### **IX. RECESS AND OTHER BREAKS**

- A. "Recess detention" means excluding or excessively delaying a student from participating in a scheduled recess period as a consequence for student behavior. Recess detention does not include, among other things, providing alternative recess at the student's choice.
- B. The school district is encouraged to ensure student access to structured breaks from the demands of school and to support teachers, principals, and other school staff in their efforts to use evidence-based approaches to reduce exclusionary forms of discipline.
- C. The school district must not use recess detention unless:
  - 1. a student causes or is likely to cause serious physical harm to other students or staff;
  - 2. the student's parent or guardian specifically consents to the use of recess detention; or
  - 3. for students receiving special education services, the student's individualized education program team has determined that withholding recess is appropriate based on the individualized needs of the student.
- D. The school district must not withhold recess from a student based on incomplete schoolwork.
- E. The school district must require school staff to make a reasonable attempt to notify a parent or guardian within 24 hours of using recess detention.
- F. The school district must compile information on each recess detention at the end of each school year, including the student's age, grade, gender, race or ethnicity, and special education status. This information must be available to the public upon request. The school district is encouraged to use the data in professional development promoting the use of nonexclusionary discipline.
- G. The school district must not withhold or excessively delay a student's participation in scheduled mealtimes. This section does not alter a district or school's existing responsibilities under Minnesota Statutes, section 124D.111 or other state or federal law.

#### **X. DISCIPLINARY ACTION OPTIONS**

The general policy of the school district is to utilize progressive discipline to the extent reasonable and appropriate based upon the specific facts and circumstances of student misconduct. The specific form of discipline chosen in a particular case is solely within the discretion of the school district. At a minimum, violation of school district code of conduct, rules, regulations, policies, or procedures will result in discussion of the violation and a verbal warning. The school district shall, however, impose more severe disciplinary sanctions for any violation, including exclusion or expulsion, if warranted by the student's misconduct, as determined by the school district. Disciplinary action may include, but is not limited to, one or more of the following:

- A. Student conference with teacher, principal, counselor, or other school district personnel, and verbal warning;
- B. Confiscation by school district personnel and/or by law enforcement of any item, article,

object, or thing, prohibited by, or used in the violation of, any school district policy, rule, regulation, procedure, or state or federal law. If confiscated by the school district, the confiscated item, article, object, or thing will be released only to the parent/guardian following the completion of any investigation or disciplinary action instituted or taken related to the violation.

- C. Parent contact;
- D. Parent conference;
- E. Removal from class;
- F. In-school suspension;
- G. Suspension from extracurricular activities;
- H. Detention or restriction of privileges;
- I. Loss of school privileges;
- J. In-school monitoring or revised class schedule;
- K. Referral to in-school support services;
- L. Referral to community resources or outside agency services;
- M. Financial restitution;
- N. Referral to police, other law enforcement agencies, or other appropriate authorities;
- O. A request for a petition to be filed in district court for juvenile delinquency adjudication;
- P. Out-of-school suspension under the Pupil Fair Dismissal Act;
- Q. Preparation of an admission or readmission plan;
- R. Saturday school;
- S. Expulsion under the Pupil Fair Dismissal Act;
- T. Exclusion under the Pupil Fair Dismissal Act; and/or
- U. Other disciplinary action as deemed appropriate by the school district.

#### **XI. REMOVAL OF STUDENTS FROM CLASS**

- A. The teacher of record shall have the general control and government of the classroom. Teachers have the responsibility of attempting to modify disruptive student behavior by such means as conferring with the student, using positive reinforcement, assigning detention or other consequences, or contacting the student's parents. When such measures fail, or when the teacher determines it is otherwise appropriate based upon the student's conduct, the teacher shall have the authority to remove the student from class pursuant to the procedures established by this discipline policy. "Removal from class" and "removal" mean any actions taken by a teacher, principal, or other school district employee to prohibit a student from attending a class or activity period for a period of time not to exceed five (5) days, pursuant to this discipline policy.

Grounds for removal from class shall include any of the following:

1. Willful conduct that significantly disrupts the rights of others to an education,

including conduct that interferes with a teacher's ability to teach or communicate effectively with students in a class or with the ability of other students to learn;

2. Willful conduct that endangers surrounding persons, including school district employees, the student or other students, or the property of the school;
3. Willful violation of any school rules, regulations, policies or procedures, including the Code of Student Conduct in this policy; or
4. Other conduct, which in the discretion of the teacher or administration, requires removal of the student from class.

Such removal shall be for at least one (1) activity period or class period of instruction for a given course of study and shall not exceed five (5) such periods.

A student must be removed from class immediately if the student engages in assault or violent behavior. "Assault" is an act done with intent to cause fear in another of immediate bodily harm or death; or the intentional infliction of, or attempt to inflict, bodily harm upon another.

- B. If a student is removed from class more than ten (10) times in a school year, the school district shall notify the parent or guardian of the student's tenth removal from class and make reasonable attempts to convene a meeting with the student's parent or guardian to discuss the problem that is causing the student to be removed from class.

**[Note: The following Sections C. - J. must be developed and inserted by each school district based upon individual district practices, procedures, and preferences. School districts may consider developing and inserting procedures identified in Sections K-N.]**

**C. Procedures for Removal of a Student From a Class.**

1. *Specify procedures to remove a student from a class to be followed by a teacher, school administrator, or other school district employee;*
2. *Specify required approvals necessary;*
3. *Specify paperwork and reporting procedures.*

**D. Period of Time for which a Student may be Removed from a Class (may not exceed five (5) class periods for a violation of a rule of conduct)**

1. The removal from class shall be for a period of time deemed appropriate by the principal, in consultation with the teacher.

**E. Responsibility for and Custody of a Student Removed from Class.**

1. *Designation of where student is to go when removed;*
2. *Designation of how student is to get to designated destination;*
3. *Whether student must be accompanied;*
4. *Statement of what student is to do when and while removed;*
5. *Designation of who has control over and responsibility for student after removal from class.*

**F. Procedures for Return of a Student to a Specific Class from Which the Student was Removed.**

1. *Specification of procedures;*
2. *Actions or approvals required such as notes, conferences, readmission plans.*

**G. Procedures for Notifying a Student and the Student's Parents or Guardian of Violation of the Rules of Conduct and of Resulting Disciplinary Actions;**

1. *Specification of Procedures;*
2. *Actions or approvals required, such as notes, conferences, readmission plans.*

**H. Students with a Disability; Special Provisions.**

1. *Procedures for consideration of whether there is a need for further assessment;*
2. *Procedures for consideration of whether there is a need for a review of the adequacy of the current Individualized Education Program (IEP) of a student with a disability who is removed from class or disciplined; and*
3. *Any procedures determined appropriate for referring students in need of special education services to those services.*

**I. Procedures for Detecting and Addressing Chemical Abuse Problems of Students While on School Premises.**

1. *Establishment of a chemical abuse preassessment team pursuant to Minnesota Statutes, section 121A.26;*
2. *Establishment of teacher reporting procedures to the chemical abuse preassessment team pursuant to Minnesota Statutes, section 121A.29.*

**J. Procedures for Immediate and Appropriate Interventions Tied to Violations of the Code of Student Conduct.**

**K. Any Procedures Determined Appropriate for Encouraging Early Involvement of Parents or Guardians in Attempts to Improve a Student's Behavior.**

**L. Any Procedures Determined Appropriate for Encouraging Early Detection of Behavioral Problems.**

**M. Any Procedures Determined Appropriate for Referring a Student in Need of Special Education Services to Those Services;**

**N. Any Procedures Determined Appropriate for Ensuring Victims of Bullying who Respond with Behavior not Allowed under the School's Behavior Policies have Access to a Remedial Response, Consistent with Minnesota Statutes, section 121A.031; and**

**O. [Unscheduled Student Removal From Class](#)**

[A public school is encouraged to adopt a school policy on parental notification for unscheduled student removal from class. The public school must consult with child abuse prevention experts to incorporate best practices into the school policy. A public school with a policy on parental notification must include the policy in the employee handbook and disseminate information to school staff regarding child abuse prevention in a school setting.](#)

[\[NOTE: The 2024 Minnesota legislature enacted this provision, which does not require a school board to adopt policy language. School districts may](#)

[determine whether to adopt policy language.\]](#)

**XII. DISMISSAL**

- A. "Dismissal" means the denial of the current educational program to any student, including exclusion, expulsion, and suspension. Dismissal does not include removal from class.

The school district shall not deny due process or equal protection of the law to any student involved in a dismissal proceeding which may result in suspension, exclusion or expulsion.

The school district shall not dismiss any student without attempting to use nonexclusionary disciplinary policies and procedures before dismissal proceedings or pupil withdrawal agreements, except where it appears that the student will create an immediate and substantial danger to self or to surrounding persons or property.

The use of exclusionary practices for early learners as defined in Minnesota Statutes, section 121A.425, is prohibited. The use of exclusionary practices to address attendance and truancy issues is prohibited.

- B. Violations leading to suspension, based upon severity, may also be grounds for actions leading to expulsion, and/or exclusion. A student may be dismissed on any of the following grounds:

1. Willful violation of any reasonable school board regulation, including those found in this policy;
2. Willful conduct that significantly disrupts the rights of others to an education, or the ability of school personnel to perform their duties, or school sponsored extracurricular activities; or
3. Willful conduct that endangers the student or other students, or surrounding persons, including school district employees, or property of the school.

