

Independent School District 507 Regular
School Board Meeting
Wednesday, February 12, 2025 6:00 PM

1 Pine St, Nicollet, MN 56074, Community
Room
1 Pine St
Nicollet, MN 56074

Join Zoom Meeting

<https://us02web.zoom.us/j/8658971046?pwd=UTljNktqanFoMVhwYzNRTUtFNDkzQT09>

Meeting ID: 865 897 1046

Passcode: 136511

Agenda

{{Name: Agenda Item Name}}

1. CALL TO ORDER
2. ROLL CALL
3. VISITOR COMMENTS
The school board meeting is a meeting in the public, not a public meeting. Nicollet School Board Policy provides that persons who wish to have a subject discussed at a public school board meeting are encouraged to notify the superintendent's office in advance of the school board meeting. The school board chair will recognize one speaker at a time and will rule out of order other speakers who are not recognized, violations of data privacy, or inappropriate comments.
4. APPROVAL OF AGENDA
5. 2023-2024 AUDITOR PRESENTATION 4

Auditors Report - presented by BerganKDV / Jim Friehammer (attachment)
Questions from the Board
6. REPORTS AND PRESENTATION

6.a. Superintendent's Report 128

6.b. Principal's Report 132

6.c. Student Representative's Report 135

6.d. Board Committees' Reports
7. CONSENT AGENDA

7.a. Approval of Minutes 136

7.b. Approval of Bills in the amount of \$	140
7.c. Approval of Personnel Items	144
7.d. Accept Donations	145
8. POLICY ITEMS	146
8.a. Policy 524.5 PERSONAL ELECTRONIC COMMUNICATION DEVICES	149
The policy attached has been updated to include the required cell phone language policy. Policy 524.5 is an addition to Policy 524 Internet Acceptable Use and Safety	
8.b. Policy 515 PROTECTION AND PRIVACY OF PUPIL RECORDS	157
Policy 515 PROTECTION AND PRIVACY OF PUPIL RECORDS	
9. 2025-2026 CALENDAR	187
Superintendent recommends the school board adopt the attached 2025-2026 calendar as presented. The calendar meets the contract days for teachers, allows for staff development and improvement implementation, and provides the days required by law for student attendance. The superintendent also recommends the Board establish a procedure to create two calendar years of service beginning with the 2026-2027 and 2027-2028 to coincide with contract negotiations.	
10. TEACHER EARLY RETIREMENT INCENTIVE REQUEST	188
Jodi Murphy requested the Board consider early retirement application as allowed under MS 122A.48 in which a teacher who has at least 15 total years of full-time teaching service in elementary, secondary, and technical colleges... and has or will have attained the age of 55 years but less than 65 years as of the June 30 in the school year during which an application for an early retirement incentive is made. A teacher meeting the requirements of subdivision 1 may apply to the school board of the employing district for a contract termination of services, withdrawal from active teaching service, and payment of an early retirement incentive. This application must be submitted on or before February 1 of the school year at the end of which the teacher wishes to retire. A school board must approve or deny the application within 30 days after it is received by the board. Jodi Murphy submitted her application February 1, 2025 to Adam Erickson, Board Chair and Robin Courier, Superintendent. Adam Erickson directed Robin Courier to meet with Negotiations Board members Jill Martens and	

Abbi Carleton to review the application. Robin, Jill, and Abbi met Wednesday, February 5, 2025 7:20pm-9:00pm.

The Board negotiating team recommends approving Jodi Murphy's request for early retirement as defined in the attached agreement.

The Board negotiating team also recognizes that Jodi Murphy has the option to accept the agreement as written or choose to withdraw her request for early retirement.

11. BUSINESS MANAGER REQUESTS FOR APPROVAL

11.a. Approve Resolution for a Corporate Line of Credit in the amount of \$150,000/\$250,000 with ProGrowth Bank effective February 12, 2025 through February 12, 2026.

11.b. Remove and add authorized signers with ProGrowth. remove Mike Slater, add Jill Martens attached a copy of the corporate resolution that was done in July 2023.

12. Enrollment Task Force

The superintendent is recommending the Board approve the establishment of an Enrollment Growth Task Force led by Nancy Remmert K-8 Principal. We request approval of a beginning budget of \$10,000.

Purpose:

To promote and generate opportunities for open enrollment to Nicollet Public Schools.

To enhance current programming to support College in the School opportunities to retain Nicollet Secondary students who are college bound and to provide CIS opportunities to Open Enrolled Secondary students.

To build a promotional advertisement inviting attendance to Nicollet Public Schools.

To create a recommendation outlining transportation options for open enrolled students to attend Nicollet Public Schools.

13. ADJOURNMENT

**Independent School District No. 507
Nicollet, Minnesota**

Basic Financial Statements

June 30, 2024

**Independent School District No. 507
Table of Contents**

Board of Education and Administration	1
Independent Auditor's Report	3
Management's Discussion and Analysis	7
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	22
Statement of Activities	23
Fund Financial Statements	
Balance Sheet - Governmental Funds	24
Reconciliation of the Balance Sheet to the Statement of Net Position - Governmental Funds	26
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	27
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities - Governmental Funds	28
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	29
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Community Service Fund	30
Statement of Fiduciary Net Position	31
Statement of Changes in Fiduciary Net Position	31
Notes to Basic Financial Statements	33
Required Supplementary Information	
Schedule of Changes in Total OPEB Liability and Related Ratios	68
Schedule of District's and Non-Employer Proportionate Share of Net Pension Liability General Employees Retirement Fund	70
Schedule of District's and Non-Employer Proportionate Share of Net Pension Liability TRA Retirement Fund	70
Schedule of District Contributions General Employees Retirement Fund	71
Schedule of District Contributions TRA Retirement Fund	71
Notes to Required Supplementary Information	72
Supplementary Information	
Combining Balance Sheet - Nonmajor Governmental Funds	82
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds	83
Uniform Financial Accounting and Reporting Standards Compliance Table	84
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Basic Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	85

**Independent School District No. 507
Table of Contents**

Minnesota Legal Compliance	87
Schedule of Findings and Corrective Action Plans on Legal Compliance and Internal Control	88

**Independent School District No. 507
Board of Education and Administration
June 30, 2024**

<u>Board of Education</u>	<u>Position</u>	<u>Term Expires</u>
Adam Erickson	Chair	December 31, 2026
Scot Osborne	Vice-Chair	December 31, 2026
Mike Slater	Treasurer	December 31, 2024
Ashley Black	Clerk	December 31, 2024
Nick Thom	Director	December 31, 2024
Jill Martens	Director	December 31, 2026
 <u>Administration</u>		
Robin Courier	Superintendent	

(THIS PAGE LEFT BLANK INTENTIONALLY)



Independent Auditor's Report

To the School Board
Independent School District No. 507
Nicollet, Minnesota

Report on the Audit of the Financial Statements

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 507, Nicollet, Minnesota, as of and for the year ended June 30, 2024, and the related notes to the basic financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 507, as of June 30, 2024, and the respective changes in financial position, and the budgetary comparison for the General Fund and the Community Service Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Independent School District No. 507 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter - Implementation Guide No. 2021-1

The District has adopted new accounting guidance, Grouped Assets from Governmental Accounting Standards Board, (GASB) Implementation Guide 2021-1. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

The management of Independent School District No. 507 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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information identified in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

BerganKDV, Ltd.

St. Cloud, Minnesota
February 5, 2025

(THIS PAGE LEFT BLANK INTENTIONALLY)

Independent School District No. 507 Management's Discussion and Analysis

As management of the Independent School District No. 507 (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2024.

Financial Highlights

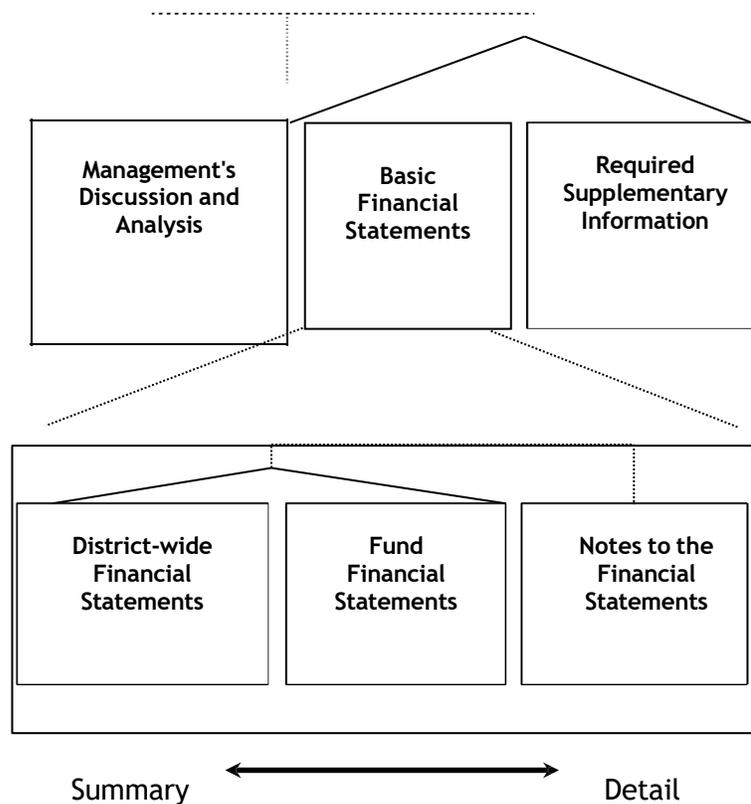
- The assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$2,228,599. Of this amount, the deficit of \$3,089,681 (unrestricted net position) primarily exists due to the recognition of long-term pension liabilities in accordance with GASB Statement No. 68 and other postemployment benefits in accordance with GASB Statement No. 75. The impact of recognition of GASB Statements No. 68 and 75 is \$3,022,125.
- The District's total net position increased by \$436,497 as compared to an increase of \$179,708 in the prior year. This change in net position is largely due to fund operations, capital asset addition and depreciation activity, debt payments and change in pension activity.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$414,291, a decrease of \$142,699 in comparison with the prior year. The main reason for this decrease is due to a number of components.
 - The General Fund budget had a balanced budget; however, budget projections were off as expenditures exceeded revenues by \$70K.
 - Food Service Fund Balance was reduced as the District completed its investment in capital improvements.
 - Community Service Fund Balance continues to decline due to the challenges of recruiting and retaining qualified daycare workers, while keeping costs as low as possible for families. The deficit budget was reduced from 137K in fiscal year 23 to 23K in fiscal year 24 but this still leaves fund 4 with a negative fund balance of 160,120. All the major components of Fund 4 had a surplus budget with the exception of the NECC daycare. This program had a deficit of 118K.

Independent School District No. 507 Management's Discussion and Analysis

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) District-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplemental information in addition to the basic financial statements themselves. The following chart shows how the various parts of this annual report are arranged and related to one another:

Organization of Independent School District No. 507 Annual Financial Report



**Independent School District No. 507
Management's Discussion and Analysis**

Overview of the Financial Statements (Continued)

The following chart summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements:

Major Features of the District-wide and Fund Financial Statements

	Fund Financial Statements		
	District-wide Statements	Governmental Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not fiduciary, such as special education and building maintenance	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balance 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of deferred outflows/inflows of resources information	All deferred outflows/inflows of resources, regardless of when cash is received or paid.	Only deferred outflows of resources expected to be used up and deferred inflows of resources that come due during the year or soon thereafter; no capital assets included	All deferred outflows/inflows of resources, regardless of when cash is received or paid
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

Independent School District No. 507 Management's Discussion and Analysis

Overview of the Financial Statements (Continued)

District-Wide Financial Statements. The *District-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

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

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

In the District-wide financial statements, the District activities are shown in one category titled "governmental activities":

- **Governmental Activities:** The District's basic services are reported here, including regular and special education, transportation, administration, food services, and community education. Property taxes and State aids finance most of these activities.

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

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the District-wide financial statements. However, unlike the District-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balances of *spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the District-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the District-wide financial statements. By doing so, readers may better understand the long-term impact by the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General fund, Debt Service fund, and Community Service fund, all of which are considered major funds.

Independent School District No. 507 Management's Discussion and Analysis

Overview of the Financial Statements (Continued)

Governmental Funds. (Continued) The District adopts an annual appropriated budget for its General fund, Food Service fund and Community Service fund. Budgetary comparison statements and schedules have been provided for these funds to demonstrate compliance with these budgets.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of students within the District. Fiduciary funds are not reflected in the District-wide financial statements because the resources of those funds are not available to support the District's own programs. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those student activities that the assets belong. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the Basic Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements.

Required Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Schedule of Changes in Total OPEB Liability and Related Ratios, Schedule of District's and Non-Employer Proportionate Share of Net Pension Liability General Employees Retirement Fund, Schedule of District's and Non-Employer Proportionate Share of Net Pension Liability TRA Retirement Fund, Schedule of District Contributions General Employees Retirement Fund, Schedule of District Contributions TRA Retirement Fund, and Notes to Required Supplementary Information.

District-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$2,228,599 at the close of the most recent fiscal year.

The largest portion of the District's net position reflects its investment in capital assets (e.g., land, buildings, machinery and equipment); less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Another portion of the District's net position reflects amounts restricted for food service and other purposes. These funds are to be used for the District's funded programs and activities.

**Independent School District No. 507
Management's Discussion and Analysis**

District-Wide Financial Analysis (Continued)

The balance of unrestricted net position may be used to meet the District's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the District is able to report a positive balance of net position in two categories of net position. The negative balance in unrestricted net position is primarily due to the recognition of the pension liability related to GASB Statement No. 68 and other postemployment benefits in accordance with GASB Statement No. 75.

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

	Governmental Activities as of June 30,		Percentage Change
	2024	2023	
Assets			
Current and other assets	\$ 2,373,981	\$ 2,463,630	-3.64%
Capital assets	10,493,272	10,681,827	-1.77%
Total assets	<u>12,867,253</u>	<u>13,145,457</u>	<u>-2.12%</u>
Deferred outflows of resources	<u>795,036</u>	<u>1,095,640</u>	<u>-27.44%</u>
Liabilities			
Current liabilities	1,438,835	1,309,159	9.91%
Long-term liabilities	8,167,527	9,205,425	-11.27%
Total liabilities	<u>9,606,362</u>	<u>10,514,584</u>	<u>-8.64%</u>
Deferred inflows of resources	<u>1,827,328</u>	<u>2,038,809</u>	<u>-10.37%</u>
Net Position			
Net investment in capital assets	5,031,574	4,647,540	8.26%
Restricted	286,706	510,509	-43.84%
Unrestricted	<u>(3,089,681)</u>	<u>(3,470,345)</u>	<u>-10.97%</u>
Total net position	<u>\$ 2,228,599</u>	<u>\$ 1,687,704</u>	<u>32.05%</u>

**Independent School District No. 507
Management's Discussion and Analysis**

District-Wide Financial Analysis (Continued)

Governmental Activities. The total net position for all Governmental activities increased in 2024 by \$436,497. Key elements of this increase are as follows:

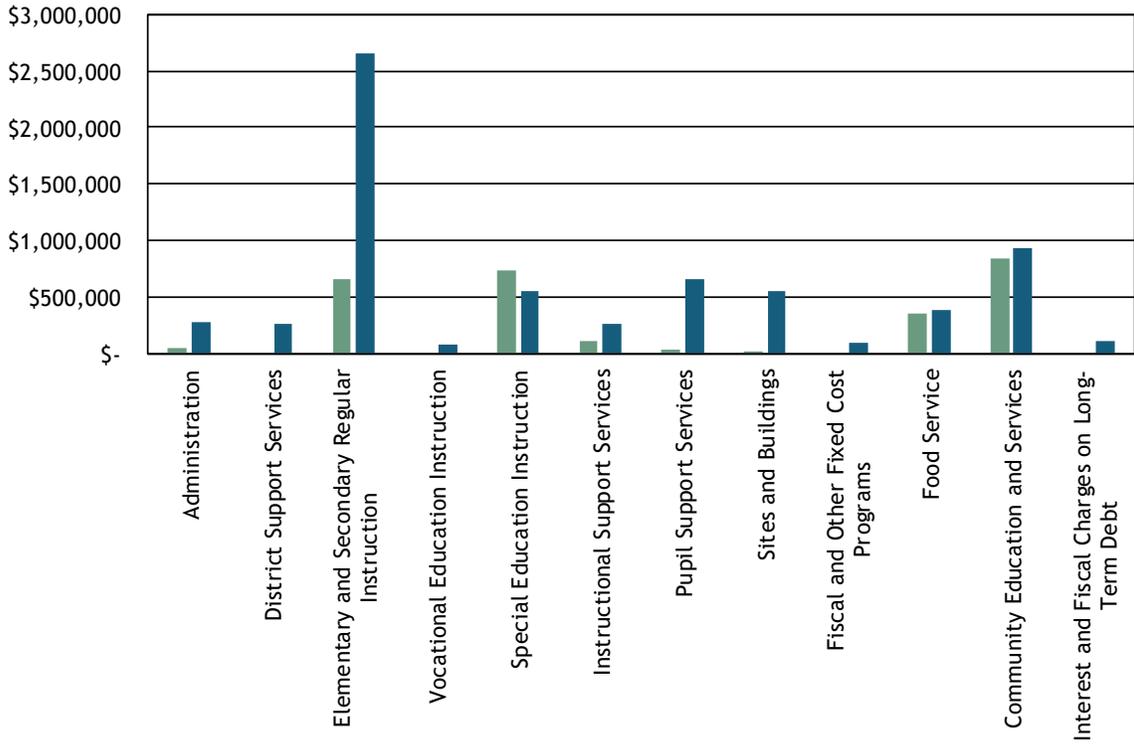
**Table A-2
Change in Net Position**

	Governmental Activities for the Fiscal Year Ended June 30,		Percentage Change
	2024	2023	
Program Revenues			
Charges for services	\$ 807,715	\$ 845,095	-4.42%
Operating grants and contributions	1,831,306	1,185,800	54.44%
Capital grants and contributions	186,403	41,007	100.00%
General revenues			
Property taxes	1,229,800	1,342,603	-8.40%
State aid - formula grants	3,174,280	3,141,415	1.05%
Other general revenues	31,174	45,294	-31.17%
Unrestricted investment earnings	29,539	33,401	-11.56%
Total revenues	<u>7,290,217</u>	<u>6,634,615</u>	<u>9.88%</u>
Expenses			
Administration	277,899	387,628	-28.31%
District Support Services	266,882	178,082	49.86%
Elementary and Secondary			
Regular Instruction	2,649,643	2,375,641	11.53%
Vocational Education Instruction	76,906	62,964	22.14%
Special Education Instruction	559,848	593,502	-5.67%
Instructional Support Services	268,655	217,134	23.73%
Pupil Support Services	659,926	721,334	-8.51%
Sites and Buildings	558,712	550,656	1.46%
Fiscal and Other Fixed Cost Programs	102,759	42,805	140.06%
Food Service	391,347	365,614	7.04%
Community Education and Services	928,544	837,218	10.91%
Interest and Fiscal Charges			
on Long-Term Debt	112,599	122,329	-7.95%
Total Expenses	<u>6,853,720</u>	<u>6,454,907</u>	<u>6.18%</u>
Increase in net position	436,497	179,708	142.89%
Net Position, July 1	1,687,704	1,584,648	6.50%
Prior period adjustment (see Note 9)	104,398	(76,652)	-100.00%
Net position, beginning, as restated	<u>1,792,102</u>	<u>1,507,996</u>	<u>18.84%</u>
Net position, June 30	<u>\$ 2,228,599</u>	<u>\$ 1,687,704</u>	<u>32.05%</u>

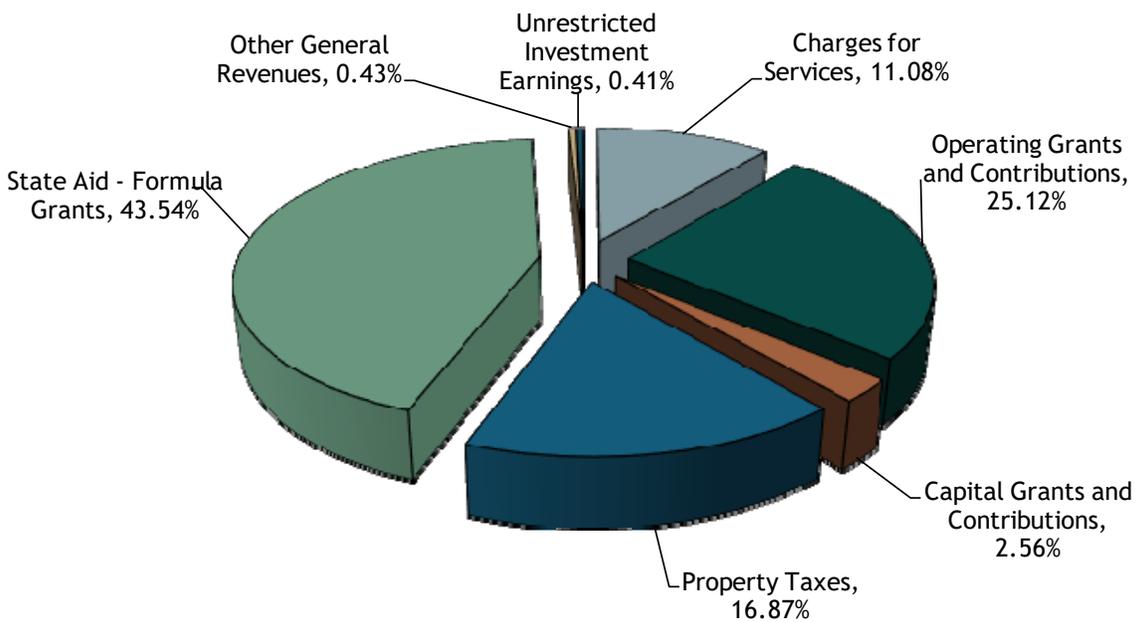
**Independent School District No. 507
Management's Discussion and Analysis**

District-Wide Financial Analysis (Continued)

Expenses and Program Revenues - Governmental Activities

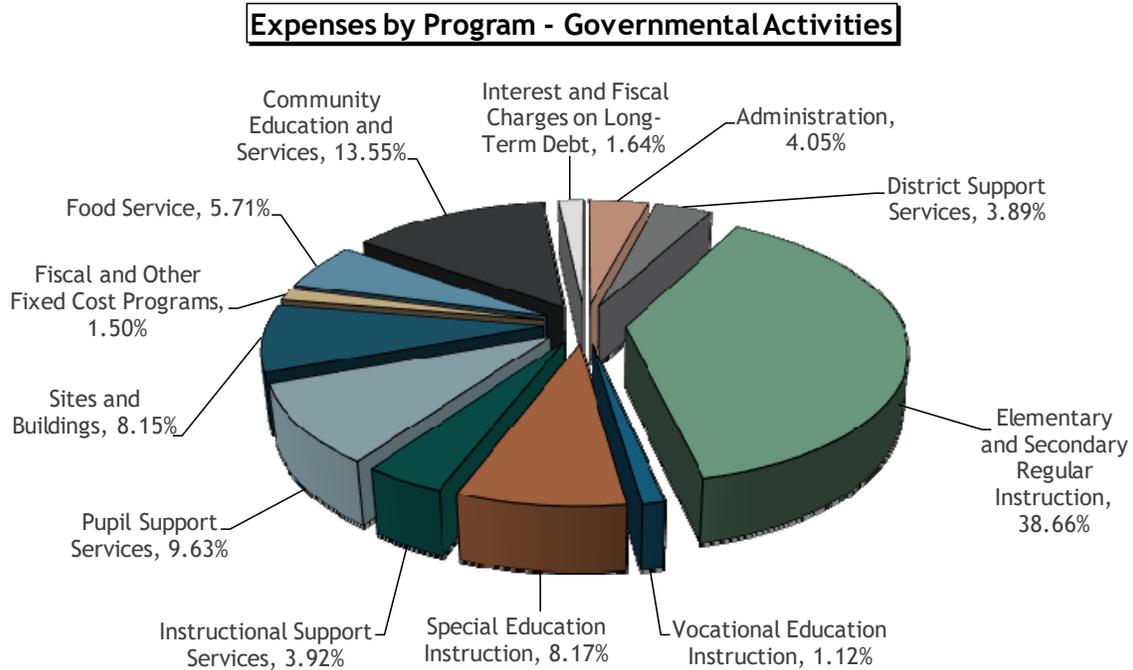


Revenues by Source - Governmental Activities



**Independent School District No. 507
Management's Discussion and Analysis**

District-Wide Financial Analysis (Continued)



Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$414,291, a decrease of \$142,699 in comparison with the prior year. The main reason for this decrease is due to deficit spending in all major funds with Fund 7 Long Term Debt having the smallest amount of deficit spending at 1,271. Each fund reduced their deficit spending significantly in the past fiscal year. Fund 1 reduced its deficit spending from 523K to \$65K, Fund 4 from 137K to 23K and Food Service from 214K to 53K. One highlight is that the unassigned fund balance increased from \$10,018 to \$99,614 allowing the District more flexibility on uses of funds.

The General Fund is the chief operating fund of the District. At the end of the current year, the unassigned fund balance of the General Fund was \$99,614, while the total fund balance decreased from \$404,877 at the beginning of the year to \$339,448 at year-end.

**Independent School District No. 507
Management's Discussion and Analysis**

Financial Analysis of the District's Funds (Continued)

Governmental Funds. (Continued) The Debt Service fund is used to record revenues and expenditures for the District's outstanding bonded indebtedness, whether for building construction, operating capital or for initial or refunding bonds. The Debt Service fund's restricted fund balance decreased by \$1,271 to a balance of \$127,212 at year-end.

The Community Service fund is used to record financial activity of the community service programs. Overall, Community Service fund balance decreased by \$23,085 and ended the year with a total deficit of \$160,120.

**Table A-3
Activities that Fall Under the Community Service Umbrella**

	<u>Expenditures</u>	<u>Revenues</u>	<u>Deficit/Surplus</u>
Community Education	\$ 202,250	\$ 234,651	\$ 32,401
Fitness Center	11,516	28,623	17,107
Daycare	342,256	223,835	(118,424)
Latchkey	226,102	239,090	12,988
Playground Fund	141,803	174,643	32,840
	<u>\$ 923,927</u>	<u>\$ 900,842</u>	<u>(23,085)</u>
Fund balance - beginning of year			<u>(137,035)</u>
Fund balance - ending of year			<u>\$ (160,120)</u>

General Fund Budgetary Highlights

Following approval of the budget prior to the beginning of the fiscal year, the District revises the annual operating budget mid-year. 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 student population increases/decreases.
- Legislation passed subsequent to budget adoption, changes necessitated by collective bargaining agreements, and increases in appropriations for significant unbudgeted costs.

The District did amend the budget during the year.

**Independent School District No. 507
Management's Discussion and Analysis**

Capital Asset and Debt Administration

Capital Assets. The District's investment in capital assets for its governmental activities as of June 30, 2024, amounts to \$10,493,272 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, and pupil transportation vehicles. The total decrease in the District's investment in capital assets for the current fiscal year was 1.77 percent due to depreciation exceeding capitalization of new assets. The total depreciation expense for the year was \$575,817. The following is a schedule of capital assets as of June 30, 2024. Additional information on the District's capital assets can be found on Note 4 of this report.

**Table A-4
Capital Assets**

	2024	2023	Percent Change
Land	\$ 60,022	\$ 60,022	0.00%
Land Improvements	196,250	208,520	-5.88%
Buildings	9,532,627	9,819,784	-2.92%
Furniture and Equipment	704,373	593,501	18.68%
Total	\$ 10,493,272	\$ 10,681,827	-1.77%

**Independent School District No. 507
Management's Discussion and Analysis**

Capital Asset and Debt Administration (Continued)

Long-term Debt. At the end of the current fiscal year, the District had a total long-term debt outstanding of \$5,481,021 with \$5,416,142 in G.O. bonds relating to the G.O. School Building Refunding Bonds, Series 2012A; G.O. Facilities Maintenance Bonds, Series 2020A; and the G.O. Facilities Maintenance Bonds, Series 2020B

The lease payable relates to the leasing of two copiers.

**Table A-5
Long-Term Liabilities**

	2024	2023	Percent Change
General Obligation Bonds Payable	\$ 5,416,142	\$ 6,001,142	-9.75%
Lease payable	23,284	29,516	-21.11%
Compensated absences	13,841	12,058	14.79%
Premium on bonds	27,754	31,194	-11.03%
 Total	 \$ 5,481,021	 \$ 6,073,910	 -9.76%

The District's total debt decreased by \$592,889 (9.76 percent) during the current fiscal year.

Additional information on the District's long-term debt can be found in Note 5 of this report.

Factors Bearing on the District's Future

The School District has depleted its unassigned reserves in the General Fund and must take significant steps to reduce expenditures and/or increase revenue. Pupil units have decreased by 68.59 since the 2018-19 SY. Revenue has reflected this reduced number of students despite being infused with Federal revenue due to the Covid-19 pandemic. Revenue decreased slightly in 2020-21, the first full year of the pandemic. Despite enrollment declining overall in 2021-22 and 2022-23 school years, revenue was up \$200,000 as compared to 2020-21. Since 2018-19 FY through 2023-24 FY, the District has expended \$30,309,172 in Fund 1 and collected revenue of \$29,433,187 for a total deficit of \$875,985 which explains why the fund balance has decreased from \$1,198,149 to \$339,488 in that time span. Expenditure reductions along with revenue increases through an operating levy are both necessary considerations for the District.

Independent School District No. 507 Management's Discussion and Analysis

Factors Bearing on the District's Future (Continued)

The Community Service Fund 4 is also operating at a significant deficit and has a negative fund balance of \$160,120. This is an increase in the deficit by 23,085. Each component of Fund 4 had a surplus budget with the exception of the NECC daycare. Staffing ratios for the NECC that are controlled by licensing parameters is one area to explore to build a surplus budget, but it's more likely that increased fees paid by patrons will be the means to move the budget in the right direction.

Table A-6
Enrollment Compared to General Fund - General Revenues and Expenditures 2018-19 through 2023-24

School Year	Pupil Units (PUN)	PUN (+/-)	General Fund			Fund Balance		Salary and Benefits	Non-Salary Expenses
			Revenues	Expenditures	Deficit/ Surplus	Unassigned	Total		
2018-2019	423.55		\$ 4,619,807	\$ 4,623,697	\$ (3,890)	\$ 624,284	\$ 1,198,149	\$ 3,138,089	\$ 1,485,591
2019-2020	414.52	-9.03	4,789,819	4,663,638	126,181	614,600	1,336,794	3,158,849	1,504,775
2020-2021	389.03	-25.49	4,730,275	4,876,280	(146,005)	633,492	1,168,839	3,212,830	1,663,448
2021-2022	397.68	8.65	4,955,955	5,213,930	(257,975)	492,117	893,289	3,353,211	1,860,719
2022-2023	369.95	-27.73	4,980,520	5,504,289	(523,769)	10,018	404,877	3,543,976	1,960,313
2023-2024	355.02	-14.93	5,356,811	5,427,338	(70,527)	99,614	339,448	3,296,498	2,130,839
Totals gain/loss		-68.53	\$ 29,433,187	\$ 30,309,172	\$ (875,985)		Total change	\$ 158,409	\$ 645,248

At the time these financial statements were prepared and audited, the District was aware of the following circumstance that could significantly affect its financial health in the future.

- The District is dependent on the State of Minnesota for its revenue authority. The State of Minnesota has experienced budget deficits in past budget cycles. If these deficits were to reoccur, increases in education funding will most likely be minimal at best.
- The District will strive to maintain its long-standing commitment to academic excellence and educational opportunity for students within a framework of financial fiduciary responsibility.

Requests for Information

This financial report is designed to provide the District's 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.

Questions concerning any of the information provided in this report or requests for additional financial information should be in written form and addressed to the Superintendent, Independent School District No. 507, PO Box 108, Nicollet, Minnesota 56074.

(THIS PAGE LEFT BLANK INTENTIONALLY)

BASIC FINANCIAL STATEMENTS

Independent School District No. 507
Statement of Net Position
June 30, 2024

	Governmental Activities
Assets	
Cash and investments	\$ 808,691
Current property taxes receivable	874,546
Delinquent property taxes receivable	18,266
Accounts receivable	23,677
Due from Department of Education	214,656
Due from other Minnesota school districts	108,638
Due from federal government through Department of Education	204,780
Due from other governmental units	55,562
Inventory	4,286
Prepaid items	60,879
Capital assets not being depreciated/amortized	
Land	60,022
Capital assets net of accumulated depreciation/amortization	
Land improvements	196,250
Buildings	9,532,627
Furniture and equipment, including lease assets	704,373
Total assets	12,867,253
Deferred Outflows of Resources	
Deferred outflows of resources related to pensions	781,691
Deferred outflows of resources related to OPEB	7,863
Deferred charge on bond refunding	5,482
Total deferred outflows of resources	795,036
Total	\$ 13,662,289
Liabilities	
Accounts payable	\$ 81,271
Salaries and benefits payable	449,814
Interest payable	199,566
Due to other Minnesota school districts	37,139
Due to other governmental units	7,796
Due to Department of Education	38,694
Unearned revenue	4,065
Total OPEB liability	182,555
Net pension liability	3,124,441
Bond principal payable, net	
Payable within one year	600,000
Payable after one year	4,843,896
Lease payable	
Payable within one year	6,649
Payable after one year	16,635
Compensated absences payable	
Payable within one year	13,841
Total liabilities	9,606,362
Deferred Inflows of Resources	
Property taxes levied for subsequent year's expenditures	1,322,645
Deferred inflows of resources related to pensions	504,683
Total deferred inflows of resources	1,827,328
Net Position	
Net investment in capital assets	5,031,574
Restricted for	
Food Service	107,751
Other purposes	178,955
Unrestricted	(3,089,681)
Total net position	2,228,599
Total liabilities, deferred inflows of resources, and net position	\$ 13,662,289

See notes to basic financial statements.

Independent School District No. 507
Statement of Activities
Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues		Capital Grants and Contributions	Governmental Activities	Net (Expense) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions			
Governmental activities						
Administration	\$ 277,899	\$ 46,417	\$ -	\$ -	\$ (231,482)	
District support services	266,882	-	-	-	(266,882)	
Elementary and secondary regular instruction	2,649,643	71,442	584,334	-	(1,993,867)	
Vocational education instruction	76,906	-	-	-	(76,906)	
Special education instruction	559,848	-	737,701	-	177,853	
Instructional support services	268,655	-	108,130	-	(160,525)	
Pupil support services	659,926	-	42,009	-	(617,917)	
Sites and buildings	558,712	-	12,816	13,944	(531,952)	
Fiscal and other fixed cost programs	102,759	-	-	-	(102,759)	
Food service	391,347	92,002	270,565	-	(28,780)	
Community education and services	928,544	597,854	75,751	172,459	(82,480)	
Interest and fiscal charges on long-term debt	112,599	-	-	-	(112,599)	
Total governmental activities	\$ 6,853,720	\$ 807,715	\$ 1,831,306	\$ 186,403	(4,028,296)	
General revenues						
Taxes						
Property taxes, levied for general purposes					847,863	
Property taxes, levied for community service					36,977	
Property taxes, levied for debt service					344,960	
State and federal aid-formula grants					3,174,280	
Other general revenues					30,966	
Investment income					29,539	
Gain of sale of assets					208	
Total general revenues					<u>4,464,793</u>	
Change in net position					436,497	
Net position - beginning					1,687,704	
Change in accounting principle (see Note 9)					104,398	
Net position - beginning, as restated					<u>1,792,102</u>	
Net position - ending					<u>\$ 2,228,599</u>	

See notes to basic financial statements.

