

Dawson-Boyd School Board  
Monday, January 9, 2023 Regular Meeting Time  
Dawson-Boyd Board Room  
Monthly Board Meeting  
Google Meet joining info:

## **Meeting Agenda**

1. Call to order  
Reorganization of Board
2. Adopt/Amend Agenda
3. Public Comments
4. Consent Agenda: THE FOLLOWING ITEMS ARE SUBMITTED FOR CONSENT APPROVAL
  - a. Approval of Meeting Minutes
  - b. Approval of Financial Report and Monthly Claims and Accounts
  - c. Approval of Staffing Matters/Personnel
5. Communications: THE FOLLOWING ITEMS ARE SUBMITTED FOR CONSIDERATION
  1. Presentation of Fiscal Year 2022 Audited Financial Statements
  2. Chris Ziemer-Possible projects for DB School Presentation-approval of design
6. Information Items:
  - a. **Board Member Reports**
  - b. **Teacher Reports**
  - c. **AD/Community Ed/Transportation Director Reports**
  - d. **School Nurse Reports**
  - e. **Principal Reports**
  - f. **Technology Director Reports**
  - g. **Business Manager Reports**
  - h. **Superintendent Report**
7. Discussion/Approval Items:  
Approval to proceed with design on projects
8. Action Items:
  - a. **Resolution-District Donations**

- b. **Approval of School Fundraisers**
  - c. Policies
9. Adjournment

Dawson-Boyd Independent School District No. 378  
**Regular December Board Meeting**  
December 5, 2022

The regular December meeting of the Board of Education was held on December 5, 2022, in the Dawson-Boyd Board room. Members present were Kelly, Bothun, Jenson, Buer, Perkins and Lund as well as the administrative staff. Jurgenson was absent. Chair Lund called the meeting to order at 6:00 p.m. The meeting agenda was approved as amended (Perkins and Buer). There were no public comments.

A break in the regular School Board meeting took place at 6:05 p.m. (Jenson and Perkins). Interim Superintendent Ferguson and Business Manager Stacy Stratmoen presented information relating to district finances to meet the Truth in Taxation requirements. 2022 levy components were discussed as well as total levies for the past school year. District fund balances and budget were also reviewed. Members reviewed the 2022 Payable 2023 Levy total and components. The Board adopted a 3.29% increase in final levy totaling \$2,635,506.91 (Jenson and Bothun). The regular board meeting began again at 6:17 p.m.

Regular claims and accounts totaling \$180,510.47, \$4,652.05 for Student Activities & \$30,070.52 for the building project were approved as presented (Jenson and Bothun). The Board reviewed electronic transfers and state tax payments made in November. The minutes of the November 14, 2022 regular meeting and the December 4, 2022 Treasurer's report were approved as presented in the consent agenda (Kelly and Perkins). Fundraiser approval was given to the Wrestling Program to get sponsors for a pushup, pullup, rope climb-a-thon from December 12-January 6, 2023 (Perkins and Buer).

RESOLUTION #R1-61 NOW THEREFORE BE IT RESOLVED BY THE DAWSON-BOYD SCHOOL DISTRICT OF DAWSON, MINNESOTA, that the gift of \$4,584, from the Turkey Trot held Thanksgiving Day, be accepted by the district. BE IT FURTHER RESOLVED, that the gift will be used in the Daycare program. This included many businesses donating funds for the first ever event held in Dawson by Carli Bothun (Bothun and Buer). Members voting in favor of the resolution were Kelly, Bothun, Jenson, Buer, Perkins and Lund. There were no dissenting or abstaining votes. RESOLUTION #R1-61A NOW THEREFORE BE IT RESOLVED BY THE DAWSON-BOYD SCHOOL DISTRICT OF DAWSON, MINNESOTA, that the gift of \$4,468, from AGP, be accepted by the district. BE IT FURTHER RESOLVED, that the gift will be used to purchase a new athletic scoring table (Kelly and Jenson). Members voting in favor of the resolution were Kelly, Bothun, Jenson, Buer, Perkins and Lund. There were no dissenting or abstaining votes. RESOLUTION #R1-61B NOW THEREFORE BE IT RESOLVED BY THE DAWSON-BOYD SCHOOL DISTRICT OF DAWSON, MINNESOTA, that the gift of \$4,468, from Lee Motor, be accepted by the district. BE IT FURTHER RESOLVED, that the gift will be used to purchase a new athletic scoring table (Buer and Bothun). Members voting in favor of the resolution were Kelly, Bothun, Jenson, Buer, Perkins and Lund. There were no dissenting or abstaining votes. RESOLUTION #R1-61C NOW THEREFORE BE IT RESOLVED BY THE DAWSON-BOYD SCHOOL DISTRICT OF DAWSON, MINNESOTA, that the gift of \$9,792.02, from the Dawson Fire Department, be accepted by the district. BE IT FURTHER RESOLVED, that the gift will be used toward \$400 Project Respect, \$300 Nichole Andrews SPED department, \$300 Ronda Krosch SPED department, \$200 11/12 English department, \$250 High School Art department,