- C. Disciplinary Dismissals Prohibited

1. A pupil enrolled in the following is not subject to dismissals under the Pupil Fair Dismissal Act:
  - a. a preschool or prekindergarten program, including an early childhood family education, school readiness, ~~school readiness plus~~, voluntary prekindergarten, Head Start, or other school-based preschool or prekindergarten program; or
  - b. kindergarten through Grade 3.
2. This section does not apply to a dismissal from school for less than one school day, except as provided under Minnesota Statutes, chapter 125A and federal law for a student receiving special education services.
3. Notwithstanding this section, expulsions and exclusions may be used only after resources outlined under [nNonexclusionary discipline](#) have been exhausted, and only in circumstances where there is an ongoing serious safety threat to the child or others.

- D. Suspension Procedures

1. "Suspension" means an action by the school administration, under rules

promulgated by the sSchool bBoard, prohibiting a student from attending school for a period of no more than ten (10) school days; provided, however, if a suspension is longer than five (5) school days, the suspending administrator shall provide the superintendent with a reason for the longer term of suspension. This definition does not apply to dismissal for one (1) school day or less where a student with a disability does not receive regular or special education instruction during that dismissal period.

2. School administration must allow a suspended pupil the opportunity to complete all school work assigned during the period of the pupil's suspension and to receive full credit for satisfactorily completing the assignments. The school principal or other person having administrative control of the school building or program is encouraged to designate a district or school employee as a liaison to work with the pupil's teachers to allow the suspended pupil to (1) receive timely course materials and other information, and (2) complete daily and weekly assignments and receive teachers' feedback.
3. If a student's total days of removal from school exceed ten (10) cumulative days in a school year, the school district shall make reasonable attempts to convene a meeting with the student and the student's parent or guardian before subsequently removing the student from school and, with the permission of the parent or guardian, arrange for a mental health screening for the student at the parent or guardian's expense. The purpose of this meeting is to attempt to determine the student's need for assessment or other services or whether the parent or guardian should have the student assessed or diagnosed to determine whether the student needs treatment for a mental health disorder.
4. The definition of suspension under Minnesota Statutes, section 121A.41, subdivision 10, does not apply to a student's dismissal from school for less than one day, except as provided under federal law for a student with a disability. Each suspension action may include a readmission plan. The plan shall include, where appropriate, a provision for implementing alternative educational services upon readmission which must not be used to extend the current suspension. A readmission plan must not obligate a parent or guardian to provide psychotropic drugs to their student as a condition of readmission. School administration must not use the refusal of a parent or guardian to consent to the administration of psychotropic drugs to their student or to consent to a psychiatric evaluation, screening, or examination of the student as a ground, by itself, to prohibit the student from attending class or participating in a school-related activity, or as a basis of a charge of child abuse, child neglect, or medical or educational neglect. The school administration may not impose consecutive suspensions against the same student for the same course of conduct, or incident of misconduct, except where the student will create an immediate and substantial danger to self or to surrounding persons or property or where the school district is in the process of initiating an expulsion, in which case the school administration may extend the suspension to a total of fifteen (15) days.
5. A child with a disability may be suspended. When a child with a disability has been suspended for more than five (5) consecutive days or ten (10) cumulative school days in the same year, and that suspension does not involve a recommendation for expulsion or exclusion or other change in placement under federal law, relevant members of the child's IEP team, including at least one of the child's teachers, shall meet and determine the extent to which the child needs services in order to continue to participate in the general education curriculum, although in another setting, and to progress toward meeting the goals in the child's IEP. That meeting must occur as soon as possible, but no more than ten (10) days after the sixth (6<sup>th</sup>) consecutive day of suspension or the tenth (10<sup>th</sup>) cumulative day of suspension has elapsed.
6. Alternative education services must be provided to a pupil who is suspended for

more than five (5) consecutive school days. Alternative educational services may include, but are not limited to, special tutoring, modified curriculum, modified instruction, other modifications or adaptations, instruction through electronic media, special education services as indicated by appropriate assessments, homebound instruction, supervised homework, or enrollment in another district or in an alternative learning center under Minnesota Statutes, section 123A.05 selected to allow the student to progress toward meeting graduation standards under Minnesota Statutes, section 120B.02, although in a different setting.

7. The school administration shall not suspend a student from school without an informal administrative conference with the student. The informal administrative conference shall take place before the suspension, except where it appears that the student will create an immediate and substantial danger to self or to surrounding persons or property, in which case the conference shall take place as soon as practicable following the suspension. At the informal administrative conference, a school administrator shall notify the student of the grounds for the suspension, provide an explanation of the evidence the authorities have, and the student may present the student's version of the facts. A separate administrative conference is required for each period of suspension.
8. After school administration notifies a student of the grounds for suspension, school administration may, instead of imposing the suspension, do one or more of the following:
  - a. strongly encourage a parent or guardian of the student to attend school with the student for one day;
  - b. assign the student to attend school on Saturday as supervised by the principal or the principal's designee; and
  - c. petition the juvenile court that the student is in need of services under Minnesota Statutes, chapter 260C.
9. A written notice containing the grounds for suspension, a brief statement of the facts, a description of the testimony, a readmission plan, and a copy of the Minnesota Pupil Fair Dismissal Act, Minnesota Statutes, sections 121A.40-121A.56, shall be personally served upon the student at or before the time the suspension is to take effect, and upon the student's parent or guardian by mail within forty-eight (48) hours of the conference. (See attached sample Notice of Suspension.)
10. The school administration shall make reasonable efforts to notify the student's parent or guardian of the suspension by telephone as soon as possible following suspension.
11. In the event a student is suspended without an informal administrative conference on the grounds that the student will create an immediate and substantial danger to surrounding persons or property, the written notice shall be served upon the student and the student's parent or guardian within forty-eight (48) hours of the suspension. Service by mail shall be complete upon mailing.
12. Notwithstanding the foregoing provisions, the student may be suspended pending the school board's decision in an expulsion or exclusion proceeding, provided that alternative educational services are implemented to the extent that suspension exceeds five (5) consecutive school days.

E. Expulsion and Exclusion Procedures

1. "Expulsion" means a school board action to prohibit an enrolled student from further attendance for up to twelve (12) months from the date the student is expelled. The authority to expel rests with the school board.
2. "Exclusion" means an action taken by the school board to prevent enrollment or re-enrollment of a student for a period that shall not extend beyond the school year. The authority to exclude rests with the school board.
3. All expulsion and exclusion proceedings will be held pursuant to and in accordance with the provisions of the Minnesota Pupil Fair Dismissal Act, Minnesota Statutes, sections 121A.40-121A.56.
4. No expulsion or exclusion shall be imposed without a hearing, unless the right to a hearing is waived in writing by the student and parent or guardian.
5. The student and parent or guardian shall be provided written notice of the school district's intent to initiate expulsion or exclusion proceedings. This notice shall be served upon the student and his or her parent or guardian personally or by mail, and shall contain a complete statement of the facts; a list of the witnesses and a description of their testimony; state the date, time and place of hearing; be accompanied by a copy of the Pupil Fair Dismissal Act, Minnesota Statutes, sections 121A.40-121A.56; describe the nonexclusionary disciplinary practices accorded the student in an attempt to avoid the expulsion proceedings; and inform the student and parent or guardian of their right to: (1) have a representative of the student's own choosing, including legal counsel at the hearing; (2) examine the student's records before the hearing; (3) present evidence; and (4) confront and cross-examine witnesses. The school district must advise the student's parent or guardian that free or low-cost legal assistance may be available and that a legal assistance resource list is available from the Minnesota Department of Education (MDE) and is posted on its website.
6. The hearing shall be scheduled within ten (10) days of the service of the written notice unless an extension, not to exceed five (5) days, is requested for good cause by the school district, student, parent, or guardian.
7. All hearings shall be held at a time and place reasonably convenient to the student, parent, or guardian and shall be closed, unless the student, parent, or guardian requests an open hearing.
8. The school district shall record the hearing proceedings at district expense, and a party may obtain a transcript at its own expense.
9. The student shall have a right to a representative of the student's own choosing, including legal counsel, at the student's sole expense. The school district shall advise the student's parent or guardian that free or low-cost legal assistance may be available and that a legal assistance resource list is available from MDE. The school board may appoint an attorney to represent the school district in any proceeding.
10. If the student designates a representative other than the parent or guardian, the representative must have a written authorization from the student and the parent or guardian providing them with access to and/or copies of the student's records.
11. All expulsion or exclusion hearings shall take place before and be conducted by an independent hearing officer designated by the school district. The hearing shall be conducted in a fair and impartial manner. Testimony shall be given under oath and the hearing officer shall have the power to issue subpoenas and administer oaths.

12. At a reasonable time prior to the hearing, the student, parent or guardian, or authorized representative shall be given access to all school district records pertaining to the student, including any tests or reports upon which the proposed dismissal action may be based.
13. The student, parent or guardian, or authorized representative, shall have the right to compel the presence of any school district employee or agent or any other person who may have evidence upon which the proposed dismissal action may be based, and to confront and cross-examine any witnesses testifying for the school district.
14. The student, parent or guardian, or authorized representative, shall have the right to present evidence and testimony, including expert psychological or educational testimony.
15. The student cannot be compelled to testify in the dismissal proceedings.
16. The hearing officer shall prepare findings and a recommendation based solely upon substantial evidence presented at the hearing, which must be made to the school board and served upon the parties within two (2) days after the close of the hearing.
17. The school board shall base its decision upon the findings and recommendation of the hearing officer and shall render its decision at a meeting held within five (5) days after receiving the findings and recommendation. The school board may provide the parties with the opportunity to present exceptions and comments to the hearing officer's findings and recommendation provided that neither party presents any evidence not admitted at the hearing. The decision by the school board must be based on the record, must be in writing, and must state the controlling facts on which the decision is made in sufficient detail to apprise the parties and the Commissioner of the Minnesota Department of Education (Commissioner) of the basis and reason for the decision.
18. A party to an expulsion or exclusion decision made by the school board may appeal the decision to the Commissioner within twenty-one (21) calendar days of school board action pursuant to Minnesota Statutes, section 121A.49. The decision of the school board shall be implemented during the appeal to the Commissioner.
19. The school district shall report any suspension, expulsion or exclusion action taken to the appropriate public service agency, when the student is under the supervision of such agency.
20. The school district must report, through the MDE electronic reporting system, each expulsion or exclusion within thirty (30) days of the effective date of the action to the Commissioner. This report must include a statement of alternative educational services given the student and the reason for, the effective date, and the duration of the exclusion or expulsion. The report must also include the student's age, grade, gender, race, and special education status. The dismissal report must include state student identification numbers of affected students.
21. Whenever a student fails to return to school within ten (10) school days of the termination of dismissal, a school administrator shall inform the student and his/her parent or guardian by mail of the student's right to attend and to be reinstated in the school district.