Independent School District No. 507
Balance Sheet - Governmental Funds
June 30, 2024

	Special Revenue		
	General	Debt Service	Community Service
Assets			
Cash and investments	\$ 470,350	\$ 270,251	\$ -
Current property taxes receivable	386,296	469,771	18,479
Delinquent property taxes receivable	11,566	6,147	553
Accounts receivable	-	-	8,836
Due from Department of Education	161,874	30,134	2,875
Due from other Minnesota school districts	108,638	-	-
Due from Federal Government through Department of Education	194,395	-	-
Due from other governmental units	32,459	-	23,103
Due from other funds	65,428	-	-
Inventory	-	-	-
Prepaid items	60,879	-	-
	\$ 1,491,885	\$ 776,303	\$ 53,846
Liabilities			
Accounts and contracts payable	\$ 47,700	\$ -	\$ 32,604
Salaries and benefits payable	376,249	-	69,066
Due to other Minnesota school districts	37,139	-	-
Due to Department of Education	37,424	-	1,270
Due to other governmental units	-	-	7,703
Due to other funds	-	-	65,428
Unearned revenue	-	-	-
Total liabilities	498,512	-	176,071
Deferred Inflows of Resources			
Property taxes levied for subsequent year's expenditures	642,359	642,944	37,342
Unavailable revenue - delinquent taxes	11,566	6,147	553
Total deferred inflows of resources	653,925	649,091	37,895
Fund Balances			
Nonspendable	60,879	-	-
Restricted	178,955	127,212	62,628
Unassigned	99,614	-	(222,748)
Total fund balances	339,448	127,212	(160,120)
	\$ 1,491,885	\$ 776,303	\$ 53,846
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,491,885	\$ 776,303	\$ 53,846

Nonmajor Funds	Total Governmental Funds
\$ 68,090	\$ 808,691
-	874,546
-	18,266
14,841	23,677
19,773	214,656
-	108,638
10,385	204,780
-	55,562
-	65,428
4,286	4,286
-	60,879
\$ 117,375	\$ 2,439,409

\$ 967	\$ 81,271
4,499	449,814
-	37,139
-	38,694
93	7,796
-	65,428
4,065	4,065
9,624	684,207

-	1,322,645
-	18,266
-	1,340,911

4,286	65,165
103,465	472,260
-	(123,134)
107,751	414,291

\$ 117,375	\$ 2,439,409
------------	--------------

**Independent School District No. 507
Reconciliation of the Balance Sheet to
the Statement of Net Position - Governmental Funds
June 30, 2024**

Total fund balances - governmental funds	\$ 414,291
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds.	
Cost of capital assets	18,655,007
Less accumulated depreciation	(8,161,735)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:	
Bond principal payable	(5,416,142)
Lease payable	(23,284)
Compensated absences payable	(13,841)
Premium on bonds payable	(27,754)
Net pension liability	(3,124,441)
Total OPEB liability	(182,555)
Deferred outflows of resources and deferred inflows of resources are created as a result of differences in timing and estimates related to pension and OPEB that are not recognized in the governmental funds.	
Deferred outflows of resources related to pensions	781,691
Deferred inflows of resources related to pensions	(504,683)
Deferred outflows of resources related to OPEB	7,863
Governmental funds do not report long-term amounts related to gains (losses) on refunding of debt.	
Deferred charge on bond refunding	5,482
Delinquent property taxes receivable will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.	
	18,266
Governmental funds do not report a liability for accrued interest on bonds until due and payable.	
	<u>(199,566)</u>
Total net position - governmental activities	<u>\$ 2,228,599</u>

Independent School District No. 507
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds
Year Ended June 30, 2024

	<u>Special Revenue</u>				Total Governmental Funds
	General	Debt Service	Community Service	Nonmajor Funds	
Revenues					
Local property taxes	\$ 842,005	\$ 343,906	\$ 36,873	\$ -	\$ 1,222,784
Other local and county revenues	336,387	3,919	828,541	9,586	1,178,433
Revenue from state sources	3,924,041	301,339	32,628	148,789	4,406,797
Revenue from federal sources	254,378	-	-	115,492	369,870
Sales and other conversion of assets	-	-	2,800	92,002	94,802
Total revenues	<u>5,356,811</u>	<u>649,164</u>	<u>900,842</u>	<u>365,869</u>	<u>7,272,686</u>
Expenditures					
Current					
Administration	272,829	-	-	-	272,829
District support services	320,273	-	-	-	320,273
Elementary and secondary regular instruction	2,471,652	-	-	-	2,471,652
Vocational education instruction	106,242	-	-	-	106,242
Special education instruction	593,349	-	-	-	593,349
Instructional support services	186,624	-	-	-	186,624
Pupil support services	651,363	-	-	-	651,363
Sites and buildings	630,057	-	-	20,971	651,028
Fiscal and other fixed cost programs	102,759	-	-	-	102,759
Food service	-	-	-	378,054	378,054
Community education and services	-	-	851,588	-	851,588
Capital outlay					
Vocational education instruction	1,452	-	-	-	1,452
Instructional support services	54,265	-	-	-	54,265
Sites and buildings	28,506	-	-	-	28,506
Food service	-	-	-	19,758	19,758
Community education and services	-	-	67,449	-	67,449
Debt service					
Principal	6,623	585,000	-	-	591,623
Interest and fiscal charges	1,344	65,435	-	-	66,779
Total expenditures	<u>5,427,338</u>	<u>650,435</u>	<u>919,037</u>	<u>418,783</u>	<u>7,415,593</u>
Excess of revenues under expenditures	(70,527)	(1,271)	(18,195)	(52,914)	(142,907)
Other Financing Sources (Uses)					
Sales of capital assets	174	-	-	-	174
Insurance recovery	34	-	-	-	34
Transfers in	4,890	-	-	-	4,890
Transfers out	-	-	(4,890)	-	(4,890)
Total other financing sources (uses)	<u>5,098</u>	<u>-</u>	<u>(4,890)</u>	<u>-</u>	<u>208</u>
Net change in fund balances	(65,429)	(1,271)	(23,085)	(52,914)	(142,699)
Fund Balances					
Beginning of year	<u>404,877</u>	<u>128,483</u>	<u>(137,035)</u>	<u>160,665</u>	<u>556,990</u>
End of year	<u>\$ 339,448</u>	<u>\$ 127,212</u>	<u>\$ (160,120)</u>	<u>\$ 107,751</u>	<u>\$ 414,291</u>

See notes to basic financial statements.

Independent School District No. 507
 Reconciliation of the Statement of Revenues,
 Expenditures, and Changes in Fund Balances to the
 Statement of Activities - Governmental Funds
 Year Ended June 30, 2024

Net change in fund balances - total governmental funds \$ (142,699)

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

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

Capital outlay	282,864
Depreciation expense	(575,817)

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

(1,783)

Principal payments on long-term debt are recognized as expenditures in the governmental funds but as an increase in the net position in the Statement of Activities.

591,232

Governmental funds recognize pension contributions as expenditures at the time of payment in the funds whereas the Statement of Activities factors in items related to pensions on a full accrual perspective.

283,345

Governmental funds recognize OPEB contributions as expenditures at the time of payment whereas the Statement of Activities factors in items related to OPEB on a full accrual perspective.

37,768

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and thus requires use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

(47,042)

Governmental funds report the effect of bond discounts, premiums and deferred charge on refunding when the debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

1,613

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

7,016

Change in net position - governmental activities

\$ 436,497

Independent School District No. 507
Statement of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual - General Fund
Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Local property taxes	\$ 829,821	\$ 837,142	\$ 842,005	\$ 4,863
Other local and county revenues	284,625	257,788	336,387	78,599
Revenue from state sources	3,667,456	4,000,008	3,924,041	(75,967)
Revenue from federal sources	175,083	239,846	254,378	14,532
Sales and other conversion of assets	1,500	-	-	-
Total revenues	<u>4,958,485</u>	<u>5,334,784</u>	<u>5,356,811</u>	<u>22,027</u>
Expenditures				
Current				
Administration	338,397	267,406	272,829	5,423
District support services	165,162	349,383	320,273	(29,110)
Elementary and secondary regular instruction	2,396,664	2,388,356	2,471,652	83,296
Vocational education instruction	74,481	68,655	106,242	37,587
Special education instruction	792,106	597,668	593,349	(4,319)
Instructional support services	181,841	142,503	186,624	44,121
Pupil support services	664,191	594,575	651,363	56,788
Sites and buildings	491,234	680,761	630,057	(50,704)
Fiscal and other fixed cost programs	43,350	118,893	102,759	(16,134)
Capital outlay				
Vocational education instruction	-	-	1,452	1,452
Instructional support services	38,800	74,623	54,265	(20,358)
Sites and buildings	16,360	37,868	28,506	(9,362)
Debt service				
Principal	8,500	5,002	6,623	1,621
Interest and fiscal charges	1,500	2,502	1,344	(1,158)
Total expenditures	<u>5,212,586</u>	<u>5,328,195</u>	<u>5,427,338</u>	<u>99,143</u>
Excess of revenues over (under) expenditures	(254,101)	6,589	(70,527)	(77,116)
Other financing sources (uses)				
Proceeds from sale of capital assets	-	100	174	74
Insurance recovery	-	-	34	34
Transfers in	-	-	4,890	4,890
Transfers out	(20,000)	-	-	-
Total other financing sources (uses)	<u>(20,000)</u>	<u>100</u>	<u>5,098</u>	<u>4,998</u>
Net change in fund balances	<u>\$ (274,101)</u>	<u>\$ 6,689</u>	<u>(65,429)</u>	<u>\$ (72,118)</u>
Fund Balances				
Beginning of year			<u>404,877</u>	
End of year			<u>\$ 339,448</u>	

See notes to basic financial statements.

Independent School District No. 507
Statement of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual - Community Service Fund
Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Local Property Taxes	\$ 37,735	\$ 36,977	\$ 36,873	\$ (104)
Other Local and County Revenues	765,028	611,381	828,541	217,160
Revenue from State Sources	36,479	55,504	32,628	(22,876)
Revenue from Federal Sources	1,000	1,000	-	(1,000)
Sales and Other Conversion of Assets	500	2,800	2,800	-
Total Revenues	<u>840,742</u>	<u>707,662</u>	<u>900,842</u>	<u>193,180</u>
Expenditures				
Current				
Community Education and Services	794,204	736,063	851,588	115,525
Capital outlay				
Community Education and Services	5,000	1	67,449	67,448
Total Expenditures	<u>799,204</u>	<u>736,064</u>	<u>919,037</u>	<u>182,973</u>
Excess of revenues over (under) expenditures	\$ 41,538	\$ (28,402)	(18,195)	\$ 10,207
Other financing sources (uses)				
Transfers In	75,000	-	-	-
Transfers Out	(55,000)	-	(4,890)	(4,890)
Total Other Financing Sources (Uses)	<u>20,000</u>	<u>-</u>	<u>(4,890)</u>	<u>(4,890)</u>
Net Change in Fund Balances	<u>\$ 61,538</u>	<u>\$ (28,402)</u>	(23,085)	<u>\$ 5,317</u>
Fund balances				
Beginning of Year			<u>(137,035)</u>	
Ending of Year			<u>\$ (160,120)</u>	

Independent School District No. 507
Statement of Fiduciary Net Position
June 30, 2024

	Custodial Fund
Assets	
Cash and investments	\$ 33,361
Net Position	
Restricted for Extracurricular Activities	\$ 33,361

Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2024

	Custodial Fund
Additions	
Contributions	\$ 3,624
Deductions	
Extracurricular activities	1,000
Change in net position	2,624
Net Position	
Beginning of year	30,737
End of year	\$ 33,361

(THIS PAGE LEFT BLANK INTENTIONALLY)

Independent School District No. 507
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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

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

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

B. Basic Financial Statement Information

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) display information about the reporting government as a whole. These statements include all the financial activities of the District, except for the fiduciary fund. The fiduciary fund is only reported in the Statement of Fiduciary Net Position and the Statement of Changes 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 segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Depreciation expense that can be specifically identified by function is included in the direct expenses of that function. Interest on general long-term debt is considered an indirect expense and is reported separately in the Statement of Activities. The effect of interfund activity has been removed from these statements.

**Independent School District No. 507
Notes to Basic Financial Statements**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statement Information (Continued)

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

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

C. Measurement Focus and Basis of Accounting

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

1. Revenue Recognition

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

2. Recording of Expenditures

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

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

Description of Funds:

Major Funds:

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

**Independent School District No. 507
Notes to Basic Financial Statements**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

Description of Funds: (Continued)

Major Funds: (Continued)

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

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

Nonmajor Funds:

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

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

Fiduciary Fund:

Custodial Fund - This fund is used to account for the financial resources relating to student activities that are not administrated by the District.

D. Deposits and Investments

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

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments held by investment pools are measured at amortized cost. Cash and investments at June 30, 2024, were comprised of deposits, shares in MSDLAF, which approximates fair value and US savings bonds. *Minnesota Statutes* requires all deposits be protected by federal deposit insurance, corporate surety bonds or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by Federal Deposit Insurance Corporation (FDIC) insurance or corporate surety bonds.

**Independent School District No. 507
Notes to Basic Financial Statements**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Deposits and Investments (Continued)

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

In accordance with GASB Statement No. 79, the various MSDLAF securities are valued at amortized cost, which approximates fair value. There are no restrictions or limitations on withdrawals from the MSDLAF. Investments in the MSDLAF MAX must be deposited for a minimum of 14 calendar days with the exception of direct investments of funds distributed by the State of Minnesota. Withdrawals prior to the 14-day restriction period may be subject to a penalty and there is a 24 hour hold on all requests for redemptions.

E. Property Tax Receivable

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

F. Property Taxes Levied for Subsequent Year's Expenditures

Property taxes levied for subsequent year's expenditures consist principally of property taxes levied in the current year which will be collected and recognized as revenue in the District's following year to properly match those revenues with the budgeted expenditures for which they were levied. This amount is equal to the amount levied by the School Board in December 2023, less various components, and their related adjustments as mandated by the state. These portions of that levy were recognized as revenue in fiscal year 2024. The remaining portion of the levy will be recognized when measurable and available.

G. Inventories

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

H. Prepaid Items

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

I. Property Taxes

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

Independent School District No. 507
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Property Taxes (Continued)

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

J. Capital Assets

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

Capital assets are defined by the District as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are capitalized at historical cost or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at its acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the assets lives are not capitalized.

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

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

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

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

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

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

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

Independent School District No. 507
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until that time. The District has three items that qualify for reporting in this category on the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflows of resources related to pensions is recorded for various estimate differences that will be amortized and recognized over future years. A deferred outflows of resources related to OPEB is recorded for various estimate differences that will be amortized and recognized over future years.

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

M. Unearned Revenue

Unearned revenue represents monies received prior to June 30, 2024, but earned subsequent to year-end.

N. Long-Term Obligations

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

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

**Independent School District No. 507
Notes to Basic Financial Statements**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Compensated Absences

Vacations taken or estimated to be taken within 60 days after year end are expensed and included in salaries payable as of June 30. Since teachers are not eligible for vacation pay and amounts accrued to other employees are insignificant, no long-term portion of vacation liabilities are recorded in the financial statements. Substantially all District employees are entitled to sick leave at various rates. Employees are compensated for unused sick leave upon termination of employment if they meet years of service and minimum age requirements. The District maintains a severance pay plan for its employees. The plan contains benefit formula base on years of service and minimum age requirements. If severance benefits are paid within the first 60 days after year end, an accrual is made in the governmental fund incurring the liability. Otherwise, vested severance pay, if any, is recorded in the statement of net position and severance pay expenses are recognized when earned.

P. Pensions

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

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

Q. Risk Management

The District is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; natural disasters and injuries to employees for which the District carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three years. There were no significant reductions in the District's insurance coverage during the year ending June 30, 2024.

R. Fund Equity

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

- Nonspendable Fund Balances - These are amounts that cannot be spent because they are not in spendable form as they are legally or contractually required to be maintained intact and include prepaids and inventory.
- Restricted Fund Balances - These amounts are subject to externally enforceable legal restrictions.
- Committed Fund Balances - These amounts can be used only for specific purposes determined by a formal action, a majority vote, of the School Board.

Independent School District No. 507
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Fund Equity (Continued)

- Assigned Fund Balances - These amounts are intended to be used for specific purposes, but do not meet the criteria to be classified as restricted or committed. The School Board, by majority vote, may assign fund balances. The District's Superintendent and Business Manager are also authorized to assign fund balance to a specific purpose.
- Minimum Fund Balance Policy - The District will strive to maintain a minimum unassigned General Fund balance of 2 months of operating expenditures.

S. Net Position

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

T. Use of Estimates

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

U. Budgetary Information

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

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

**Independent School District No. 507
Notes to Basic Financial Statements**

NOTE 2 - DEPOSITS AND INVESTMENTS

A. Deposits

In accordance with applicable *Minnesota Statutes*, the District maintains deposits at depository banks authorized by the School Board.

Custodial Credit Risk - Deposits: This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy requires the District's deposits be collateralized as required by *Minnesota Statutes* § 118.03 for an amount exceeding FDIC, SAIF, BIF, or FCUA coverage. As of June 30, 2024, the District's bank balance was not exposed to custodial credit risk because it was insured and fully collateralized with securities held by the pledging financial institution's trust department or agent and in the District's name.

As of June 30, 2024, the District had the following deposits:

Checking	\$ 410,430
Petty Cash Checking	830
	830
Total deposits	\$ 411,260

B. Investments

As of June 30, 2024, the District had the following investments:

Investment	Maturities	Fair Value	S&P Rating
Pooled Investments			
MSDLAF	<1 year	\$ 397,982	AAAm
U.S. Savings Bonds	>5 years	32,810	N/A
Total		\$ 430,792	

Credit Risk: This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits investments in commercial paper and corporate bonds to be in the top two ratings issued by nationally recognized statistical rating organizations. The District's investment policy limits investments to U.S. Treasury obligations, U.S. Government Agency and instrumentality obligations, Canadian Government obligations, certificates of deposit, banker's acceptances, commercial paper rated in the highest tier, investment-grade obligations, repurchase agreements, money market mutual funds, and local government investment pools. The District's investments were rated in the table above by Standard & Poor's (S&P) Investor Services.

**Independent School District No. 507
Notes to Basic Financial Statements**

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

Concentration of Credit Risk: This is the risk of loss attributed to the magnitude of an investment in a single issuer. The District places no limit on the amount the District may invest in any one issuer, although the investment policy states to eliminate risk of loss resulting from the over concentration of assets in a specific maturity, investment maturities shall be scheduled to coincide with projected school district cash flow needs, taking into account large routine or scheduled expenditures, as well as anticipated receipt dates of anticipated revenues. Maturities for short-term and long-term investments shall be timed according to anticipated need. Within these parameters, portfolio maturities shall be staggered to avoid undue concentration of assets and a specific maturity sector. The maturities selected shall provide for stability of income and reasonable liquidity.

Interest Rate Risk: This is the risk that the market value of securities will fall due to the changes in market interest rates. The District does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Custodial Credit Risk - Investments: This is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's policy indicates that investment securities purchased shall be held in third-party safekeeping by an institution designated as custodial agent.

C. Deposits and Investments

The following is a summary of total deposits and investments:

Deposits (Note 2, A.)	\$ 411,260
Investments (Note 2, B.)	<u>430,792</u>
Total cash and investments	<u><u>\$ 842,052</u></u>

Deposits and investments at June 30, 2024, are presented as follows:

Statement of Net Position	
Cash and investments	\$ 808,691
Statement of Fiduciary Net Position	
Cash and investments	<u>33,361</u>
Total	<u><u>\$ 842,052</u></u>

**Independent School District No. 507
Notes to Basic Financial Statements**

NOTE 3 - INTERFUND ACTIVITY

A. Due To/Due From Other Funds

As of June 30, 2024, the following amounts were due to/from other funds:

<u>Due from other funds</u>	<u>Due to Other Funds Community Service Fund</u>
General Fund	\$ 65,428

The amount due to the General Fund from the Community Service Fund is to cover a deficit cash balance.

B. Interfund Transfers

The Community Service Fund transferred \$4,890 to the General Fund to reimburse for prior expenditures.

Independent School District No. 507
Notes to Basic Financial Statements

NOTE 4 - CAPITAL ASSETS

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

	Beginning Balance	Change in Accounting Principle	Increases	Decreases	Ending Balance
Governmental activities					
Capital assets not being depreciated					
Land	\$ 60,022	\$ -	\$ -	\$ -	\$ 60,022
Total capital assets not being depreciated	60,022	-	-	-	60,022
Capital assets being depreciated					
Land improvements	281,650	-	-	-	281,650
Buildings	15,794,151	1,200	148,347	-	15,943,698
Furniture and equipment	2,092,113	143,007	134,517	-	2,369,637
Total capital assets being depreciated	18,167,914	144,207	282,864	-	18,594,985
Less accumulated depreciation for					
Land improvements	73,130	-	12,270	-	85,400
Buildings	5,974,367	257	436,447	-	6,411,071
Furniture and equipment	1,498,612	39,552	127,100	-	1,665,264
Total accumulated depreciation	7,546,109	39,809	575,817	-	8,161,735
Total capital assets being depreciated, net	10,621,805	104,398	(292,953)	-	10,433,250
Governmental activities, capital assets, net	<u>\$ 10,681,827</u>	<u>\$ 104,398</u>	<u>\$ (292,953)</u>	<u>\$ -</u>	<u>\$ 10,493,272</u>

**Independent School District No. 507
Notes to Basic Financial Statements**

NOTE 4 - CAPITAL ASSETS (CONTINUED)

Depreciation expense for the year ended June 30, 2024, was charged to the following functions:

District Support Services	\$ 14,112
Elementary and Secondary Regular Instruction	455,008
Vocational Education Instruction	1,065
Special Education Instruction	313
Instructional Support Services	37,364
Pupil Support Services	13,403
Pupil Support Services - Food Service	9,288
Sites and Buildings	36,460
Community Education and Services	8,804
Total depreciation expense	\$ 575,817

NOTE 5 - LONG-TERM DEBT

A. Components of Long-Term Liabilities

	Issue Date	Interest Rates	Original Issue	Final Maturity	Principal Outstanding	Due Within One year
Long-term liabilities						
G.O. Bonds						
G.O. School Building Refunding Bonds, Series 2012A	03/14/12	1.50%-2.20%	\$ 6,300,000	02/01/27	\$ 1,600,000	\$ 520,000
G.O. Facilities Maintenance Bonds, Series 2020A	12/10/20	1.30%-2.20%	2,831,142	02/01/34	2,831,142	-
G.O. Facilities Maintenance Bonds, Series 2020B	12/10/20	0.60%-2.00%	1,200,000	02/01/36	985,000	80,000
Total bonds					5,416,142	600,000
Premium on bonds					27,754	-
Lease payable					23,284	6,649
Compensated absences payable					13,841	13,841
Total all long-term liabilities					\$ 5,481,021	\$ 620,490

The long-term bonds listed above were issued to finance acquisition and construction of capital facilities or to refinance (refund) previous bond issues.

Independent School District No. 507
Notes to Basic Financial Statements

NOTE 5 - LONG-TERM DEBT(CONTINUED)

B. Changes in Long-Term Liabilities

	Beginning Balance	Additions	Reductions	Ending Balance
Long-term liabilities				
G.O. Bonds	\$ 6,001,142	\$ -	\$ 585,000	\$ 5,416,142
Lease Payable	29,516	-	6,232	23,284
Compensated absences	12,058	1,783	-	13,841
Premium on bonds	31,194	-	3,440	27,754
Total long-term liabilities	\$ 6,073,910	\$ 1,783	\$ 594,672	\$ 5,481,021

The General Fund typically liquidates the liability related to compensated absences.

C. Minimum Debt Payments for Bonds

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

Year Ending June 30,	G.O. Bonds		Total
	Principal	Interest	
2025	\$ 600,000	\$ 51,123	\$ 651,123
2026	625,000	39,523	664,523
2027	635,000	27,255	662,255
2028	594,867	64,633	659,500
2029	586,020	76,680	662,700
2030-2034	2,255,255	460,045	2,715,300
2035-2039	120,000	3,400	123,400
Total	\$ 5,416,142	\$ 722,659	\$ 6,138,801

D. Leases Payable

The District entered into a lease agreement on January 10, 2022, for the lease of copiers. The lease agreement includes monthly payments of \$664 with interest at 6.50%. The lease agreement expires on September 29, 2027.

Year Ending June 30,	Lease Payable		
	Principal	Interest	Total
2025	\$ 6,649	\$ 1,318	\$ 7,967
2026	7,095	872	7,967
2027	7,570	397	7,967
2028	1,970	18	1,988
Total	\$ 23,284	\$ 2,605	\$ 25,889

Independent School District No. 507
Notes to Basic Financial Statements

NOTE 6 - FUND BALANCES/NET POSITION

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

A. Fund Balances

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

	General Fund	Debt Service	Community Service	Other Nonmajor Funds	Total
Nonspendable for					
Inventory	\$ -	\$ -	\$ -	\$ 4,286	\$ 4,286
Prepaid items	60,879	-	-	-	60,879
Total nonspendable	<u>60,879</u>	<u>-</u>	<u>-</u>	<u>4,286</u>	<u>65,165</u>
Restricted/reserved for					
Staff Development	5,460	-	-	-	5,460
Student Activities	22,859	-	-	-	22,859
Long-Term Facilities Maintenance	107,224	-	-	-	107,224
Gifted and Talented	343	-	-	-	343
Basic Skills	2,571	-	-	-	2,571
School Library Aid	487	-	-	-	487
Student Support Personnel Aid	40,000	-	-	-	40,000
Medical Assistance	11	-	-	-	11
Early Childhood and Family Education	-	-	10,463	-	10,463
Community Service	-	-	52,165	-	52,165
Food Service	-	-	-	103,465	103,465
Debt Service	-	127,212	-	-	127,212
Total restricted/reserved	<u>178,955</u>	<u>127,212</u>	<u>62,628</u>	<u>103,465</u>	<u>472,260</u>
Unassigned for					
General Purpose	99,614	-	-	-	99,614
Community Education	-	-	(212,583)	-	(212,583)
School Readiness	-	-	(10,165)	-	(10,165)
Total unassigned	<u>99,614</u>	<u>-</u>	<u>(222,748)</u>	<u>-</u>	<u>(123,134)</u>
Total fund balance	<u>\$ 339,448</u>	<u>\$ 127,212</u>	<u>\$ (160,120)</u>	<u>\$ 107,751</u>	<u>\$ 414,291</u>

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

**Independent School District No. 507
Notes to Basic Financial Statements**

NOTE 6 - FUND BALANCES/NET POSITION (CONTINUED)

A. Fund Balances (Continued)

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

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

Restricted/Reserved for Student Activities - This balance represents available resources to be used for the extracurricular activity funds raised by the students.

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

Restricted/Reserved for Gifted and Talented - The part of the General Education Aid revenue for the gifted and talented program that is unspent at year end must be restricted in this Balance Sheet account.

Restricted/Reserved for Basic Skills Programs - This balance represents resources available for the basic skills uses listed in *Minnesota Statute* § 126C.15, subd. 1.

Restricted/Reserved for School Library Aid - This balance represents resources available for the school library aid uses listed in *Minnesota Statute* § 134.356, subd. 1.

Restricted/Reserved for Student Support Personnel Aid - This balance represents available resources to be used for student support personnel that are in addition to current staff levels.

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

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

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

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

Restricted for Debt Service - This balance represents the positive fund balance of the Building Construction Fund

**Independent School District No. 507
Notes to Basic Financial Statements**

NOTE 6 - FUND BALANCES/NET POSITION (CONTINUED)

A. Fund Balances (Continued)

Unassigned for Community Education - This balance represents the resources available to provide programming such as: nonvocational, recreational and leisure time activities, programs for adults with disabilities, noncredit summer programs, youth development and youth service programming, early childhood and family education and extended day programs. This balance is classified as unassigned as the balance was negative at year-end.

Unassigned for School Readiness - This balance represents the resources available to provide for services for school readiness programs (*Minnesota Statutes* § 124D.16). This balance is classified as unassigned as the balance was negative at year-end.

NOTE 7 - DEFINED BENEFIT PENSION PLANS - STATE-WIDE

The District participates in various pension plan. Total pension expense for the year ended June 30, 2024, was (\$28,872). The components of pension expense are noted in the following plan summaries.

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

Teachers' Retirement Association

A. Plan Description

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

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

**Independent School District No. 507
Notes to Basic Financial Statements**

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

Teachers' Retirement Association (Continued)

B. Benefits Provided

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

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

Tier I Benefits

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

With these provisions:

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

Or

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

**Independent School District No. 507
Notes to Basic Financial Statements**

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

Teachers' Retirement Association (Continued)

B. Benefits Provided (Continued)

Tier II Benefits

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

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

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

C. Contribution Rate

Per *Minnesota Statutes* Chapter 354 sets the contribution rates for employees and employers. Rates for years ended June 30, 2022, June 30, 2023, and June 30, 2024 were:

	<u>June 30, 2022</u>		<u>June 30, 2023</u>		<u>June 30, 2024</u>	
	<u>Employee</u>	<u>Employer</u>	<u>Employee</u>	<u>Employer</u>	<u>Employee</u>	<u>Employer</u>
Basic	11.0 %	12.34 %	11.0 %	12.55 %	11.3 %	12.75 %
Coordinated	7.5	8.34	7.5	8.55	7.8	8.75

**Independent School District No. 507
Notes to Basic Financial Statements**

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

Teachers' Retirement Association (Continued)

C. Contribution Rate (Continued)

The following is a reconciliation of employer contributions in TRA's fiscal year 2023 ACFR "Statement of Changes in Fiduciary Net Position" to the employer contributions used in *Schedule of Employer and Non-Employer Pension Allocations*. Amounts are reported in thousands.

Employer contributions reported in TRA's ACFR Statement of Changes in Fiduciary Net Position	\$ 508,764
Add Employer contributions not related to future contribution efforts	(87)
Deduct TRA's contributions not included in allocation	<u>(643)</u>
Total employer contributions	<u>508,034</u>
Total non-employer contributions	<u>35,587</u>
Employer contributions reported in <i>Schedule of Employer and Non-Employer Pension Allocations</i>	<u><u>\$ 543,621</u></u>

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

**Independent School District No. 507
Notes to Basic Financial Statements**

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

D. Actuarial Assumptions

The total pension liability in the June 30, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Key Methods and Assumptions Used in Valuation of Total Pension Liability

Actuarial Information

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

Mortality Assumptions

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

**Independent School District No. 507
Notes to Basic Financial Statements**

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

Teachers' Retirement Association (Continued)

D. Actuarial Assumptions (Continued)

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

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

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

Changes in actuarial assumptions since the 2022 valuation:

The 2023 Tax Finance and Policy Bill, effective July 1, 2025:

- The employer contribution rate will increase from 8.75% to 9.5% on July 1, 2025.
- The employee contribution rate will increase from 7.75% to 8.0% on July 1, 2025.
- The pension adjustment rate for school districts and the base budgets for Minnesota State, Perpich Center for Arts Education, and Minnesota Academies will increase to reflect the 0.75% employer contribution rate increase.

The 2024 Omnibus Pensions and Retirement Bill:

- The Normal Retirement Age (NRA) for active and eligible deferred Tier II members will be 65 effective July 1, 2024.
- TRA's amortization date will remain the same at 2048.

**Independent School District No. 507
Notes to Basic Financial Statements**

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

Teachers' Retirement Association (Continued)

E. Discount Rate

The discount rate used to measure the total pension liability was 7.0%. There was no change 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 2023 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was not projected to be depleted and, as a result, the Municipal Bond Index Rate was not used in the determination of the Single Equivalent Interest Rate (SEIR).

F. Net Pension Liability

On June 30, 2024, the District reported a liability of \$2,369,536 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to TRA in relation to total system contributions including direct aid from the State of Minnesota, City of Minneapolis, and Minneapolis School District. District proportionate share was 0.0287% at the end of the measurement period and 0.0315% for the beginning of the year.

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

District's proportionate share of net pension liability	\$ 2,369,536
State's proportionate share of the net pension liability associated with the District	<u>165,926</u>
Total	<u><u>\$ 2,535,462</u></u>

For the year ended June 30, 2024, the District recognized pension expense of (\$165,601). Included in this amount, the District recognized \$23,364 as pension expense for the support provided by direct aid.

**Independent School District No. 507
Notes to Basic Financial Statements**

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

Teachers' Retirement Association (Continued)

F. Net Pension Liability (Continued)

On June 30, 2024, the District had deferred resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 26,257	\$ 36,035
Net difference between projected and actual earnings on plan investments	-	205
Changes in actuarial assumptions	303,946	-
Changes in proportion	8,373	243,240
District's contributions to TRA subsequent to the measurement date	161,404	-
Total	\$ 499,980	\$ 279,480

The \$161,404 reported as deferred outflows of resources related to pensions resulting from District contributions to TRA subsequent to the measurement date will be recognized as a relation of the net pension liability in the year ended June 30, 2025.

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

Year Ended June 30,	Pension Expense Amount
2025	\$ (16,415)
2026	(68,398)
2027	252,588
2028	(66,973)
2029	(41,706)
Total	\$ 59,096

**Independent School District No. 507
Notes to Basic Financial Statements**

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

Teachers' Retirement Association (Continued)

G. Pension Liability Sensitivity

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

District Proportionate Share of NPL		
1% Decrease in Discount Rate (6.0%)	Current Discount Rate (7.0%)	1% Increase in Discount Rate (8.0%)
\$ 3,779,236	\$ 2,369,536	\$ 1,215,525

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

H. Pension Plan Fiduciary Net Position

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

Public Employees' Retirement Association

A. Plan Description

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

General Employees Retirement Plan

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

B. Benefits Provided

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

**Independent School District No. 507
Notes to Basic Financial Statements**

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

Public Employees' Retirement Association (Continued)

B. Benefits Provided (Continued)

General Employees Plan Benefits

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

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1.0% and a maximum of 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. In 2023, legislation repealed the statute delaying increases for members retiring before full retirement age.

C. Contributions

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

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.5% of their annual covered salary in fiscal year 2024 and the District was required to contribute 7.5% for Coordinated Plan members. The District's contributions to the General Employees Fund for the year ended June 30, 2024, were \$69,613. The District's contributions were equal to the required contributions as set by state statute.

D. Pension Costs

General Employees Fund Pension Costs

At June 30, 2024, the District reported a liability of \$754,905 for its proportionate share of the General Employees Fund's net pension liability. The District's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the State's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the District totaled \$20,702.

**Independent School District No. 507
Notes to Basic Financial Statements**

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

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

General Employees Fund Pension Costs (Continued)

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on the District's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2022, through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. The District's proportionate share was 0.0135% at the end of the measurement period and 0.0125% for the beginning of the period.