\$500.00 Alyssa Croatt SPED department, \$500 to High School Band department, \$450 to Jr High Baseball, \$200 7/8 English department, \$500 to Afterglow, \$142.02 to C Wolner, Kindergarten classroom, \$200 9/10 English Department, \$500 to HS Spanish room, \$300 to DB Youth Football program, \$250 to Turkey Trot, \$250 to ECSE Angie Young, \$300 to Grade 4 Prairie Woods fieldtrip, \$200 Kali Connor Speech/Lang, \$500 to High School Orchestra department, \$300 High School Health class, \$100 to Grade 1 C Anderson classroom, \$900 to Preschool classroom and \$750 to Dawson-Boyd ECFE program (Burt and Bothun). This amount also includes a donation to the DB Trap & Robotics Clubs. Members voting in favor of the resolution were Kelly, Bothun, Jenson, Buer, Perkins and Lund. There were no dissenting or abstaining votes. RESOLUTION #R1-61D NOW THEREFORE BE IT RESOLVED BY THE DAWSON-BOYD SCHOOL DISTRICT OF DAWSON, MINNESOTA, that the gift of \$1,000.00, from Kevin and Kim Lindblad, be accepted by the district. BE IT FURTHER RESOLVED, that the gift will be used toward the Backpack for Jacks food program (Jenson and Perkins). Members voting in favor of the resolution were Kelly, Bothun, Jenson, Buer, Perkins and Lund. There were no dissenting or abstaining votes.

In staffing matters, the Board approved the transfer of Ashley Lewis to the Daycare effective December 5, 2022; the hiring of Jennifer Pillatzke-Elementary Para Professional effective November 28, 2022; the hiring of Eva Hernandez to the Daycare effective November 25, 2022 (Buer and Kelly). Teacher Reports were given by Allysa Hurley, Orchestra Teacher and Kassi Albertson, Preschool Teacher.

In the Communications section of the agenda, Chris Ziemer with ICS and Michael Hart with PMA Financial, presented on potential facility improvements at Dawson-Boyd Schools. The three main areas of concern at this point are roofing, parking lots and Indoor Air Quality. The roofing project which is funded by school building bonds and LTFM is estimated at \$1,500,000; parking lot projects including taking over Eighth Street at a projected cost of \$1,900,000 and the Indoor Air Quality projects for \$500,000 funded with LTFM bonds. These projects do not require voter approval. We are in the early stages of planning, but the roof over the Community Center is 22 years old and is way past its lifespan and warranty and has been leaking. Hart reviewed the financial information concerning the school building bonds. The February, 2019 referendum ballot approved was for \$22,700,000. The total bonds sold came to \$21,675,000 plus the bond premium. A change in the statute allows us to capture the remaining \$1,025,000 of authority. These funds can only be used on projects originally contemplated when the bond was put to the voters. Ferguson also reminded the Board of the MSBA Leadership Conference held January 12-13, 2023.

In the Information sections of the agenda Interim Superintendent Ferguson shared there have been meetings with the school board and MSBA representatives concerning the kickoff for the exciting process of selecting the next superintendent of schools. A survey for stakeholders will open on December 5<sup>th</sup>-December 26, 2022 which can be completed electronically or by paper. A virtual question and answer session will open December 8<sup>th</sup> with the public. The board will post the position on December 8, 2022 and will close on January 29, 2023 with final interviews February 14, 2023. The School Board plans to make their decision that evening and move to enter negotiations with the chosen candidate. The new Superintendent will begin July 1, 2023. Nurse Leah informed the board that she screened all the elementary students for hearing and vision before Thanksgiving break; the school will participate in the Minnesota School Sealant program on December 9<sup>th</sup>. Principals Stotesbery and Hiedeman reviewed a number of

staff and student issues such as the Backpack for Jacks program, which is weekend food for students in need, 10<sup>th</sup> grade Job Shadowing program coordinated by Mrs. Mortenson and Ms. Webster, Energy Bus activities, Spelling Bee and upcoming High School Christmas Program and Elementary sing-a-long.