### **XIII. ADMISSION OR READMISSION PLAN**

A school administrator must prepare and enforce an admission or readmission plan for any student who is excluded or expelled from school. The plan must include measures to improve

the student's behavior, which may include completing a character education program consistent with Minnesota Statutes, section 120B.232, subdivision 1, social and emotional learning, counseling, social work services, mental health services, referrals for special education or 504 evaluation, and evidence-based academic interventions. The plan must include reasonable attempts to obtain parental involvement in the admission or readmission process, and may indicate the consequences to the student of not improving the student's behavior. The readmission plan must not obligate parents to provide a sympathomimetic medication for their child as a condition of readmission.

#### **XIV. NOTIFICATION OF POLICY VIOLATIONS**

Notification of any violation of this policy and resulting disciplinary action shall be as provided herein, or as otherwise provided by the Pupil Fair Dismissal Act or other applicable law. The teacher, principal or other school district official may provide additional notification as deemed appropriate.

In addition, the school district must report, through the MDE electronic reporting system, each exclusion or expulsion, each physical assault of a school district employee by a pupil, and each pupil withdrawal agreement within thirty (30) days of the effective date of the dismissal action, pupil withdrawal, or assault, to the MDE Commissioner. This report must include a statement of the nonexclusionary disciplinary practices, or other sanction, intervention, or resolution in response to the assault given to the pupil and the reason for, the effective date, and the duration of the exclusion or expulsion or other sanction, intervention, or resolution. The report must also include the pupil's age, grade, gender, race, and special education status.

#### **XV. STUDENT DISCIPLINE RECORDS**

The policy of the school district is that complete and accurate student discipline records be maintained. The collection, dissemination, and maintenance of student discipline records shall be consistent with applicable school district policies and federal and state law, including the Minnesota Government Data Practices Act, Minnesota Statutes, chapter 13.

#### **XVI. STUDENTS WITH DISABILITIES**

Students who are currently identified as eligible under the IDEA or Section 504 will be subject to the provisions of this policy, unless the student's IEP or 504 plan specifies a necessary modification.

Before initiating an expulsion or exclusion of a student with a disability, relevant members of the child's IEP team and the child's parent shall, consistent with federal law, conduct a manifestation determination and determine whether the child's behavior was (i) caused by or had a direct and substantial relationship to the child's disability and (ii) whether the child's conduct was a direct result of a failure to implement the child's IEP. If the student's educational program is appropriate and the behavior is not a manifestation of the student's disability, the school district will proceed with discipline – up to and including expulsion – as if the student did not have a disability, unless the student's educational program provides otherwise. If the team determines that the behavior subject to discipline is a manifestation of the student's disability, the team shall conduct a functional behavioral assessment and implement a behavioral intervention plan for such student provided that the school district had not conducted such assessment prior to the manifestation determination before the behavior that resulted in a change of placement. Where a behavioral intervention plan previously has been developed, the team will review the behavioral intervention plan and modify it as necessary to address the behavior.

When a student who has an IEP is excluded or expelled for misbehavior that is not a manifestation of the student's disability, the school district shall continue to provide special education and related services during the period of expulsion or exclusion.

#### **XVII. OPEN ENROLLED STUDENTS**

The school district may terminate the enrollment of a nonresident student enrolled under an Enrollment Option Program (Minnesota Statutes, section 124D.03) or Enrollment in Nonresident District (Minnesota Statutes, section 124D.08) at the end of a school year if the student meets the definition of a habitual truant, the student has been provided appropriate services for truancy (Minnesota Statutes, chapter 260A), and the student's case has been referred to juvenile court. The school district may also terminate the enrollment of a nonresident student over the age of seventeen (17) enrolled under an Enrollment Options Program if the student is absent without lawful excuse for one or more periods on fifteen (15) school days and has not lawfully withdrawn from school.

### **XVIII. DISCIPLINE COMPLAINT PROCEDURE**

Students, parents and other guardians, and school staff may file a complaint and seek corrective action when the requirements of the Minnesota Pupil Fair Dismissal Act, including the implementation of the local behavior and discipline policies, are not being implemented appropriately or are being discriminately applied.

The Discipline Complaint Procedure must, at a minimum:

1. provide procedures for communicating this policy including the ability for a parent to appeal a decision under Minnesota Statutes, section 121A.49 that contains explicit instructions for filing the complaint;
2. provide an opportunity for involved parties to submit additional information related to the complaint;
3. provide a procedure to begin to investigate complaints within three school days of receipt, and identify personnel who will manage the investigation and any resulting record and are responsible for keeping and regulating access to any record;
4. provide procedures for issuing a written determination to the complainant that addresses each allegation and contains findings and conclusions;
5. if the investigation finds the requirements of Minnesota Statutes, sections 121A.40 to 121A.61, including any local policies that were not implemented appropriately, contain procedures that require a corrective action plan to correct a student's record and provide relevant staff with training, coaching, or other accountability practices to ensure appropriate compliance with policies in the future; and
6. prohibit reprisals or retaliation against any person who asserts, alleges, or reports a complaint, and provide procedures for applying appropriate consequences for a person who engages in reprisal or retaliation.

### **XIX. DISTRIBUTION OF POLICY**

The school district will notify students and parents of the existence and contents of this policy in such manner as it deems appropriate. Copies of this discipline policy shall be made available to all students and parents at the commencement of each school year and to all new students and parents upon enrollment. This policy shall also be available upon request in each principal's office.

### **XX. REVIEW OF POLICY**

The principal and representatives of parents, students and staff in each school building shall confer at least annually to review this discipline policy, determine if the policy is working as intended, and to assess whether the discipline policy has been enforced. Any recommended changes shall be submitted to the superintendent for consideration by the school board, which shall conduct an annual review of this policy.

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

Minn. Stat. § 120B.02 (Educational Expectations and Graduation Requirements for Minnesota Students)  
 Minn. Stat. § 120B.232 (Character Development Education)  
 Minn. Stat. § 121A.26 (School Preassessment Teams)  
 Minn. Stat. § 121A.29 (Reporting; Chemical Abuse)  
 Minn. Stat. §§ 121A.40-121A.56 (Pupil Fair Dismissal Act)  
 Minn. Stat. § 121A.575 (Alternatives to Pupil Suspension)  
 Minn. Stat. § 121A.58 (Corporal Punishment; Prone Restraint; And Certain Physical Holds)  
 Minn. Stat. § 121A.582 (Student Discipline; Reasonable Force)  
 Minn. Stat. §§ 121A.60 (Definitions)  
 Minn. Stat. § 121A.61 (Discipline and Removal of Students from Class)  
 Minn. Stat. § 121A.611 (Recess and Other Breaks)  
 Minn. Stat. § 122A.42 (General Control of Schools)  
 Minn. Stat. § 123A.05 (State-Approved Alternative Program Organization)  
 Minn. Stat. § 124D.03 (Enrollment Options Program)  
 Minn. Stat. § 124D.08 (School Boards' Approval to Enroll in Nonresident District; Exceptions)  
 Minn. Stat. Ch. 125A (Special Education and Special Programs)  
 Minn. Stat. § 152.22, Subd. 6 (Definitions)  
 Minn. Stat. § 152.23 (Limitations)  
 Minn. Stat. Ch. 260A (Truancy)  
 Minn. Stat. Ch. 260C (Juvenile Safety and Placement)  
 20 U.S.C. §§ 1400-1487 (Individuals with Disabilities Education Act)  
 29 U.S.C. § 794 *et seq.* (Rehabilitation Act of 1973, § 504)  
 34 C.F.R. § 300.530(e)(1) (Manifestation Determination)

**Cross References:**

MSBA/MASA Model Policy 413 (Harassment and Violence)  
 MSBA/MASA Model Policy 419 (Tobacco-Free Environment; Possession and Use of Tobacco, Tobacco-Related Devices, and Electronic Delivery Devices; [Vaping Awareness and Prevention Instruction](#))  
 MSBA/MASA Model Policy 501 (School Weapons)  
 MSBA/MASA Model Policy 502 (Search of Student Lockers, Desks, Personal Possessions, and Student's Person)  
 MSBA/MASA Model Policy 503 (Student Attendance)  
 MSBA/MASA Model Policy 505 (Distribution of Nonschool-Sponsored Materials on School Premises by Students and Employees)  
 MSBA/MASA Model Policy 507.5 (School Resource Officers)  
 MSBA/MASA Model Policy 514 (Bullying Prohibition Policy)  
 MSBA/MASA Model Policy 524 (Internet Acceptable Use and Safety Policy)  
 MSBA/MASA Model Policy 525 (Violence Prevention)  
 MSBA/MASA Model Policy 526 (Hazing Prohibition)  
 MSBA/MASA Model Policy 527 (Student Use and Parking of Motor Vehicles; Patrols, Inspections, and Searches)  
 MSBA/MASA Model Policy 610 (Field Trips)  
 MSBA/MASA Model Policy 709 (Student Transportation Safety Policy)  
 MSBA/MASA Model Policy 711 (Video Recording on School Buses)  
 MSBA/MASA Model Policy 712 (Video Surveillance Other Than on Buses)