School's proportionate share of net pension liability	\$ 754,905
State of Minnesota's proportionate share of the net pension liability associated with the School	<u>20,702</u>
Total	<u><u>\$ 775,607</u></u>

For the year ended June 30, 2024, the District recognized pension expense of \$136,730 for its proportionate share of the General Employees Plan's pension expense. Included in this amount, the District recognized \$93 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

**Independent School District No. 507
Notes to Basic Financial Statements**

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

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 24,349	\$ 4,353
Changes in actuarial assumptions	102,727	206,913
Net difference between projected and actual investments earnings	-	7,942
Changes in proportion	85,022	5,995
District's contributions to PERA subsequent to the measurement date	69,613	-
Total	\$ 281,711	\$ 225,203

The \$69,613 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, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Expense Amount
2025	\$ 38,912
2026	(65,902)
2027	30,263
2028	(16,378)
Total	\$ (13,105)

**Independent School District No. 507
Notes to Basic Financial Statements**

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

Public Employees' Retirement Association (Continued)

E. Long-Term Expected Return on Investment

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	35.5 %	5.10 %
International equity	16.5	5.30
Fixed income	25.0	0.75
Private markets	25.0	5.90
Total	<u>100.0 %</u>	

F. Actuarial Methods and Assumptions

The total pension liability in the June 30, 2023, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 7.5%. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 7.5% was deemed to be within that range of reasonableness for financial reporting purposes.

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

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

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

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

**Independent School District No. 507
Notes to Basic Financial Statements**

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

Public Employees' Retirement Association (Continued)

F. Actuarial Methods and Assumptions (Continued)

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

Changes in Actuarial Assumptions

- The investment return assumption and single discount rate were changed from 6.5% to 7.0%.

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, non-compounding benefit increase of 2.5% minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

G. Discount Rates

The discount rate used to measure the total pension liability in 2023 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 was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

H. Pension Liability Sensitivity

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

	1% Decrease in Discount Rate (6.0%)	Current Discount Rate (7.0%)	1% Increase in Discount Rate (8.0%)
District's proportionate share of the PERA net pension liability	\$ 1,335,487	\$ 754,905	\$ 277,354

I. Pension Plan Fiduciary Net Position

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

**Independent School District No. 507
Notes to Basic Financial Statements**

NOTE 8 - POST EMPLOYMENT HEALTH CARE PLAN

A. Plan Description

The District's defined benefit OPEB plan provides a single-employer defined benefit health care plan to eligible retirees. The plan offers medical coverage. Medical coverage is administered by Public Employees Insurance Plan. It is the District's policy to periodically review its medical coverage and to obtain requests for proposals in order to provide the most favorable benefits and premiums for District employees and retirees. No assets are acclimated in a trust.

B. Benefits Paid

Teachers who apply for early retirement shall remain eligible to receive certain health insurance benefits until the end of the school year in which the teacher becomes Medicare eligible. Full vesting of such amounts occurs upon attaining 56 years of age. The General Fund, Food Service Fund and Community Service Fund typically liquidate the Liability related to OPEB.

C. Members

As of June 30, 2023, the following were covered by the benefit terms:

Retirees electing coverage	1
Active employees	57
	57
Total	58

D. Contributions

Retirees contribute to the health care plan at the same rate as District employees. This results in the retirees receiving an implicit rate subsidy. Contribution requirements are established by the District, based on the contract terms with PEIP. The required contributions are based on projected pay-as-you-go financing requirements. For the year 2024, the District contributed \$19,801 to the plan.

E. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Key Methods and Assumptions Used in Valuation of Total OPEB Liability

Discount rate	3.86%	
Salary increases	3.00%, including inflation	
Inflation	2.50%	
Healthcare cost trend rate	7.6% for FY2024, decreasing over several decades to an ultimate rate of 3.9% in FY2076 and later years.	
Mortality Assumption	Pub 2010 mortality tables with projected mortality improvements based on scale MP-2021, and other adjustments (Teachers). Pub-2010 General mortality tables with projected mortality improvements based on scale MP-2021 and other improvements (Non-teachers).	

**Independent School District No. 507
Notes to Basic Financial Statements**

NOTE 8 - POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

E. Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period July 1, 2022 through June 30, 2023.

The discount rate used to measure the total OPEB liability was 3.86% based on the index rate for 20-year, tax exempt municipal bonds.

F. Total OPEB liability

The District's total OPEB liability of \$182,555 was measured as of June 30, 2023, and was determined by an actuarial valuation as of June 30, 2023.

Changes in the Total OPEB liability are as follows:

	Increase (Decrease)
	Total OPEB Liability
Balances at July 1, 2023	\$ 222,448
Changes for the year	
Service cost	8,659
Interest	8,163
Changes in assumptions	16,733
Differences between expected and actual experience	(105,332)
Changes of benefit terms	51,685
Benefit payments	(19,801)
Net changes	(39,893)
Balances at June 30, 2024	\$ 182,555

G. OPEB Liability Sensitivity

The following presents the District's total OPEB liability calculated using the discount rate of 3.86% as well as the liability measured using 1 percent lower and 1 percent higher than the current discount rate.

	1% Decrease in Discount Rate (2.86%)	Current Discount Rate (3.86%)	1% Increase in Discount Rate (4.86%)
Total OPEB liability	\$ 194,583	\$ 182,555	\$ 171,037

**Independent School District No. 507
Notes to Basic Financial Statements**

NOTE 8 - POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

G. OPEB Liability Sensitivity (Continued)

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

	1% Decrease in Trend Rate 5.7% Decreasing to 2.7%	Current Trend Rate 6.7% Decreasing to 3.7%	1% Increase in Trend Rate 7.7% Decreasing to 4.7%
Total OPEB liability	\$ 172,621	\$ 182,555	\$ 193,919

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

For the year ended June 30, 2024, the District recognized OPEB expense of \$37,768. At June 30, 2024, the District reported deferred outflows of resources related to OPEB from the following sources:

The \$7,863 reported as deferred outflows of resources from District contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024.

NOTE 9 - RESTATEMENTS AND ADJUSTMENTS OF BEGINNING NET POSITION

During the year ended June 30, 2024, the District implemented Implementation Guide No. 2021-1 - Amending Capitalization Requirements. This resulted in an increase in capital assets, net of accumulated depreciation of \$104,398. The beginning balance of net position for government-wide governmental activities was increased by this change in accounting principle.

(THIS PAGE LEFT BLANK INTENTIONALLY)

REQUIRED SUPPLEMENTARY INFORMATION

Independent School District No. 507
Schedule of Changes in Total OPEB Liability
and Related Ratios

	<u>June 30, 2018</u>	<u>June 30, 2019</u>	<u>June 30, 2020</u>	<u>June 30, 2021</u>
Total OPEB Liability				
Service cost	\$ 13,347	\$ 12,750	\$ 13,472	\$ 9,368
Interest	10,926	12,537	12,430	8,535
Differenced between expected and actual experience	-	-	(84,676)	112
Changes of assumptions	(13,287)	(1,191)	15,951	9,873
Changes of benefit terms	-	-	-	-
Benefit payments	(24,906)	(39,916)	(27,310)	(20,201)
Net change in total OPEB liability	<u>(13,920)</u>	<u>(15,820)</u>	<u>(70,133)</u>	<u>7,687</u>
Beginning of year	<u>373,301</u>	<u>359,381</u>	<u>343,561</u>	<u>273,428</u>
Total OPEB liability	<u>\$ 359,381</u>	<u>\$ 343,561</u>	<u>\$ 273,428</u>	<u>\$ 281,115</u>
Covered-employee payroll	\$ 2,714,947	\$ 2,778,029	\$ 2,766,665	\$ 2,282,067
Total OPEB liability as a percentage of covered-employee payroll	13.24%	12.37%	9.88%	12.32%

There are no assets accumulated in a trust that meets the criteria of GASB No. 74, paragraph 4, to pay related benefits to pay related benefits

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

<u>June 30, 2022</u>	<u>June 30, 2023</u>	<u>June 30, 2024</u>
\$ 11,176	\$ 11,629	\$ 8,659
6,883	4,797	8,163
(31,868)	474	16,733
3,793	(22,447)	(105,332)
-	-	51,685
<u>(22,708)</u>	<u>(20,396)</u>	<u>(19,801)</u>
<u>(32,724)</u>	<u>(25,943)</u>	<u>(39,893)</u>
<u>281,115</u>	<u>248,391</u>	<u>222,448</u>
<u>\$ 248,391</u>	<u>\$ 222,448</u>	<u>\$ 182,555</u>
\$ 2,892,539	\$ 3,136,528	\$ 2,839,623
8.59%	7.09%	6.43%

Independent School District No. 507
Schedule of District's and Non-Employer Proportionate Share
(if Applicable) of Net Pension Liability
General Employees Retirement Fund
Last Ten Years

For Fiscal Year Ended June 30,	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Proportionate Share of State of Minnesota's Proportionated Share of the Net Pension Liability	District's Proportionate Share of the State of Minnesota's Share of the Net Pension of Liability	District's Covered - Employee Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered - Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.0140%	\$ 657,650	\$ -	\$ 657,650	\$ 733,221	89.7%	78.75%
2015	0.0124%	642,632	-	642,632	714,147	90.0%	78.19%
2016	0.0118%	958,101	12,457	970,558	731,947	130.9%	68.91%
2017	0.0125%	797,992	10,037	808,029	805,643	99.1%	75.90%
2018	0.0125%	693,449	22,729	716,178	839,010	82.7%	79.53%
2019	0.0115%	635,809	19,666	655,475	811,237	78.4%	80.23%
2020	0.0117%	701,468	21,701	723,169	837,777	83.7%	79.06%
2021	0.0113%	482,561	14,679	497,240	810,867	59.5%	87.00%
2022	0.0125%	990,004	28,874	1,018,878	935,040	105.9%	76.67%
2023	0.0135%	754,905	20,702	775,607	1,069,907	70.6%	83.10%

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

For Fiscal Year Ended June 30,	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Proportionate Share of State of Minnesota's Proportionated Share of the Net Pension Liability	District's Proportionate Share of the State of Minnesota's Share of the Net Pension of Liability	District's Covered - Employee Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered - Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.0305%	\$ 1,405,418	\$ 98,731	\$ 1,504,149	\$ 1,393,143	100.9%	81.50%
2015	0.0298%	1,843,425	226,416	2,069,841	1,531,434	120.4%	76.77%
2016	0.0308%	7,346,535	737,585	8,084,120	1,478,253	497.0%	44.88%
2017	0.0332%	6,627,322	640,478	7,267,800	1,913,223	346.4%	51.57%
2018	0.0328%	2,060,147	193,656	2,253,803	1,809,940	113.8%	78.07%
2019	0.0336%	2,141,671	189,669	2,331,340	1,883,424	113.7%	78.21%
2020	0.0323%	2,386,367	199,945	2,586,312	1,826,097	130.7%	75.48%
2021	0.0316%	1,382,910	116,752	1,499,662	1,904,330	72.6%	86.63%
2022	0.0315%	2,522,353	186,989	2,709,342	1,946,427	129.6%	76.17%
2023	0.0287%	2,369,536	165,926	2,535,462	1,827,018	129.7%	76.42%

**Independent School District No. 507
Schedule of District Contributions
General Employees Retirement Fund
Last Ten Years**

Fiscal Year Ending June 30,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	District's Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2015	\$ 53,561	\$ 53,561	\$ -	\$ 714,147	7.50%
2016	54,896	54,896	-	731,947	7.50%
2017	60,423	60,423	-	805,643	7.50%
2018	62,926	62,926	-	839,010	7.50%
2019	60,843	60,843	-	811,237	7.50%
2020	62,833	62,833	-	837,777	7.50%
2021	60,815	60,815	-	810,867	7.50%
2022	70,128	70,128	-	935,040	7.50%
2023	80,243	80,243	-	1,069,907	7.50%
2024	69,613	69,613	-	928,173	7.50%

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

Fiscal Year Ending June 30,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	District's Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2015	\$ 114,861	\$ 114,861	\$ -	\$ 1,531,434	7.50%
2016	110,869	110,869	-	1,478,253	7.50%
2017	143,492	143,492	-	1,913,223	7.50%
2018	135,745	135,745	-	1,809,940	7.50%
2019	145,212	145,212	-	1,883,424	7.71%
2020	144,627	144,627	-	1,826,097	7.92%
2021	154,822	154,822	-	1,904,330	8.13%
2022	162,332	162,332	-	1,946,427	8.34%
2023	156,210	156,210	-	1,827,018	8.55%
2024	161,404	161,404	-	1,844,617	8.75%

Independent School District No. 507
Notes to the Required Supplementary Information

TRA Retirement Fund

2023 Changes

Changes of Benefit Terms

The 2023 Tax Finance and Policy Bill, effective July 1, 2025:

- The employer contribution rate will increase from 8.75% to 9.5% on July 1, 2025.
- The employee contribution rate will increase from 7.75% to 8.0% on July 1, 2025.
- The pension adjustment rate for school districts and the base budgets for Minnesota State, Perpich Center for Arts Education, and Minnesota Academies will increase to reflect the 0.75% employer contribution rate increase.

The 2024 Omnibus Pensions and Retirement Bill:

- The Normal Retirement Age (NRA) for active and eligible deferred Tier II members will be 65 effective July 1, 2024.
- TRA's amortization date will remain the same at 2048.

2022 Changes

Changes in Actuarial Assumptions

- None

2021 Changes

Changes in Actuarial Assumptions

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

2020 Changes

Changes in Actuarial Assumptions

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

2019 Changes

Changes in Actuarial Assumptions

- None

2018 Changes

Changes in Actuarial Assumptions

- The discount rate was increased to 7.5% from 5.12%.
- The cost-of-living adjustment (COLA) was reduced from 2.0% each January 1 to 1.0%, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.1% each year until reaching the ultimate rate of 1.5% on January 1, 2028.
- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit are exempt.
- The COLA trigger provision, which would have increased the COLA to 2.5% if the funded ratio was at least 90% for two consecutive years, was eliminated.

Independent School District No. 507
Notes to the Required Supplementary Information

TRA Retirement Fund (Continued)

2018 Changes (Continued)

Changes in Actuarial Assumptions (Continued)

- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019, and ending July 1, 2024 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt.
- Augmentation on deferred benefits will be reduced to 0% beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.0% to 3.0%, effective July 1, 2018. Interest due on payments and purchases from members, employers was reduced from 8.5% to 7.5%, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next six years (7.71% in 2018, 7.92% in 2019, 8.13% in 2021, 8.34% in 2022, 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

Changes in Actuarial Assumptions

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

2016 Changes

Changes in Actuarial Assumptions

- The discount rate was decreased to 4.66% from 8.0%.
- The COLA was not assumed to increase for funding or the GASB calculation. It remained at 2% for all future years.
- The price inflation assumption was lowered from 3% to 2.75%.
- The general wage growth and payroll growth assumptions were lowered from 3.75% to 3.5%.
- Minor changes as some durations for the merit scale of the salary increase assumption.
- The pre-retirement mortality assumption was changed to the RP 2014 white collar employee table, male rates set back six years and female rates set back five years. Generational projection uses the MP 2015 scale.

Independent School District No. 507
Notes to the Required Supplementary Information

TRA Retirement Fund (Continued)

2016 Changes (Continued)

Changes in Actuarial Assumptions (Continued)

- The post-retirement mortality assumption was changed to the RP 2014 white collar annuitant table, male rates set back three years and female rates set back three years, with further adjustments of the rates. Generational projection uses the MP 2015 scale.
- The post-disability mortality assumption was changed to the RP 2014 disabled retiree mortality table, without adjustment.
- Separate retirement assumptions for members hired before or after July 1, 1989, were created to better reflect each group's behavior in light of different requirements for retirement eligibility.
- Assumed termination rates were changed to be based solely on years of service in order to better fit the observed experience.
- A minor adjustment and simplification of the assumption regarding the election of optional form of annuity payment at retirement were made.

2015 Changes

Changes of Benefit Terms

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

Changes in Actuarial Assumptions

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

Independent School District No. 507
Notes to the Required Supplementary Information

General Employees Fund

2023 Changes

Changes in Actuarial Assumptions

- The investment return assumption and single discount rate were changed from 6.5% to 7.0%.

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, non-compounding benefit increase of 2.5 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

2022 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2021 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2020 Changes

Changes in Actuarial Assumptions

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

Independent School District No. 507
Notes to the Required Supplementary Information

General Employees Fund (Continued)

2020 Changes (Continued)

Changes in Actuarial Assumptions (Continued)

- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint and Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint and Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions

- Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2021 through December 31, 2023, and 0.0% thereafter. Augmentation was eliminated for privatizations occurring after June 30, 2021.

2019 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2018 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

Independent School District No. 507
Notes to the Required Supplementary Information

General Employees Fund (Continued)

2017 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2016 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

Independent School District No. 507
Notes to the Required Supplementary Information

Post Employment Benefits

2024 Changes

- The discount rate was changed from 3.69% to 3.86% based on updated 20-year municipal bond rates.
- Healthcare trend rates were reset to reflect updated cost increase expectations.
- Medical per capita claims costs were updated to reflect recent experience.
- Withdrawal, mortality, and salary increase rates were updated from the rates used in the 7/1/2021 PERA General Employees Plan and 7/1/2021 Teachers Retirement Associated valuations to the rates used in the 2023 experience studies.
- The inflation assumption was changed from 2.25% to 2.50% based on an updated historical analysis of inflation rates and forward-looking market expectations.
- The assumed retirement age for participants eligible for an explicit subsidy was changed from age 58 to age 62 based on information provided by the District.

2023 Changes

- None

2022 Changes

- The discount rate was changed from 2.45% to 1.92% based on 20-year municipal bond rates.
- Healthcare trend rates were reset to reflect updated cost increase expectations.
- Medical per capita claim costs were updated to reflect recent experience., including an adjustment to reflect age/gender-based risk scores published by the Society of Actuaries.
- Withdrawal, retirement, mortality and salary increase rates were updated to the rates used in the 7/1/2021 PERA General Employees Retirement Plan and 7/1/2021 Teachers Retirement Association actuarial valuations.
- The percent of retirees electing spouse coverage changed from 30% to 25% to reflect recent plan experience.
- The percent of future non-Medicare eligible retirees electing each medical plan changed to reflect recent plan experience.
- The inflation assumption was changed from 2.50% to 2.25% based on an updated historical analysis of inflation rates and forward-looking market expectation.

2021 Changes

Changes in Actuarial Assumptions and Plan Provisions

- The discount rate was changed from 3.13% to 2.45% based on 20-year municipal bond rates.

2020 Changes

Changes in Actuarial Assumptions and Plan Provisions

- The discount rate was changed from 3.62% to 3.13% based on 20-year municipal bond rates.
- Healthcare trend rates were reset to reflect updated cost increase expectations, including an adjustment to reflect the impact of the Affordable Care Act's Excise Tax on high-cost health insurance plans.
- Medical per capita claim costs were updated to reflect recent experience.
- Withdrawal, retirement, mortality and salary increase rates were updated to the rates used in the 7/1/2018 PERA General Employees Retirement Plan and 7/1/2018 Teachers Retirement Association actuarial valuations.

Independent School District No. 507
Notes to the Required Supplementary Information

Post Employment Benefits (Continued)

2020 Changes (Continued)

Changes in Actuarial Assumptions and Plan Provisions (Continued)

- The percent of retirees electing spouse coverage changed from 25% to 30% to reflect recent plan experience.
- The percent of future non-Medicare eligible retirees electing each medical plan changed to reflect recent plan experience.
- The inflation assumption was changed from 2.75% to 2.50% based on an updated historical analysis of inflation rates and forward-looking market expectation.

(THIS PAGE LEFT BLANK INTENTIONALLY)

SUPPLEMENTARY INFORMATION

Independent School District No. 507
Combining Balance Sheet -
Nonmajor Governmental Funds
June 30, 2024

	<u>Special Revenue</u>	<u>Capital Project</u>	<u>Total Nonmajor Funds</u>
	<u>Food Service</u>	<u>Building Construction</u>	
Assets			
Cash and investments	\$ 68,090	\$ -	\$ 68,090
Accounts receivable	14,841	-	14,841
Due from department of education	19,773	-	19,773
Due from federal government through department of education	10,385	-	10,385
Inventory	4,286	-	4,286
	<u>117,375</u>	<u>-</u>	<u>117,375</u>
Total assets	<u>\$ 117,375</u>	<u>\$ -</u>	<u>\$ 117,375</u>
Liabilities			
Accounts and contracts payable	\$ 967	\$ -	\$ 967
Salaries and benefits payable	4,499	-	4,499
Due to other governmental units	93	-	93
Unearned revenue	4,065	-	4,065
Total liabilities	<u>9,624</u>	<u>-</u>	<u>9,624</u>
Fund Balances			
Nonspendable	4,286	-	4,286
Restricted	103,465	-	103,465
Total fund balances	<u>107,751</u>	<u>-</u>	<u>107,751</u>
	<u>\$ 117,375</u>	<u>\$ -</u>	<u>\$ 117,375</u>
Total liabilities and fund balances	<u>\$ 117,375</u>	<u>\$ -</u>	<u>\$ 117,375</u>

Independent School District No. 507
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances - Nonmajor Governmental Funds
June 30, 2024

	<u>Special Revenue</u>	<u>Capital Project</u>	<u>Total</u>
	Food Service	Building Construction	Nonmajor Funds
Revenues			
Other local and county revenues	\$ 8,871	\$ 715	\$ 9,586
Revenue from state sources	148,789	-	148,789
Revenue from federal sources	115,492	-	115,492
Sales and other conversion of assets	92,002	-	92,002
Total revenues	<u>365,154</u>	<u>715</u>	<u>365,869</u>
Expenditures			
Current			
Sites and buildings	-	20,971	20,971
Food service	378,054	-	378,054
Capital outlay			
Food service	19,758	-	19,758
Total expenditures	<u>397,812</u>	<u>20,971</u>	<u>418,783</u>
Net change in fund balances	(32,658)	(20,256)	(52,914)
Fund Balances			
Beginning of year	<u>140,409</u>	<u>20,256</u>	<u>160,665</u>
End of year	<u>\$ 107,751</u>	<u>\$ -</u>	<u>\$ 107,751</u>

Independent School District No. 507
Uniform Financial Accounting and Reporting Standards
Compliance Table
Year Ended June 30, 2024

	Audit	UFARS	Audit- UFARS		Audit	UFARS	Audit- UFARS
01 GENERAL FUND				06 BUILDING AND CONSTRUCTION FUND			
Total revenue	\$ 5,356,811	\$ 5,387,671	\$ (30,860)	Total revenue	\$ 715	\$ 715	\$ -
Total expenditures	5,427,338	5,470,754	(43,416)	Total expenditures	20,971	20,970	1
<i>Nonspendable:</i>				<i>Nonspendable:</i>			
4.60 Nonspendable fund balance	60,879	60,879	-	4.60 Nonspendable fund balance	-	-	-
<i>Restricted/reserved:</i>				<i>Restricted/reserved:</i>			
4.01 Student Activities	22,859	22,859	-	4.07 Capital Projects Levy	-	-	-
4.02 Scholarships	-	-	-	4.13 Building Projects Funded by COP/LP	-	-	-
4.03 Staff Development	5,460	5,460	-	4.67 Long-term Facilities Maintenance	-	-	-
4.07 Capital Projects Levy	-	-	-	<i>Restricted:</i>			
4.08 Cooperative Programs	-	-	-	4.64 Restricted fund balance	-	-	-
4.12 Literacy Incentive Aid	-	-	-	<i>Unassigned:</i>			
4.13 Building Projects Funded by COP/LP	-	-	-	4.63 Unassigned fund balance	-	-	-
4.14 Operating Debt	-	-	-				
4.16 Levy Reduction	-	-	-	07 DEBT SERVICE FUND			
4.17 Taconite Building Maintenance	-	-	-	Total revenue	\$ 649,164	\$ 649,164	\$ -
4.20 American Indian Education Aid	-	-	-	Total expenditures	650,435	650,435	-
4.24 Operating Capital	-	-	-	<i>Nonspendable:</i>			
4.26 \$25 Taconite	-	-	-	4.60 Nonspendable Fund Balance	-	-	-
4.27 Disabled Accessibility	-	-	-	<i>Restricted/reserved:</i>			
4.28 Learning and Development	-	-	-	4.25 Bond refunding	-	-	-
4.34 Area Learning Center	-	-	-	4.33 Maximum effort loan aid	-	-	-
4.35 Contracted Alternative Programs	-	-	-	4.51 QZAB payments	-	-	-
4.36 State Approved Alternative Program	-	-	-	4.67 LTFM	-	-	-
4.38 Gifted and Talented	343	343	-	<i>Restricted:</i>			
4.39 English Learner	-	-	-	4.64 Restricted fund balance	127,212	127,212	-
4.40 Teacher Development and Evaluation	-	-	-	<i>Unassigned:</i>			
4.41 Basic Skills Programs	2,571	2,571	-	4.63 Unassigned fund balance	-	-	-
4.43 School Library Aid	487	487	-				
4.45 Career Technical Programs	-	-	-	08 TRUST FUND			
4.48 Achievement and Integration	-	-	-	Total revenue	\$ -	\$ -	\$ -
4.49 Safe Schools Revenue	-	-	-	Total expenditures	-	-	-
4.51 QZAB Payments	-	-	-	<i>Unassigned:</i>			
4.52 OPEB Liabilities not Held in Trust	-	-	-	4.01 Student Activities	-	-	-
4.53 Unfunded Severance and Retirement Levy	-	-	-	4.02 Scholarships	-	-	-
4.59 Basic Skills Extended Time	-	-	-	4.22 Net position	-	-	-
4.67 Long-term Facilities Maintenance	107,224	107,224	-				
4.71 Student Support Personnel Aid	40,000	40,000	-	18 CUSTODIAL FUND			
4.72 Medical Assistance	11	11	-	Total revenue	3,624	3,624	-
<i>Restricted:</i>				Total expenditures	1,000	1,000	-
4.64 Restricted fund balance	-	-	-	4.01 Student Activities	-	-	-
4.75 Title VII - Impact Aid	-	-	-	4.02 Scholarships	33,361	33,361	-
4.76 Payments in Lieu of Taxes	-	-	-	4.48 Achievement and Integration	-	-	-
<i>Committed:</i>				4.64 Restricted	-	-	-
4.18 Committed for separation	-	-	-				
4.61 Committed	-	-	-	20 INTERNAL SERVICE FUND			
<i>Assigned:</i>				Total revenue	\$ -	\$ -	\$ -
4.62 Assigned fund balance	-	-	-	Total expenditures	-	-	-
<i>Unassigned:</i>				<i>Unassigned:</i>			
4.22 Unassigned fund balance	99,614	87,057	12,557	4.22 Net position	-	-	-
02 FOOD SERVICE FUND				25 OPEB REVOCABLE TRUST			
Total revenue	\$ 365,154	\$ 369,217	\$ (4,063)	Total revenue	\$ -	\$ -	\$ -
Total expenditures	397,812	397,810	2	Total expenditures	-	-	-
<i>Nonspendable:</i>				<i>Unassigned:</i>			
4.60 Nonspendable fund balance	4,286	4,286	-	4.22 Net position	-	-	-
<i>Restricted/reserved:</i>							
4.52 OPEB Liabilities not Held in Trust	-	-	-	45 OPEB IRREVOCABLE TRUST			
<i>Restricted:</i>				Total revenue	\$ -	\$ -	\$ -
4.64 Restricted fund balance	103,465	107,531	(4,066)	Total expenditures	-	-	-
<i>Unassigned:</i>				<i>Unassigned:</i>			
4.63 Unassigned fund balance	-	-	-	4.22 Net position	-	-	-
04 COMMUNITY SERVICE FUND				47 OPEB DEBT SERVICE			
Total revenue	\$ 900,842	\$ 905,664	\$ (4,822)	Total revenue	\$ -	\$ -	\$ -
Total expenditures	919,037	919,035	2	Total expenditures	-	-	-
<i>Nonspendable:</i>				<i>Nonspendable:</i>			
4.60 Nonspendable fund balance	-	-	-	4.60 Nonspendable fund balance	-	-	-
<i>Restricted/reserved:</i>				<i>Restricted:</i>			
4.26 \$25 Taconite	-	-	-	4.64 Restricted fund balance	-	-	-
4.31 Community Education	(212,583)	(212,583)	-	<i>Unassigned:</i>			
4.32 ECFE	10,463	10,463	-	4.63 Unassigned fund balance	-	-	-
4.40 Teacher Development and Evaluation	-	-	-				
4.44 School Readiness	(10,165)	(10,165)	-				
4.47 Adult Basic Education	-	-	-				
4.52 OPEB Liabilities not Held in Trust	-	-	-				
<i>Restricted:</i>							
4.64 Restricted fund balance	52,165	56,991	(4,826)				
<i>Unassigned:</i>							
4.63 Unassigned fund balance	-	-	-				

Differences due to adjustments that were made subsequent to final UFARS Submission on December 12, 2024 to present information accurately.



**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***

Independent Auditor's Report

To the School Board
Independent School District No. 507
Nicollet, 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 (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 507, Nicollet, Minnesota, as of and for the year ending June 30, 2024, and the related notes to basic financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 5 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 District's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Corrective Action Plans on Legal Compliance and Internal Control as Audit Finding 2024-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit are described in the accompanying Schedule of Findings and Corrective Action Plans on Legal Compliance and Internal Control. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

BerganKDV, Ltd.

St. Cloud, Minnesota
February 5, 2025



Minnesota Legal Compliance

Independent Auditor's Report

To the School Board
Independent School District No. 507
Nicollet, 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. 507, Nicollet, Minnesota, as of and for the year ended June 30, 2024, and the related notes to basic financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 5, 2025.

In connection with our audit, we noted that the District failed to comply with the provisions of the Uniform Financial Accounting and Reporting Standards of the *Minnesota Legal Compliance Audit Guide for School Districts* promulgated by the State Auditor pursuant to *Minnesota Statutes* § 6.65, insofar as they relate to accounting matters as described in the Schedule of Findings and Corrective Action Plans on Legal Compliance and Internal Control as audit finding 2024-002. Also, in connection with our audit, nothing came to our attention that caused us to believe that the District failed to comply with the provisions of the contracting - bid laws, depositories of public funds and public investments, conflicts of interest, public indebtedness, claims and disbursements, and miscellaneous provisions sections of the *Minnesota Legal Compliance Audit Guide for School Districts*, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the District's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

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

BerganKDV, Ltd.

St. Cloud, Minnesota
February 5, 2025

**Independent School District No. 507
Schedule of Findings and Corrective Action Plans
on Legal Compliance and Internal Control**

CURRENT YEAR INTERNAL CONTROL FINDING:

Material Weakness:

Audit Finding 2024-001 - Lack of Segregation of Accounting Duties

During the year ended June 30, 2024, the District had a lack of segregation of accounting duties due to a limited number of office employees. This lack of segregation of accounting duties can be demonstrated in the following areas, which is not intended to be an all-inclusive list:

- The Business Manager has access to all areas of the accounting system.
- The Business Manager makes system generated entries without review.
- The District did not have support for all journal entries made during the year.
- The secretary both receives and reconciles receipts.

During the course of our engagement, we proposed material audit adjustments and a prior period adjustment that would not have been identified as a result of the District's existing internal control system and, therefore, could have resulted in a material misstatement of the District's financial statements. The material misstatements and prior period adjustment detected as a result of audit procedures were corrected by management.

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

CORRECTIVE ACTION PLAN (CAP):

1. Explanation of Disagreement with Audit Finding
There is no disagreement with the audit finding.
2. Actions Planned in Response to Finding
Administration will continually review current segregation of accounting duties to determine if further segregation is possible. However, at this time, the District does not consider it cost beneficial to increase staff in order to further segregate accounting functions.
3. Official Responsible for Ensuring CAP
Robin Courier, Superintendent/Principal, is the official responsible for ensuring corrective action of the deficiency.
4. Planned Completion Date for CAP
The Superintendent/Principal will continually monitor the accounting system and improve controls when possible. The planned completion date for the CAP is ongoing.
5. Plan to Monitor Completion of CAP
The School Board will be monitoring this CAP.

**Independent School District No. 507
Schedule of Findings and Corrective Action Plans
on Legal Compliance and Internal Control**

CURRENT YEAR LEGAL COMPLIANCE FINDING:

Audit Finding 2024-002 - Late Submission

Minnesota law requires that school districts file submission of the unaudited financial data and audited financial data for the preceding fiscal year by November 30 of the calendar year. In addition, an audited financial statement prepared in a form which will allow comparison with and correction of material differences in the unaudited financial data shall be submitted to the commissioner and the state auditor by December 31.

During our audit engagement for the year ended June 30, 2024, we noted instances of noncompliance with Minnesota submission deadlines.

CORRECTIVE ACTION PLAN (CAP):

1. Explanation of Disagreement with Audit Finding
There is no disagreement with the audit finding.
2. Actions Planned in Response to Finding
The District will ensure submissions are made timely.
3. Official Responsible for Ensuring CAP
Robin Courier, Superintendent, is the official responsible for ensuring corrective action of the deficiency.
4. Planned Completion Date for CAP
The planned completion date for the CAP is June 30, 2025.
5. Plan to Monitor Completion of CAP
The School Board will be monitoring this CAP.



Independent School District No. 507

Communications Letter

June 30, 2024

**Independent School District No. 507
Table of Contents**

Report on Matters Identified as a Result of the Audit of the Basic Financial Statements	1
Material Weakness	3
Required Communication	4
Financial Analysis	9
Legislative Summary	20
Emerging Issues	23



Report on Matters Identified as a Result of the Audit of the Basic Financial Statements

To the School Board and Management
Independent School District No. 507
Nicollet, Minnesota

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 507, Nicollet, Minnesota, as of and for the year ended June 30, 2024, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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

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

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

The material weakness identified is stated within this letter.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

The accompanying memorandum also includes financial analysis provided as a basis for discussion. The matters discussed herein were considered by us during our audit and they do not modify the opinion expressed in our Independent Auditor's Report dated February 5, 2025, on such statements.

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

BerganKDV, Ltd.

St. Cloud, Minnesota
February 5, 2025

**Independent School District No. 507
Material Weakness**

Lack of Segregation of Accounting Duties

During the year ended June 30, 2024, the District had a lack of segregation of accounting duties due to a limited number of office employees. This lack of segregation of accounting duties can be demonstrated in the following areas, which is not intended to be an all inclusive list:

- The Business Manager has access to all areas of the accounting system.
- The Business Manager makes system generated entries without review.
- The District did not have support for all journal entries made during the year.
- The secretary both receives and reconciles receipts.

During the course of our engagement, we proposed material audit adjustments and a prior period adjustment that would not have been identified as a result of the District's existing internal control system and, therefore, could have resulted in a material misstatement of the District's financial statements. The material misstatements and prior period adjustment detected as a result of audit procedures were corrected by management.

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

**Independent School District No. 507
Required Communication**

We have audited the basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of and for the year ended June 30, 2024. Professional standards require that we advise you of the following matters related to our audit.

Our Responsibility in Relation to the Basic Financial Statement Audit

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

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

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

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

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

Our Responsibility in Relation to *Government Auditing Standards*

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

Independent School District No. 507 Required Communication

Planned Scope and Timing of the Audit

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

Compliance with All Ethics Requirements Regarding Independence

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

Significant Risks Identified

We have identified the following significant risks of material misstatement:

- **Management Override of Controls - Overall Financial Statements** - Management override of Internal control is considered a risk in substantially all engagements as management may be incentivized to produce better results.
- **Improper Revenue Recognition** - Revenue recognition is considered a fraud risk on substantially all engagements as it generally has a significant impact on the results of the governments operations. In addition, complexities exist surrounding the calculation and recording of various revenue sources.
- **Risk of Misappropriation of Assets** - If duties cannot be appropriately segregated within the accounting department, there is a risk of unauthorized payroll disbursements being made from the District. In addition, generally this results in less review taking place as transactions are recorded in the financial statements.
- **State Aid Valuation** - Revenue and receivable amounts related to General Education Aid and Special Education Aid are generally material to the financial statements and involve significant estimates.
- **Pension Valuation** - Net pension liability, deferred outflows of resources related to pensions, and deferred inflows of resources related to pensions are generally material to the financial statements and involve significant estimates.
- **Other Post Employment Benefits (OPEB) Valuation** - Net OPEB liability, deferred outflows of resources related to OPEB, and deferred inflows of resources related to OPEB are generally material to the financial statements and involve significant estimates.