In action items the board approved the Elementary and High School Principal contracts at 2.96% increase for the 2021-2022 school year and 2.81% for the 2022-2023 school year. (Perkins and Jenson); approval with Trane Contract (combining the newly installed Trane control system with the old Honeywell system to control the boilers) for \$53,140.00 (Buer and Perkins). This contract was paid with project dollars. The board also approved Policy #603 Curriculum Development (Kelly and Jenson); Policy #612.1 Development of Parent and Family Engagement Policies for Title I Programs (Kelly & Perkins), Policy #903 Visitors To School District Buildings and Sites (Buer and Perkins); Policy #531 The Pledge of Allegiance (Bothun and Jenson); Policy #516 Student Medication (Perkins and Kelly); Policy #532 Use of Peace Officers and Crisis Teams To Remove Students With IEP's From School Grounds (Buer and Jenson); Policy #533 Wellness (Perkins and Kelly).

Board member Ann Jenson was thanked for her 14 years of dedication on the board and David Bothun was also shown appreciation for his time serving. With no additional issues before the board, Lund adjourned the meeting at 7:52 p.m. (Jenson and Bothun).

Troy Ferguson, Pro-Temp Board Clerk

DECEMBER 2022 TRANSFERS FROM MSDLAF TO DAWSON CO-OP CREDIT UNION

12/15/2022	\$ 350,000.00
12/28/2022	\$ 350,000.00

DECEMBER 2022 TRANSFERS FROM INVESTMENTS (CONSTRUCTION TO DAWSON CO-OP CU)

DECEMBER 2022 MANUAL CHECKS

12/15/2022	69607	Vendor Void	\$ 0.00
12/15/2022	69608	Vendor Void	\$ 0.00
12/15/2022	69609	Aviben	\$ 6,819.25
12/15/2022	69610	DBEA	\$ 1,832.96
12/15/2022	69611	DB Flex Account	\$ 1,202.13
12/15/2022	69612	Vendor Void	\$ 0.00
12/15/2022	69613	Vendor Void	\$ 0.00
12/15/2022	69614	Void	\$ 0.00
12/15/2022	69615	ISD #378 (Food Service)	\$ 290.00
12/15/2022	69616	Void	\$ 0.00
12/15/2022	69617	Vendor Void	\$ 0.00
12/15/2022	69618	PERA	\$ 15,681.22
12/15/2022	69619	TRA	\$ 24,667.94
12/15/2022	69620	WEX	\$ 5,420.97
12/19/2022	69621	Busskohl, Brett	\$ 125.00
12/19/2022	69622	Karas, Blake	\$ 125.00
12/19/2022	69623	Rolandson, Austin	\$ 125.00
12/20/2022	69624	Bruer, Michael	\$ 125.00
12/20/2022	69625	McBride, Kendra	\$ 125.01
12/20/2022	69626	Schiller, Clint	\$ 125.00
12/20/2022	69627	Smith, Eric	\$ 125.00
12/30/2022	69628	AFLAC	\$ 671.56
12/30/2022	69629	Vendor Void	\$ 0.00
12/30/2022	69630	Vendor Void	\$ 0.00
12/30/2022	69631	Aviben	\$ 5,685.95
12/30/2022	69632	DBEA	\$ 1,832.96
12/30/2022	69633	DB Flex Account	\$ 1,001.01
12/30/2022	69634	Vendor Void	\$ 0.00
12/30/2022	69635	Vendor Void	\$ 0.00
12/30/2022	69636	Void	\$ 0.00
12/30/2022	69637	ISD #378 Food Service	\$ 290.00
12/30/2022	69638	Madison National Life	\$ 930.22
12/30/2022	69639	Void	\$ 0.00
12/30/2022	69640	NCPERS Group Life Ins.	\$ 16.00
12/30/2022	69641	NGL Insurance Group	\$ 150.85
12/30/2022	69642	Vendor Void	\$ 0.00
12/30/2022	69643	PERA	\$ 11,343.37
12/30/2022	69644	TRA	\$ 22,802.99
12/30/2022	69645	WEX	\$ 2,870.97
12/23/2022	69646	A & B Auto	\$ 162.20
12/23/2022	69647	Academic Hallmark Inc.	\$ 76.00