# STUDENTS

## Student Discipline

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### I. PURPOSE

North Branch Area Public Schools recognizes that appropriate school behavior is critical to academic success and sustaining a safe and caring learning community. It is also the intention of this policy to ensure a safe and orderly learning environment for all students and a safe working environment for staff. Effective teaching of school appropriate behavior is the responsibility of the adults in every school. Effective school discipline includes the establishment of high standards of behavior, school cultures of respect and acceptance, instruction in appropriate behavior, time for students to learn appropriate behavior, and fair and proportionate consequences for failure to meet behavior expectations. Students share in the responsibility to uphold and respect the high standards of school behavior that contribute to the ability of all to learn. Effective discipline maximizes the amount of student and staff time and attention spent on teaching and learning and minimizes the amount of student and staff time and attention directed toward behavior that disrupts the learning process. The District looks to parents/guardians and families to partner in the teaching, learning and supporting of appropriate school behavior to maximize the academic success of their students. Effective discipline considers the age and development of the student in framing the instruction in appropriate behavior and the consequences for misbehavior. Effective discipline is educational, not punitive. Effective discipline includes building relationships, repair of harm and restoring relationships and restorative practices to re-engage students in their learning community. This discipline policy is adopted in accordance with and subject to the Minnesota Pupil Fair Dismissal Act, Minnesota Statutes sections 121A.40 through 121A.56.

### II. GENERAL STATEMENT OF POLICY

The school board recognizes that individual responsibility and mutual respect are essential components of the educational process. The school board further recognizes that nurturing the maturity of each student is of primary importance and is closely linked with the balance that must be maintained between authority and self-discipline as the individual progresses from a child's dependence on authority to the more mature behavior of self-control.

All students are entitled to learn and develop in a setting which promotes respect of self, others, and property. Proper positive discipline can only result from an environment which provides options and stresses student self-direction, decision-making, and responsibility. Schools can function effectively only with internal discipline based on mutual understanding of rights and responsibilities.

Students must conduct themselves in an appropriate manner that maintains a climate in which learning can take place. Overall decorum affects student attitudes and influences student behavior. Proper student conduct is necessary to facilitate the education process and to create an atmosphere conducive to high student achievement.

Although this policy emphasizes the development of self-discipline, it is recognized that there are instances when it will be necessary to administer disciplinary measures. The position of the school district is that a

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#### North Branch Independent School District No. 138: Policy #506-NB

**Adopted:** 2/12/98

**Replaced:** Policy #5144 Student Discipline Policy (Student); Policy # 5114 Suspension-Expulsion-Age of Majority (Student); and Policy #5115 Detention (Student)

**Last Reviewed:** 10/10/2024, (2025)

**Revised:** 5/5/03, 6/10/04, 9/8/11, 7/10/14, 3/10/16, 6/8/17, 12/13/18, 8/27/20, 12/8/22, 8/10/23, (2025)

**Effective:** 6/10/04, 9/8/11, 7/10/14, 3/10/16, 6/8/17, 12/13/18, 8/27/20, 12/8/22, 8/10/23, (2025)

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fair and equitable district-wide student discipline policy will contribute to the quality of the student's educational experience. This discipline policy is adopted in accordance with and subject to the Minnesota Pupil Fair Dismissal Act, Minnesota Statutes, sections 121A.40-121A.56.

In view of the foregoing and in accordance with Minnesota Statutes, section 121A.55, the school board, with the participation of school district administrators, teachers, employees, students, parents, community members, and such other individuals and organizations as appropriate, has developed this policy which governs student conduct and applies to all students of the school district.

### III. DEFINITIONS

- A. "Nonexclusionary disciplinary policies and practices" means policies and practices that are alternatives to dismissing a pupil from school, including but not limited to evidence-based positive behavior interventions and supports, social and emotional services, school-linked mental health services, counseling services, social work services, academic screening for Title 1 services or reading interventions, and alternative education services. Nonexclusionary disciplinary policies and practices include but are not limited to the policies and practices under Minnesota Statutes, sections 120B.12; 121A.575, clauses (1) and (2); 121A.031, subdivision 4, paragraph (a), clause (1); 121A.61, subdivision 3, paragraph (r); and 122A.627, clause (3).
- B. "Pupil withdrawal agreement" means a verbal or written agreement between a school administrator or district administrator and a pupil's parent to withdraw a student from the school district to avoid expulsion or exclusion dismissal proceedings. The duration of the withdrawal agreement cannot be for more than a 12-month period.

### IV. POLICY

- A. The school board must establish uniform criteria for dismissal and adopt written policies and rules to effectuate the purposes of the Minnesota Pupil Fair Dismissal Act. The policies must include nonexclusionary disciplinary policies and practices consistent with Minnesota Statutes, section 121A.41, subdivision 12, and must emphasize preventing dismissals through early detection of problems. The policies must be designed to address students' inappropriate behavior from recurring.
- B. The policies must recognize the continuing responsibility of the school for the education of the pupil during the dismissal period.
- C. The school is responsible for ensuring that alternative educational services, if the pupil wishes to take advantage of them, must be adequate to allow the pupil to make progress toward meeting the graduation standards adopted under Minnesota Statutes, section [120B.02](#) and help prepare the pupil for readmission in accordance with section Minnesota Statutes, section 121A.46, subdivision 5.

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- D. For expulsion and exclusion dismissals and pupil withdrawal agreements as defined in Minnesota Statutes, section 121A.41, subdivision 13:
1. for a pupil who remains enrolled in the school district or is awaiting enrollment in a new district, the school district's continuing responsibility includes reviewing the pupil's schoolwork and grades on a quarterly basis to ensure the pupil is on track for readmission with the pupil's peers. The school district must communicate on a regular basis with the pupil's parent or guardian to ensure that the pupil is completing the work assigned through the alternative educational services as defined in Minnesota Statutes, section 121A.41, subdivision 11. These services are required until the pupil enrolls in another school or returns to the same school;
  2. a pupil receiving school-based or school-linked mental health services in the school district under Minnesota Statutes, section 245.4889 continues to be eligible for those services until the pupil is enrolled in a new district; and
  3. the school district must provide to the pupil's parent or guardian information on accessing mental health services, including any free or sliding fee providers in the community. The information must also be posted on the school district website.

## V. AREAS OF RESPONSIBILITY

- A. The School Board. The school board holds all school personnel responsible for the maintenance of order within the school district and supports all personnel acting within the framework of this discipline policy.
- B. Superintendent. The superintendent shall establish guidelines and directives to carry out this policy, hold all school personnel, students, and parents responsible for conforming to this policy, and support all school personnel performing their duties within the framework of this policy. The superintendent shall also establish guidelines and directives for using the services of appropriate agencies for assisting students and parents. Any guidelines or directives established to implement this policy shall be submitted to the school board for approval and shall be attached as an addendum to this policy.
- C. Principal. The school principal is given the responsibility and authority to formulate building rules and regulations necessary to enforce this policy, subject to final school board approval. The principal shall give direction and support to all school personnel performing their duties within the framework of this policy. The principal shall consult with parents of students conducting themselves in a manner contrary to the policy. The principal shall also involve other professional employees in the disposition of Behavior referrals and shall make use of those agencies appropriate for assisting students and parents. A principal, in exercising his or her lawful authority, may use reasonable force when it is necessary under the circumstances to restrain a

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### North Branch Independent School District No. 138: Policy #506-NB

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**Last Reviewed:** 10/10/2024, (2025)

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## Student Discipline

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student to prevent imminent bodily harm or death to the student or another.

- D. Teachers. All teachers shall be responsible for providing a well-planned teaching/learning environment and shall have primary responsibility for student conduct, with appropriate assistance from the administration. All teachers shall enforce the Code of Student Conduct. In exercising the teacher's lawful authority, a teacher may use reasonable force when it is necessary under the circumstances to restrain a student to prevent imminent bodily harm or death to the student or another.
- E. Other School District Personnel. All school district personnel shall be responsible for contributing to the atmosphere of mutual respect within the school. Their responsibilities relating to student behavior shall be as authorized and directed by the superintendent. A school employee, school bus driver, or other agent of a school district, in exercising his or her lawful authority, may use reasonable force when it is necessary under the circumstances to restrain a student to prevent bodily harm or death to the student or another.

For the purpose of Minnesota Statutes, section 121A.582 (Student Discipline; Reasonable Force), a school resource officer, as defined in Minnesota Statutes, section 626.8482, subdivision 1, paragraph (c) is not a school employee or agent of the district.