Qualitative Aspects of the District's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the District is included in the notes to the basic financial statements. There have been no initial selection of accounting policies and no changes to significant accounting policies or their application during 2024. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

**Independent School District No. 507
Required Communication**

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

Significant Accounting Estimates and Related Disclosures

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

General Education and Special Education Aid - General Education Aid is an estimate until average daily membership (ADM) values are final. Since this is normally not done until after the reporting deadlines, this Aid is an estimate. Special Education Aid is dependent on the availability of funds and complex formulas that are finalized after reporting deadlines.

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

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

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

Financial Statement Disclosures

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

Significant Difficulties Encountered during the Audit

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

Uncorrected and Corrected Misstatements

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

Independent School District No. 507 Required Communication

Uncorrected and Corrected Misstatements (Continued)

The following bullet points summarize the uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole and each applicable opinion unit. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit.

- Delinquent taxes receivable and deferred inflows of resources.
- In-kind pension adjustment.

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

Disagreements with Management

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

Representations Requested from Management

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

Management's Consultations with Other Accountants

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

Other Significant Matters, Findings, or Issues

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

Other Information Included in Annual Reports

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

**Independent School District No. 507
Required Communication**

Other Information Included in Annual Reports (Continued)

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

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

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

**Independent School District No. 507
Financial Analysis**

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

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

Average Daily Membership and Pupil Units

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

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

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

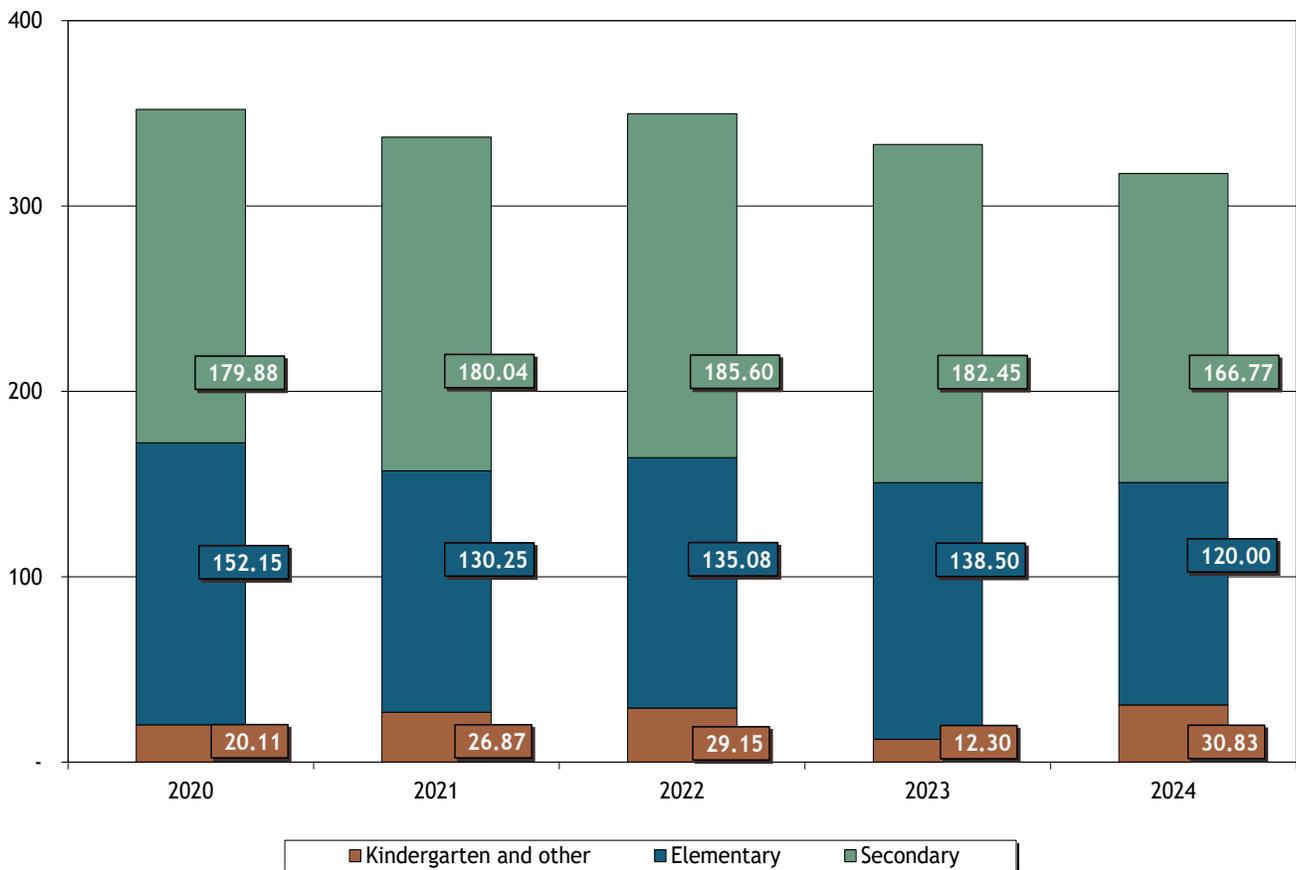
Independent School District No. 507 Financial Analysis

Average Daily Membership and Pupil Units (Continued)

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

ADM	2020	2021	2022	2023	2024
Kindergarten and other	20.11	26.87	29.15	12.30	30.83
Elementary	152.15	130.25	135.08	138.50	120.00
Secondary	179.88	180.04	185.60	182.45	166.77
Total Resident ADM	352.14	337.16	349.83	333.25	317.60

Resident Students (ADM)



The table and graph above illustrate the change in resident ADM. The District experienced a decrease in 2024 of approximately 15.7 resident ADM based on 2024 estimates. Over the past five years, ADM has decreased approximately 34.5 units, or 9.8%.

Independent School District No. 507 Financial Analysis

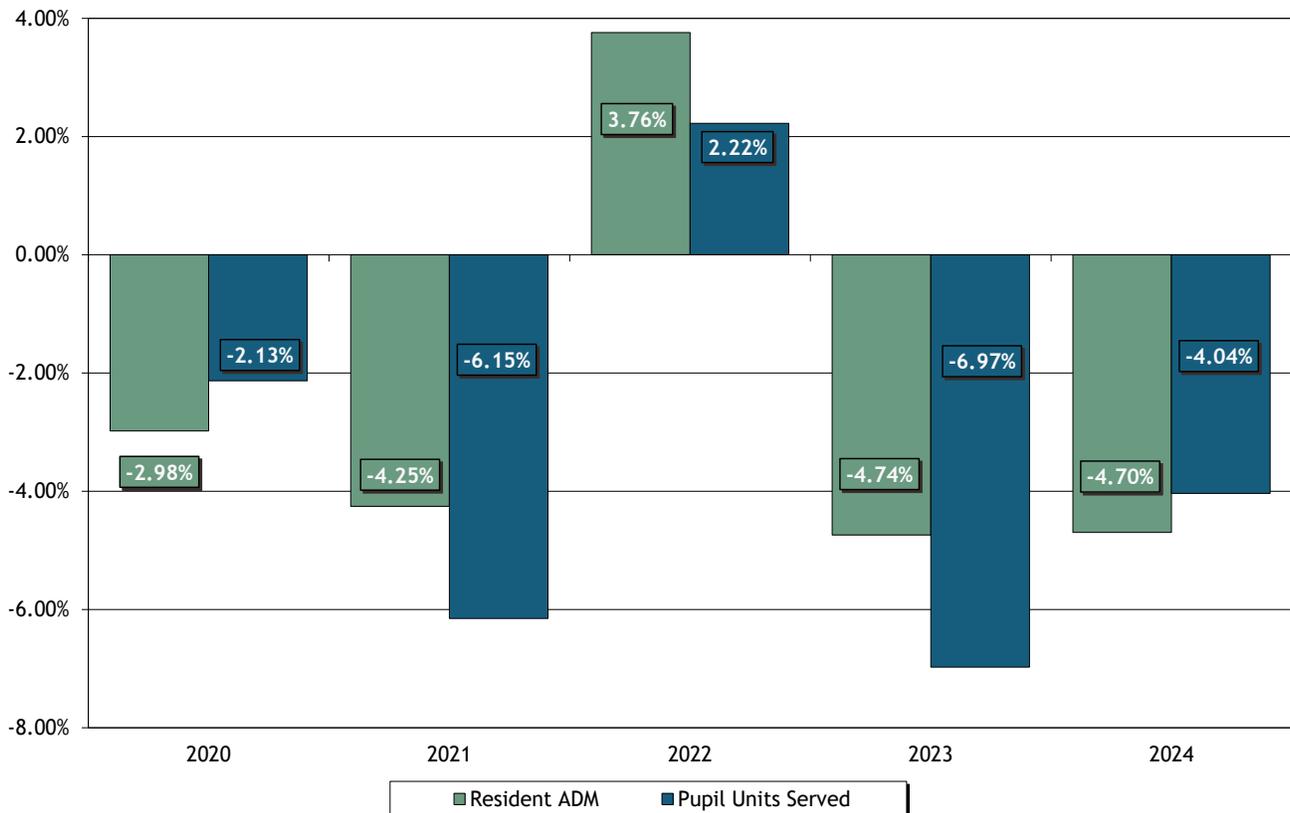
Average Daily Membership and Pupil Units (Continued)

Year 2020-2024	Pupil Units Weighting				
	Pre-Kindergarten	Handicapped Kindergarten	Half/Full Kindergarten	Elementary Grades 1-3	Elementary Grades 4-6 Secondary
	1.000	1.000	1.000	1.000	1.200

The adjusted pupil units, table, and graph below, converts the resident ADM into weighted or adjusted pupil unit data for the past five years, taking into consideration open enrollment and the above weighting factors. The District weighted pupil units decreased in 2024 by approximately 15 units or 4.2%. The overall decrease since 2020 is approximately 60 units or 14.4%. Since the majority of state aid is dependent on student counts, the change in students has a significant impact on the budget.

Adjusted Pupil Units	2020	2021	2022	2023	2024
Residents	388.11	373.16	386.95	369.72	350.97
Residents going elsewhere	(56.50)	(59.27)	(66.19)	(72.39)	(71.18)
Nonresidents coming in	82.92	75.14	76.92	72.62	75.23
Total Adjusted Pupil Units	414.53	389.03	397.68	369.95	355.02

Change in Resident ADM and Pupil Units Served



**Independent School District No. 507
Financial Analysis**

General Fund Budget and Actual

The chart below outlines the District's final budget and actual results for the General Fund. In May 2023, the District approved a General Fund budget anticipating expenditures and other financing uses would exceed revenues by \$274,101. This budget was modified in May 2024, increasing revenue by approximately \$375,000 and increasing expenditures by approximately \$137,000 and decreased the expected deficit. In the end, expenditures exceeded revenues and other financing sources by \$65,429.

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Local property taxes	\$ 829,821	\$ 837,142	\$ 842,005	\$ 4,863
Revenue from state sources	3,667,456	4,000,008	3,924,041	(75,967)
Other sources	461,208	497,634	590,765	93,131
Total revenues	<u>4,958,485</u>	<u>5,334,784</u>	<u>5,356,811</u>	<u>22,027</u>
Expenditures				
Administration	338,397	267,406	272,829	5,423
District support services	165,162	349,383	320,273	(29,110)
Regular instruction	2,396,664	2,388,356	2,471,652	83,296
Vocational education instruction	74,481	68,655	107,694	39,039
Special education instruction	792,106	597,668	593,349	(4,319)
Instructional support services	220,641	217,126	240,889	23,763
Pupil support services	664,191	594,575	651,363	56,788
Sites and buildings and other	560,944	845,026	769,289	(75,737)
Total expenditures	<u>5,212,586</u>	<u>5,328,195</u>	<u>5,427,338</u>	<u>99,143</u>
Other Financing Sources (Uses)	<u>(20,000)</u>	<u>100</u>	<u>5,098</u>	<u>4,998</u>
Net change in fund balances	\$ (274,101)	\$ 6,689	\$ (65,429)	\$ (72,118)

Revenues were over budget by \$22,027, or 0.4%. Revenues from state sources were \$75,967 under budget due to general education aid coming in lower than anticipated with the reduction in adjusted pupil units as noted above. Other sources were \$93,131 over budget due to student activity revenues coming in higher than budgeted for, as well as federal funds received that were not budgeted for.

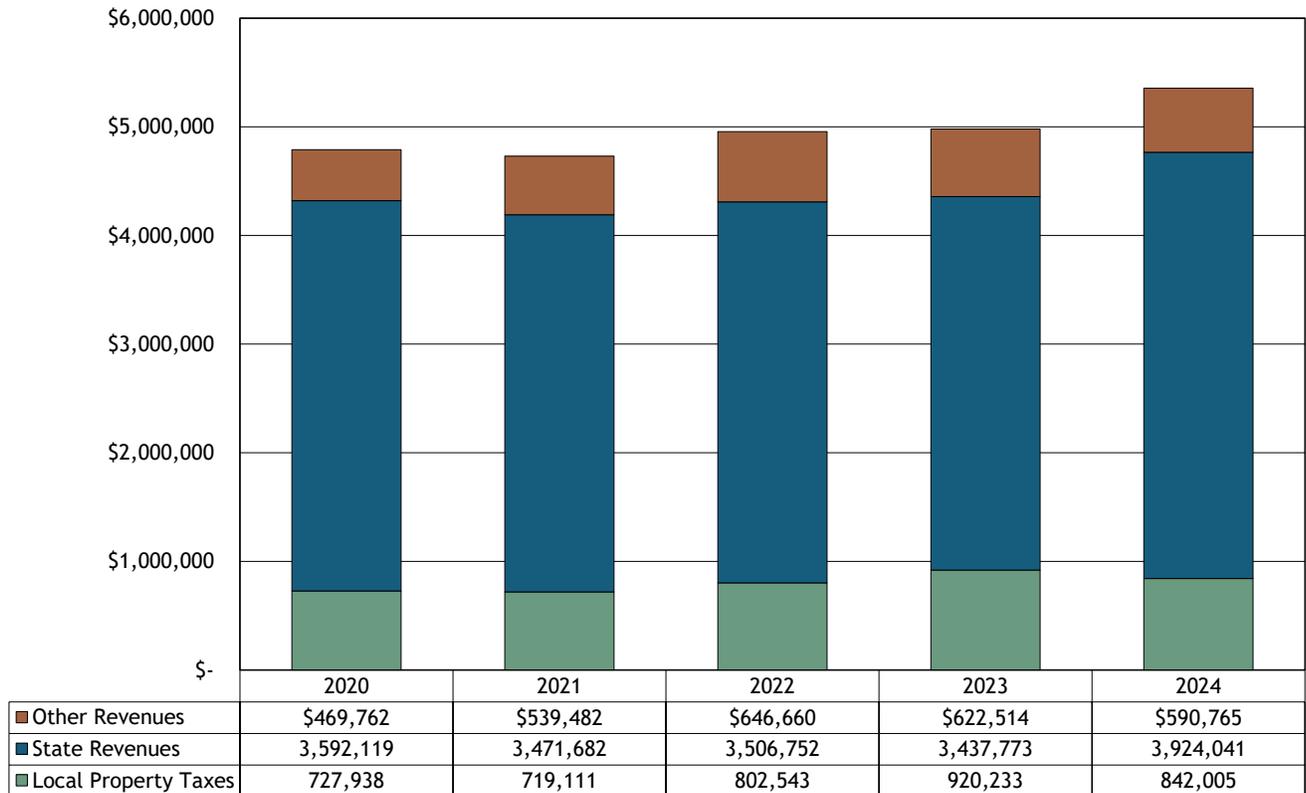
Expenditures were over budget \$99,143, or 1.3%. Instruction expenditures were over budget due to salary expenditures and related employee benefits coming out higher than budgeted for. Pupil support services were over budget due to contracted transportation costs coming in higher than expected. Vocational education services were over budget due to supplies and material costs coming in over budgeted amounts. Sites and buildings and other expenses were under budget due to conservative budgeting related to salaries and employee benefits. All other programs were relatively consistent with budgeted amounts.

Independent School District No. 507 Financial Analysis

General Fund Sources of Revenue

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

General Fund Sources of Revenue



Total General Fund revenues increased \$376,291, or 7.6%, from \$4,980,520 in 2023 to \$5,356,811 in 2024. Overall, revenues increased \$566,992 or 10.6%, for 2024 compared to 2020.

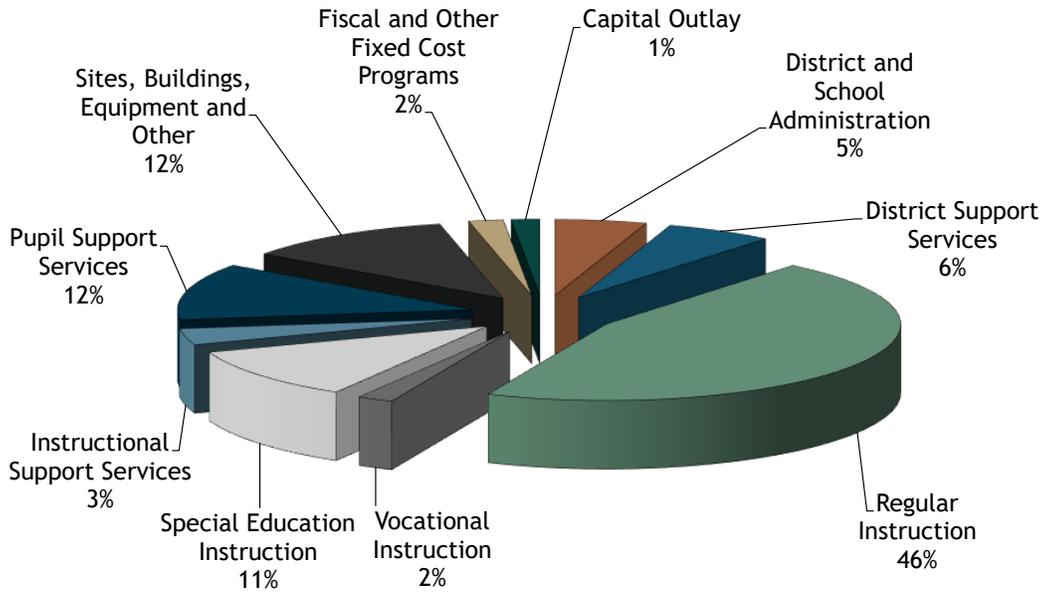
State revenue, which makes up the largest percentage of the District's revenue at 73.3%, increased due to an increase in special education entitlement and new restricted program revenues (School Library Aid, Student Support Personnel, Hourly Worker Unemployment). Local property taxes, which represents 15.7% of the District's revenues decreased due to a reduction in the levy.

Independent School District No. 507 Financial Analysis

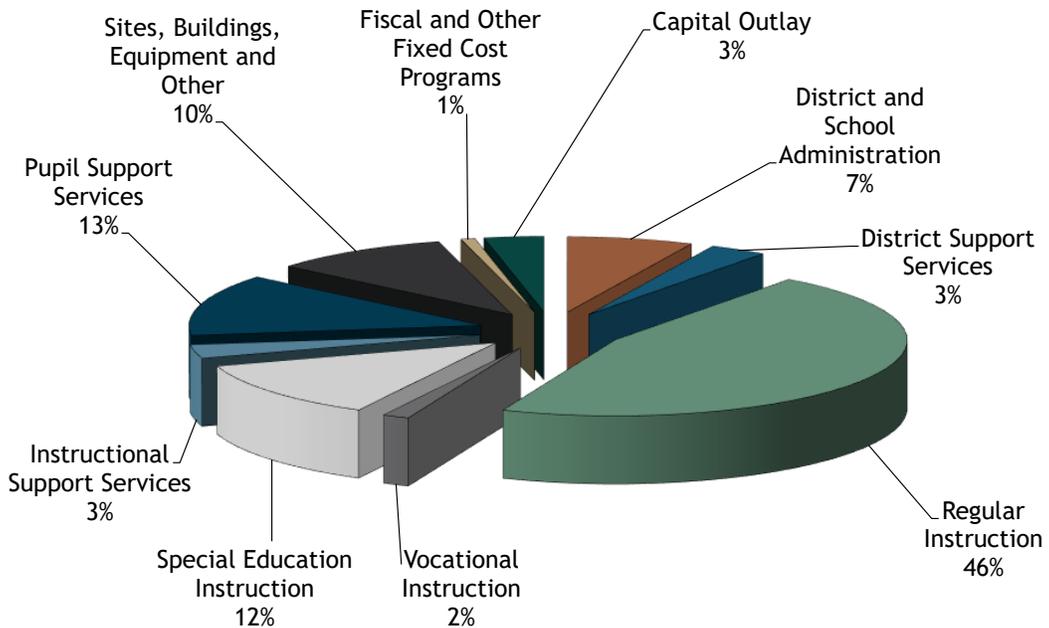
General Fund Expenditures

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

2024 District General Fund Expenditures



2023 District General Fund Expenditures



The three instruction categories of regular, vocational, and special education decreased to 59% of the total expenditures for 2024 compared to 60% in 2023.

Independent School District No. 507 Financial Analysis

Revenue Per Student (ADM) Served

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

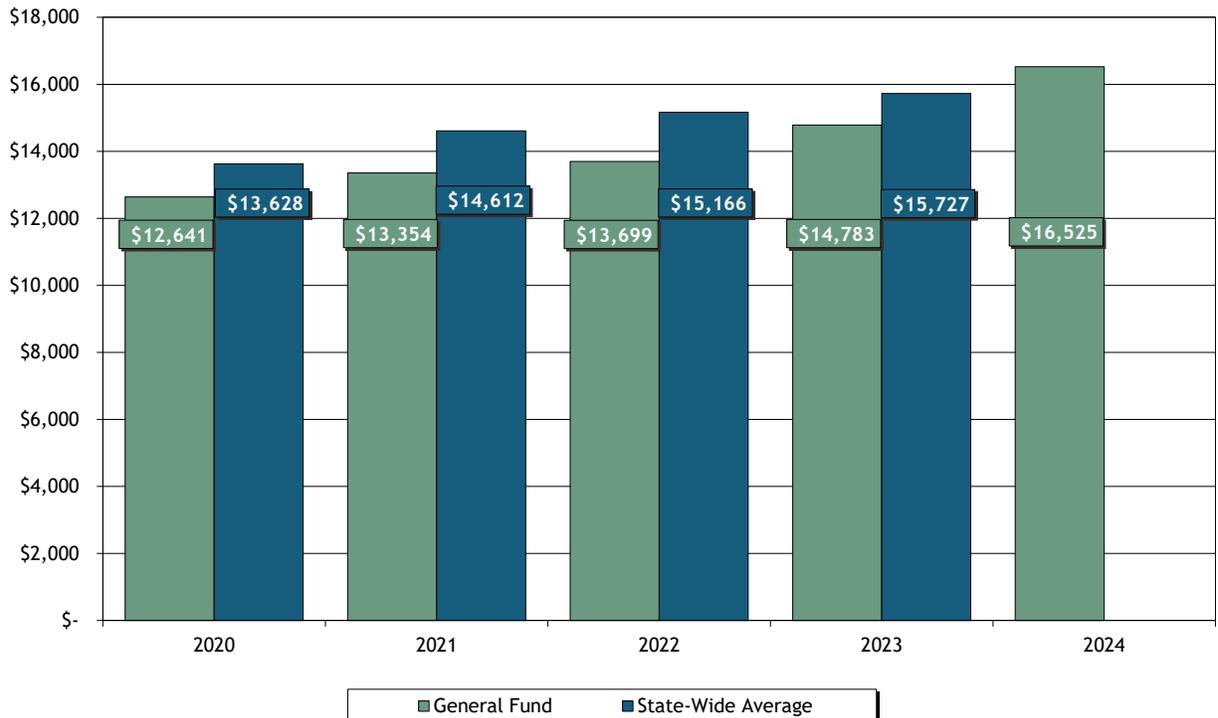
ISD No. 507	2020	2021	2022	2023	2024
Property taxes	\$ 1,926	\$ 2,036	\$ 2,221	\$ 2,731	\$ 2,597
State aid	9,481	9,791	9,668	10,204	12,105
Other	1,234	1,527	1,810	1,848	1,822
Total	\$ 12,641	\$ 13,354	\$ 13,699	\$ 14,783	\$ 16,525

State Average **	2020	2021	2022	2023	2024
Property taxes	\$ 2,180	\$ 2,381	\$ 2,443	\$ 2,545	N/A
State aid	10,393	10,758	10,782	11,073	N/A
Other	1,055	1,473	1,941	2,109	N/A
Total	\$ 13,628	\$ 14,612	\$ 15,166	\$ 15,727	-

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

The mix of local and state revenues vary from year-to-year primarily based on funding formulas and the state's financial condition. The mix of revenue components from district-to-district varies due to factors such as the strength of property values, mix of property types, operating and bond referendums, enrollment trends, density of population, types of programs offered, and countless other criteria.

Revenues Per Student Served



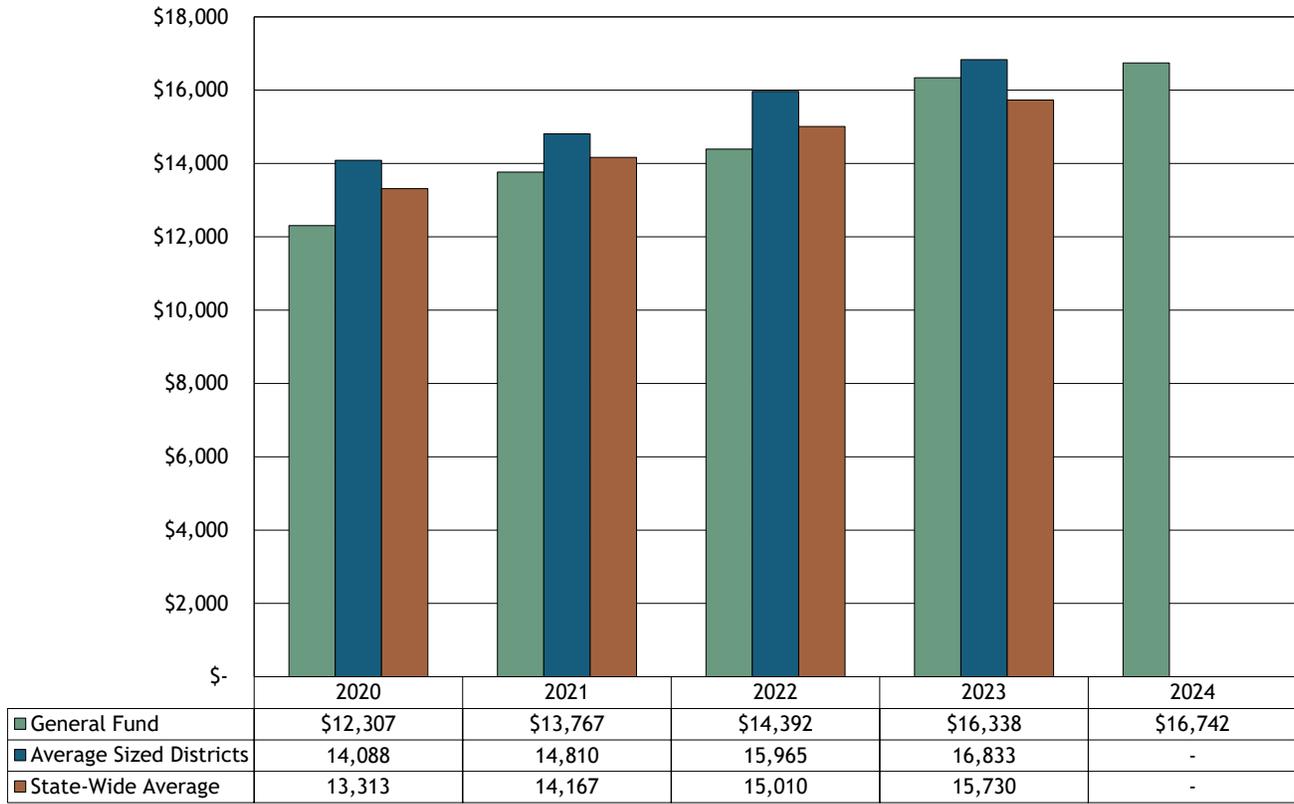
Source: Minnesota Department of Education (MDE) publication, *School District Profiles*.

**Independent School District No. 507
Financial Analysis**

General Fund Revenues and Expenditures Per Student Served

Expenditures per ADM has increased consistently since 2020 due to fewer students being served and overall expenditures increasing.

Expenditures Per Student Served



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

**Independent School District No. 507
Financial Analysis**

General Fund Operations

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

Year Ended June 30,	2020	2021	2022	2023	2024
Revenues	\$ 4,789,819	\$ 4,730,275	\$ 4,955,955	\$ 4,980,520	\$ 5,356,811
Expenditures	4,663,638	4,876,280	5,213,930	5,504,289	5,427,338
Excess of revenues over (under) expenditures	126,181	(146,005)	(257,975)	(523,769)	(70,527)
Net other financing sources (uses)	(22,900)	(21,950)	(17,575)	35,357	5,098
Net change in fund balance	103,281	(167,955)	(275,550)	(488,412)	(65,429)
Fund balance, July 1	1,198,149	1,336,794	1,168,839	893,289	404,877
Prior period adjustment	35,364	-	-	-	-
Fund balance, June 30	\$ 1,336,794	\$ 1,168,839	\$ 893,289	\$ 404,877	\$ 339,448

Year Ended June 30,	2020	2021	2022	2023	2023
Nonspendable	\$ 11,436	\$ 14,256	\$ 17,004	\$ 24,759	\$ 60,879
Restricted for					
Student Activities	64,262	28,346	24,473	33,949	22,859
Staff Development	95,964	36,276	20,287	44,443	5,460
Operating Capital	46,316	55,229	-	-	-
Learning and Development	59,496	233	-	9,030	-
Gifted and Talented	30,252	6,605	-	-	343
Basic Skills	33,584	10,475	-	-	2,571
Safe Schools - Crime Levy	64,872	79,911	77,538	27,070	-
Long-term Facilities Maintenance	191,609	226,617	222,971	255,608	107,224
Medical Assitance	41,396	41,505	505	-	11
Student Support Personnel Aid	-	-	-	-	40,000
School Library Aid	-	-	-	-	487
Assigned	83,007	35,894	38,394	-	-
Unassigned	614,600	633,492	492,117	10,018	99,614
Total Fund Balance, June 30	\$ 1,336,794	\$ 1,168,839	\$ 893,289	\$ 404,877	\$ 339,448

Expenditures exceeded revenues in four of the last five years. Total fund balance decreased \$997,346, or 74.6% from 2020 to 2024.

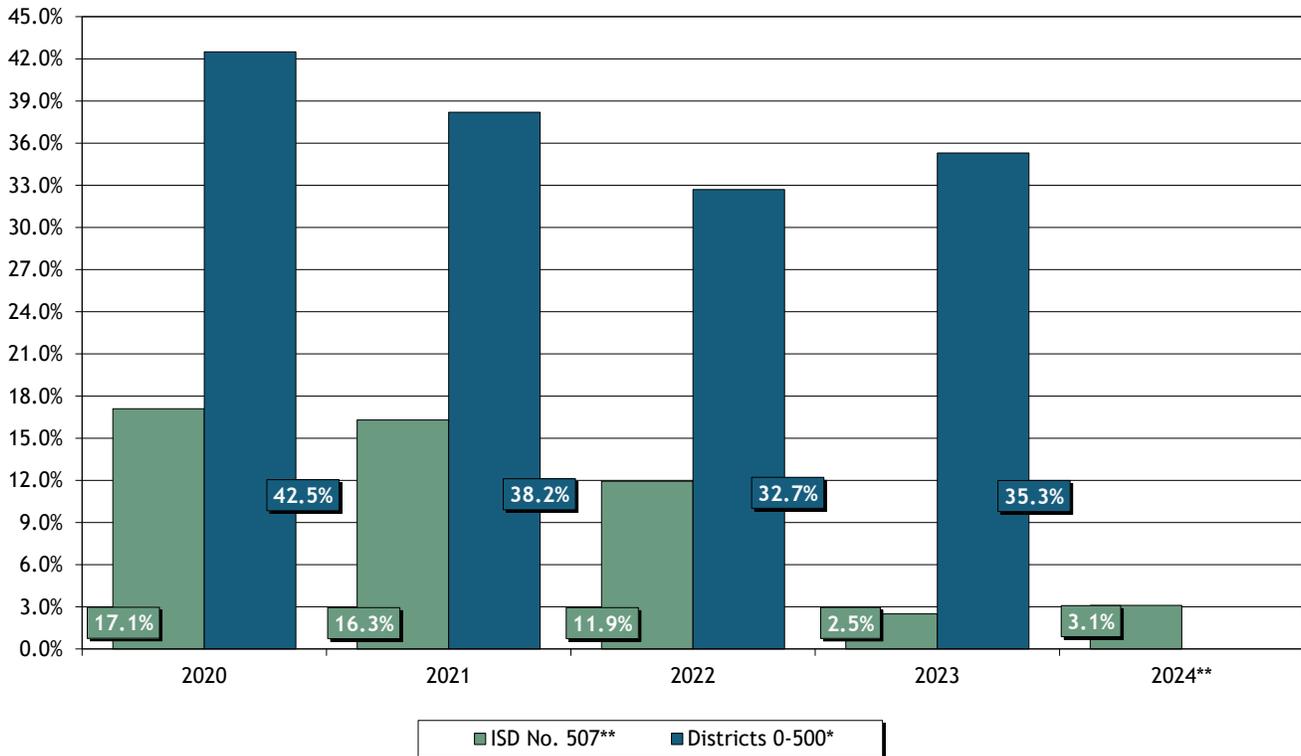
The General Fund total fund balance has shown a steady decline over the past four years. As of June 30, 2024, the District's unassigned fund balance is 1.8% of expenditures. This fund balance represents approximately 1 week of expenditures. The District's fund balance policy indicates the District will strive to maintain a minimum unassigned General Fund balance of 2 months of operating expenditures. The District is not in compliance with its fund balance policy and a continued trend could cause the District to go into Statutory Operating Debt.

Independent School District No. 507 Financial Analysis

General Fund Financial Health

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

Unrestricted Fund Balance as Percent of Unrestricted Expenditures



* Information was obtained from the MDE web site report *Fiscal Year 2013-2022 General Fund Unreserved Balance*. 2024 information is not available.

** Obtained from MDE Uniform Financial Accounting and Reporting Standards (UFARS) Compliance Report dated December 12, 2024. This is an estimate as additional entries were made to District information following that date. Unassigned fund balance has increased \$12,557 since that final submission of District information to MDE.

The District's percentage has decreased since 2020. It is anticipated that the District's percentage for 2024 will be below the state average for Districts of similar size based on the trends of the past five years. Under *Minnesota Statutes § 123B.81, subdivision 2*, a school district is in statutory operating debt (SOD) when it reports a year-end unrestricted fund balance as a percentage of unrestricted expenditures that is more than negative 2.5%. By January 31 of the following fiscal year, a district in SOD and its board of education are required to create and implement a special operating plan that is formally approved through a board resolution and submitted to the commissioner of MDE for approval. SOD plan requirements consist of narratives on the district's current SOD position; budget development and financial management processes; ongoing financial monitoring processes and procedures; special operating plan budget projections; and school board resolution. MDE staff work with school districts in preparation of the special operating plan and monitor district progress.

**Independent School District No. 507
Financial Analysis**

Food Service Fund

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

Year Ended June 30,	2020	2021	2022	2023	2024
Revenues	\$ 223,482	\$ 227,449	\$ 488,996	\$ 281,401	\$ 365,154
Expenditures	204,136	186,655	300,333	426,560	397,812
Excess of revenues over (under) expenditures	19,346	40,794	188,663	(145,159)	(32,658)
Fund balance, July 1	36,765	56,111	96,905	285,568	140,409
Fund Balance, June 30	\$ 56,111	\$ 96,905	\$ 285,568	\$ 140,409	\$ 107,751

Food Service Fund expenditures exceeded revenues for the second time in the five years presented, decreasing fund balance by \$32,658. Revenues increased as a result of the new free lunch program for all students. Expenditures decreased due to fewer equipment purchases and lower salary and benefit costs as a result of staffing changes.

Community Service Fund

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

Year Ended June 30,	2020	2021	2022	2023	2024
Revenues	\$ 598,154	\$ 674,290	\$ 716,690	\$ 708,735	\$ 900,842
Expenditures	613,529	654,169	792,988	846,279	919,037
Excess of revenues over (under) expenditures	(15,375)	20,121	(76,298)	(137,544)	(18,195)
Other financing sources	25,000	25,000	25,000	-	(4,890)
Net change in fund balance	9,625	45,121	(51,298)	(137,544)	(23,085)
Fund balance, July 1	(2,939)	6,686	51,807	509	(137,035)
Fund Balance, June 30	\$ 6,686	\$ 51,807	\$ 509	\$ (137,035)	\$ (160,120)

Community Service Fund expenditures have exceeded revenues four of the last five years. In 2020 through 2022, the Fund received a transfer from the General Fund to help cover negative operations. Operations of 2024 led to expenditures exceeding revenue by \$18,195. Without a transfer from the General Fund in 2024, the fund balance decreased to a negative balance of \$160,120.

Fund balance at June 30, 2024, was comprised of the following components: community education of (\$212,583), early childhood and family education of \$10,463, school readiness of (\$10,165), and community service of \$52,165.

Due to the deficit position of the Community Service Fund's fund balance, we recommend the District monitor the fund to ensure revenues are adequate to cover expenditures. We further recommend the District develop a plan to reduce the existing deficit fund balance position.

Independent School District No. 507 Legislative Summary

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

American Indian Education Aid

The period in which this aid can be carried over has been revised from six months to one year to be consistent with district financial reporting. Permanent School Fund Supplemental Aid is set at \$40,000 in 2025 for tribal contract schools.

American Rescue Plan (ARP) Act

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

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

Area Learning Center (ALC) Transportation Aid

ALC transportation aid reimburses school districts for costs associated with transportation of students to and from an ALC program. School districts can apply for this new funding stream for 2024 and beyond. Allowable recipients for this aid have been modified to include cooperative units that provide their own transportation for ALCs.

Basic Alternative Teacher Compensation Aid (Q-Comp)

The total cap for basic alternative teacher compensation aid increased from \$88,118,000 to \$88,461,000 for 2024 and 2025, and \$89,486,000 for 2026 and beyond. Unspent "Q Comp" funds must be reserved in a restricted fund balance and used only for their intended purpose.

Basic General Education Aid

The formula allowance for 2024 was set at \$7,138 and for 2025, the formula allowance increases to \$7,281, which is a 2% increase over 2024. For fiscal years 2026 and beyond, the actual increase will be equal to the Consumer Price Index - Urban with a floor of 2% and a cap of 3%.

Basic Skills Revenue

School districts are permitted to execute a one-time transfer of restricted balance sheet funds into another restricted balance sheet that is in alignment with uses.

Charter School Lease Aid Review

The Commissioner may develop a system of analyzing charter school lease aid applications. The system will support consistency in applications and allow for the evaluation of the financial viability of multiple charter school leases.

Compensatory Education Revenue

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

Independent School District No. 507 Legislative Summary

English Learner Aid and Cross Subsidy

For 2024-2026, aid is \$1,228 times the greater of 20 or total English learner ADM and \$436 times English learner pupil units (concentration). For 2027, this increases to \$1,775 times the greater of 20 or total English learner ADM and \$4630 times English learner pupil units (concentration), and 25% Cross Subsidy Aid Reduction based on second prior year qualifying services.

Facilities

Districts subject to non-voter approved building projects that require a review and comment do not need to publish or hold a public hearing on the results of the review and comment except districts eligible for non-voter construction projects under *Minnesota Statutes* § 126C.40, subd. 6 must hold a public meeting within 45 days of a review and comment decision. The dates of publication of review and comment have been changed to at least 48 days and not more than 70 days before a referendum. Prior legislation was not more than 60 days before a referendum.

Food Service Fund

Lunchroom furniture, including tables and chairs used by pupils to eat, were added as an eligible expense in the food service fund if a surplus exists for three consecutive years.

Local Optional Revenue

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

Paraprofessionals

For the 2024-2025 school year, districts are required to provide 6 hours of training and may be reimbursed for up to 6 hours. A separate payment equal to 2 hours of the district average wage rate will be made. Consultation with the union representative must be made before planning required trainings.

Special education paraprofessionals employed and paid with special education funding during 2024 may continue to be paid with State special education fund (not federal) for 2025 if they meet competences 4 and 9 in the competency grid or are enrolled in a qualifying training and testing program.

MDE and the Professional Educator Licensing and Standards Board (PELSB) are required to review paraprofessional qualifications.

Pension Bill and Pension Adjustment Revenue

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

Special Education Aid

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

Student Support Personnel Aid

Districts and charters may retain unspent aid in a restricted fund balance, limited to the amount of the prior year's aid allocation.

**Independent School District No. 507
Legislative Summary**

Student Teacher Stipend Pilot Program

Funding of \$6,543,000 has been approved for 8 teacher preparation programs to provide student teachers placed in Minnesota schools during the 2024-2025 school year. Stipends should be awarded at approximately \$6,880 per student teacher.

Unemployment Insurance Aid

Effective May 28, 2023, certain non-certified hourly school workers may qualify for "between term" summer unemployment benefits. A new aid has been created to reimburse districts for between term unemployment insurance costs, which are not eligible for levy reimbursement. The total aid available is \$135 million in fiscal year 2024 and is available until fiscal year 2027 or depletion. This aid now required to be paid on a 90/10 basis.

Voluntary Prekindergarten (VPK)

VPK seats were increased to 12,360 in 2025 using a \$50 million set aside from 2023. Minneapolis and St. Paul districts are individual regions for purposes of seat allocations, so the allocations of other regions are not impacted by this change. Districts were notified of the new allocation by July 1, 2024.

Independent School District No. 507 Emerging Issues

Executive Summary

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

- **Accounting Standard Update - GASB Statement No. 101 - *Compensated Absences***
GASB has issued GASB Statement No. 101 relating to accounting and financial reporting for compensated absences. The unified recognition and measurement model in this Statement will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave.
- **Accounting Standard Update - GASB Statement No. 102 - *Certain Risk Disclosures***
GASB has issued GASB Statement No. 102 relating to risk disclosures. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact.
- **Accounting Standard Update - GASB Statement No. 103 - *Financial Reporting Model Improvements***
GASB has issued GASB Statement No. 103 relating to changes in financial reporting requirements. The changes provide clarity, enhance the relevance of information, provide more useful information for decision-making, and provide for greater comparability amongst government entities.

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

Independent School District No. 507
Emerging Issues

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

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

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

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

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

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

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

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

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

Independent School District No. 507
Emerging Issues

Accounting Standard Update - GASB Statement No. 102 - *Certain Risk Disclosures*

The objective of this Statement is to provide users of government financial statements with information about risks related to a government's vulnerabilities due to certain concentrations or constraints that is essential to their analyses for making decisions or assessing accountability.

This Statement provides definitions for concentration and constraint. A concentration is 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.

This Statement requires a government to assess whether a concentration or constraint could present a risk of financial difficulty. The District will need to make a disclosure in the notes to the financial statements if all three of the following criteria are true:

- The District knows about the concentration or constraint prior to financial statement issuance.
- The concentration or constraint makes the District vulnerable to risk of a substantial impact.
- An event or events associated with the concentration or constraint that could cause a substantial impact have either (1) happened; (2) started to happen; or (3) are more likely than not to start happening within 12 months of the financial statements being issued.

If a government determines the above criteria for disclosure have been met, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. Disclosures are required for the government as a whole as well as any opinion unit in the financial statements that includes outstanding revenue debt. Disclosures can be combined to avoid unnecessary duplication (e.g., a subsequent event footnote).

GASB Statement No. 102 is effective for fiscal years beginning after June 15, 2024. Earlier application is encouraged.

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

**Independent School District No. 507
Emerging Issues**

Accounting Standard Update - GASB Statement No. 103 - *Financial Reporting Model Improvements*

The objective of this Statement 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. This Statement also addresses certain application issues.

This Statement addresses 5 areas of the financial statements (1) Management's Discussion and Analysis (MD&A), (2) Unusual or Infrequent Items, (3) Presentation of the Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Position, (4) Major Component Unit Information, and (5) Budgetary Comparison Information.

This Statement continues the requirement that the MD&A precede the basic financial statements as part of the Required Supplementary Information (RSI). This Statement requires that the information presented in MD&A be limited to the related topics discussed in five sections: (1) Overview of the Financial Statements, (2) Financial Summary, (3) Detailed Analyses, (4) Significant Capital Asset and Long-Term Financing Activity, and (5) Currently Known Facts, Decisions, or Conditions. The Statement stresses that detailed analyses should explain why balances and results of operations changed, rather than stating amounts and "boilerplate" discussions.

This Statement describes unusual or infrequent items as transactions and other events that are either unusual in nature or infrequent in occurrence. Furthermore, governments are required to display the inflows and outflows related to each unusual or infrequent item separately as the last presented flow(s) of resources prior to the net change in resource flows in the government-wide, governmental fund, and proprietary fund statements of resource flows.

This Statement requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses. The Statement provides clarification regarding operating and nonoperating revenues and expenses. Also, this Statement requires that a subtotal for operating income (loss) and noncapital subsidies be presented before reporting other nonoperating revenues and expenses.

This Statement requires governments to present each major component unit separately in the reporting entity's statement of net position and statement of activities if it does not reduce the readability of the statements. If the readability of those statements would be reduced, combining statements of major component units should be presented after the fund financial statements.

This Statement requires governments to present budgetary comparison information using a single method of communication - RSI. Governments also are required to present (1) variances between original and final budget amounts and (2) variances between final budget and actual amounts. An explanation of significant variances is required to be presented in notes to RSI.

GASB Statement No. 103 is effective for fiscal years beginning after June 15, 2025. Earlier application is encouraged.

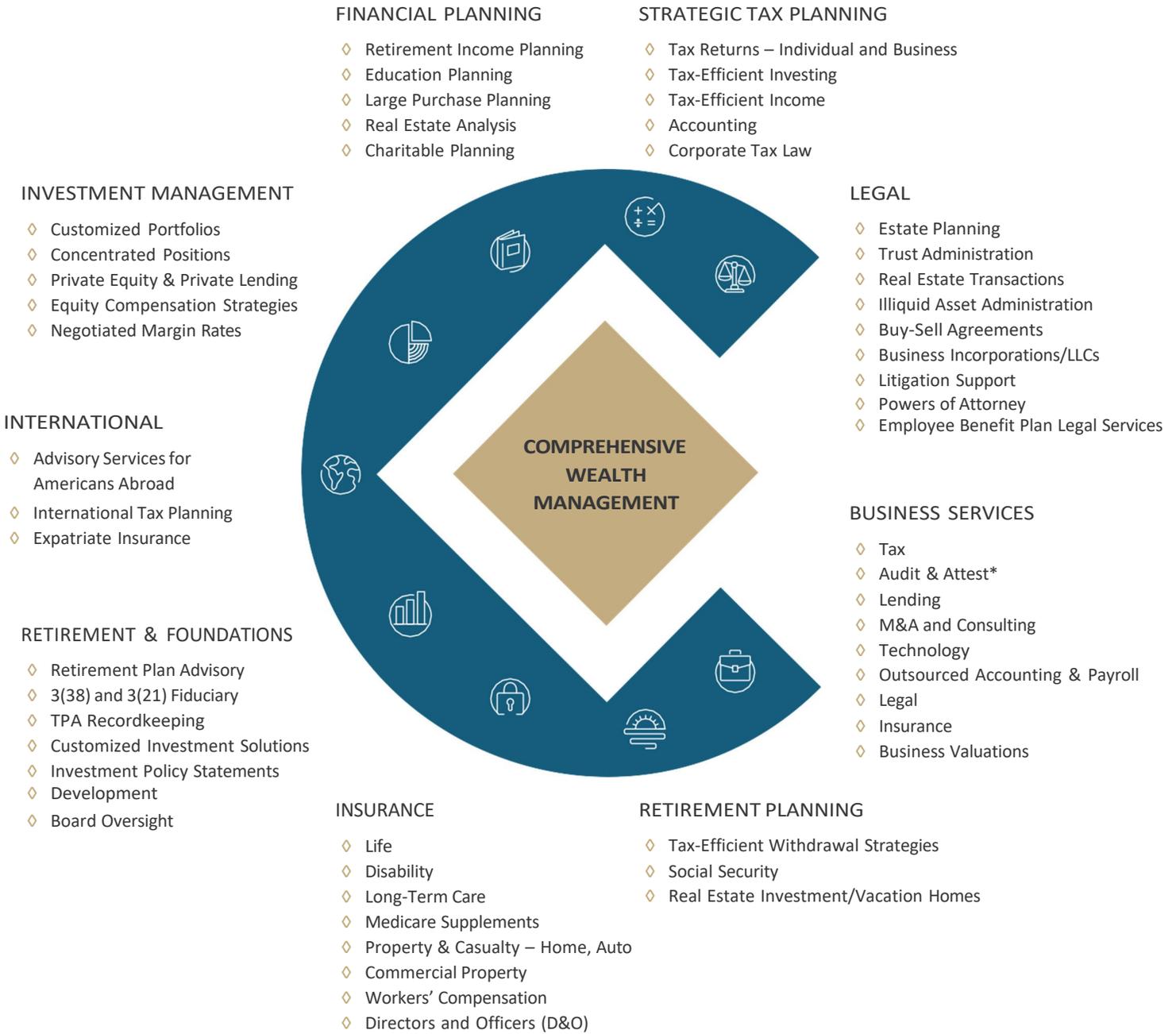
Information provided above was obtained from www.gasb.org.

Creative Planning Services

A Wealth of Services

ALL IN-HOUSE

With expertise across a variety of financial disciplines, you can be confident every element of your plan is working harder, together.

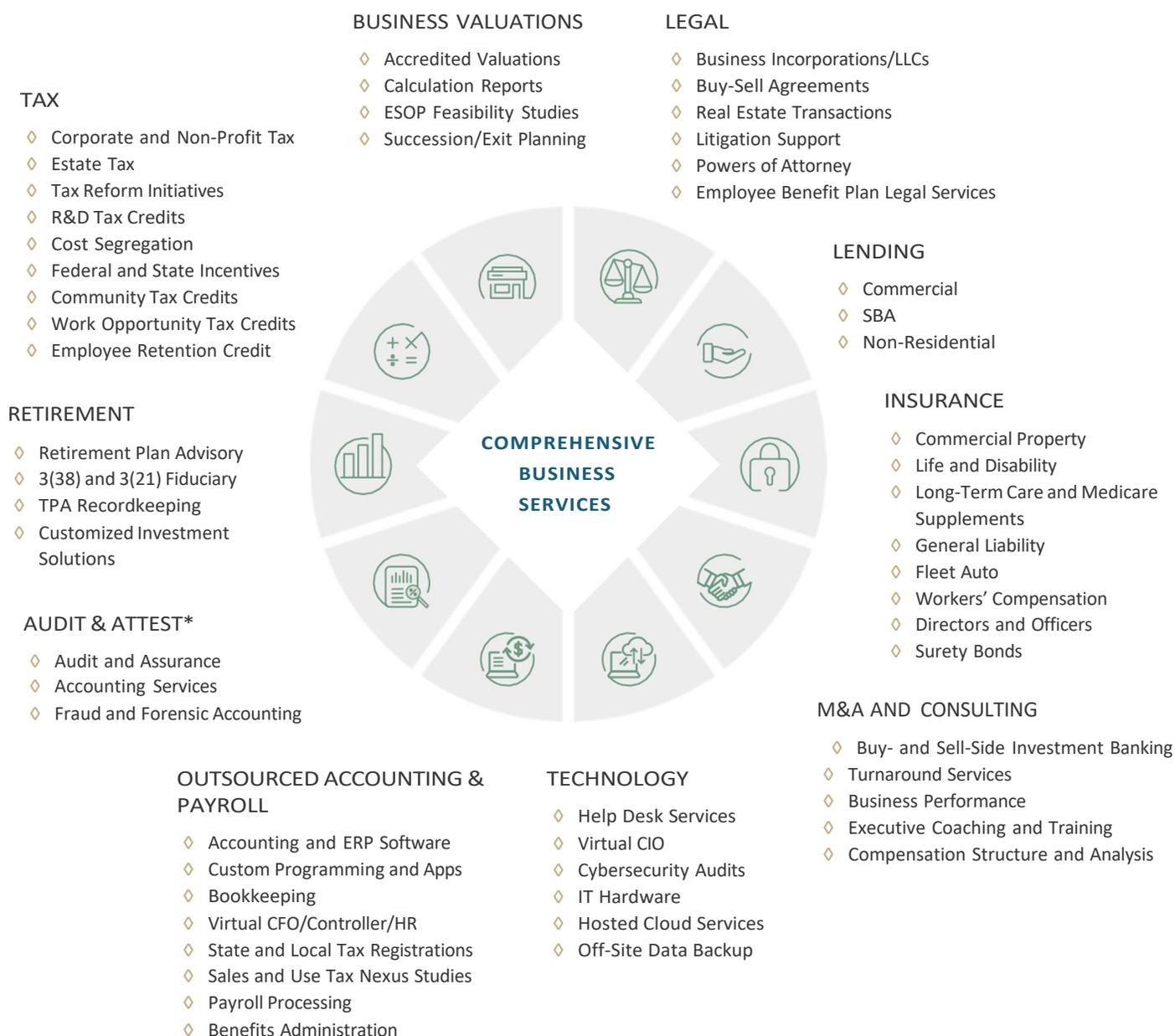


**Creative Planning is an independent wealth management firm also providing business consulting, tax and financial services to clients. Creative Planning works closely with BerganKDV, an independent and separately governed licensed CPA firm that provides audit and assurance services to its clients.*

Business Services

DELIVERING BUSINESS SERVICES THAT INNOVATE AND INSPIRE

At Creative Planning, our business services offering provides customized, high-quality expertise to support every phase of your business journey.



6.a. Superintendent's Report

1. Annual Policy Updates will be presented at the Board meeting in July 2025.

The annual policies to be updated are:

- a. 506 Student Discipline - the handbook for the 2025/2026 school year will be updated and presented for approval at that time.
- b. 722 Public Data Requests
- c. 806 Crisis Management - the emergency response plan (handbook) will be updated for the 2025/2026 school year and added to this agenda for approval.
- d. Policy 522 Student Sex Nondiscrimination: will be updated at the July 2025 Board meeting. The purpose of the updates is to comply with current law and apply correct authority names to our language. Last revision was made January 18, 2012.

2. Administration Configuration for 2025-2026

We are looking at our current plan and assessing the needs and finance management of the current plan. Current configuration:

One full time Superintendent with 9-12 principal duties (3 year contract)

One full time Dean of Students: (9 and ½ month contract - teacher scale)

K-12 student discipline

Assessment coordinator (MCA, ACT)

Guidance Counselor 9-12 (transcripts, credit recovery)

PSEO coordinator

Half time K-8 Principal Consultant (10 month contract, consulting fees)

K-8 student management

Teacher Evaluation and Observation

Read Act Coordinator

Staff Development - MTSS

A recommendation for 2025-2026 administration configuration will be presented at the March 12 Board meeting.

3. Strategic Planning - Superintendent has created a revised schedule to begin the District Strategic Roadmap planning. It is important that School board members provide 3-5 community member names (asap) for the superintendent to invite to join the strategic planning committee.

Strategic Planning 2025 surveys open 2/10/25 - 2/21/25.

Committee Selected by 2/14/25 (announced in written Supt report by 2/17/25)

Superintendent invites community members (8-10).

Superintendent invites staff members (12).
Superintendent invites students (8-10).

Tentative Schedule (Subject to MSBA availability)

1. Open Survey Window 2/10/25 - 2/21/25

2. Listening Sessions Schedule 2/20/25 - Open Meeting

12:00 Student Group - 8-10 middle/high school

1:30 Administrative Team (Kendra, Sam, Nancy, Robin, Lisa)

3:15 All Staff (teachers, paras, auxiliary)

4:30 School Board - Open mtg

5:30 External Stakeholders (Invited committee members and interested community members)

3. Strategic Planning Committee Mtgs. -

3/5/25 Mtg. 1 - 4:00-6:00

3/19/25 Mtg. 2 - 4:00-6:00

4/2/25 Mtg. 3 - 4:00-6:00

4. Review/Goal/Alignment Wrap Up Inservice with

Board-Superintendent Team April 23 4:00-7:00 Open Meeting

4. Staffing Configuration / Enrollment Projection:

K-12 Enrollment for 2024-2025 - 306

K-12 Enrollment prediction for 2025-2026 - 286

We are recommending reconfiguring elementary to include 5th grade. Secondary would be 6-12 and we would move 5th grade to the elementary wing.

Elementary sections K-5 currently are at 9 with Tom Murphy assigned Intervention Specialist.

Elementary section K-5 2025-2026 would be 8. Eliminate Intervention Specialist. (4th grade will be at 26 so we will watch for growth and consider a second 4th grade teacher)

Special Education 2024-2025

Special Education 2025-2026 (considering)

1 - PreK-K

1 - PreK-3

1 - Elementary Sped

1 - Elementary/Middle Sped

1 - Middle School Sped

1 - Secondary Sped

1 - Secondary Sped

(Numbers do not support 4 but funding sources may support 4)

Secondary Enrollment projections may necessitate reducing secondary staffing by one FTE. We will have a more definitive plan presented at the March school board meeting.

5. School Activities Policy 510 - We have had several complaints shared with the superintendent regarding student and some spectator issues at sporting events before the holiday break. Policy 510 supports clear expectations for spectators and I have also created a list of expectations for students and spectators that has been added to the back of every program. The 2025-2026 Parent/Student handbook will include a portion of Policy 510 as well as the expectations for spectators in the revisions.

The following excerpt from Policy 510 is read before every varsity event as a reminder of district expectations:

District Policy 510 reminds all spectators at school sponsored activities, including students, parents, employees, and other members of the public, to behave in an appropriate manner at those activities. Students and employees may be subject to discipline and parents and other spectators may be subject to sanctions for engaging in misbehavior or inappropriate, illegal, or unsportsmanlike behavior at these activities or events.

We appreciate your attendance and thank you for supporting our Nicollet Raiders.

6. Ruth Klossner contract:

The superintendent is recommending that Ruth Klossner create an agreement for Nicollet Public Schools to enter into allowing Ruth to receive an annual stipend of \$600 to assist with her costs of gas and mileage. Ruth has provided free services to Nicollet for years without complaint or requesting reimbursement. This amount will assist her with expenses she incurs while supporting our students.

The superintendent will also write a letter to the Boosters asking them to consider an annual gift of \$500 to show Ruth the appreciation we have for her support over the years.

7. Nicollet Public Schools Community Conversation

Nicollet Public School hosted the first of three community conversations February 5, 2025 6:00-7:30. The conversation was facilitated by KinectEd director Briana Williamson. We had two school board members in attendance for the entire meeting. We had 20 community members in attendance and 3 administrators. We had one student in attendance.

The session provided exploring the topics of:

- Understanding Perspectives

- School and Community Efforts

- The Role of Parents and Families

- Community Responsibility

The purpose of the first session allowed the school staff and community to come together to share experiences and collaborate on ways to support our students.

We will schedule the next two meetings and provide ample opportunity for the public to register for the free event. We plan on creating a better way to get the message out to the public regarding informing the public of the event.

Principal Board Report: February 2025

<p>School Community Engagement</p>	<ul style="list-style-type: none"> ● PBIS - Pancake breakfast-February 13th ● School-wide Food Shelf collection Feb 3-7th ● Student Council-blood drive Feb 5th ● KinectEd Community Forum-Feb 5th ● CTBN student recognition breakfast-Feb 6 ● EC hosted screening on Feb 7 ● FFA-hosted Food Science competition Jan 22 														
<p>Home and School Community Engagement</p>	<p>Choose To Be Nice Recognition Breakfast: We had our recognition breakfast on January 17th to celebrate the 9 students who were chosen by their peers as students who model the behaviors of Teamwork. Each student invites up to two adults to the celebration and high school ambassadors joined us, as well, as we recognized our outstanding students.</p> <table border="1" data-bbox="483 1066 1414 1509"> <tr> <td>Kindergarten</td> <td>Ciara Gould</td> </tr> <tr> <td>1st grade</td> <td>Emma Hewitt and Otto Krueger</td> </tr> <tr> <td>2nd grade</td> <td>Logan Riebe</td> </tr> <tr> <td>3rd grade</td> <td>Ryder Kettner</td> </tr> <tr> <td>4th grade</td> <td>Tristan Smith and Justin Regnstorf</td> </tr> <tr> <td>5th grade</td> <td>Baelyn Weldon</td> </tr> <tr> <td>6th grade</td> <td>Carlos Pena</td> </tr> </table> <p>Parent-Teacher Conferences: Feb. 6th and 7th</p>	Kindergarten	Ciara Gould	1st grade	Emma Hewitt and Otto Krueger	2nd grade	Logan Riebe	3rd grade	Ryder Kettner	4th grade	Tristan Smith and Justin Regnstorf	5th grade	Baelyn Weldon	6th grade	Carlos Pena
Kindergarten	Ciara Gould														
1st grade	Emma Hewitt and Otto Krueger														
2nd grade	Logan Riebe														
3rd grade	Ryder Kettner														
4th grade	Tristan Smith and Justin Regnstorf														
5th grade	Baelyn Weldon														
6th grade	Carlos Pena														
<p>Student Engagement</p>	<p>Choose To Be Nice (k-6): Responsibility</p> <p>Advisory-7 Mindsets (7-12): 7th and 8th grade Advisories, along with Ms Byrd, are focused on celebrating I Love To Read Month and Black History Month during the month of February. Middle School advisory teachers are reading aloud the novel “Ghost” by Jason Reynolds and engaging students in focused discussions. This novel introduces our students to Jason Reynolds, a</p>														

	<p>award-winning African American middle level author while also allowing space for conversation around a common theme of using our personal strengths to manage and overcome hardships.</p> <p>I Love to Read Month and Black History Month K-6 students are engaged in a friendly competition to choose their favorite read-aloud. Teachers chose books that are written to support learning about celebrating differences and building a community where everyone belongs. A letter was sent home with book titles so parents and guardians can extend learning and conversation at home.</p> <p>I've asked all K-8 teachers to be intentional in highlighting the contributions made by African Americans to their specific content area. This is work we do all year, and are especially explicit during February as we celebrate Black History Month.</p>
<p>Staff Development and Early Release</p>	<p>Staff Development Plan 2024-2025 Focus Areas</p> <ol style="list-style-type: none"> 1. Student Engagement / Improvement 2. Purposeful Instruction: Professional Learning Communities (PLC) Multi-Tiered System of Support (MTSS) 3. Positive Connections <p>Professional Development Series for Teachers: Teachers have completed a 5 session professional development series focused on supporting students who experience neurodiversity, especially students who are identified on the Autism Spectrum.</p> <p>KinectEd Training for Teachers: a core group of teachers finished session 1 on Thursday, January 30th</p> <p>PLC Work: early release Feb 14th</p> <p>READ Act</p> <p>READ Act Update:</p> <ul style="list-style-type: none"> ● We have completed the second round of state-required benchmark assessing. All students in grades K-3 completed their grade-specific benchmark testing as mandated, students in grades 4-8 participated, as well. Teachers met to review the data and plan for targeted Tier 1 instruction and intervention. Data and instructional/intervention plans were shared with parents at conferences. ● Teachers continue to progress through the READ Act mandated training. All K-6 and Special Education teachers have, at

	minimum, completed the 2nd required live session and have just 1 more live session remaining which needs to be completed by July 1, 2025.
Being There Experiences (Field Trips) & Activities	MSU theater department visits Nicollet-Feb 11th
Upcoming Events	School-wide Pancake Breakfast-Feb 13th 100th day celebration- Feb 19th National FFA week-Feb 15-22

- Im am stepping in for Sydney tonight as she is gone on a trip!
- The second semester has officially started filled with new classes
- The band has had 2 pep bands with their new band director Ms Bishop
- Girls basketball is 10-10 and boys basketball are 7-12
- The wrestling team is 16 and 11. Saturday is team sections and they are the 1 seed in the section
- Snow Week went great! We had a variety of events held throughout the week like pepfest and game night! The game night was a hit and we had a great turn out! We plan to do that again next year!
- Blood Drive was last Wednesday and we had a great turn out!
- Thai month is I Love to Read Month! Elementary is holding a book contest.
- Pancake breakfast 2/13 held by the freshmen
- Senior Class meeting last week to plan our senior class trip and we started to plan/talk about graduation

Independent School District 507 Regular
School Board Meeting
Wednesday, January 8, 2025 6:00 PM Central

Public Viewing and Comment at Zoom.us
1 Pine St
Nicollet, MN 56074

Ashley Black: Present
Mathew Cabanilla: Present
Abbi Carleton: Present
Adam Erickson: Present
Jill Martens: Present
Scot Osborne: Present
Present: 6.

1. CALL TO ORDER

Meeting was called to order by Adam Erickson @ 6:02. This motion, made by Ashley Black and seconded by Scot Osborne, Carried.

Ashley Black: Yea, Mathew Cabanilla: Yea, Abbi Carleton: Yea, Adam Erickson: Yea, Jill Martens: Yea, Scot Osborne: Yea
Yea: 6, Nay: 0

2. ROLL CALL

3. VISITOR COMMENTS

Visitors: Karen- New Ulm Journal , Lisa Fischer -NEA Rep

4. APPROVAL OF AGENDA

Move to accept the Agenda as presented. This motion, made by Ashley Black and seconded by Scot Osborne, Carried.

Ashley Black: Yea, Mathew Cabanilla: Yea, Abbi Carleton: Yea, Adam Erickson: Yea, Jill Martens: Yea, Scot Osborne: Yea
Yea: 6, Nay: 0

5. SEAT NEW BOARD MEMBERS

6. ORGANIZATIONAL ITEMS

6.a. Election of Board Officers

6.a.i. Elect Chair

Move to approve Adam Erickson as Chair of the Board. Nomination made by Scott and 2nd by Jill. Unanimous ballot. This motion, made by Ashley Black and seconded by Scot Osborne, Carried.

Ashley Black: Yea, Mathew Cabanilla: Yea, Abbi Carleton: Yea, Adam Erickson: Yea, Jill Martens: Yea, Scot Osborne: Yea
Yea: 6, Nay: 0

6.a.ii. Elect Vice Chair

Move to approve Scot Osborne as Vice Chair of the board. Unanimous ballot. This motion, made by Jill Martens and seconded by Ashley Black, Carried.

Ashley Black: Yea, Mathew Cabanilla: Yea, Abbi Carleton: Yea, Adam Erickson: Yea, Jill Martens: Yea, Scot Osborne: Yea
Yea: 6, Nay: 0

6.a.iii. Elect Clerk

Move to approve Ashley Black as Clerk. Unanimous ballot. This motion, made by Scot Osborne and seconded by Jill Martens, Carried.

Ashley Black: Yea, Mathew Cabanilla: Yea, Abbi Carleton: Yea, Adam Erickson: Yea, Jill Martens: Yea, Scot Osborne: Yea
Yea: 6, Nay: 0

6.a.iv. Elect Treasurer

Move to approve Jill Martens as Treasurer. Unanimous ballot. This motion, made by Scot Osborne and seconded by Ashley Black, Carried.

Ashley Black: Yea, Mathew Cabanilla: Yea, Abbi Carleton: Yea, Adam Erickson: Yea, Jill Martens: Yea, Scot Osborne: Yea
Yea: 6, Nay: 0

6.b. Appoint Board Committees and Representative Assignments

6.c. Designate School Board Meeting Schedule

Motion to approve as stated. This motion, made by Scot Osborne and seconded by Ashley Black, Carried.

Ashley Black: Yea, Mathew Cabanilla: Yea, Abbi Carleton: Yea, Adam Erickson: Yea, Jill Martens: Yea, Scot Osborne: Yea
Yea: 6, Nay: 0

6.d. Set Board Member Stipends

Motion to approve stipends with no change. This motion, made by Scot Osborne and seconded by Ashley Black, Carried.

Ashley Black: Yea, Mathew Cabanilla: Yea, Abbi Carleton: Yea, Adam Erickson: Yea, Jill Martens: Yea, Scot Osborne: Yea
Yea: 6, Nay: 0

6.e. Designate District's Official Newspaper-New Ulm Journal

Motion to approve as stated. This motion, made by Jill Martens and seconded by Scot Osborne, Carried.

Ashley Black: Yea, Mathew Cabanilla: Yea, Abbi Carleton: Yea, Adam Erickson: Yea, Jill Martens: Yea, Scot Osborne: Yea
Yea: 6, Nay: 0

6.f. Designate District's Depository Financial Institution-ProGrowth Bank

Motion to identify ProGrowth as the District's banking institution. This motion, made by Scot Osborne and seconded by Jill Martens, Carried.

Ashley Black: Yea, Mathew Cabanilla: Yea, Abbi Carleton: Yea, Adam Erickson: Yea, Jill Martens: Yea, Scot Osborne: Yea
Yea: 6, Nay: 0

6.g. Authorize the Superintendent and District Business Manager to make electronic transfers for the purpose of bond payment and investment of excess funds.

Motion to approve as stated. This motion, made by Scot Osborne and seconded by Ashley Black, Carried.

Ashley Black: Yea, Mathew Cabanilla: Yea, Abbi Carleton: Yea, Adam Erickson: Yea, Jill Martens: Yea, Scot Osborne: Yea

Yea: 6, Nay: 0

6.h. Designate District Auditor as Bergan KDV

Motion to approve as stated. This motion, made by Ashley Black and seconded by Mathew Cabanilla, Carried.

Ashley Black: Yea, Mathew Cabanilla: Yea, Abbi Carleton: Yea, Adam Erickson: Yea, Jill Martens: Yea, Scot Osborne: Yea

Yea: 6, Nay: 0

6.i. Designate District's Legal Counsel-Kennedy & Graven, P.A.

Motion to approve. This motion, made by Ashley Black and seconded by Jill Martens, Carried.

Ashley Black: Yea, Mathew Cabanilla: Yea, Abbi Carleton: Yea, Adam Erickson: Yea, Jill Martens: Yea, Scot Osborne: Yea

Yea: 6, Nay: 0

6.j. Set District's mileage reimbursement rate at the Federal reimbursement rate of .70 per mile

Motion to approve as stated. This motion, made by Scot Osborne and seconded by Mathew Cabanilla, Carried.