- F. Parents or Legal Guardians. Parents and guardians shall be held responsible for the behavior of their children as determined by law and community practice. They are expected to cooperate with school authorities and to participate regarding the behavior of their children.
- G. Students. All students shall be held individually responsible for their behavior and for knowing and obeying the Code of Student Conduct and this policy.
- H. Community Members. Members of the community are expected to contribute to the establishment of an atmosphere in which rights and duties are effectively acknowledged and fulfilled.
- I. Reasonable Force Reports
1. The school district must report data on its use of any reasonable force used on a student with a disability to correct or restrain the student to prevent imminent bodily harm or death to the student or another that is consistent with the definition of physical holding under Minnesota Statutes, section 125A.0941, paragraph (c), as outlined in section 125A.0942, subdivision 3, paragraph (b).
  2. Beginning with the 2024-2025 school year, the school district must report annually by July 15, in a form and manner determined by the MDE Commissioner, data from the prior school year about any reasonable force used on a general education student to

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correct or restrain the student to prevent imminent bodily harm or death to the student or another that is consistent with the definition of physical holding under Minnesota Statutes, section 125A.0941, paragraph (c).

3. Any reasonable force used under Minnesota Statutes, sections 121A.582; 609.06, subdivision 1; and 609.379 which intends to hold a child immobile or limit a child's movement where body contact is the only source of physical restraint or confines a child alone in a room from which egress is barred shall be reported to the Minnesota Department of Education as a restrictive procedure, including physical holding or seclusion used by an unauthorized or untrained staff person.

### VI. STUDENT RIGHTS

All students have the right to an education and the right to learn.

### VII. STUDENT RESPONSIBILITIES

All students have the responsibility:

- A. For their behavior and for knowing and obeying all school rules, regulations, policies, and procedures;
- B. To attend school daily, except when excused, and to be on time to all classes and other school functions;
- C. To pursue and attempt to complete the courses of study prescribed by the state and local school authorities;
- D. To make necessary arrangements for making up work when absent from school;
- E. To assist the school staff in maintaining a safe school for all students;
- F. To be aware of all school rules, regulations, policies, and procedures, including those in this policy, and to conduct themselves in accord with them;
- G. To assume that until a rule or policy is waived, altered, or repealed, it is in full force and effect;
- H. To be aware of and comply with federal, state, and local laws;
- I. To volunteer information in disciplinary cases should they have any knowledge relating to such cases and to cooperate with school staff as appropriate;

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#### North Branch Independent School District No. 138: Policy #506-NB

**Adopted:** 2/12/98

**Replaced:** Policy #5144 Student Discipline Policy (Student); Policy # 5114 Suspension-Expulsion-Age of Majority (Student); and Policy #5115 Detention (Student)

**Last Reviewed:** 10/10/2024, (2025)

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- J. To respect and maintain the school's property and the property of others;
- K. To dress and groom in a manner which meets standards of safety and health and common standards of decency and which is consistent with applicable school district policy;
- L. To avoid inaccuracies in student newspapers or publications and refrain from indecent or obscene language;
- M. To conduct themselves in an appropriate physical or verbal manner; and
- N. To recognize and respect the rights of others.

### VIII. CODE OF STUDENT CONDUCT

- A. The following are examples of unacceptable behavior subject to disciplinary action by the school district. These examples are not intended to be an exclusive list. Any student who engages in any of these activities shall be disciplined in accordance with this policy. This policy applies to all school buildings, school grounds, and school property or property immediately adjacent to school grounds; school-sponsored activities or trips; school bus stops; school buses, school vehicles, school contracted vehicles, or any other vehicles approved for school district purposes; the area of entrance or departure from school premises or events; and all school-related functions, school-sponsored activities, events, or trips. School district property also may mean a student's walking route to or from school for purposes of attending school or school-related functions, activities, or events. While prohibiting unacceptable behavior subject to disciplinary action at these locations and events, the school district does not represent that it will provide supervision or assume liability at these locations and events. This policy also applies to any student whose conduct at any time or in any place interferes with or obstructs the mission or operations of the school district or the safety or welfare of the student, other students, or employees.
  - 1. Violations against property including, but not limited to, damage to or destruction of school property or the property of others, failure to compensate for damage or destruction of such property, arson, breaking and entering, theft, robbery, possession of stolen property, extortion, trespassing, unauthorized usage, or vandalism;
  - 2. The use of profanity or obscene language, or the possession of obscene materials;
  - 3. Gambling, including, but not limited to, playing a game of chance for stakes;
  - 4. Violation of the school district's Hazing Prohibition Policy;
  - 5. Attendance problems including, but not limited to, truancy, absenteeism, tardiness,

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- skipping classes, or leaving school grounds without permission;
6. Violation of the school district's Student Attendance Policy;
  7. Opposition to authority using physical force or violence;
  8. Using, possessing, or distributing tobacco, tobacco-related devices, electronic cigarettes, or tobacco paraphernalia in violation of the school district's Tobacco-Free Environment; Possession and Use of Tobacco, Tobacco-Related Devices, and Electronic Delivery Devices Policy;
  9. Using, possessing, distributing, intending to distribute, making a request to another person for (solicitation), or being under the influence of alcohol or other intoxicating substances or look-alike substances;
  10. Using, possessing, distributing, intending to distribute, making a request to another person for (solicitation), or being under the influence of narcotics, drugs, or other controlled substances (except as prescribed by a physician), or look-alike substances (these prohibitions include medical marijuana or medical cannabis, even when prescribed by a physician, and one student sharing prescription medication with another student);
  11. Using, possessing, or distributing items or articles that are illegal or harmful to persons or property including, but not limited to, drug paraphernalia;
  12. Using, possessing, or distributing weapons, or look-alike weapons or other dangerous objects;
  13. Violation of the school district's Weapons Policy;
  14. Violation of the school district's Violence Prevention Policy;
  15. Possession of ammunition including, but not limited to, bullets or other projectiles designed to be used in or as a weapon;
  16. Possession, use, or distribution of explosives or any compound or mixture, the primary or common purpose or intended use of which is to function as an explosive;
  17. Possession, use, or distribution of fireworks or any substance or combination of substances or article prepared for the purpose of producing a visible or an audible effect by combustion, explosion, deflagration or detonation;

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18. Using an ignition device, including a butane or disposable lighter or matches, inside an educational building and under circumstances where there is a risk of fire, except where the device is used in a manner authorized by the school;
19. Violation of any local, state, or federal law as appropriate;
20. Acts disruptive of the educational process, including, but not limited to, disobedience, disruptive or disrespectful behavior, defiance of authority, cheating, insolence, insubordination, failure to identify oneself, improper activation of fire alarms, or bomb threats;
21. Violation of the school district's Internet Acceptable Use and Safety Policy;
22. Use of a cell phone in violation of the school district's Internet Acceptable Use and Safety Policy;
23. Violation of school bus or transportation rules or the school district's Student Transportation Safety Policy;
24. Violation of parking or school traffic rules and regulations, including, but not limited to, driving on school property in such a manner as to endanger persons or property;
25. Violation of directives or guidelines relating to lockers or improperly gaining access to a school locker;
26. Violation of the school district's Search of Student Lockers, Desks, Personal Possessions, and Student's Person Policy;
27. Violation of the school district's Student Use and Parking of Motor Vehicles; Patrols, Inspections, and Searches Policy;
28. Possession or distribution of slanderous, libelous, or pornographic materials;
29. Violation of the school district's Bullying Prohibition Policy;
30. Student attire or personal grooming which creates a danger to health or safety or creates a disruption to the educational process, including clothing which bears a message which is lewd, vulgar, or obscene, apparel promoting products or activities that are illegal for use by minors, or clothing containing objectionable emblems, signs, words, objects, or pictures communicating a message that is racist, sexist, or otherwise derogatory to a protected minority group or which connotes gang membership;

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31. Criminal activity;
32. Falsification of any records, documents, notes, or signatures;
33. Tampering with, changing, or altering records or documents of the school district by any method including, but not limited to, computer access or other electronic means;
34. Scholastic dishonesty which includes, but is not limited to, cheating on a school assignment or test, plagiarism, or collusion, including the use of picture phones or other technology to accomplish this end;
35. Impertinent or disrespectful words, symbols, acronyms, or language, whether oral or written, related to teachers or other school district personnel;
36. Violation of the school district's Harassment and Violence Policy;
37. Actions, including fighting or any other assaultive behavior, which causes or could cause injury to the student or other persons or which otherwise endangers the health, safety, or welfare of teachers, students, other school district personnel, or other persons;
38. Committing an act which inflicts great bodily harm upon another person, even though accidental or a result of poor judgment;
39. Violations against persons, including, but not limited to, assault or threatened assault, fighting, harassment, interference or obstruction, attack with a weapon, or look-alike weapon, sexual assault, illegal or inappropriate sexual conduct, or indecent exposure;
40. Verbal assaults or verbally abusive behavior including, but not limited to, use of words, symbols, acronyms, or language, whether oral or written, that are discriminatory, abusive, obscene, threatening, intimidating, degrading to other people, or threatening to school property;
41. Physical or verbal threats including, but not limited to, the staging or reporting of dangerous or hazardous situations that do not exist;
42. Inappropriate, abusive, threatening, or demeaning actions based on race, color, creed, religion, sex, marital status, status with regard to public assistance, disability, national origin, or sexual orientation;
43. Violation of the school district's Distribution of Nonschool-Sponsored Materials on School Premises by Students and Employees Policy;

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44. Violation of the school district's one-to-one device rules and regulations;
45. Violation of school rules, regulations, policies, or procedures, including, but not limited to, those policies specifically enumerated in this policy;
46. Other acts, as determined by the school district, which are disruptive of the educational process or dangerous or detrimental to the student or other students, school district personnel or surrounding persons, or which violate the rights of others or which damage or endanger the property of the school, or which otherwise interferes with or obstruct the mission or operations of the school district or the safety or welfare of students or employees.