Ashley Black: Yea, Mathew Cabanilla: Yea, Abbi Carleton: Yea, Adam Erickson: Yea, Jill Martens: Yea, Scot Osborne: Yea

Yea: 6, Nay: 0

6.k. Authorize the use of facsimile signatures in carrying out district business pursuant to Minnesota Law.

Motion to approve as stated. This motion, made by Scot Osborne and seconded by Ashley Black, Carried.

Ashley Black: Yea, Mathew Cabanilla: Yea, Abbi Carleton: Yea, Adam Erickson: Yea, Jill Martens: Yea, Scot Osborne: Yea

Yea: 6, Nay: 0

7. REPORTS AND PRESENTATIONS

7.a. Superintendent's Report

7.b. Principal's Report

7.c. Student Representative's Report

7.d. Board Committees' Reports

8. CONSENT AGENDA

Move to accept the Consent Agenda as presented. This motion, made by Scot Osborne and seconded by Jill Martens, Carried.

Ashley Black: Yea, Mathew Cabanilla: Yea, Abbi Carleton: Yea, Adam Erickson: Yea, Jill Martens: Yea, Scot Osborne: Yea
Yea: 6, Nay: 0

8.a. Approval of Minutes

8.b. Approval of Bills in the amount of \$

8.c. Approval of Personnel Items

9. BOARD POLICY 524 REVISED-FINAL READING

Amend to defer yo next meeting.

9.a. INTERNET, TECHNOLOGY, AND CELL PHONE ACCEPTABLE USE AND SAFETY POLICY

XIV. CELL PHONE USE

The superintendent recommends amending Policy 524 XIV as revised, written, and discussed to what is attached effective as Policy beginning March 1, 2025. Revisions in the Parent Student handbook will be made when approved according to policy.

10. TRANSFER OF FUNDS

10.a. Business manager Jim Friehammer, requests the Board approve the transfer of \$4,889.00 from District Fund 24 (Fitness Center) to Fund 1 (volleyball fundraising). Two to three years ago the purchase of a volleyball net was coded into the fitness center. Fitness center is paying back the volleyball account. To clean up an accounting misplacement for auditing purposes.

Motion to approve as stated. This motion, made by Scot Osborne and seconded by Jill Martens, Carried.

Ashley Black: Yea, Mathew Cabanilla: Yea, Abbi Carleton: Yea, Adam Erickson: Yea, Jill Martens: Yea, Scot Osborne: Yea

Yea: 6, Nay: 0

11. FIXED ASSET THRESHOLD

Motion to approve. This motion, made by Ashley Black and seconded by Jill Martens, Carried.

Ashley Black: Yea, Mathew Cabanilla: Yea, Abbi Carleton: Yea, Adam Erickson: Yea, Jill Martens: Yea, Scot Osborne: Yea

Yea: 6, Nay: 0

11.a. Jim Friehammer recommends changing the fixed asset threshold from \$1000 to \$5000 which aligns with today's accounting standards.

Motion to adjourn @ 7:25pm. This motion, made by Adam Erickson and seconded by Ashley Black, Carried.

Ashley Black: Yea, Mathew Cabanilla: Yea, Abbi Carleton: Yea, Adam Erickson: Yea, Jill Martens: Yea, Scot Osborne: Yea

Yea: 6, Nay: 0

12. ADJOURNMENT

Nicollet Public Schools
 Payment Reg by Bank and Check

Bank	Batch	Pmt No	Check No	Pay Type	Grp Code	Rcd	Vendor	Tax Class	Print	Recon	Void	Pay/Void	Amount
												Date	
NSBG		52076		Wire	1 3433		VERIZON WIRELESS		No	No	No	01/03/2025	70.02
NSBG		52093		Wire	1 01152		INTERNAL REVENUE SERVICE		No	No	No	01/10/2025	27,360.38
NSBG		52094		Wire	1 01231		PUBLIC EMPLOYEES RETIREMENT		No	No	No	01/10/2025	5,591.95
NSBG		52095		Wire	1 01234		TEACHERS RETIREMENT ASSN		No	No	No	01/10/2025	13,558.14
NSBG		52096		Wire	1 06742		MN DEPARTMENT OF REVENUE		No	No	No	01/10/2025	4,787.06
NSBG		52097		Wire	1 3010		FURTHER		No	No	No	01/10/2025	1,260.40
NSBG		52098		Wire	1 3279		AVIBEN		No	No	No	01/10/2025	3,193.72
NSBG		52099		Wire	1 5267		BPAS		No	No	No	01/10/2025	408.34
NSBG		52128		Wire	1 5284		ARBITER SPORTS LLC		No	No	No	01/16/2025	5,000.00
NSBG		52129		Wire	1 2654		BOND TRUST SERVICES CORP		No	No	No	01/31/2025	537,206.25
NSBG		52130		Wire	1 1829		XCEL ENERGY		No	No	No	01/17/2025	10,494.22
NSBG		52157		Wire	1 06742		MN DEPARTMENT OF REVENUE		No	No	No	01/19/2025	467.00
NSBG		52208		Check	1 01674		NICOLLET EDUCATION ASSOCIATION		Yes	No	Yes	01/17/2025	1,276.15
NSBG		52209		Wire	1 01152		INTERNAL REVENUE SERVICE		No	No	No	01/17/2025	28,194.20
NSBG		52210		Wire	1 01231		PUBLIC EMPLOYEES RETIREMENT		No	No	No	01/17/2025	4,862.38
NSBG		52211		Wire	1 01234		TEACHERS RETIREMENT ASSN		No	No	No	01/17/2025	14,112.99
NSBG		52212		Wire	1 06742		MN DEPARTMENT OF REVENUE		No	No	No	01/17/2025	4,861.80
NSBG		52213		Wire	1 3010		FURTHER		No	No	No	01/17/2025	902.07
NSBG		52214		Wire	1 3279		AVIBEN		No	No	No	01/17/2025	3,193.72
NSBG		52215		Wire	1 5267		BPAS		No	No	No	01/17/2025	408.34
NSBG		52226		Wire	1 3719		MN PEIP		No	No	No	01/31/2025	42,672.20
NSBG		52085	78287	Check	1 2963		BUSINESS CARD		Yes	No	No	01/03/2025	1,574.34
NSBG		52082	78288	Check	1 1756		C & S SUPPLY CO., INC.		Yes	No	No	01/03/2025	11.96
NSBG		52079	78289	Check	1 07124		CAPITAL ONE (WALMART)		Yes	No	No	01/03/2025	242.76
NSBG		52080	78290	Check	1 07230		CENTERPOINT		Yes	No	No	01/03/2025	2,963.44
NSBG		52088	78291	Check	1 4078		CONSOLIDATED COMMUNICATIONS		Yes	No	No	01/03/2025	1,889.44
NSBG		52083	78292	Check	1 2209		GREEN CARE		Yes	No	No	01/03/2025	152.10
NSBG		52086	78293	Check	1 3234		HENDRYCKS BUS CO		Yes	No	No	01/03/2025	1,436.41
NSBG		52077	78294	Check	1 01629		HILLYARD/HUTCHINSON		Yes	No	No	01/03/2025	165.84
NSBG		52081	78295	Check	1 1319		MENARDS		Yes	No	No	01/03/2025	100.02
NSBG		52084	78296	Check	1 2263		OTTO ELECTRIC INC		Yes	No	No	01/03/2025	1,226.70
NSBG		52087	78297	Check	1 3884		QUADE, JACOB		Yes	No	No	01/03/2025	2,175.00
NSBG		52078	78298	Check	1 02421		QUILL CORPORATION		Yes	No	No	01/03/2025	15.18
NSBG		52089	78299	Check	1 5238		SCHOOL MANAGEMENT SERVICES, LL		Yes	No	No	01/03/2025	51,500.00
NSBG		52108	78300	Check	1 3573		BIMBO BAKERIES USA		Yes	No	No	01/10/2025	143.50
NSBG		52104	78301	Check	1 08407		BSN SPORTS LLC		Yes	No	No	01/10/2025	499.95
NSBG		52111	78302	Check	1 4110		GROUND ZERO SERVICES, LLC		Yes	No	No	01/10/2025	600.00
NSBG		52107	78303	Check	1 3234		HENDRYCKS BUS CO		Yes	No	No	01/10/2025	9,592.69

Nicollet Public Schools
 Payment Reg by Bank and Check

Bank	Batch	Pmt No	Check No	Pay Type	Grp Code	Rcd	Vendor	Tax Class	Print	Recon	Void	Pay/Void		Amount
												Date		
NSBG		52115	78304	Check	1	4451	LOFFLER COMPANIES		Yes	No	No	01/10/2025		1,152.10
NSBG		52102	78305	Check	1	07097	MCKINLEY, BECKY		Yes	No	No	01/10/2025		9,659.57
NSBG		52105	78306	Check	1	1319	MENARDS		Yes	No	No	01/10/2025		7.40
NSBG		52124	78307	Check	1	5323	METROPOLITAN LIFE INSURANCE COM		Yes	No	No	01/10/2025		1,408.94
NSBG		52126	78308	Check	1	5382	MICROKITS		Yes	No	No	01/10/2025		252.00
NSBG		52119	78309	Check	1	4975	MIDWEST REFRIGERATION AND HEATI		Yes	No	No	01/10/2025		1,615.00
NSBG		52122	78310	Check	1	5166	MINNESOTA FFA ASSOCIATION		Yes	No	No	01/10/2025		40.00
NSBG		52109	78311	Check	1	3719	MN PEIP		Yes	No	No	01/10/2025		21,738.90
NSBG		52103	78312	Check	1	07441	MURPHY, JODI		Yes	No	No	01/10/2025		155.87
NSBG		52110	78313	Check	1	3901	NICKEL TRANSPORTATION, INC.		Yes	No	No	01/10/2025		11,716.10
NSBG		52101	78314	Check	1	01674	NICOLLET EDUCATION ASSOCIATION		Yes	No	No	01/10/2025		1,321.42
NSBG		52121	78315	Check	1	5134	O'REILLY AUTOMOTIVE, INC		Yes	No	No	01/10/2025		54.99
NSBG		52113	78316	Check	1	4361	OTTO BUS COMPANY, LLC		Yes	No	No	01/10/2025		9,689.61
NSBG		52106	78317	Check	1	2263	OTTO ELECTRIC INC		Yes	No	No	01/10/2025		58.16
NSBG		52116	78318	Check	1	4527	PERFORMANCE FOODSERVICE - MAR		Yes	No	No	01/10/2025		5,199.27
NSBG		52123	78319	Check	1	5254	POLKA DOT DAIRY		Yes	No	No	01/10/2025		811.95
NSBG		52100	78320	Check	1	00271	RUDENICK BUS SERVICE, LLC		Yes	No	No	01/10/2025		9,651.82
NSBG		52117	78321	Check	1	4674	SPX SPORTS		Yes	No	No	01/10/2025		135.00
NSBG		52118	78322	Check	1	4891	ST. PETER LUMBER COMPANY		Yes	No	No	01/10/2025		164.22
NSBG		52125	78323	Check	1	5381	SUSI EPPERSON CONSULTING, LLC		Yes	No	No	01/10/2025		350.00
NSBG		52112	78324	Check	1	4286	SYSCO WESTERN MINNESOTA, INC.		Yes	No	No	01/10/2025		176.47
NSBG		52120	78325	Check	1	4989	TISH, NICOLE		Yes	No	No	01/10/2025		130.44
NSBG		52114	78326	Check	1	4408	WEST SIDE TRANSPORTATION LLC		Yes	No	No	01/10/2025		4,467.06
NSBG		52127	78327	Check	1	5379	COOKS DIRECT		Yes	No	No	01/10/2025		1,026.72
NSBG		52140	78328	Check	1	4195	ALDEN-CONGER PUBLIC SCHOOL		Yes	No	No	01/17/2025		100.00
NSBG		52149	78329	Check	1	5284	ARBITER SPORTS LLC		Yes	No	No	01/17/2025		1,359.00
NSBG		52146	78330	Check	1	5019	BENZ, SEAN		Yes	No	No	01/17/2025		116.66
NSBG		52137	78331	Check	1	3573	BIMBO BAKERIES USA		Yes	No	No	01/17/2025		143.50
NSBG		52133	78332	Check	1	08407	BSN SPORTS LLC		Yes	No	No	01/17/2025		3,487.98
NSBG		52155	78333	Check	1	5386	CARLTON, ELEANOR		Yes	No	No	01/17/2025		1,000.00
NSBG		52142	78334	Check	1	4489	CHROMEBOOKPARTS.COM		Yes	No	No	01/17/2025		781.92
NSBG		52131	78335	Check	1	00059	CITY OF NICOLLET		Yes	No	No	01/17/2025		644.85
NSBG		52134	78336	Check	1	1852	CLEVELAND PUBLIC SCHOOL		Yes	No	No	01/17/2025		100.00
NSBG		52151	78337	Check	1	5372	COLUMN SOFTWARE PBC		Yes	No	No	01/17/2025		167.67
NSBG		52138	78338	Check	1	3935	CREATIVE AD SOLUTIONS, INC.		Yes	No	No	01/17/2025		118.20
NSBG		52153	78339	Check	1	5384	GUTHRIE THEATER, GROUP SALES OF		Yes	No	No	01/17/2025		787.00
NSBG		52145	78340	Check	1	4951	HOFFMAN, KENDRA		Yes	No	No	01/17/2025		60.42
NSBG		52135	78341	Check	1	3154	INNOVATIVE OFFICE SOLUTIONS, LLC		Yes	No	No	01/17/2025		5,544.76

Nicollet Public Schools
 Payment Reg by Bank and Check

Bank	Batch	Pmt No	Check No	Pay Type	Grp Code	Rcd	Vendor	Tax Class	Print	Recon	Void	Pay/Void		Amount
												Date		
NSBG		52154	78342	Check	1	5385	LAKEVIEW PUBLIC HIGH SCHOOLS		Yes	No	No	01/17/2025		75.00
NSBG		52136	78343	Check	1	3410	LJP ENTERPRISES WASTE & RECYCL		Yes	No	No	01/17/2025		735.83
NSBG		52139	78344	Check	1	4121	MAAE		Yes	No	No	01/17/2025		150.00
NSBG		52141	78345	Check	1	4361	OTTO BUS COMPANY, LLC		Yes	No	No	01/17/2025		195.84
NSBG		52152	78346	Check	1	5383	PERFORMANCE DIESEL OF NICOLLET,		Yes	No	No	01/17/2025		9.56
NSBG		52148	78347	Check	1	5254	POLKA DOT DAIRY		Yes	No	No	01/17/2025		882.96
NSBG		52147	78348	Check	1	5082	PROCARE SOFTWARE LLC		Yes	No	No	01/17/2025		1,188.00
NSBG		52144	78349	Check	1	4826	QUADIENT LEASING USA, INC.		Yes	No	No	01/17/2025		356.28
NSBG		52132	78350	Check	1	00271	RUDENICK BUS SERVICE, LLC		Yes	No	No	01/17/2025		337.92
NSBG		52143	78351	Check	1	4745	SPS COMPANIES, INC.		Yes	No	No	01/17/2025		45.76
NSBG		52150	78352	Check	1	5357	VISA		Yes	No	No	01/17/2025		55.32
NSBG		52156	78353	Check	1	02652	CRYSTAL VALLEY COOP		Yes	No	No	01/17/2025		706.24
NSBG		52182	78354	Check	1	5130	KINECT EDUCATION GROUP		Yes	No	No	01/30/2025		4,950.00
NSBG		52201	78355	Check	1	5044	ANDERSON, ERIN		Yes	No	No	01/31/2025		325.00
NSBG		52190	78356	Check	1	3279	AVIBEN		Yes	No	No	01/31/2025		70.84
NSBG		52200	78357	Check	1	5019	BENZ, SEAN		Yes	No	No	01/31/2025		25.54
NSBG		52197	78358	Check	1	4569	BERNAU, JAMES		Yes	No	No	01/31/2025		730.94
NSBG		52191	78359	Check	1	3573	BIMBO BAKERIES USA		Yes	No	No	01/31/2025		237.58
NSBG		52205	78360	Check	1	5387	BIOCIC, TIM		Yes	No	No	01/31/2025		44.85
NSBG		52188	78361	Check	1	2963	BUSINESS CARD		Yes	No	No	01/31/2025		73.54
NSBG		52196	78362	Check	1	4506	BYTESPEED		Yes	No	No	01/31/2025		330.00
NSBG		52186	78363	Check	1	07230	CENTERPOINT		Yes	No	No	01/31/2025		4,303.49
NSBG		52192	78364	Check	1	3935	CREATIVE AD SOLUTIONS, INC.		Yes	No	No	01/31/2025		30.56
NSBG		52204	78365	Check	1	5366	GREATER MANKATO AREA UNITED WA		Yes	No	No	01/31/2025		855.00
NSBG		52194	78366	Check	1	4386	HYVEE ACCOUNTS RECEIVABLE		Yes	No	No	01/31/2025		215.66
NSBG		52189	78367	Check	1	3129	JM PROMOTIONS		Yes	No	No	01/31/2025		1,224.00
NSBG		52184	78368	Check	1	02053	JW PEPPER & SONS, INC.		Yes	No	No	01/31/2025		186.49
NSBG		52195	78369	Check	1	4451	LOFFLER COMPANIES		Yes	No	No	01/31/2025		82.53
NSBG		52183	78370	Check	1	00233	MASA		Yes	No	No	01/31/2025		339.00
NSBG		52185	78371	Check	1	07097	MCKINLEY, BECKY		Yes	No	No	01/31/2025		446.85
NSBG		52187	78372	Check	1	1319	MENARDS		Yes	No	No	01/31/2025		295.28
NSBG		52199	78373	Check	1	4975	MIDWEST REFRIGERATION AND HEATI		Yes	No	No	01/31/2025		335.00
NSBG		52202	78374	Check	1	5120	OTTO, SCOTT		Yes	No	No	01/31/2025		186.70
NSBG		52203	78375	Check	1	5254	POLKA DOT DAIRY		Yes	No	No	01/31/2025		777.96
NSBG		52193	78376	Check	1	4286	SYSCO WESTERN MINNESOTA, INC.		Yes	No	No	01/31/2025		7,470.24
NSBG		52198	78377	Check	1	4945	VESTIS		Yes	No	No	01/31/2025		89.48
NSBG		52206	78378	Check	1	5388	DAIRYLAND DONKEY BALL, LLC		Yes	No	No	01/31/2025		125.00

Nicollet Public Schools
Payment Reg by Bank and Check

Bank	Batch	Pmt No	Check No	Pay Type	Grp Code	Rcd	Vendor	Tax Class	Pay/Void				Amount
									Print	Recon	Void	Date	
NSBG		52207	78379	Check	1	5263	BERGANKDV		Yes	No	No	01/31/2025	18,000.00
												Bank Total:	926,055.87
												Report Total:	926,055.87

I recommend accepting the gifts as described below.

Donor Name	Description	Value	Purpose of Gift
GNACF	K-4 Theater MSU	\$400.00	Elementary Play Sponsor
GNACF	Playground Project	\$5,000.00	NECC Playground
Nicollet Lions	NECC SUMmer	\$3,000.00	Summer Field Trips
Nicollet Conservation Club	Concession Stand	\$1,000.00	Construction Concession Stand

Handbook 2025-2026 Revisions

XIV. CELL PHONE PERSONAL DEVICE USE RULES

The school board directs the superintendent and school district administration to establish rules and procedures regarding student possession and use of personal devices cell phones in school. These rules and procedures should seek to minimize the impact of cell phones on student behavior, mental health, and academic attainment.

All unauthorized use of personal devices outside of school involving Nicollet students and reported to administration will be addressed in a parent conference and reported to local authorities if applicable.

XIV(a) PERSONAL DEVICES i.e.; Electronics, Cell Phones, Headphones, Earbuds, e-Readers, personal laptops, smart watches, AI devices, etc...

Minn.Stat. 121A.73

Personal Devices; Grades K- 8

Students in grade K - 5 should leave all personal devices at home. Students may NOT use personal devices (cell phones, smart watches, etc...) during the school day.

Students in 6-8 may bring a cell phone to school but it will remain turned off and in their locker first bell to last bell. It is strongly suggested that all electronic devices be kept off and in a locker during school hours if brought to school. Communication watches may be on the student but must be silenced when in the classroom. Students may be asked to remove and leave in their locker if disruptions are heard.

Students may request permission to check their phone at their locker during their lunch period.

School staff and administration is not responsible for ANY lost or stolen personal devices. * Exceptions may be made for students whose IEPs reflect need.

Confiscation and Consequences K-8

- **Unauthorized use:** If any electronic device, including cell phones, is seen or heard during school hours it will be confiscated by any staff member and taken to the office. (6-8 grade may check their personal devices before school, during lunch, and after the last bell.)
- **First infraction:** The device will be taken to the office and the student will pick it up at the end of the school day.
- **Second Infraction:** The device will be taken to the office and a parent/guardian must pick up the device. Parents will be notified.
- **Third Infraction:** The device will be confiscated, parents notified to pick it up and all unauthorized devices may not be at school for two weeks. **A Major detention will be assigned by the administration. Parents may be called to**

conference with the administration.

- **Fourth Infraction:** The device will be confiscated, parents notified to pick it up and all unauthorized devices will not be allowed for the remainder of the semester or school year as determined at a parent conference. **A Major detention will be assigned by the administration.**

SPECIFIC RESTRICTIONS

- **Locker Rooms and Bathrooms:** Devices with photo-taking capabilities are **NOT** allowed in locker rooms or bathrooms at any time. Including after school and weekend events. Confiscation and search of such devices is standard procedure in these areas.
- **Lockdown and Emergency Drills:** Phone usage during lockdown and fire drills is prohibited.
- **Unauthorized Recording:** Students who take pictures or videos of others without permission at any school activity or setting, including the bus, will face disciplinary action.
- **Recording and Posting:** Students may not use a device to record, transmit, or post photos or videos of a person or persons on school grounds or the bus without express permission of an administrator in addition to the individual of individuals that are the subjects of the recording. (Students/staff taking photos for yearbook or classroom projects will have permission and announce their purpose)
- **Phone Calls:** Students are not to use their phones to call or text individuals during the school day. A telephone is located outside the office and available for student use at appropriate times. Students will not be called to the phone during the school day except for emergencies.

XIV(b) PERSONAL DEVICES i.e.; Electronic, Cell Phones, Headphones, Earbuds, e-Readers, personal laptops, smart watches, AI devices, etc...

Minn.Stat. 121A.73

Personal Devices; Grades 9-12

Ninth - Twelfth Grade Students - Modified Use

Students in grade 9-12 are encouraged not to bring **personal devices**, cell phones or other electronic devices including smart watches, and earbuds to school. Devices will remain in student backpacks/lockers during instructional time or on their person turned off. School staff and administration is not responsible for ANY lost or stolen personal devices. **Personal devices brought into a classroom and observed by a staff member will be placed in the pocket chart available in each classroom by the student.**

Confiscation and Consequences

- **Unauthorized use:** If any electronic device, including cell phones or watches, are seen or heard during instructional classes ~~it will be confiscated by any staff member and taken to the office.~~ **the student will place the device in the pocket chart on the wall for the remainder of the class period.**

- **First infraction:** The staff member will ask the student to ~~put away or place in a pocket chart or locker.~~
- **Second infraction:** The device will be taken to the office and the student will pick it up at the end of the school day.
- **Third Infraction:** The device will be confiscated, parents notified to pick it up.
- **Fourth Infraction:** The device will be confiscated, parents notified to pick it up and all unauthorized devices will not be allowed for a minimum of two weeks. **A Major detention will be assigned by the administration.**

SPECIFIC RESTRICTIONS

- **Locker Rooms and Bathrooms:** Devices with photo-taking capabilities are **NOT** allowed in locker rooms or bathrooms at any time. Including after school and weekend events. Confiscation and search of such devices is standard procedure in these areas.
- **Lockdown and Emergency Drills:** Phone usage during lockdown and fire drills is prohibited.
- **Unauthorized Recording:** Students who take pictures or videos of others without permission at any school activity or setting, including the bus, will face disciplinary action, **parent conference, and a code of conduct violation.**
- **Recording and Posting:** Students may not use a device to record, transmit, or post photos or videos of a person or persons on school grounds or the bus without express permission of ~~an administrator in addition to~~ the individual of individuals that are the subjects of the recording. (Students/staff taking photos for yearbook or classroom projects will have permission and announce their purpose)
- **Phone Calls:** Students are not to use their phones to call or text individuals during the class period. A telephone is located outside the office and available for student use at appropriate times. Students will not be called to the phone during the school day except for emergencies.

COMPLIANCE AND SCHOOL RESPONSIBILITY

- ~~Cell phone use is allowed between classes and during lunch only.~~
- ~~Cell phones and earbuds will be required to be placed in a designated area in each classroom if brought into the classroom.~~
- ~~If your phone is seen or heard in class it will be given to the office to hold until the end of the day.~~

COMPLIANCE AND SCHOOL RESPONSIBILITY

By following these guidelines, students will help maintain a focused and respectful learning environment. Failure to comply with these guidelines will result in disciplinary actions as described above. The school is not responsible for, nor is it required to investigate, any lost, stolen, or damaged electronic devices brought onto school grounds or the bus.

Handbook 2025-2026 Revisions

XIV. CELL PHONE PERSONAL DEVICE USE RULES

The school board directs the superintendent and school district administration to establish rules and procedures regarding student possession and use of personal devices cell phones in school. These rules and procedures should seek to minimize the impact of cell phones on student behavior, mental health, and academic attainment.

All unauthorized use of personal devices outside of school involving Nicollet students and reported to administration will be addressed in a parent conference and reported to local authorities if applicable.

XIV(a) PERSONAL DEVICES i.e.; Electronics, Cell Phones, Headphones, Earbuds, e-Readers, personal laptops, smart watches, AI devices, etc...

Minn.Stat. 121A.73

Personal Devices; Grades K- 8

Students in grade K - 5 should leave all personal devices at home. Students may NOT use personal devices (cell phones, smart watches, etc...) during the school day.

Students in 6-8 may bring a cell phone to school but it will remain turned off and in their locker first bell to last bell. It is strongly suggested that all electronic devices be kept off and in a locker during school hours if brought to school. Communication watches may be on the student but must be silenced when in the classroom. Students may be asked to remove and leave in their locker if disruptions are heard.

Students may request permission to check their phone at their locker during their lunch period.

School staff and administration is not responsible for ANY lost or stolen personal devices. * Exceptions may be made for students whose IEPs reflect need.

Confiscation and Consequences K-8

- **Unauthorized use:** If any electronic device, including cell phones, is seen or heard during school hours it will be confiscated by any staff member and taken to the office. (6-8 grade may check their personal devices before school, during lunch, and after the last bell.)
- **First infraction:** The device will be taken to the office and the student will pick it up at the end of the school day.
- **Second Infraction:** The device will be taken to the office and a parent/guardian must pick up the device. Parents will be notified.
- **Third Infraction:** The device will be confiscated, parents notified to pick it up and all unauthorized devices may not be at school for two weeks. **A Major detention will be assigned by the administration. Parents may be called to**

conference with the administration.

- **Fourth Infraction:** The device will be confiscated, parents notified to pick it up and all unauthorized devices will not be allowed for the remainder of the semester or school year as determined at a parent conference. **A Major detention will be assigned by the administration.**

SPECIFIC RESTRICTIONS

- **Locker Rooms and Bathrooms:** Devices with photo-taking capabilities are **NOT** allowed in locker rooms or bathrooms at any time. Including after school and weekend events. Confiscation and search of such devices is standard procedure in these areas.
- **Lockdown and Emergency Drills:** Phone usage during lockdown and fire drills is prohibited.
- **Unauthorized Recording:** Students who take pictures or videos of others without permission at any school activity or setting, including the bus, will face disciplinary action.
- **Recording and Posting:** Students may not use a device to record, transmit, or post photos or videos of a person or persons on school grounds or the bus without express permission of an administrator in addition to the individual of individuals that are the subjects of the recording. (Students/staff taking photos for yearbook or classroom projects will have permission and announce their purpose)
- **Phone Calls:** Students are not to use their phones to call or text individuals during the school day. A telephone is located outside the office and available for student use at appropriate times. Students will not be called to the phone during the school day except for emergencies.

XIV(b) PERSONAL DEVICES i.e.; Electronic, Cell Phones, Headphones, Earbuds, e-Readers, personal laptops, smart watches, AI devices, etc...

Minn.Stat. 121A.73

Personal Devices; Grades 9-12

Ninth - Twelfth Grade Students - Modified Use

Students in grade 9-12 are encouraged not to bring **personal devices**, cell phones or other electronic devices including smart watches, and earbuds to school. Devices will remain in student backpacks/lockers during instructional time or on their person turned off. School staff and administration is not responsible for ANY lost or stolen personal devices. **Personal devices brought into a classroom and observed by a staff member will be placed in the pocket chart available in each classroom by the student.**

Confiscation and Consequences

- **Unauthorized use:** If any electronic device, including cell phones or watches, are seen or heard during instructional classes ~~it will be confiscated by any staff member and taken to the office.~~ **the student will place the device in the pocket chart on the wall for the remainder of the class period.**

- **First infraction:** The staff member will ask the student to ~~put away or place in a pocket chart or locker.~~
- **Second infraction:** The device will be taken to the office and the student will pick it up at the end of the school day.
- **Third Infraction:** The device will be confiscated, parents notified to pick it up.
- **Fourth Infraction:** The device will be confiscated, parents notified to pick it up and all unauthorized devices will not be allowed for a minimum of two weeks. **A Major detention will be assigned by the administration.**

SPECIFIC RESTRICTIONS

- **Locker Rooms and Bathrooms:** Devices with photo-taking capabilities are **NOT** allowed in locker rooms or bathrooms at any time. Including after school and weekend events. Confiscation and search of such devices is standard procedure in these areas.
- **Lockdown and Emergency Drills:** Phone usage during lockdown and fire drills is prohibited.
- **Unauthorized Recording:** Students who take pictures or videos of others without permission at any school activity or setting, including the bus, will face disciplinary action, **parent conference, and a code of conduct violation.**
- **Recording and Posting:** Students may not use a device to record, transmit, or post photos or videos of a person or persons on school grounds or the bus without express permission of ~~an administrator in addition to~~ the individual of individuals that are the subjects of the recording. (Students/staff taking photos for yearbook or classroom projects will have permission and announce their purpose)
- **Phone Calls:** Students are not to use their phones to call or text individuals during the class period. A telephone is located outside the office and available for student use at appropriate times. Students will not be called to the phone during the school day except for emergencies.

COMPLIANCE AND SCHOOL RESPONSIBILITY

- ~~Cell phone use is allowed between classes and during lunch only.~~
- ~~Cell phones and earbuds will be required to be placed in a designated area in each classroom if brought into the classroom.~~
- ~~If your phone is seen or heard in class it will be given to the office to hold until the end of the day.~~

COMPLIANCE AND SCHOOL RESPONSIBILITY

By following these guidelines, students will help maintain a focused and respectful learning environment. Failure to comply with these guidelines will result in disciplinary actions as described above. The school is not responsible for, nor is it required to investigate, any lost, stolen, or damaged electronic devices brought onto school grounds or the bus.

524.5 PERSONAL ELECTRONIC COMMUNICATION DEVICES

I. PURPOSE

The purpose of this policy is to support the school district's focus on learning in alignment with the district's mission to ignite students' passion for learning, cultivate a strong foundation of knowledge, and foster a sense of community within our schools. Possession and use of personal electronic communication devices must be regulated to ensure that such devices do not disrupt or interfere with the education process or school operations, impair the safety, welfare, and privacy of students and staff, or are used as part of an act of academic dishonesty.

II. GENERAL STATEMENT OF POLICY

To minimize the impact of personal electronic communication devices on student behavior, mental health, and academic attainment and to support school environments in which students can engage fully with their classmates, their teachers, and instruction, the school board has determined the use of personal electronic communication devices by students during school hours should be limited.

III. DEFINITIONS

- A. "Bell-to-Bell" means from when the first bell rings at the start of the school day to begin instructional time until the dismissal bell rings at the end of the academic school day. "Bell-to bell" includes lunch and time in between class periods.
- B. "Cell Phone" means a personal device capable of making calls, transmitting pictures or video, or sending or receiving messages through electronic means. The definition of cell phone includes a non-smart phone that is limited to making phone calls or text messages and a smart phone that encompasses the above features.
- C. "Cyberbullying" means bullying using technology or other electronic communication, including but not limited to a transfer of a sign, signal, writing, image, sound, or data, including a post on a social network Internet website or forum, transmitted through a computer, cell phone, or other electronic device.
- D. "Instructional Time" means any structured or unstructured learning experiences that occur from when the first bell rings at the start of the school day until the dismissal bell rings at the end of the academic school day.
- E. "Personal Electronic Communication Device" means any personal device capable of connecting to a cell phone, the internet, a cellular or Wi-Fi network, or directly connects to another similar device. Personal electronic communication devices may include cell phones, wearable devices such as smart watches, personal headphones, earbuds or pods, laptops, tablets, virtual reality devices, and other personal electronic communication devices with the abovementioned characteristics.
- F. "Stored" means a cell phone or personal electronic communication device not being carried on the student's person, including not in the student's pocket. Storage options may include, but are not limited to, in the student's backpack, in the student's locker, or in a designated place in the classroom, as determined by school administration.

IV. PERSONAL ELECTRONIC COMMUNICATION DEVICE USE AND STORAGE

A. Personal Electronic Communication Device Use

1. Elementary Schools (K-5)

- a. Students should leave all personal devices at home. Students may NOT use personal devices during the school day
- b. All personal devices brought to school must be off and in the student's locker. School staff and administration is not responsible for any lost or stolen personal devices.
*Exceptions may be made for students whose IEP or 504 reflects need.

2. Middle School (6-8)

- a. Students should leave all personal devices at home. Students may not use personal devices during the school day; bell to bell.
- b. Students may request permission to check their personal devices during lunch.

4. High Schools (9-12)

- a. Students are prohibited from using personal electronic communication devices during instructional time, which includes the entire period of a scheduled class and other times when students are directed to report to and participate in any instructional activity.
- b. Students may wear smart or electronic watches but may not use any communication applications or features that are prohibited from use on other personal electronic communication devices and all notifications must be turned off.
- c. All personal electronic communication devices shall be kept in designated areas and turned off during instructional time. Personal electronic communication devices may be used during passing times and lunch periods; however, such use is discouraged.

B. Off-Campus School-Sponsored Activities

School administration may establish guidelines for personal electronic communication device possession and use during off-campus school-sponsored activities, such as extracurricular activities, outdoor and service trips, and school field trips. These guidelines will be provided at pre-activity meetings, activity-specific permission slips, and by other means as appropriate in the circumstances.

V. LIMITATIONS ON USE OF AND STORAGE OF PERSONAL ELECTRONIC COMMUNICATION DEVICES

A. Limitations on Use of Personal Electronic Communication Devices

1. Personal electronic communication devices may not be used in any manner that causes or results in disruption of the educational environment or school-sponsored extracurricular activities or events or impairs or interferes with school district operations.
2. Devices, including but not limited to personal electronic communication devices, with audio, video, or photo-taking capabilities shall not be used at any time in locker rooms, bathrooms, or other locations where the presence of such devices poses an unreasonable risk to the safety, welfare, or privacy of others. Confiscation and search of such devices will occur if found in these areas.
3. Students may not use a device to record, transmit, or post audio, videos, or photos of a person or persons on school grounds or on a school bus without the express permission of school staff in addition to the express consent of the individual or individuals that are the subjects of the recording.
4. Personal electronic communication devices may not be used to engage in bullying, cyberbullying, harassment, discrimination, or other activity prohibited under federal or state law or under school district policy.
5. Personal electronic communication devices shall not be used during a lockdown drill, a fire drill, or a similar safety drill.

B. Storage of Personal Electronic Communication Devices 6-12

6-8 Students shall keep their personal electronic communication devices in a secure place, such as the student's locker.

9-12 Students shall keep their personal electronic communication devices in a secure place, such as the student's locker, closed backpack, or an area designated by the classroom teacher at all times when personal electronic communication device use is prohibited.

V. EXCEPTIONS

- A. Nothing in this policy prohibits a student from using a personal electronic communication device for a purpose documented in the student's individualized education program, a plan developed under section 504 of the Rehabilitation Act of 1973, or a health care plan in force regarding the student.
- B. A student may use a personal electronic communication device to monitor or address a health concern or medical condition upon permission granted by school administration, classroom teacher, or school nurse.
- C. Students may use a personal electronic communication device when the use is necessary to respond to or report an emergency. For purposes of this policy, "emergency" means an actual or imminent threat to the health or safety of students and/or school personnel, which may result in death, bodily injury, or substantial property damage.

- D. Students 9-12 may use a personal electronic communication device during a time at which use would otherwise be prohibited when the student has been granted permission from a staff member to use the device. If the school district implements a curriculum that uses technology, students may be allowed to use their own personal electronic communication devices to access the curriculum. Students who are allowed to use their own devices to access the curriculum will be granted access to any application or electronic materials when they are available to students who do not use their own devices, or provided free of charge to students who do not use their own devices for curriculum.
- E. A personal electronic communication device may be stored in student vehicles parked on school district property provided that the device is not removed from the vehicle while on school district property.
- F. Students who need to make a call may request permission to use the telephone in the building office.

VI. DISCIPLINE

If a student violates this policy, a teacher or administrator shall take the following progressively serious disciplinary measures:

- A. Give the student a verbal warning and require the student to store the student's personal electronic communication device in accordance with this policy.
- B. Store the student's personal electronic communication device in a teacher- controlled locker, bin, or drawer for the duration of the class or period.
- C. Place the student's personal electronic communication device in the school's central office for the remainder of the school day.
- D. Place the student's personal device in the school's central office to be picked up by the student's parent or guardian.
- E. Schedule a conference with the student's parent or guardian to discuss the student's personal device use and keep at home for a minimum of two weeks. A major detention will be assigned.
- F. Apply discipline as provided under school district policies and as appropriate.
- G. **Specific Restricted Areas of use and/or privacy violations will result in a parent conference and discipline in accordance with the handbook, MSHSL Code of Conduct violations when applicable. Authorities may be contacted.**

VII. SCHOOL DISTRICT RESPONSIBILITY

- A. The school district is not responsible for, nor is it required to investigate, any lost, stolen, or damaged personal electronic communication devices brought onto school grounds or the bus or school-sponsored activities or events.
- B. These rules and procedures should seek to minimize the impact of personal electronic communication devices on student behavior, mental health, and academic attainment. These rules and procedures may be designed for specific school buildings, grade levels, or pursuant to similar criteria.

Legal References: Minn. Stat. Ch. 13 (Minnesota Government Data Practices Act)
Minn. Stat. § 13.32 (Educational Data)
Minn. Stat. § 121A.031 (School Student Bullying Policy)
Minn. Stat. § 121A.73 (School Cell Phone Policy)
Minn. Stat. § 124D.166 (Limit on Screen Time for Children in Preschool and Kindergarten)
Minn. Stat. § 125B.15 (Internet Access for Students)
Minn. Stat. § 125B.26 (Telecommunications/Internet Access Equity Act)
29 U.S.C. § 794 (Nondiscrimination under Federal Grants and Programs)

Cross References: MSBA/MASA Model Policy 403 (Discipline, Suspension, and Dismissal of School District Employees)
MSBA/MASA Model Policy 406 (Public and Private Personnel Data)
MSBA/MASA Model Policy 506 (Student Discipline)
MSBA/MASA Model Policy 514 (Bullying Prohibition Policy)
MSBA/MASA Model Policy 515 (Protection and Privacy of Pupil Records)
MSBA/MASA Model Policy 524 (Internet, Technology, and Cell Phone Acceptable Use and Safety Policy)
Away for the Day (www.awayfortheday.org)
MASSP/MESPA, *The Cell Phone Toolkit* (July 2024)

Adopted: June 21, 2006
January 18, 2012
Revised: February 12, 2025

Nicollet Public Schools, ISD 507

515 PROTECTION AND PRIVACY OF PUPIL RECORDS

I. PURPOSE

The school district recognizes its responsibility in regard to the collection, maintenance, and dissemination of pupil records and the protection of the privacy rights of students as provided in federal law and state statutes.

II. GENERAL STATEMENT OF POLICY

The following procedures and policies regarding the protection and privacy of parents and students are adopted by the school district, pursuant to the requirements of 20 United States Code, section 1232g, *et seq.*, (Family Educational Rights and Privacy Act (FERPA)) 34 Code of Federal Regulations part 99 and consistent with the requirements of the Minnesota Government Data Practices Act, Minnesota Statutes, chapter 13, and Minnesota Rules, parts 1205.0100-1205.2000.

III. DEFINITIONS

A. Authorized Representative

“Authorized representative” means any entity or individual designated by the school district, state, or an agency headed by an official of the Comptroller of the United States, the Attorney General of the United States, the Secretary of the U.S. Department of Education, or state and local educational authorities to conduct, with respect to federal or state supported education programs, any audit or evaluation or any compliance or enforcement activity in connection with federal legal requirements that relate to these programs.

B. Biometric Record

“Biometric record,” as referred to in “Personally Identifiable,” means a record of one or more measurable biological or behavioral characteristics that can be used for automated recognition of an individual (e.g., fingerprints, retina and iris patterns, voiceprints, DNA sequence, facial characteristics, and handwriting).

C. Dates of Attendance

“Dates of attendance,” as referred to in “Directory Information,” means the period of time during which a student attends or attended a school or schools in the school district, including attendance in person or by paper correspondence, videoconference, satellite, Internet, or other electronic information and telecommunications technologies for students who are not in the classroom, and including the period during which a student is working under a work-study program. The term does not include specific daily records of a student’s attendance at a school or schools in the school district.

D. Directory Information

1. **Under federal law**, “directory information” means information contained in an education record of a student that would not generally be considered harmful or an invasion of privacy if disclosed. It includes the student’s name; address; telephone listing; electronic mail address; photograph; date and place of birth; major field of study; dates of attendance; grade level; enrollment status (i.e., full-time or part-time); participation in officially recognized activities and sports; weight and height of members of athletic teams; degrees, honors and awards received; and the most recent educational agency or institution attended. It also includes the name, address, and telephone number of the student’s parent(s). Directory information does not include:
 - a. a student’s social security number;
 - b. a student’s identification number (ID), user ID, or other unique personal identifier used by a student for purposes of accessing or communicating in electronic systems if the identifier may be used to access education records without use of one or more factors that authenticate the student’s identity such as a personal identification number (PIN), password, or other factor known or possessed only by the authorized user;
 - c. a student ID or other unique personal identifier that is displayed on a student ID badge if the identifier can be used to gain access to educational records when used in conjunction with one or more factors that authenticate the student’s identity, such as a PIN, password, or other factor known or possessed only by the student;
 - d. personally identifiable data which references religion, race, color, social position, or nationality; or
 - e. data collected from nonpublic school students, other than those who receive shared time educational services, unless written consent is given by the student’s parent or guardian.

[NOTE: Under the federal Family Educational Rights and Privacy Act (FERPA), the federal definition of “directory information” identifies the types of information that may be specifically referenced as directory information. The federal definition applies to information requests by military recruiting officers, as set out in Article XI below.]

- b. **Under Minnesota law**, a school district may not designate a student’s home address, telephone number, email address, or other personal contact information as “directory information.”

[NOTE: Minnesota law prohibits schools from designating student contact information as “directory information” despite the FERPA definition. Minnesota schools should comply with Minnesota law and should not include student contact information in their definition of “directory information.”

This June 2024 revision to the “directory information” section seeks to clarify the law; no substantive change is presented in this revision.]

[NOTE: A school district may choose not to designate some or all of the enumerated information as directory information. A school district also may add to the list of directory information, as long as the added data is not information that generally would be deemed as an invasion of privacy or information that references the student's religion, race, color, social position, or nationality. Federal law now allows a school district to specify that the disclosure of directory information will be limited to specific parties, for specific purposes, or both. The identity of those parties and/or purposes should be identified. To the extent a school district adds these restrictions, it must then limit its directory information disclosures to those individuals and/or purposes specified in this public notice. Procedures to address how these restrictions will be enforced by the school district are advised. Designation of directory information is an important policy decision for the local school board who must balance not only the privacy interests of the student against public disclosure but also the additional administrative requirements such restrictions on disclosures will place on the school district.]

[NOTE: The 2024 Minnesota legislature enacted Minnesota Statutes, section 480.40, which includes a law limiting disclosure of personal information concerning "judicial officials" (school districts can review the statutory definition of "judicial official"). "Personal information" about a judicial official includes "the name of any child" and the name of any school that such a child attends if combined with an assertion that the child attends the school. School districts may not "knowingly publicly post, display, publish, sell, or otherwise make available on the Internet the personal information of any judicial official," including in response to requests for directory information.]

E. Education Records

1. What constitutes "education records." Education records means those records that are: (1) directly related to a student; and (2) maintained by the school district or by a party acting for the school district.
2. What does not constitute education records. The term "education records" does not include:
 - a. Records of instructional personnel that are:
 - (1) kept in the sole possession of the maker of the record;
 - (2) used only as a personal memory aid;
 - (3) not accessible or revealed to any other individual except a temporary substitute teacher; and
 - (4) destroyed at the end of the school year.
 - b. Records of a law enforcement unit of the school district, provided education records maintained by the school district are not disclosed to the unit, and the law enforcement records are:

- (1) maintained separately from education records;
 - (2) maintained solely for law enforcement purposes; and
 - (3) disclosed only to law enforcement officials of the same jurisdiction.
- c. Records relating to an individual, including a student, who is employed by the school district which:
- (1) are made and maintained in the normal course of business;
 - (2) relate exclusively to the individual in that individual's capacity as an employee; and
 - (3) are not available for use for any other purpose.

However, records relating to an individual in attendance at the school district who is employed as a result of his or her status as a student are education records.

- d. Records relating to an eligible student, or a student attending an institution of post-secondary education, that are:
- (1) made or maintained by a physician, psychiatrist, psychologist, or other recognized professional or paraprofessional acting in his or her professional or paraprofessional capacity or assisting in that capacity;
 - (2) made, maintained, or used only in connection with the provision of treatment to the student; and
 - (3) disclosed only to individuals providing the treatment; provided that the records can be personally reviewed by a physician or other appropriate professional of the student's choice. For the purpose of this definition, "treatment" does not include remedial educational activities or activities that are a part of the program of instruction within the school district.
- e. Records created or received by the school district after an individual is no longer a student at the school district and that are not directly related to the individual's attendance as a student.
- f. Grades on peer-related papers before the papers are collected and recorded by a teacher.

F. Education Support Services Data

"Education support services data" means data on individuals collected, created, maintained, used, or disseminated relating to programs administered by a government entity or entity under contract with a government entity designed to eliminate disparities and advance equities in educational achievement for youth by coordinating services available to participants, regardless of the youth's involvement with other government services. Education support services data does not include welfare data under Minnesota

Statutes, section 13.46.

Unless otherwise provided by law, all education support services data are private data on individuals and must not be disclosed except according to Minnesota Statutes, section 13.05 or a court order.

G. Eligible Student

“Eligible student” means a student who has attained eighteen (18) years of age or is attending an institution of post-secondary education.

H. Juvenile Justice System

“Juvenile justice system” includes criminal justice agencies and the judiciary when involved in juvenile justice activities.

I. Legitimate Educational Interest

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

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

J. Parent

“Parent” means a parent of a student and includes a natural parent, a guardian, or an individual acting as a parent of the student in the absence of a parent or guardian. The school district may presume the parent has the authority to exercise the rights provided herein, unless it has been provided with evidence that there is a state law or court order governing such matters as marriage dissolution, separation or child custody, or a legally binding instrument which provides to the contrary.

K. Personally Identifiable

“Personally identifiable” means that the data or information includes, but is not limited to: (a) a student’s name; (b) the name of the student’s parent or other family member; (c) the address of the student or student’s family; (d) a personal identifier such as the student’s social security number or student number or biometric record; (e) other indirect identifiers, such as the student’s date of birth, place of birth, and mother’s maiden name; (f) other information that, alone or in combination, is linked or linkable to a specific student that would allow a reasonable person in the school community, who does not have personal knowledge of the relevant circumstances, to identify the student with reasonable certainty; or (g) information requested by a person who the school district reasonably believes knows the identity of the student to whom the education record relates.

L. Record

“Record” means any information or data recorded in any way including, but not limited to, handwriting, print, computer media, video or audio tape, film, microfilm, and microfiche.

M. Responsible Authority

“Responsible authority” means *[designate title and actual name of individual]*.

N. Student

“Student” includes any individual who is or has been in attendance, enrolled, or registered at the school district and regarding whom the school district maintains education records. Student also includes applicants for enrollment or registration at the school district and individuals who receive shared time educational services from the school district.

O. School Official

“School official” includes: (a) a person duly elected to the school board; (b) a person employed by the school board in an administrative, supervisory, instructional, or other professional position; (c) a person employed by the school board as a temporary substitute in a professional position for the period of his or her performance as a substitute; and (d) a person employed by, or under contract to, the school board to perform a special task such as a secretary, a clerk, a public information officer or data practices compliance official, an attorney, or an auditor for the period of his or her performance as an employee or contractor.

[NOTE: School districts may wish to reference police liaison officers in the definition of a “school official.” Depending on the circumstances of the relationship, this may be added in subpart (d) of the definition or in a new subpart (e). Caution should be used to ensure that police liaison officers are considered “school officials” only when performing duties as a police liaison officer and that they are trained as to their obligations pursuant to this policy. Consultation with the school district’s legal counsel is recommended.]

P. Summary Data

“Summary data” means statistical records and reports derived from data on individuals but in which individuals are not identified and from which neither their identities nor any other characteristic that could uniquely identify the individual is ascertainable.

Q. Other Terms and Phrases

All other terms and phrases shall be defined in accordance with applicable state and federal law or ordinary customary usage.

IV. GENERAL CLASSIFICATION

State law provides that all data collected, created, received, or maintained by a school district are public unless classified by state or federal law as not public or private or confidential. State law classifies all data on individuals maintained by a school district which relates to a student as private data on individuals. This data may not be disclosed to parties other than the parent

or eligible student without consent, except pursuant to a valid court order, certain state statutes authorizing access, and the provisions of FERPA and the regulations promulgated thereunder.

V. STATEMENT OF RIGHTS

A. Rights of Parents and Eligible Students

Parents and eligible students have the following rights under this policy:

1. The right to inspect and review the student's education records;
2. The right to request the amendment of the student's education records to ensure that they are not inaccurate, misleading, or otherwise in violation of the student's privacy or other rights;
3. The right to consent to disclosures of personally identifiable information contained in the student's education records, except to the extent that such consent is not required for disclosure pursuant to this policy, state or federal law, or the regulations promulgated thereunder;
4. The right to refuse release of names, addresses, and home telephone numbers of students in grades 11 and 12 to military recruiting officers and post-secondary educational institutions;
5. The right to file a complaint with the U.S. Department of Education concerning alleged failures by the school district to comply with the federal law and the regulations promulgated thereunder;
6. The right to be informed about rights under the federal law; and
7. The right to obtain a copy of this policy at the location set forth in Section XXI. of this policy.

B. Eligible Students

All rights and protections given to parents under this policy transfer to the student when he or she reaches eighteen (18) years of age or enrolls in an institution of post-secondary education. The student then becomes an "eligible student." However, the parents of an eligible student who is also a "dependent student" are entitled to gain access to the education records of such student without first obtaining the consent of the student. In addition, parents of an eligible student may be given access to education records in connection with a health or safety emergency if the disclosure meets the conditions of any provision set forth in 34 Code of Federal Regulations, section 99.31(a).

C. Students with a Disability

The school district shall follow 34 Code of Federal Regulations, sections 300.610-300.617 with regard to the privacy, notice, access, recordkeeping, and accuracy of information related to students with a disability.

VI. DISCLOSURE OF EDUCATION RECORDS

A. Consent Required for Disclosure

1. The school district shall obtain a signed and dated written informed consent of

the parent of a student or the eligible student before disclosing personally identifiable information from the education records of the student, except as provided herein.

2. The written consent required by this subdivision must be signed and dated by the parent of the student or the eligible student giving the consent and shall include:
 - a. a specification of the records to be disclosed;
 - b. the purpose or purposes of the disclosure;
 - c. the party or class of parties to whom the disclosure may be made;
 - d. the consequences of giving informed consent; and
 - e. if appropriate, a termination date for the consent.
3. When a disclosure is made under this subdivision:
 - a. if the parent or eligible student so requests, the school district shall provide him or her with a copy of the records disclosed; and
 - b. if the parent of a student who is not an eligible student so requests, the school district shall provide the student with a copy of the records disclosed.
4. A signed and dated written consent may include a record and signature in electronic form that:
 - a. identifies and authenticates a particular person as the source of the electronic consent; and
 - b. indicates such person's approval of the information contained in the electronic consent.
5. If the responsible authority seeks an individual's informed consent to the release of private data to an insurer or the authorized representative of an insurer, informed consent shall not be deemed to have been given unless the statement is:
 - a. in plain language;
 - b. dated;
 - c. specific in designating the particular persons or agencies the data subject is authorizing to disclose information about the data subject;
 - d. specific as to the nature of the information the subject is authorizing to be disclosed;
 - e. specific as to the persons or agencies to whom the subject is authorizing information to be disclosed;
 - f. specific as to the purpose or purposes for which the information may be

used by any of the parties named in Clause e. above, both at the time of the disclosure and at any time in the future; and

- g. specific as to its expiration date which should be within a reasonable time, not to exceed one year except in the case of authorizations given in connection with applications for: (i) life insurance or noncancellable or guaranteed renewable health insurance and identified as such, two years after the date of the policy, or (ii) medical assistance under Minnesota Statutes, chapter 256B or Minnesota Care under Minnesota Statutes, chapter 256L, which shall be ongoing during all terms of eligibility, for individualized education program health-related services provided by a school district that are subject to third party reimbursement.

6. Eligible Student Consent

Whenever a student has attained eighteen (18) years of age or is attending an institution of post-secondary education, the rights accorded to and the consent required of the parent of the student shall thereafter only be accorded to and required of the eligible student, except as provided in Section V. of this policy.

B. Prior Consent for Disclosure Not Required

The school district may disclose personally identifiable information from the education records of a student without the written consent of the parent of the student or the eligible student unless otherwise provided herein, if the disclosure is:

1. To other school officials, including teachers, within the school district whom the school district determines have a legitimate educational interest in such records;
2. To a contractor, consultant, volunteer, or other party to whom the school district has outsourced institutional services or functions provided that the outside party:
 - a. performs an institutional service or function for which the school district would otherwise use employees;
 - b. is under the direct control of the school district with respect to the use and maintenance of education records; and
 - c. will not disclose the information to any other party without the prior consent of the parent or eligible student and uses the information only for the purposes for which the disclosure was made;
3. To officials of other schools, school districts, or post-secondary educational institutions in which the student seeks or intends to enroll, or is already enrolled, as long as the disclosure is for purposes related to the student's enrollment or transfer. The records shall include information about disciplinary action taken as a result of any incident in which the student possessed or used a dangerous weapon, and with proper annual notice (see Section XIX.), suspension and expulsion information pursuant to section 7917 of the federal Every Student Succeeds Act, 20 United States Code, section 7917, *[insert the following if the school district has a policy regarding Staff Notification of Violent Behavior by Students]* and, if applicable, data regarding a student's history of violent behavior. The records also shall include a copy of any probable cause notice or

any disposition or court order under Minnesota Statutes, section 260B.171, unless the data are required to be destroyed under Minnesota Statutes, section 120A.22, subdivision 7(c) or section 121A.75. On request, the school district will provide the parent or eligible student with a copy of the education records that have been transferred and provide an opportunity for a hearing to challenge the content of those records in accordance with Section XV. of this policy;

4. To authorized representatives of the Comptroller General of the United States, the Attorney General of the United States, the Secretary of the U.S. Department of Education, or the Commissioner of the State Department of Education or his or her representative, subject to the conditions relative to such disclosure provided under federal law;
5. In connection with financial aid for which a student has applied or has received, if the information is necessary for such purposes as to:
 - a. determine eligibility for the aid;
 - b. determine the amount of the aid;
 - c. determine conditions for the aid; or
 - d. enforce the terms and conditions of the aid.

“Financial aid” for purposes of this provision means a payment of funds provided to an individual or a payment in kind of tangible or intangible property to the individual that is conditioned on the individual’s attendance at an educational agency or institution;

6. To state and local officials or authorities to whom such information is specifically allowed to be reported or disclosed pursuant to state statute adopted:
 - a. before November 19, 1974, if the allowed reporting or disclosure concerns the juvenile justice system and such system’s ability to effectively serve the student whose records are released; or
 - b. after November 19, 1974, if the reporting or disclosure allowed by state statute concerns the juvenile justice system and the system’s ability to effectively serve, prior to adjudication, the student whose records are released, provided the officials and authorities to whom the records are disclosed certify in writing to the school district that the data will not be disclosed to any other party, except as provided by state law, without the prior written consent of the parent of the student. At a minimum, the school district shall disclose the following information to the juvenile justice system under this paragraph: a student’s full name, home address, telephone number, and date of birth; a student’s school schedule, attendance record, and photographs, if any; and parents’ names, home addresses, and telephone numbers;
7. To organizations conducting studies for or on behalf of educational agencies or institutions for the purpose of developing, validating, or administering predictive tests, administering student aid programs, or improving instruction; provided that the studies are conducted in a manner which does not permit the personal identification of parents or students by individuals other than representatives of the organization who have a legitimate interest in the information, the

information is destroyed when no longer needed for the purposes for which the study was conducted, and the school district enters into a written agreement with the organization that: (a) specifies the purpose, scope, and duration of the study or studies and the information to be disclosed; (b) requires the organization to use personally identifiable information from education records only to meet the purpose or purposes of the study as stated in the written agreement; (c) requires the organization to conduct the study in a manner that does not permit personal identification of parents and students by anyone other than representatives of the organization with legitimate interests; and (d) requires the organization to destroy all personally identifiable information when information is no longer needed for the purposes for which the study was conducted and specifies the time period in which the information must be destroyed. For purposes of this provision, the term, "organizations," includes, but is not limited to, federal, state, and local agencies and independent organizations. In the event the Department of Education determines that a third party outside of the school district to whom information is disclosed violates this provision, the school district may not allow that third party access to personally identifiable information from education records for at least five (5) years;

8. To accrediting organizations in order to carry out their accrediting functions;
9. To parents of a student eighteen (18) years of age or older if the student is a dependent of the parents for income tax purposes;
10. To comply with a judicial order or lawfully issued subpoena, provided, however, that the school district makes a reasonable effort to notify the parent or eligible student of the order or subpoena in advance of compliance therewith so that the parent or eligible student may seek protective action, unless the disclosure is in compliance with a federal grand jury subpoena, or any other subpoena issued for law enforcement purposes, and the court or other issuing agency has ordered that the existence or the contents of the subpoena or the information furnished in response to the subpoena not be disclosed, or the disclosure is in compliance with an ex parte court order obtained by the United States Attorney General (or designee not lower than an Assistant Attorney General) concerning investigations or prosecutions of an offense listed in 18 United States Code, section 2332b(g)(5)(B), an act of domestic or international terrorism as defined in 18 United States Code, section 2331, or a parent is a party to a court proceeding involving child abuse and neglect or dependency matters, and the order is issued in the context of the proceeding. If the school district initiates legal action against a parent or student, it may disclose to the court, without a court order or subpoena, the education records of the student that are relevant for the school district to proceed with the legal action as a plaintiff. Also, if a parent or eligible student initiates a legal action against the school district, the school district may disclose to the court, without a court order or subpoena, the student's education records that are relevant for the school district to defend itself;
11. To appropriate parties, including parents of an eligible student, in connection with an emergency if knowledge of the information is necessary to protect the health, including the mental health, or safety of the student or other individuals. The decision is to be based upon information available at the time the threat occurs that indicates that there is an articulable and significant threat to the health or safety of a student or other individuals. In making a determination whether to disclose information under this section, the school district may take into account the totality of the circumstances pertaining to a threat and may

disclose information from education records to any person whose knowledge of the information is necessary to protect the health or safety of the student or other students. A record of this disclosure must be maintained pursuant to Section XIII.E. of this policy. In addition, an educational agency or institution may include in the education records of a student appropriate information concerning disciplinary action taken against the student for conduct that posed a significant risk to the safety or well-being of that student, other students, or other members of the school community. This information may be disclosed to teachers and school officials within the school district and/or teachers and school officials in other schools who have legitimate educational interests in the behavior of the student;

12. To the juvenile justice system if information about the behavior of a student who poses a risk of harm is reasonably necessary to protect the health or safety of the student or other individuals;
13. Information the school district has designated as "directory information" pursuant to Section VII. of this policy;
14. To military recruiting officers and post-secondary educational institutions pursuant to Section XI. of this policy;
15. To the parent of a student who is not an eligible student or to the student himself or herself;
16. To appropriate health authorities to the extent necessary to administer immunization programs and for bona fide epidemiologic investigations which the commissioner of health determines are necessary to prevent disease or disability to individuals in the public educational agency or institution in which the investigation is being conducted;
17. To volunteers who are determined to have a legitimate educational interest in the data and who are conducting activities and events sponsored by or endorsed by the educational agency or institution for students or former students;
18. To the juvenile justice system, on written request that certifies that the information will not be disclosed to any other person except as authorized by law without the written consent of the parent of the student:
 - a. the following information about a student must be disclosed: a student's full name, home address, telephone number, date of birth; a student's school schedule, daily attendance record, and photographs, if any; and any parents' names, home addresses, and telephone numbers;
 - b. the existence of the following information about a student, not the actual data or other information contained in the student's education record, may be disclosed provided that a request for access must be submitted on the statutory form and it must contain an explanation of why access to the information is necessary to serve the student: (1) use of a controlled substance, alcohol, or tobacco; (2) assaultive or threatening conduct that could result in dismissal from school under the Pupil Fair Dismissal Act; (3) possession or use of weapons or look-alike weapons; (4) theft; or (5) vandalism or other damage to property. Prior to releasing this information, the principal or chief administrative officer of a school who receives such a request must, to the extent permitted by

federal law, notify the student's parent or guardian by certified mail of the request to disclose information. If the student's parent or guardian notifies the school official of an objection to the disclosure within ten (10) days of receiving certified notice, the school official must not disclose the information and instead must inform the requesting member of the juvenile justice system of the objection. If no objection from the parent or guardian is received within fourteen (14) days, the school official must respond to the request for information.

The written requests of the juvenile justice system member(s), as well as a record of any release, must be maintained in the student's file;

19. To the principal where the student attends and to any counselor directly supervising or reporting on the behavior or progress of the student if it is information from a disposition order received by a superintendent under Minnesota Statutes, section 260B.171, subdivision 3. The principal must notify the counselor immediately and must place the disposition order in the student's permanent education record. The principal also must notify immediately any teacher or administrator who directly supervises or reports on the behavior or progress of the student whom the principal believes needs the information to work with the student in an appropriate manner, to avoid being needlessly vulnerable, or to protect other persons from needless vulnerability. The principal may also notify other school district employees, substitutes, and volunteers who are in direct contact with the student if the principal determines that these individuals need the information to work with the student in an appropriate manner, to avoid being needlessly vulnerable, or to protect other persons from needless vulnerability. Such notices from the principal must identify the student, outline the offense, and describe any conditions of probation about which the school must provide information if this information is provided in the disposition order. Disposition order information received is private educational data received for the limited purpose of serving the educational needs of the student and protecting students and staff. The information may not be further disseminated by the counselor, teacher, administrator, staff member, substitute, or volunteer except as necessary to serve the student, to protect students and staff, or as otherwise required by law, and only to the student or the student's parent or guardian;
20. To the principal where the student attends if it is information from a peace officer's record of children received by a superintendent under Minnesota Statutes, section 260B.171, subdivision 5. The principal must place the information in the student's education record. The principal also must notify immediately any teacher, counselor, or administrator directly supervising the student whom the principal believes needs the information to work with the student in an appropriate manner, to avoid being needlessly vulnerable, or to protect other persons from needless vulnerability. The principal may also notify other district employees, substitutes, and volunteers who are in direct contact with the student if the principal determines that these individuals need the information to work with the student in an appropriate manner, to avoid being needlessly vulnerable, or to protect other persons from needless vulnerability. Such notices from the principal must identify the student and describe the alleged offense if this information is provided in the peace officer's notice. Peace officer's record information received is private educational data received for the limited purpose of serving the educational needs of the student and protecting students and staff. The information must not be further disseminated by the counselor, teacher administrator, staff member, substitute, or volunteer except

to communicate with the student or the student's parent or guardian as necessary to serve the student, to protect students and staff, or as otherwise required by law.

The principal must delete the peace officer's record from the student's education record, destroy the data, and make reasonable efforts to notify any teacher, counselor, staff member, administrator, substitute, or volunteer who received information from the peace officer's record if the county attorney determines not to proceed with a petition or directs the student into a diversion or mediation program or if a juvenile court makes a decision on a petition and the county attorney or juvenile court notifies the superintendent of such action;

21. To the Secretary of Agriculture, or authorized representative from the Food and Nutrition Service or contractors acting on behalf of the Food and Nutrition Service, for the purposes of conducting program monitoring, evaluations, and performance measurements of state and local educational and other agencies and institutions receiving funding or providing benefits of one or more programs authorized under the National School Lunch Act or the Child Nutrition Act of 1966 for which the results will be reported in an aggregate form that does not identify any individual, on the conditions that: (a) any data collected shall be protected in a manner that will not permit the personal identification of students and their parents by other than the authorized representatives of the Secretary; and (b) any personally identifiable data shall be destroyed when the data are no longer needed for program monitoring, evaluations, and performance measurements; or
22. To an agency caseworker or other representative of a State or local child welfare agency, or tribal organization (as defined in 25 United States Code, section 5304), who has the right to access a student's case plan, as defined and determined by the State or tribal organization, when such agency or organization is legally responsible, in accordance with State or tribal law, for the care and protection of the student, provided that the education records, or the personally identifiable information contained in such records, of the student will not be disclosed by such agency or organization, except to an individual or entity engaged in addressing the student's education needs and authorized by such agency or organization to receive such disclosure and such disclosure is consistent with the State or tribal laws applicable to protecting the confidentiality of a student's education records.
23. When requested, educational agencies or institutions may share personal student contact information and directory information for students served in special education with postsecondary transition planning and services under Minnesota Statutes, section 125A.08, paragraph (b), clause (1), whether public or private, with the Minnesota Department of Employment and Economic Development, as required for coordination of services to students with disabilities under Minnesota Statutes, sections 125A.08, paragraph (b), clause (1); 125A.023; and 125A.027.

[NOTE: The 2024 Minnesota legislature enacted this provision.]

C. Nonpublic School Students

The school district may disclose personally identifiable information from the education records of a nonpublic school student, other than a student who receives shared time educational services, without the written consent of the parent of the student or the

eligible student unless otherwise provided herein, if the disclosure is:

1. Pursuant to a valid court order;
2. Pursuant to a statute specifically authorizing access to the private data; or
3. To appropriate health authorities to the extent necessary to administer immunization programs and for bona fide epidemiological investigations which the commissioner of health determines are necessary to prevent disease or disability to individuals in the public educational agency or institution in which the investigation is being conducted.

VII. RELEASE OF DIRECTORY INFORMATION

A. Educational Data

1. Educational data designated as directory information is public data on individuals to the extent required under federal law. Directory information must be designated pursuant to the provisions of:
 - a. Minnesota Statutes, section 13.32, subdivision 5; and
 - b. 20 United States Code, section 1232g, and 34 Code of Federal Regulations, section 99.37, which were in effect on January 3, 2012.
2. The school district may not designate a student's home address, telephone number, email address, or other personal contact information as directory information under this section.
3. When requested, the school district must share personal contact information and directory information, whether public or private, with the Minnesota Department of Education, as required for federal reporting purposes.

[NOTE: This section became effective on the day following final enactment (May 19, 2023). Beginning on the effective date, a student's personal contact information subject to this section must be treated as private educational data under Minnesota Statutes, section 13.32, regardless of whether that contact information was previously designated as directory information under Minnesota Statutes, section 13.32, subdivision 5].

B. Former Students

Unless a former student validly opted out of the release of directory information while the student was in attendance and has not rescinded the opt out request at any time, the school district may disclose directory information from the education records generated by it regarding the former student without meeting the requirements of Paragraph C. of this section. In addition, under an explicit exclusion from the definition of an "education record," the school district may release records that only contain information about an individual obtained after he or she is no longer a student at the school district and that are not directly related to the individual's attendance as a student (e.g., a student's activities as an alumnus of the school district).

C. Present Students and Parents

The school district may disclose directory information from the education records of a

student and information regarding parents without prior written consent of the parent of the student or eligible student, except as provided herein.

1. When conducting the directory information designation and notice process required by federal law, the school district shall give parents and students notice of the right to refuse to let the district designate specified data about the student as directory information.
2. The school district shall give annual notice by any means that are reasonably likely to inform the parents and eligible students of:
 - a. the types of personally identifiable information regarding students and/or parents that the school district has designated as directory information;
 - b. the parent's or eligible student's right to refuse to let the school district designate any or all of those types of information about the student and/or the parent as directory information; and
 - c. the period of time in which a parent or eligible student has to notify the school district in writing that he or she does not want any or all of those types of information about the student and/or the parent designated as directory information.

[NOTE: Federal law allows a school district to specify that the disclosure of directory information will be limited to specific parties, for specific purposes, or both. If the school district chooses to impose these limitations, it is advisable to add a new paragraph VII.C.1.d. that specifies that disclosures of directory information will be limited to specific parties and/or for specific purposes and identify those parties and/or purposes. To the extent a school district adds these restrictions, it must then limit its directory information disclosures to those individuals and/or purposes specified in this public notice. Procedures to address how these restrictions will be enforced by the school district are advised. This is an important policy decision for the local school board which must balance not only the privacy interests of the student against public disclosure, but also the additional administrative requirements such restrictions will place on the school district.]

3. Allow a reasonable period of time after such notice has been given for a parent or eligible student to inform the school district in writing that any or all of the information so designated should not be disclosed without the parent's or eligible student's prior written consent, except as provided in Section VI. of this policy.
4. A parent or eligible student may not opt out of the directory information disclosures to:
 - a. prevent the school district from disclosing or requiring the student to disclose the student's name, ID, or school district e-mail address in a class in which the student is enrolled; or
 - b. prevent the school district from requiring a student to wear, to display publicly, or to disclose a student ID card or badge that exhibits information that may be designated as directory information and that has been properly designated by the school district as directory information.