### IX. RECESS AND OTHER BREAKS (Minnesota Statutes, section 121A.611)

- A. "Recess detention" means excluding or excessively delaying a student from participating in a scheduled recess period as a consequence for student behavior. Recess detention does not include, among other things, providing alternative recess at the student's choice.
- B. The school district is encouraged to ensure student access to structured breaks from the demands of school and to support teachers, principals, and other school staff in their efforts to use evidence-based approaches to reduce exclusionary forms of discipline.
- C. The school district must not use recess detention unless:
  1. a student causes or is likely to cause serious physical harm to other students, staff, or self;
  2. the student's parent or guardian specifically consents to the use of recess detention; or
  3. for students receiving special education services, the student's individualized education program team has determined that withholding recess is appropriate based on the individualized needs of the student.
- D. The school district must not withhold recess from a student based on incomplete schoolwork.
- E. The school district must require school staff to make a reasonable attempt to notify a parent or guardian within 24 hours of using recess detention.
- F. The school district must compile information on each recess detention at the end of each school year, including the student's age, grade, gender, race or ethnicity, and special education status.

This information must be available to the public upon request. The school district is encouraged

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to use the data in professional development promoting the use of nonexclusionary discipline.

- G. The school district must not withhold or excessively delay a student's participation in scheduled mealtimes. This section does not alter a district or school's existing responsibilities under Minnesota Statutes, section 124D.111 or other state or federal law.

### X. DISCIPLINARY ACTION OPTIONS

The general policy of the school district is to utilize progressive discipline to the extent reasonable and appropriate based upon the specific facts and circumstances of student misconduct. The specific form of discipline chosen in a particular case is solely within the discretion of the school district. At a minimum, violation of school district code of conduct, rules, regulations, policies, or procedures will result in discussion of the violation and a verbal warning. The school district shall, however, impose more severe disciplinary sanctions for any violation, including exclusion or expulsion, if warranted by the student's misconduct, as determined by the school district. Disciplinary action may include, but is not limited to, one or more of the following:

- A. Student conference with teacher, principal, counselor, or other school district personnel, and verbal warning;
- B. Confiscation by school district personnel and/or by law enforcement of any item, article, object, or thing, prohibited by, or used in the violation of, any school district policy, rule, regulation, procedure, or state or federal law. If confiscated by the school district, the confiscated item, article, object, or thing will be released only to the parent/guardian following the completion of any investigation or disciplinary action instituted or taken related to the violation.
- C. Parent contact;
- D. Parent conference;
- E. Removal from class;
- F. In-school suspension;
- G. Suspension from extracurricular activities;
- H. Detention or restriction of privileges;
- I. Loss of school privileges;
- J. In-school monitoring or revised class schedule;

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- K. Referral to in-school support services;
- L. Referral to community resources or outside agency services;
- M. Financial restitution;
- N. Referral to police, other law enforcement agencies, or other appropriate authorities;
- O. A request for a petition to be filed in district court for juvenile delinquency adjudication;
- P. Out-of-school suspension under the Pupil Fair Dismissal Act;
- Q. Preparation of an admission or readmission plan;
- R. Saturday school;
- S. Expulsion under the Pupil Fair Dismissal Act;
- T. Exclusion under the Pupil Fair Dismissal Act; and/or
- U. Other disciplinary action as deemed appropriate by the school district.

### XI. REMOVAL OF STUDENTS FROM CLASS

- A. The teacher of record shall have the general control and government of the classroom. Teachers have the responsibility of attempting to modify disruptive student behavior by such means as conferring with the student, using positive reinforcement, assigning detention or other consequences, or contacting the student's parents. When such measures fail, or when the teacher determines it is otherwise appropriate based upon the student's conduct, the teacher shall have the authority to remove the student from class pursuant to the procedures established by this discipline policy. "Removal from class" and "removal" mean any actions taken by a teacher, principal, or other school district employee to prohibit a student from attending a class or activity period for a period of time not to exceed five (5) days, pursuant to this discipline policy.

Grounds for removal from class shall include any of the following:

1. Willful conduct that significantly disrupts the rights of others to an education, including conduct that interferes with a teacher's ability to teach or communicate effectively with students in a class or with the ability of other students to learn;
2. Willful conduct that endangers surrounding persons, including school district employees, the student or other students, or the property of the school;

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3. Willful violation of any school rules, regulations, policies or procedures, including the Code of Student Conduct in this policy; or
4. Other conduct, which in the discretion of the teacher or administration, requires removal of the student from class.

Such removal shall be for at least one (1) activity period or class period of instruction for a given course of study and shall not exceed five (5) such periods.

A student must be removed from class immediately if the student engages in assault or violent behavior. "Assault" is an act done with intent to cause fear in another of immediate bodily harm or death; or the intentional infliction of, or attempt to inflict, bodily harm upon another.

- B. If a student is removed from class more than ten (10) times in a school year, the school district shall notify the parent or guardian of the student's tenth removal from class and make reasonable attempts to convene a meeting with the student's parent or guardian to discuss the problem that is causing the student to be removed from class.

C. Procedures for Removal of a Student From a Class

1. The teacher or staff member will inform the student of expected behavior and allow the student a reasonable amount of time to correct his/her behavior. The teacher or staff member will determine if the student behavior requires removal of the student from class. If determined necessary, the student will be asked to leave the classroom by the teacher or staff member.
2. If the student refuses to follow a teacher or staff member's direction to leave the classroom, the office will be notified and the principal or designee will respond.
3. Details of the incident requiring removal from class will be provided to the principal or designee by the teacher or staff member initiating the removal as soon as possible following the occurrence.

D. Responsibility for and Custody of a Student Removed From Class

1. Each building in the school district will have a designated space that students will be directed to upon removal from class.
2. The teacher or staff member removing the student from class will make a decision as to whether or not the student needs to be accompanied.
3. Each building will have a discipline plan providing information as to the procedure the student follows while out of the class, and designation of who has control over and

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responsibility for a student after removal from class.

- E. Procedures for Return of a Student to a Class from Which the Student Was Removed
  - 1. Following a conference with the principal or his/her designee, the student will return to class based on the readmission plan developed by the principal or designee during the conference with the student.
- F. Procedures for Notifying a Student and The Student's Parents or Guardian of Violation of the Rules of Conduct and of Resulting Disciplinary Actions;
  - 1. Students and parents will be notified of rule violations and resulting disciplinary action through any of the following methods: a conference with the student, a phone call, a letter, an email, a copy of the referral form, or a conference with the parent, at the discretion of the principal or designee as appropriate for the severity of the infraction.
- G. Disabled Students; Special Provisions
  - 1. Procedures for students with disabilities will be determined by the IEP teams and will follow current IDEA rules and regulations, including due process.
- H. Procedures for Detecting and Addressing Chemical Abuse Problems of Students While on School Premises.
  - 1. Establishment of a chemical abuse preassessment team pursuant to Minnesota Statutes section 121A.26; and
  - 2. Establishment of teacher reporting procedures to the chemical abuse preassessment team pursuant to Minnesota Statutes section 121A.29.
- I. Procedures for Immediate and Appropriate Interventions Tied to Violations of the Code of Student Conduct
  - 1. The principal or his/her designee has discretion in assigning appropriate consequences to students for violations of the code of student conduct, considering such things as the severity of the infraction and the student's previous history of violations of the code of conduct.
- J. Any Procedures Determined Appropriate for Encouraging Early Involvement of Parents or Guardians in Attempts to Improve a Student's Behavior
  - 1. Parents will be notified of infractions of the student code of conduct that result in the student being referred to the principal or his/her designee. Each building will maintain

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adequate records of documented behaviors and interventions for each student.

- K. Any Procedures Determined Appropriate for Encouraging Early Detection of Behavioral Problems
  - 1. Each building will have a Student Assistance Team that will be designed to promote early intervention practices in the classroom and school when staff and/or parents have indicated a concern.
- L. Any Procedures Determined Appropriate for Encouraging Early Detection of Behavioral Problems.
- M. Any Procedures Determined Appropriate for Referring a Student in Need of Special Education Services to Those Services;
- N. Any Procedures Determined Appropriate for Ensuring Victims of Bullying who Respond with Behavior not Allowed under the School's Behavior Policies have Access to a Remedial Response, Consistent with Minnesota Statutes, section 121A.031;

## XII. DISMISSAL

- A. "Dismissal" means the denial of the current educational program to any student, including exclusion, expulsion, and suspension. Dismissal does not include removal from class.

The school district shall not deny due process or equal protection of the law to any student involved in a dismissal proceeding which may result in suspension, exclusion or expulsion.

The school district shall not dismiss any student without attempting to use nonexclusionary disciplinary policies and procedures before dismissal proceedings or pupil withdrawal agreements, except where it appears that the student will create an immediate and substantial danger to self or to surrounding persons or property.
- B. Violations leading to suspension, based upon severity, may also be grounds for actions leading to expulsion, and/or exclusion. A student may be dismissed on any of the following grounds:
  - 1. Willful violation of any reasonable school board regulation, including those found in this policy;
  - 2. Willful conduct that significantly disrupts the rights of others to an education, or the ability of school personnel to perform their duties, or school sponsored extracurricular activities; or
  - 3. Willful conduct that endangers the student or other students, or surrounding persons,

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including school district employees, or property of the school.

### C. Disciplinary Dismissals Prohibited

1. A pupil enrolled in the following is not subject to dismissals under the Pupil Fair Dismissal Act:
  - a. a preschool or prekindergarten program, including an early childhood family education, school readiness, voluntary prekindergarten, Head Start, or other school-based preschool or prekindergarten program; or
  - b. kindergarten through Grade 3.
2. This section does not apply to a dismissal from school for less than one school day, except as provided under Minnesota Statutes, chapter 125A and federal law for a student receiving special education services.
3. Notwithstanding this section, expulsions and exclusions may be used only after resources outlined under nonexclusionary discipline have been exhausted, and only in circumstances where there is an ongoing serious safety threat to the child or others.

### D. Suspension Procedures

1. "Suspension" means an action by the school administration, under rules promulgated by the school board, prohibiting a student from attending school for a period of no more than ten (10) school days; provided, however, if a suspension is longer than five (5) school days, the suspending administrator shall provide the superintendent with a reason for the longer term of suspension. This definition does not apply to dismissal for one (1) school day or less where a student with a disability does not receive regular or special education instruction during that dismissal period.
2. School administration must allow a suspended pupil the opportunity to complete all school work assigned during the period of the pupil's suspension and to receive full credit for satisfactorily completing the assignments. The school principal or other person having administrative control of the school building or program is encouraged to designate a district or school employee as a liaison to work with the pupil's teachers to allow the suspended pupil to (1) receive timely course materials and other information, and (2) complete daily and weekly assignments and receive teachers' feedback.
3. If a student's total days of removal from school exceed ten (10) cumulative days in a school year, the school district shall make reasonable attempts to convene a meeting with the student and the student's parent or guardian before subsequently removing the student from school and, with the permission of the parent or guardian, arrange for a

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#### North Branch Independent School District No. 138: Policy #506-NB

**Adopted:** 2/12/98

**Replaced:** Policy #5144 Student Discipline Policy (Student); Policy # 5114 Suspension-Expulsion-Age of Majority (Student); and Policy #5115 Detention (Student)

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mental health screening for the student at the parent or guardian's expense. The purpose of this meeting is to attempt to determine the student's need for assessment or other services or whether the parent or guardian should have the student assessed or diagnosed to determine whether the student needs treatment for a mental health disorder.

4. The definition of suspension under Minnesota Statutes, section 121A.41, subdivision 10, does not apply to a student's dismissal from school for one school day or less, except as provided under federal law for a student with a disability. Each suspension action may include a readmission plan. The plan shall include, where appropriate, a provision for implementing alternative educational services upon readmission which must not be used to extend the current suspension. A readmission plan must not obligate a parent or guardian to provide psychotropic drugs to their student as a condition of readmission. School administration must not use the refusal of a parent or guardian to consent to the administration of psychotropic drugs to their student or to consent to a psychiatric evaluation, screening, or examination of the student as a ground, by itself, to prohibit the student from attending class or participating in a school-related activity, or as a basis of a charge of child abuse, child neglect, or medical or educational neglect. The school administration may not impose consecutive suspensions against the same student for the same course of conduct, or incident of misconduct, except where the student will create an immediate and substantial danger to self or to surrounding persons or property or where the school district is in the process of initiating an expulsion, in which case the school administration may extend the suspension to a total of fifteen (15) days.
5. A child with a disability may be suspended. When a child with a disability has been suspended for more than five (5) consecutive days or ten (10) cumulative school days in the same year, and that suspension does not involve a recommendation for expulsion or exclusion or other change in placement under federal law, relevant members of the child's IEP team, including at least one of the child's teachers, shall meet and determine the extent to which the child needs services in order to continue to participate in the general education curriculum, although in another setting, and to progress toward meeting the goals in the child's IEP. That meeting must occur as soon as possible, but no more than ten (10) days after the sixth (6<sup>th</sup>) consecutive day of suspension or the tenth (10<sup>th</sup>) cumulative day of suspension has elapsed.
6. Alternative education services must be provided to a pupil who is suspended for more than five (5) consecutive school days. Alternative educational services may include, but are not limited to, special tutoring, modified curriculum, modified instruction, other modifications or adaptations, instruction through electronic media, special education services as indicated by appropriate assessments, homebound instruction, supervised homework, or enrollment in another district or in an alternative learning center under Minnesota Statutes, section 123A.05 selected to allow the student to progress toward meeting graduation standards under Minnesota Statutes, section 120B.02, although in North Branch Independent School District No. 138: Policy #506-NB

**Adopted:** 2/12/98

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- a different setting.
7. The school administration shall not suspend a student from school without an informal administrative conference with the student. The informal administrative conference shall take place before the suspension, except where it appears that the student will create an immediate and substantial danger to self or to surrounding persons or property, in which case the conference shall take place as soon as practicable following the suspension. At the informal administrative conference, a school administrator shall notify the student of the grounds for the suspension, provide an explanation of the evidence the authorities have, and the student may present the student's version of the facts. A separate administrative conference is required for each period of suspension.
  8. After school administration notifies a student of the grounds for suspension, school administration may, instead of imposing the suspension, do one or more of the following:
    - a. strongly encourage a parent or guardian of the student to attend school with the student for one day;
    - b. assign the student to attend school on Saturday as supervised by the principal or the principal's designee; and
    - c. petition the juvenile court that the student is in need of services under Minnesota Statutes chapter 260C.
  9. A written notice containing the grounds for suspension, a brief statement of the facts, a description of the testimony, a readmission plan, and a copy of the Minnesota Pupil Fair Dismissal Act, Minnesota Statutes, sections 121A.40-121A.56, shall be personally served upon the student at or before the time the suspension is to take effect, and upon the student's parent or guardian by mail within forty-eight (48) hours of the conference. (See attached sample Notice of Suspension.)
  10. The school administration shall make reasonable efforts to notify the student's parent or guardian of the suspension by telephone as soon as possible following suspension.
  11. In the event a student is suspended without an informal administrative conference on the grounds that the student will create an immediate and substantial danger to surrounding persons or property, the written notice shall be served upon the student and the student's parent or guardian within forty-eight (48) hours of the suspension. Service by mail shall be complete upon mailing.
  12. Notwithstanding the foregoing provisions, the student may be suspended pending the school board's decision in an expulsion or exclusion proceeding, provided that

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alternative educational services are implemented to the extent that suspension exceeds five (5) consecutive school days.

### E. Expulsion and Exclusion Procedures

1. "Expulsion" means a school board action to prohibit an enrolled student from further attendance for up to twelve (12) months from the date the student is expelled. The authority to expel rests with the school board.
2. "Exclusion" means an action taken by the school board to prevent enrollment or re-enrollment of a student for a period that shall not extend beyond the school year. The authority to exclude rests with the school board.
3. All expulsion and exclusion proceedings will be held pursuant to and in accordance with the provisions of the Minnesota Pupil Fair Dismissal Act, Minnesota Statutes, sections 121A.40-121A.56.
4. No expulsion or exclusion shall be imposed without a hearing, unless the right to a hearing is waived in writing by the student and parent or guardian.
5. The student and parent or guardian shall be provided written notice of the school district's intent to initiate expulsion or exclusion proceedings. This notice shall be served upon the student and his or her parent or guardian personally or by mail, and shall contain a complete statement of the facts; a list of the witnesses and a description of their testimony; state the date, time and place of hearing; be accompanied by a copy of the Pupil Fair Dismissal Act, Minnesota Statutes, sections 121A.40-121A.56; describe the nonexclusionary disciplinary practices accorded the student in an attempt to avoid the expulsion proceedings; and inform the student and parent or guardian of their right to: (1) have a representative of the student's own choosing, including legal counsel at the hearing; (2) examine the student's records before the hearing; (3) present evidence; and (4) confront and cross-examine witnesses. The school district must advise the student's parent or guardian that free or low-cost legal assistance may be available and that a legal assistance resource list is available from the Minnesota Department of Education (MDE) and is posted on its website.
6. The hearing shall be scheduled within ten (10) days of the service of the written notice unless an extension, not to exceed five (5) days, is requested for good cause by the school district, student, parent, or guardian.
7. All hearings shall be held at a time and place reasonably convenient to the student, parent, or guardian and shall be closed, unless the student, parent, or guardian requests an open hearing.

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8. The school district shall record the hearing proceedings at district expense, and a party may obtain a transcript at its own expense.
9. The student shall have a right to a representative of the student's own choosing, including legal counsel, at the student's sole expense. The school district shall advise the student's parent or guardian that free or low-cost legal assistance may be available and that a legal assistance resource list is available from MDE. The school board may appoint an attorney to represent the school district in any proceeding.
10. If the student designates a representative other than the parent or guardian, the representative must have a written authorization from the student and the parent or guardian providing them with access to and/or copies of the student's records.
11. All expulsion or exclusion hearings shall take place before and be conducted by an independent hearing officer designated by the school district. The hearing shall be conducted in a fair and impartial manner. Testimony shall be given under oath and the hearing officer shall have the power to issue subpoenas and administer oaths.
12. At a reasonable time prior to the hearing, the student, parent or guardian, or authorized representative shall be given access to all school district records pertaining to the student, including any tests or reports upon which the proposed dismissal action may be based.
13. The student, parent or guardian, or authorized representative, shall have the right to compel the presence of any school district employee or agent or any other person who may have evidence upon which the proposed dismissal action may be based, and to confront and cross-examine any witnesses testifying for the school district.
14. The student, parent or guardian, or authorized representative, shall have the right to present evidence and testimony, including expert psychological or educational testimony.
15. The student cannot be compelled to testify in the dismissal proceedings.
16. The hearing officer shall prepare findings and a recommendation based solely upon substantial evidence presented at the hearing, which must be made to the school board and served upon the parties within two (2) days after the close of the hearing.
17. The school board shall base its decision upon the findings and recommendation of the hearing officer and shall render its decision at a meeting held within five (5) days after receiving the findings and recommendation. The school board may provide the parties with the opportunity to present exceptions and comments to the hearing officer's findings

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and recommendation provided that neither party presents any evidence not admitted at the hearing. The decision by the school board must be based on the record, must be in writing, and must state the controlling facts on which the decision is made in sufficient detail to apprise the parties and the Commissioner of the Minnesota Department of Education (Commissioner) of the basis and reason for the decision.