5. The school district shall not disclose or confirm directory information without meeting the written consent requirements contained in Section VI.A. of this policy if a student's social security number or other non-directory information is used alone or in combination with other data elements to identify or help identify the student or the student's records.

D. Procedure for Obtaining Nondisclosure of Directory Information

The parent's or eligible student's written notice shall be directed to the responsible authority and shall include the following:

1. Name of the student and/or parent, as appropriate;
2. Home address;
3. School presently attended by student;
4. Parent's legal relationship to student, if applicable; and
5. Specific categories of directory information to be made not public without the parent's or eligible student's prior written consent, which shall only be applicable for that school year.

E. Duration

The designation of any information as directory information about a student or parents will remain in effect for the remainder of the school year unless the parent or eligible student provides the written notifications provided herein.

VIII. DISCLOSURE OF PRIVATE RECORDS

A. Private Records

For the purposes herein, education records are records which are classified as private data on individuals by state law and which are accessible only to the student who is the subject of the data and the student's parent if the student is not an eligible student. The school district may not disclose private records or their contents except as summary data, or except as provided in Section VI. of this policy, without the prior written consent of the parent or the eligible student. The school district will use reasonable methods to identify and authenticate the identity of parents, students, school officials, and any other party to whom personally identifiable information from education records is disclosed.

B. Private Records Not Accessible to Parent

In certain cases, state law intends, and clearly provides, that certain information contained in the education records of the school district pertaining to a student be accessible to the student alone, and to the parent only under special circumstances, if at all.

1. The responsible authority may deny access to private data by a parent when a minor student who is the subject of that data requests that the responsible authority deny such access. The minor student's request must be submitted in writing setting forth the reasons for denying access to the parent and must be signed by the minor. Upon receipt of such request the responsible authority

shall determine if honoring the request to deny the parent access would be in the best interest of the minor data subject. In making this determination the responsible authority shall consider the following factors:

- a. whether the minor is of sufficient age and maturity to be able to explain the reasons for and understand the consequences of the request to deny access;
- b. whether the personal situation of the minor is such that denying parental access may protect the minor data subject from physical or emotional harm;
- c. whether there are grounds for believing that the minor data subject's reasons for precluding parental access are reasonably accurate;
- d. whether the data in question is of such a nature that disclosure of it to the parent may lead to physical or emotional harm to the minor data subject; and
- e. whether the data concerns medical, dental or other health services provided pursuant to Minnesota Statutes, sections 144.341-144.347, in which case the data may be released only if the failure to inform the parent would seriously jeopardize the health of the minor.

C. Private Records Not Accessible to Student

Students shall not be entitled to access to private data concerning financial records and statements of the student's parent or any information contained therein.

D. Military-Connected Youth Identifier

When a school district updates its enrollment forms in the ordinary course of business, the school district must include a box on the enrollment form to allow students to self-identify as a military-connected youth. For purposes of this section, a "military-connected youth" means having an immediate family member, including a parent or sibling, who is currently in the armed forces either as a reservist or on active duty or has recently retired from the armed forces. Data collected under this provision is private data on individuals, but summary data may be published by the Department of Education.

IX. DISCLOSURE OF CONFIDENTIAL RECORDS

A. Confidential Records

Confidential records are those records and data contained therein which are made not public by state or federal law, and which are inaccessible to the student and the student's parents or to an eligible student.

B. Reports Under the Maltreatment of Minors Reporting Act

Pursuant to Minnesota Statutes, chapter 260E , written copies of reports pertaining to a neglected and/or physically and/or sexually abused child shall be accessible only to the appropriate welfare and law enforcement agencies. In respect to other parties, such data shall be confidential and will not be made available to the parent or the subject individual by the school district. The subject individual, however, may obtain a copy of

the report from either the local welfare agency, county sheriff, or the local police department subject to the provisions of Minnesota Statutes, chapter 260E.

Regardless of whether a written report is made under Minnesota Statutes, chapter 260E, as soon as practicable after a school receives information regarding an incident that may constitute maltreatment of a child in a school facility, the school shall inform the parent, legal guardian, or custodian of the child that an incident occurred that may constitute maltreatment of the child, when the incident occurred, and the nature of the conduct that may constitute maltreatment.

C. Investigative Data

Data collected by the school district as part of an active investigation undertaken for the purpose of the commencement or defense of pending civil legal action, or are retained in anticipation of a pending civil legal action are classified as protected nonpublic data in the case of data not on individuals, and confidential data in the case of data on individuals.

1. The school district may make any data classified as protected non-public or confidential pursuant to this subdivision accessible to any person, agency, or the public if the school district determines that such access will aid the law enforcement process, promote public health or safety, or dispel widespread rumor or unrest.
2. A complainant has access to a statement he or she provided to the school district.
3. Parents or eligible students may have access to investigative data of which the student is the subject, but only to the extent the data is not inextricably intertwined with data about other school district students, school district employees, and/or attorney data as defined in Minnesota Statutes, section 13.393.
4. Once a civil investigation becomes inactive, civil investigative data becomes public unless the release of the data would jeopardize another pending civil legal action, except for those portions of such data that are classified as not public data under state or federal law. Any civil investigative data presented as evidence in court or made part of a court record shall be public. For purposes of this provision, a civil investigation becomes inactive upon the occurrence of any of the following events:
 - a. a decision by the school district, or by the chief attorney for the school district, not to pursue the civil legal action. However, such investigation may subsequently become active if the school district or its attorney decides to renew the civil legal action;
 - b. the expiration of the time to file a complaint under the statute of limitations or agreement applicable to the civil legal action; or
 - c. the exhaustion or expiration of rights of appeal by either party to the civil legal action.
5. A "pending civil legal action" for purposes of this subdivision is defined as including, but not limited to, judicial, administrative, or arbitration proceedings.

D. Chemical Abuse Records

To the extent the school district maintains records of the identity, diagnosis, prognosis, or treatment of any student which are maintained in connection with the performance of any drug abuse prevention function conducted, regulated, or directly or indirectly assisted by any department or agency of the United States, such records are classified as confidential and shall be disclosed only for the purposes and under the circumstances expressly authorized by law.

X. DISCLOSURE OF SCHOOL RECORDS PRIOR TO EXCLUSION OR EXPULSION HEARING

At a reasonable time prior to any exclusion or expulsion hearing, the student and the student's parent or guardian or representative shall be given access to all school district records pertaining to the student, including any tests or reports upon which the action proposed by the school district may be based, pursuant to the Minnesota Pupil Fair Dismissal Act, Minnesota Statutes, section 121A.40, *et seq.*

XI. DISCLOSURE OF DATA TO MILITARY RECRUITING OFFICERS AND POST-SECONDARY EDUCATIONAL INSTITUTIONS

A. The school district will release the names, addresses, electronic mail address (which shall be the electronic mail addresses provided by the school district, if available, that may be released to military recruiting officers only), and home telephone numbers of students in grades 11 and 12 to military recruiting officers and post-secondary educational institutions within sixty (60) days after the date of the request unless a parent or eligible student has refused in writing to release this data pursuant to Paragraph C. below.

B. Data released to military recruiting officers under this provision:

1. may be used only for the purpose of providing information to students about military service, state and federal veterans' education benefits, and other career and educational opportunities provided by the military;
2. cannot be further disseminated to any other person except personnel of the recruiting services of the armed forces; and
3. copying fees shall not be imposed.

C. A parent or eligible student has the right to refuse the release of the name, address, electronic mail addresses (which shall be the electronic mail addresses provided by the school, if available, that may be released to military recruiting officers only) or home telephone number to military recruiting officers and post-secondary educational institutions. To refuse the release of the above information to military recruiting officers and post-secondary educational institutions, a parent or eligible student must notify the responsible authority [*designate title of individual, i.e., building principal*] in writing by [*date*] each year. The written request must include the following information:

1. Name of student and parent, as appropriate;
2. Home address;
3. Student's grade level;
4. School presently attended by student;

5. Parent's legal relationship to student, if applicable;
 6. Specific category or categories of information which are not to be released to military recruiting officers and post-secondary educational institutions; and
 7. Specific category or categories of information which are not to be released to the public, including military recruiting officers and post-secondary educational institutions.
- D. Annually, the school district will provide public notice by any means that are reasonably likely to inform the parents and eligible students of their rights to refuse to release the names, addresses, and home phone numbers of students in grades 11 and 12 without prior consent.
- E. A parent or eligible student's refusal to release the above information to military recruiting officers and post-secondary educational institutions does not affect the school district's release of directory information to the rest of the public, which includes military recruiting officers and post-secondary educational institutions. In order to make any directory information about a student private, the procedures contained in Section VII. of this policy also must be followed. Accordingly, to the extent the school district has designated the name, address, home phone number, and grade level of students as directory information, absent a request from a parent or eligible student not to release such data, this information will be public data and accessible to members of the public, including military recruiting officers and post-secondary educational institutions.

XII. LIMITS ON REDISCLOSURE

A. Redisclosure

Consistent with the requirements herein, the school district may only disclose personally identifiable information from the education records of a student on the condition that the party to whom the information is to be disclosed will not disclose the information to any other party without the prior written consent of the parent of the student or the eligible student, except that the officers, employees, and agents of any party receiving personally identifiable information under this section may use the information, but only for the purposes for which the disclosure was made.

B. Redisclosure Not Prohibited

1. Subdivision A. of this section does not prevent the school district from disclosing personally identifiable information under Section VI. of this policy with the understanding that the party receiving the information may make further disclosures of the information on behalf of the school district provided:
 - a. The disclosures meet the requirements of Section VI. of this policy; and
 - b. The school district has complied with the record-keeping requirements of Section XIII. of this policy.
2. Subdivision A. of this section does not apply to disclosures made pursuant to court orders or lawfully issued subpoenas or litigation, to disclosures of directory information, to disclosures to a parent or student or to parents of dependent students, or to disclosures concerning sex offenders and other individuals required to register under 42 United States Code, section 14071. However, the

school district must provide the notification required in Section XII.D. of this policy if a redisclosure is made based upon a court order or lawfully issued subpoena.

[NOTE: 42 United States Code, section 14071 was repealed. School districts should retain this statutory reference, however, as it remains a reference in FERPA and the Minnesota Government Data Practices Act and still may apply to individuals required to register prior to the repeal of this law.]

C. Classification of Disclosed Data

The information disclosed shall retain the same classification in the hands of the party receiving it as it had in the hands of the school district.

D. Notification

The school district shall inform the party to whom a disclosure is made of the requirements set forth in this section, except for disclosures made pursuant to court orders or lawfully issued subpoenas, disclosure of directory information under Section VII. of this policy, disclosures to a parent or student, or disclosures to parents of a dependent student. In the event that the Family Policy Compliance Office determines that a state or local educational authority, a federal agency headed by an official listed in 34 Code of Federal Regulations, section 99.31(a)(3), or an authorized representative of a state or local educational authority or a federal agency headed by an official listed in section 99.31(a)(3), or a third party outside of the school district improperly rediscloses personally identifiable information from education records or fails to provide notification required under this section of this policy, the school district may not allow that third party access to personally identifiable information from education records for at least five (5) years.

XIII. RESPONSIBLE AUTHORITY; RECORD SECURITY; AND RECORD KEEPING

A. Responsible Authority

The responsible authority shall be responsible for the maintenance and security of student records.

B. Record Security

The principal of each school subject to the supervision and control of the responsible authority shall be the records manager of the school, and shall have the duty of maintaining and securing the privacy and/or confidentiality of student records.

C. Plan for Securing Student Records

The building principal shall submit to the responsible authority a written plan for securing students records by September 1 of each school year. The written plan shall contain the following information:

1. A description of records maintained;
2. Titles and addresses of person(s) responsible for the security of student records;
3. Location of student records, by category, in the buildings;

4. Means of securing student records; and
5. Procedures for access and disclosure.

D. Review of Written Plan for Securing Student Records

The responsible authority shall review the plans submitted pursuant to Paragraph C. of this section for compliance with the law, this policy, and the various administrative policies of the school district. The responsible authority shall then promulgate a chart incorporating the provisions of Paragraph C. which shall be attached to and become a part of this policy.

E. Record Keeping

1. The principal shall, for each request for and each disclosure of personally identifiable information from the education records of a student, maintain a record, with the education records of the student, that indicates:
 - a. the parties who have requested or received personally identifiable information from the education records of the student;
 - b. the legitimate interests these parties had in requesting or obtaining the information; and
 - c. the names of the state and local educational authorities and federal officials and agencies listed in Section VI.B.4. of this policy that may make further disclosures of personally identifiable information from the student's education records without consent.
2. In the event the school district discloses personally identifiable information from an education record of a student pursuant to Section XII.B. of this policy, the record of disclosure required under this section shall also include:
 - a. the names of the additional parties to which the receiving party may disclose the information on behalf of the school district;
 - b. the legitimate interests under Section VI. of this policy which each of the additional parties has in requesting or obtaining the information; and
 - c. a copy of the record of further disclosures maintained by a state or local educational authority or federal official or agency listed in Section VI.B.4. of this policy in accordance with 34 Code of Federal Regulations, section 99.32 and to whom the school district disclosed information from an education record. The school district shall request a copy of the record of further disclosures from a state or local educational authority or federal official or agency to whom education records were disclosed upon a request from a parent or eligible student to review the record of requests for disclosure.
3. Section XIII.E.1. does not apply to requests by or disclosure to a parent of a student or an eligible student, disclosures pursuant to the written consent of a parent of a student or an eligible student, requests by or disclosures to other school officials under Section VI.B.1. of this policy, to requests for disclosures

of directory information under Section VII. of this policy, or to a party seeking or receiving the records as directed by a federal grand jury or other law enforcement subpoena and the issuing court or agency has ordered that the existence or the contents of the subpoena or the information provided in response to the subpoena not be disclosed or as directed by an ex parte court order obtained by the United States Attorney General (or designee not lower than an Assistant Attorney General) concerning investigations or prosecutions of an offense listed in 18 United States Code, section 2332b(g)(5)(B) or an act of domestic or international terrorism.

[NOTE: While Section XIII.E.1. does not apply to requests for or disclosures of directory information under Section VII. of this policy, to the extent the school district chooses to limit the disclosure of directory information to specific parties, for specific purposes, or both, it is advisable that records be kept to identify the party to whom the disclosure was made and/or purpose for the disclosure.]

4. The record of requests of disclosures may be inspected by:
 - a. the parent of the student or the eligible student;
 - b. the school official or his or her assistants who are responsible for the custody of the records; and
 - c. the parties authorized by law to audit the record-keeping procedures of the school district.
5. The school district shall record the following information when it discloses personally identifiable information from education records under the health or safety emergency exception:
 - a. the articulable and significant threat to the health or safety of a student or other individual that formed the basis for the disclosure; and
 - b. the parties to whom the school district disclosed the information.
6. The record of requests and disclosures shall be maintained with the education records of the student as long as the school district maintains the student's education records.

XIV. RIGHT TO INSPECT AND REVIEW EDUCATION RECORDS

A. Parent of a Student, an Eligible Student or the Parent of an Eligible Student Who is Also a Dependent Student

The school district shall permit the parent of a student, an eligible student, or the parent of an eligible student who is also a dependent student who is or has been in attendance in the school district to inspect or review the education records of the student, except those records which are made confidential by state or federal law or as otherwise provided in Section VIII. of this policy.

B. Response to Request for Access

The school district shall respond to any request pursuant to Subdivision A. of this section immediately, if possible, or within ten (10) days of the date of the request, excluding

Saturdays, Sundays, and legal holidays.

C. Right to Inspect and Review

The right to inspect and review education records under Subdivision A. of this section includes:

1. The right to a response from the school district to reasonable requests for explanations and interpretations of records; and
2. If circumstances effectively prevent the parent or eligible student from exercising the right to inspect and review the education records, the school district shall provide the parent or eligible student with a copy of the records requested or make other arrangements for the parent or eligible student to inspect and review the requested records.
3. Nothing in this policy shall be construed as limiting the frequency of inspection of the education records of a student with a disability by the student's parent or guardian or by the student upon the student reaching the age of majority.

D. Form of Request

Parents or eligible students shall submit to the school district a written request to inspect education records which identify as precisely as possible the record or records he or she wishes to inspect.

E. Collection of Student Records

If a student's education records are maintained in more than one location, the responsible authority may collect copies of the records or the records themselves from the various locations so they may be inspected at one site. However, if the parent or eligible student wishes to inspect these records where they are maintained, the school district shall attempt to accommodate those wishes. The parent or eligible student shall be notified of the time and place where the records may be inspected.

F. Records Containing Information on More Than One Student

If the education records of a student contain information on more than one student, the parent or eligible student may inspect and review or be informed of only the specific information which pertains to that student.

G. Authority to Inspect or Review

The school district may presume that either parent of the student has authority to inspect or review the education records of a student unless the school district has been provided with evidence that there is a legally binding instrument or a state law or court order governing such matters as marriage dissolution, separation, or custody which provides to the contrary.

H. Fees for Copies of Records

1. The school district shall charge a reasonable fee for providing photocopies or printed copies of records unless printing a copy is the only method to provide for the inspection of data. In determining the amount of the reasonable fee, the school district shall consider the following:

- a. the cost of materials, including paper, used to provide the copies;
 - b. the cost of the labor required to prepare the copies;
 - c. any schedule of standard copying charges established by the school district in its normal course of operations;
 - d. any special costs necessary to produce such copies from machine-based record-keeping systems, including but not limited to computers and microfilm systems; and
 - e. mailing costs.
2. If 100 or fewer pages of black and white, letter or legal size paper copies are requested, actual costs shall not be used, and, instead, the charge shall be no more than 25 cents for each page copied.
 3. The cost of providing copies shall be borne by the parent or eligible student.
 4. The responsible authority, however, may not impose a fee for a copy of an education record made for a parent or eligible student if doing so would effectively prevent or, in the case of a student with a disability, impair the parent or eligible student from exercising their right to inspect or review the student's education records.

XV. REQUEST TO AMEND RECORDS; PROCEDURES TO CHALLENGE DATA

A. Request to Amend Education Records

The parent of a student or an eligible student who believes that information contained in the education records of the student is inaccurate, misleading, or violates the privacy rights of the student may request that the school district amend those records.

1. The request shall be in writing, shall identify the item the requestor believes to be inaccurate, misleading, or in violation of the privacy or other rights of the student, shall state the reason for this belief, and shall specify the correction the requestor wishes the school district to make. The request shall be signed and dated by the requestor.
2. The school district shall decide whether to amend the education records of the student in accordance with the request within thirty (30) days after receiving the request.
3. If the school district decides to refuse to amend the education records of the student in accordance with the request, it shall inform the parent of the student or the eligible student of the refusal and advise the parent or eligible student of the right to a hearing under Subdivision B. of this section.

B. Right to a Hearing

If the school district refuses to amend the education records of a student, the school district, on request, shall provide an opportunity for a hearing in order to challenge the content of the student's education records to ensure that information in the education records of the student is not inaccurate, misleading, or otherwise in violation of the

privacy or other rights of the student. A hearing shall be conducted in accordance with Subdivision C. of this section.

1. If, as a result of the hearing, the school district decides that the information is inaccurate, misleading, or otherwise in violation of the privacy or other rights of the student, it shall amend the education records of the student accordingly and so inform the parent of the student or the eligible student in writing.
2. If, as a result of the hearing, the school district decides that the information is not inaccurate, misleading, or otherwise in violation of the privacy or other rights of the student, it shall inform the parent or eligible student of the right to place a statement in the record commenting on the contested information in the record or stating why he or she disagrees with the decision of the school district, or both.
3. Any statement placed in the education records of the student under Subdivision B. of this section shall:
 - a. be maintained by the school district as part of the education records of the student so long as the record or contested portion thereof is maintained by the school district; and
 - b. if the education records of the student or the contested portion thereof is disclosed by the school district to any party, the explanation shall also be disclosed to that party.

C. Conduct of Hearing

1. The hearing shall be held within a reasonable period of time after the school district has received the request, and the parent of the student or the eligible student shall be given notice of the date, place, and time reasonably in advance of the hearing.
2. The hearing may be conducted by any individual, including an official of the school district who does not have a direct interest in the outcome of the hearing. The school board attorney shall be in attendance to present the school board's position and advise the designated hearing officer on legal and evidentiary matters.
3. The parent of the student or eligible student shall be afforded a full and fair opportunity for hearing to present evidence relative to the issues raised under Subdivisions A. and B. of this section and may be assisted or represented by individuals of his or her choice at his or her own expense, including an attorney.
4. The school district shall make a decision in writing within a reasonable period of time after the conclusion of the hearing. The decision shall be based solely on evidence presented at the hearing and shall include a summary of evidence and reasons for the decision.

D. Appeal

The final decision of the designated hearing officer may be appealed in accordance with the applicable provisions of Minnesota Statutes, chapter 14 relating to contested cases.

XVI. PROBLEMS ACCESSING DATA

- A. The data practices compliance official is the designated employee to whom persons may direct questions or concerns regarding problems in obtaining access to data or other data practices problems.
- B. Data practices compliance official means ***[designate title and actual name of individual]***.
- C. Any request by an individual with a disability for reasonable modifications of the school district's policies or procedures for purposes of accessing records shall be made to the data practices compliance official.

XVII. COMPLAINTS FOR NONCOMPLIANCE WITH FERPA

A. Where to File Complaints

Complaints regarding alleged violations of rights accorded parents and eligible students by FERPA, and the rules promulgated thereunder, shall be submitted in writing to the U.S. Department of Education, Student Privacy Policy Office, 400 Maryland Avenue S.W., Washington, D.C. 20202-8520.

B. Content of Complaint

A complaint filed pursuant to this section must contain specific allegations of fact giving reasonable cause to believe that a violation of FERPA and the rules promulgated thereunder has occurred.

XVIII. WAIVER

A parent or eligible student may waive any of his or her rights provided herein pursuant to FERPA. A waiver shall not be valid unless in writing and signed by the parent or eligible student. The school district may not require such a waiver.

XIX. ANNUAL NOTIFICATION OF RIGHTS

A. Contents of Notice

The school district shall give parents of students currently in attendance and eligible students currently in attendance annual notice by such means as are reasonably likely to inform the parents and eligible students of the following:

1. That the parent or eligible student has a right to inspect and review the student's education records and the procedure for inspecting and reviewing education records;
2. That the parent or eligible student has a right to seek amendment of the student's education records to ensure that those records are not inaccurate, misleading, or otherwise in violation of the student's privacy or other rights and the procedure for requesting amendment of records;
3. That the parent or eligible student has a right to consent to disclosures of personally identifiable information contained in the student's education records, except to the extent that federal and state law and the regulations promulgated thereunder authorize disclosure without consent;

4. That the parent or eligible student has a right to file a complaint with the U.S. Department of Education regarding an alleged failure by the school district to comply with the requirements of FERPA and the rules promulgated thereunder;
5. The criteria for determining who constitutes a school official and what constitutes a legitimate educational interest for purposes of disclosing education records to other school officials whom the school district has determined to have legitimate educational interests; and
6. That the school district forwards education records on request to a school in which a student seeks or intends to enroll or is already enrolled as long as the disclosure is for purposes related to the student's enrollment or transfer and that such records may include suspension and expulsion records pursuant to the federal Every Student Succeeds Act and, if applicable, a student's history of violent behavior.

B. Notification to Parents of Students Having a Primary Home Language Other Than English

The school district shall provide for the need to effectively notify parents of students identified as having a primary or home language other than English.

C. Notification to Parents or Eligible Students Who are Disabled

The school district shall provide for the need to effectively notify parents or eligible students identified as disabled.

XX. DESTRUCTION AND RETENTION OF RECORDS

Destruction and retention of records by the school district shall be controlled by state and federal law.

XXI. COPIES OF POLICY

Copies of this policy may be obtained by parents and eligible students at the superintendent's office.

Legal References:

- Minn. Stat. Ch. 13 (Minnesota Government Data Practices Act)
- Minn. Stat. § 13.32, Subd. 5 (Directory Information)
- Minn. Stat. § 13.393 (Attorneys)
- Minn. Stat. Ch. 14 (Administrative Procedures Act)
- Minn. Stat. § 120A.22 (Compulsory Instruction)
- Minn. Stat. § 121A.40-121A.56 (The Pupil Fair Dismissal Act)
- Minn. Stat. § 121A.75 (Receipt of Records; Sharing)
- Minn. Stat. § 127A.852 (Military-Connected Youth Identifier)
- Minn. Stat. § 144.341-144.347 (Consent of Minors for Health Services)
- Minn. Stat. Ch. 256B (Medical Assistance for Needy Persons)
- Minn. Stat. Ch. 256L (MinnesotaCare)
- Minn. Stat. § 260B.171, Subds. 3 and 5 (Disposition Order and Peace Officer Records of Children)
- Minn. Stat. Ch. 260E (Reporting of Maltreatment of Minors)
- Minn. Stat. § 363A.42 (Public Records; Accessibility)
- Minn. Stat. § 480.40 (Personal Information, Dissemination)
- Minn. Stat. § 626.557 (Reporting of Maltreatment of Vulnerable Adults)
- Minn. Rules Parts 1205.0100-1205.2000 (Data Practices)
- 10 U.S.C. § 503(b) and (c) (Enlistments: Recruiting Campaigns; Compilation of

Directory Information)

18 U.S.C. § 2331 (Definitions)
18 U.S.C. § 2332b (Acts of Terrorism Transcending National Boundaries)
20 U.S.C. § 1232g *et seq.* (Family Educational Rights and Privacy Act)
20 U.S.C. § 6301 *et seq.* (Every Student Succeeds Act)
20 U.S.C. § 7908 (Armed Forces Recruiting Information)
20 U.S.C. § 7917 (Transfer of School Disciplinary Records)
25 U.S.C. § 5304 (Definitions – Tribal Organization)
26 U.S.C. §§ 151 and 152 (Internal Revenue Code)
42 U.S.C. § 1711 *et seq.* (Child Nutrition Act)
42 U.S.C. § 1751 *et seq.* (Richard B. Russell National School Lunch Act)
34 C.F.R. §§ 99.1-99.67 (Family Educational Rights and Privacy)
34 C.F.R. § 300.610-300.627 (Confidentiality of Information)
42 C.F.R. § 2.1 *et seq.* (Confidentiality of Drug Abuse Patient Records)
Gonzaga University v. Doe, 536 U.S. 273 309 (2002)
Dept. of Admin. Advisory Op. No. 21-008 (December 8, 2021)

Cross References:

MSBA/MASA Model Policy 414 (Mandated Reporting of Child Neglect or Physical or Sexual Abuse)
MSBA/MASA Model Policy 417 (Chemical Use and Abuse)
MSBA/MASA Model Policy 506 (Student Discipline)
MSBA/MASA Model Policy 519 (Interviews of Students by Outside Agencies)
MSBA/MASA Model Policy 520 (Student Surveys)
MSBA/MASA Model Policy 711 (Video Recording on School Buses)
MSBA/MASA Model Policy 722 (Public Data Requests)
MSBA/MASA Model Policy 906 (Community Notification of Predatory Offenders)
MSBA School Law Bulletin "I" (School Records – Privacy – Access to Data)

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

July

DRAFT 1

August (5T)

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

21 PD (2 days)/ New Teacher
 25-28 Workshop
 Open House
 PD (2 days)/ New Teacher

September (21 T) (21 S)

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

2 First Day for High School
 2 Pre K-6 Conferences
 3 Pre K-6 Conferences
 4 First Day K-6
 26 PD / EO
 26 Midterm

October (21 T) (20 S)

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

15 PD / EO
 16-17 MEA NS
 31 NS PD 1/2 Grading
 30 End of 1st Quarter

November (17-T) (16-S)

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

13 Pre K-12 Conferences 3:30-7:30
 14 NS Pre K-12 Conferences 7:30-3:00
 26 NS PD
 27-28 NS

December (17 T) (17 S)

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

5 Midterm
 23 EO
 24-30 Break

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

January (20T) (19 S)

2 Break
 5 School Resumes Pre K - 12
 15 End of 2nd Quarter
 19 NS Grading Full

February (19 T) (18 S)

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

12 K-12 Conferences 3:30-7:30
 13 NS K-12 Conferences 7:30- 3:00
 13 Midterm
 16 NS PD

March (19 T) (17 S)

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

13 EO/Grading
 13 End of 3rd Quarter
 23-27 Break (Music Trip)
 23-24 PD

April (22 T) (21 S)

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

3 NS
 24 Midterm
 6 PD

May (20 T) (19 S)

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

25 NS
 28 Last Day of School
 29 PD Grading Full

June (1 T)

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

1 PD

189 Teacher Days
168 Student Days

January 30, 2024

Adam Erickson, School Board Chair

Nicollet Public Schools

1 Pine Street

Nicollet, MN 56074

Dear Mr. Erickson,

I am requesting an early retirement incentive, as outlined under Minnesota Statute 122A.48, which includes the following:

- My resignation at the end of this school year
- District Insurance contribution after retirement as outlined in Article XVII Section 2, namely, an amount equal to a single contribution from the district, increasing annually by 5%, until I am Medicare eligible
- A retirement benefit as outlined in Article XVII Section 3, namely, a \$5000 deposit into an HCSP administered by MSRS until I am Medicare eligible

These benefits are in the contract and apply to individuals who started teaching in Nicollet prior to September 1, 1990. I began teaching in Nicollet in 1991 thus missing out by a single year. If I were to leave the district and you were to replace me with a new teacher the district would recognize a significant savings per year on salary alone. If there are budget cuts and I am not replaced, it not only saves the district from releasing a teacher, but the savings are also exponentially more.

I am also attaching two documents. You will see Article XVII of the master agreement titled Severance Pay, and Minnesota Statute 122A.48 titled Teacher Early Retirement Incentive Program. Both of these are referenced in my request.

I hope the district is able to recognize my 34 years of dedicated service in Nicollet and make this a win-win situation where I am granted benefits that I narrowly missed, as well as the district being able to save a significant amount of money.

Thank You,

Jodi Murphy

Recommended Language for Jodi Murphy in response to her request for Early Retirement Incentive.

Nicollet School Board Negotiation Committee recommends approving the one time offer of a severance package acknowledging Jodi Murphy's intent to retire June 3, 2025.

Revised ARTICLE XVII SEVERANCE PAY

Section 1. Eligibility:

Subd. 1: This revised article shall apply only to Jodi Murphy employed by the school district and eligible to request MS 122A.48 TEACHER EARLY RETIREMENT INCENTIVE PROGRAM who has submitted a Notification of retirement on February 1, 2025 with an intent to retire at the end of the 2024-2025 school year.

Subd. 2: Full-time teachers who have completed at least twenty (20) years of service as a teacher in ISD 507 and have reached 55 years of age prior to the commencement of a school year shall be eligible to participate in the District revised early retirement program. In the event the teacher was contracted part time for any year(s), the fractional years shall be combined to reach eligibility status.

Section 2. Health Insurance for Retirees: The School District will contribute a \$10,000 annual single health/hospital insurance premium toward continuation in the District group health hospitalization plan for the eligible teacher between the date of retirement and the date when the teacher becomes eligible for Medicare.

Subd. 1: The annual District premium contribution during the retirement period will begin at the single premium rate not to exceed \$10,000 in effect on July 1, 2025 following the final year of teaching. Jodi Murphy will incur the cost of the premium rate increase beyond \$10,000 each year.

Subd. 2: An eligible teacher may continue dependent coverage and assume payment of the difference between the District premium contribution of \$10,000 and the dependent premium.

Subd. 3: That part of any premium borne by the teacher shall be paid, in advance, to the District Office by the 25th of the month preceding the due date, which shall be monthly, quarterly or annually. Nonpayment will result in cancellation. If a teacher drops the insurance plan and wishes to reenter, a health history may be required by the carrier.

Section 3. Standard Retirement Benefit:

Subd. 1: Health and Hospitalization Benefit: A teacher terminating employment after having reached TRA eligibility for retirement, and has served 20 years or more in the District, shall upon retirement, receive as severance pay amount of \$20,000 deposited into a HCSP administered by MSRS account until eligible for Medicare. This deposit will occur August 1 of the year in which a teacher is no longer employed following their retirement.

Subd. 3: MSRS Payment: The School District will implement the Minnesota State Retirement System (MSRS) Health Care Savings Plan (HCSP) established pursuant to M.S. 352.98 effective April 1, 2002 under the criteria in Sections 2 and 3. of this article. Beginning in August following the teacher's retirement date, until eligible for Medicare or death of the retiree, the contracted benefit of \$20,000 shall be deposited in the participating teacher's MSRS HCSP. Upon the teacher's death, the remaining amount in the teacher's MSRS HCSP will go to the teacher's beneficiaries.

Section 4. Claims against the School District: It is understood that the School District's only obligation is to purchase an insurance policy and pay such amounts as agreed herein and no claim shall be made against the School District as a result of denial of insurance benefits by an insurance carrier.

**ARTICLE XVII
SEVERANCE PAY**

Section 1. Eligibility:

Subd. 1: This article shall apply only to teachers employed by the School District prior to September 1, 1990, and shall not be applicable to any teacher whose employment commenced after said date.

Subd. 2: Full-time teachers who have completed at least twenty (20) years of service as a teacher in ISD 507 and have reached 55 years of age prior to the commencement of a school year shall be eligible to participate in the District early retirement program. In the event the teacher was contracted part time for any year(s), the fractional years shall be combined to reach eligibility status.

Section 2. Benefits: The School District will contribute the current single health/hospital insurance premium amount toward continuation in the District group health hospitalization plan for the eligible teacher between the date of retirement and the date when the teacher becomes eligible for Medicare.

Subd. 1: The annual District premium contribution during the retirement period will remain at the single premium rate in effect on July 1 following the final year of teaching, and shall increase the District contribution annually up to five (5) percent should there be a rate increase.

Subd. 2: An eligible teacher may continue dependent coverage and assume payment of the difference between the single premium and dependent premium.

Subd. 3: That part of any premium borne by the teacher shall be paid, in advance, to the District Office by the 25th of the month proceeding the due date, which shall be monthly, quarterly or annually. Nonpayment will result in cancellation. If a teacher drops the insurance plan and wishes to reenter, a health history may be required by the carrier.

Section 3. Standard Retirement Benefit:

Subd. 1: Health and Hospitalization Benefit: A teacher terminating employment after having reached TRA eligibility for retirement, and has served 20 years or more in the District, shall upon retirement, receive a \$5000 deposit in July of each year into a HCSP administered by MSRS until eligible for Medicare. This deposit will not occur or be prorated in a year in which a teacher is employed for all or part of the year following their retirement.

Subd. 2: Duration: The health and hospitalization benefits for teachers who meet these eligibility requirements shall continue to be provided according to the Agreement provisions that were in place at the time the teacher retired. All other District insurance benefits or contributions shall cease within 60 days of the final date of employment.

Subd. 3: MSRS Payment: The School District will implement the Minnesota State Retirement System (MSRS) Health Care Savings Plan (HCSP) established pursuant to M.S. 352.98 effective April 1, 2002 under the criteria in Sections 1. and 2. of this article. Participation by all eligible teachers is mandatory. Beginning in July following the teacher's retirement date, and in July of each year thereafter, until eligible for Medicare or death of the retiree, the contracted benefit of \$5,000 per year shall be deposited in the participating teacher's MSRS HCSP. Upon the teacher's death, the remaining amount in the teacher's MSRS HCSP will go to the teacher's beneficiaries.

Section 4. Claims against the School District: It is understood that the School District's only obligation is to purchase an insurance policy and pay such amounts as agreed herein and no claim shall be made against the School District as a result of denial of insurance benefits by an insurance carrier.