18. A party to an expulsion or exclusion decision made by the school board may appeal the decision to the Commissioner within twenty-one (21) calendar days of school board action pursuant to Minnesota Statutes section 121A.49. The decision of the school board shall be implemented during the appeal to the Commissioner.
19. The school district shall report any suspension, expulsion or exclusion action taken to the appropriate public service agency, when the student is under the supervision of such agency.
20. The school district must report, through the MDE electronic reporting system, each expulsion or exclusion within thirty (30) days of the effective date of the action to the Commissioner. This report must include a statement of alternative educational services given the student and the reason for, the effective date, and the duration of the exclusion or expulsion. The report must also include the student's age, grade, gender, race, and special education status. The dismissal report must include state student identification numbers of affected students.
21. Whenever a student fails to return to school within ten (10) school days of the termination of dismissal, a school administrator shall inform the student and his/her parent or guardian by mail of the student's right to attend and to be reinstated in the school district.

### XIII. ADMISSION OR READMISSION PLAN

A school administrator must prepare and enforce an admission or readmission plan for any student who is excluded or expelled from school. The plan must include measures to improve the student's behavior, which may include completing a character education program consistent with Minnesota Statutes, section 120B.232, subdivision 1, social and emotional learning, counseling, social work services, mental health services, referrals for special education or 504 evaluation, and evidence-based academic interventions. The plan must include reasonable attempts to obtain parental involvement in the admission or readmission process, and may indicate the consequences to the student of not improving the student's behavior. The readmission plan must not obligate parents to provide a sympathomimetic medication for their child as a condition of readmission.

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### XIV. NOTIFICATION OF POLICY VIOLATIONS

Notification of any violation of this policy and resulting disciplinary action shall be as provided herein, or as otherwise provided by the Pupil Fair Dismissal Act or other applicable law. The teacher, principal or other school district official may provide additional notification as deemed appropriate.

In addition, the school district must report, through the MDE electronic reporting system, each exclusion or expulsion, each physical assault of a school district employee by a pupil, and each pupil withdrawal agreement within thirty (30) days of the effective date of the dismissal action, pupil withdrawal, or assault, to the MDE Commissioner. This report must include a statement of the nonexclusionary disciplinary practices, or other sanction, intervention, or resolution in response to the assault given to the pupil and the reason for, the effective date, and the duration of the exclusion or expulsion or other sanction, intervention, or resolution. The report must also include the pupil's age, grade, gender, race, and special education status.

### XV. STUDENT DISCIPLINE RECORDS

The policy of the school district is that complete and accurate student discipline records be maintained. The collection, dissemination, and maintenance of student discipline records shall be consistent with applicable school district policies and federal and state law, including the Minnesota Government Data Practices Act, Minnesota Statutes chapter 13.

### XVI. STUDENTS WITH DISABILITIES

Students who are currently identified as eligible under the IDEA or Section 504 will be subject to the provisions of this policy, unless the student's IEP or 504 plan specifies a necessary modification.

Before initiating an expulsion or exclusion of a student with a disability, relevant members of the child's IEP team and the child's parent shall, consistent with federal law, conduct a manifestation determination and determine whether the child's behavior was (i) caused by or had a direct and substantial relationship to the child's disability and (ii) whether the child's conduct was a direct result of a failure to implement the child's IEP. If the student's educational program is appropriate and the behavior is not a manifestation of the student's disability, the school district will proceed with discipline – up to and including expulsion – as if the student did not have a disability, unless the student's educational program provides otherwise. If the team determines that the behavior subject to discipline is a manifestation of the student's disability, the team shall conduct a functional behavioral assessment and implement a behavioral intervention plan for such student provided that the school district had not conducted such assessment prior to the manifestation determination before the behavior that resulted in a change of placement. Where a behavioral intervention plan previously has been developed, the team will review the behavioral intervention plan and modify it as necessary to address the behavior.

When a student who has an IEP is excluded or expelled for misbehavior that is not a manifestation of the

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student's disability, the school district shall continue to provide special education and related services during the period of expulsion or exclusion.

### XVII. OPEN ENROLLED STUDENTS

The school district may terminate the enrollment of a nonresident student enrolled under an Enrollment Option Program (Minnesota Statutes section 124D.03) or Enrollment in Nonresident District (Minnesota Statutes section 124D.08) at the end of a school year if the student meets the definition of a habitual truant, the student has been provided appropriate services for truancy (Minnesota Statutes chapter 260A), and the student's case has been referred to juvenile court. The school district may also terminate the enrollment of a nonresident student over the age of seventeen (17) enrolled under an Enrollment Options Program if the student is absent without lawful excuse for one or more periods on fifteen (15) school days and has not lawfully withdrawn from school.

### XVIII. DISCIPLINE COMPLAINT PROCEDURE

Students, parents and other guardians, and school staff may file a complaint and seek corrective action when the requirements of the Minnesota Pupil Fair Dismissal Act, including the implementation of the local behavior and discipline policies, are not being implemented appropriately or are being discriminately applied.

The Discipline Complaint Procedure must, at a minimum:

1. provide procedures for communicating this policy including the ability for a parent to appeal a decision under Minnesota Statutes, section 121A.49 that contains explicit instructions for filing the complaint;
2. provide an opportunity for involved parties to submit additional information related to the complaint;
3. provide a procedure to begin to investigate complaints within three school days of receipt, and identify personnel who will manage the investigation and any resulting record and are responsible for keeping and regulating access to any record;
4. provide procedures for issuing a written determination to the complainant that addresses each allegation and contains findings and conclusions;
5. if the investigation finds the requirements of Minnesota Statutes, sections 121A.40 to 121A.61, including any local policies that were not implemented appropriately, contain procedures that require a corrective action plan to correct a student's record and provide relevant staff with training, coaching, or other accountability practices to ensure appropriate compliance with policies in the future; and

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6. prohibit reprisals or retaliation against any person who asserts, alleges, or reports a complaint, and provide procedures for applying appropriate consequences for a person who engages in reprisal or retaliation.

### XIX. DISTRIBUTION OF POLICY

The school district will notify students and parents of the existence and contents of this policy in such manner as it deems appropriate. Copies of this discipline policy shall be made available to all students and parents at the commencement of each school year and to all new students and parents upon enrollment. This policy shall also be available upon request in each principal's office.

### XX. REVIEW OF POLICY

The principal and representatives of parents, students and staff in each school building shall confer at least annually to review this discipline policy, determine if the policy is working as intended, and to assess whether the discipline policy has been enforced. Any recommended changes shall be submitted to the superintendent for consideration by the school board, which shall conduct an annual review of this policy.

#### **Legal References:**

Minn. Stat. Ch. 13 (Minnesota Government Data Practices Act)  
Minn. Stat. § 120B.02 (Educational Expectations and Graduation Requirements for Minnesota Students)  
Minn. Stat. § 120B.232 (Character Development Education)  
Minn. Stat. § 121A.26 (School Preassessment Teams)  
Minn. Stat. § 121A.29 (Reporting; Chemical Abuse)  
Minn. Stat. §§ 121A.40-121A.56 (Pupil Fair Dismissal Act)  
Minn. Stat. § 121A.575 (Alternatives to Pupil Suspension)  
Minn. Stat. § 121A.582 (Student Discipline; Reasonable Force)  
Minn. Stat. §§ 121A.60 (Definitions)  
Minn. Stat. § 121A.61 (Discipline and Removal of Students from Class)  
Minn. Stat. § 122A.42 (General Control of Schools)  
Minn. Stat. § 123A.05 (State-Approved Alternative Program Organization)  
Minn. Stat. § 124D.03 (Enrollment Options Program)  
Minn. Stat. § 124D.08 (School Boards' Approval to Enroll in Nonresident District; Exceptions)  
Minn. Stat. Ch. 125A (Special Education and Special Programs)  
Minn. Stat. § 152.22, Subd. 6 (Definitions)  
Minn. Stat. § 152.23 (Limitations)  
Minn. Stat. Ch. 260A (Truancy)  
Minn. Stat. Ch. 260C (Juvenile Safety and Placement)  
20 U.S.C. §§ 1400-1487 (Individuals with Disabilities Education Act)  
29 U.S.C. § 794 *et seq.* (Rehabilitation Act of 1973, § 504)

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34 C.F.R. § 300.530(e)(1) (Manifestation Determination)

**Cross References:**

NB Policy 413 (Harassment and Violence)  
NB Policy 419 (Tobacco-Free Environment; Possession and Use of Tobacco, Tobacco-Related Devices, and Electronic Delivery Devices; Vaping Awareness and Prevention Instruction)  
NB Policy 501 (School Weapons)  
NB Policy 502 (Search of Student Lockers, Desks, Personal Possessions, and Student's Person)  
NB Policy 503-NB (Student Attendance)  
NB Policy 505-NB (Distribution of Nonschool-Sponsored Materials on School Premises by Students and Employees)  
NB Policy 514 (Bullying Prohibition Policy)  
NB Policy 524-NB (Internet Acceptable Use and Safety Policy)  
NB Policy 525 (Violence Prevention)  
NB Policy 526 (Hazing Prohibition)  
NB Policy 527 (Student Use and Parking of Motor Vehicles; Patrols, Inspections, and Searches)  
NB Policy 610 (Field Trips)  
NB Policy 709-NB (Student Transportation Safety Policy)  
NB Policy 711 (Video Recording on School Buses)  
NB Policy 712 (Video Surveillance Other Than on Buses)

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