12/23/2022	69648	Afterglow	\$	500.00
12/23/2022	69649	Angeltrax	\$	33,995.48
12/23/2022	69650	Aramark Uniform Services	\$	135.22
12/23/2022	69651	ASHA	\$	225.00
12/23/2022	69652	Culligan Water Conditioning	\$	1,325.75
12/23/2022	69653	Dawson Drug & Gift	\$	58.37
12/23/2022	69654	DB Youth Football	\$	300.00
12/23/2022	69655	DB School-Turkey Trot	\$	250.00
12/23/2022	69656	DC Signs	\$	90.00
12/23/2022	69657	Dept of Labor & Industry	\$	100.00
12/23/2022	69658	Eickhoff, Christine	\$	30.00
12/23/2022	69659	Farmers Mutual Telephone Co.	\$	638.79
12/23/2022	69660	Great Plains Natural Gas	\$	9,017.15
12/23/2022	69661	Gritmacker, Hailey	\$	171.41
12/23/2022	69662	Gruwell Electric	\$	1,167.29
12/23/2022	69663	Harry's Frozen Pizza	\$	588.75
12/23/2022	69664	Hoglund Bus Co.	\$	934.97
12/23/2022	69665	HUDL	\$	549.00
12/23/2022	69666	Hutt's Texaco	\$	25.62
12/23/2022	69667	ISD #378 (Food Service)	\$	5,902.94
12/23/2022	69668	Jim's Clothing	\$	660.00
12/23/2022	69669	Johnson Memorial Health Services	\$	7,515.00
12/23/2022	69670	Kelly, Stephanie	\$	55.24
12/23/2022	69671	KLQP	\$	22.00
12/23/2022	69672	LQP Coop Oil	\$	10,809.67
12/23/2022	69673	LQPV High School	\$	100.00
12/23/2022	69674	Lee Motor Co	\$	118.68
12/23/2022	69675	MASSP	\$	405.00
12/23/2022	69676	MESPA	\$	375.00
12/23/2022	69677	Midwest Truck Parts, Inc.	\$	15.25
12/23/2022	69678	Olson Sanitation	\$	1,191.18
12/23/2022	69679	Ortonville Chiropractic Clinic	\$	292.00
12/23/2022	69680	Pemberton, Sorlie, Rufer & Kershwin	\$	959.50
12/23/2022	69681	JW Pepper	\$	121.95
12/23/2022	69682	Powers Investments	\$	396.00
12/23/2022	69683	Quill Corp	\$	359.21
12/23/2022	69684	RSchool Today-Distributed Website	\$	1,600.00
12/23/2022	68685	Ken Sather Construction LLC	\$	62.70
12/23/2022	68686	Scholastic Inc.	\$	49.81
12/23/2022	68687	SW/WC SC	\$	2,007.00
12/23/2022	68688	Swedzinski, Collin	\$	500.00
12/23/2022	68689	Teachwell Solutions	\$	6,565.00
12/23/2022	68690	The McDowell Agency Inc.	\$	164.00
12/23/2022	68691	Tom Miller-Deputy Registrar	\$	54.25
12/23/2022	68692	US Bank	\$	10,020.64
12/23/2022	68693	Wager Chiropractic PLLC	\$	375.00
12/23/2022	68694	Wyum, Greg	\$	236.85
12/23/2022	68695	Young, Angela	\$	69.75
01/13/2023	68696	Vendor Void	\$	0.00
01/13/2023	68697	Vendor Void	\$	0.00
01/13/2023	68698	Aviben	\$	5,735.95
01/13/2023	68699	DBEA	\$	1,832.96
01/13/2023	68700	DB Flex Account	\$	875.04

01/13/2023	68701	Vendor Void	\$	0.00
01/13/2023	68702	Vendor Void	\$	0.00
01/13/2023	68703	Void	\$	0.00
01/13/2023	68704	ISD #378 (Food Service)	\$	180.00
01/13/2023	68705	ISD #378	\$	27.97
01/13/2023	68706	Void	\$	0.00
01/13/2023	68707	Vendor Void	\$	0.00
01/13/2023	68708	PERA	\$	11,246.99
01/13/2023	68709	TRA	\$	22,688.75
01/13/2023	68710	WEX	\$	<u>3,171.76</u>
				\$251,489.40

DECEMBER 2022 FEDERAL & STATE TAX PAYMENT

FEDERAL	12/15/22	\$ 58,896.86	STATE	12/15/22	\$ 9,498.97
	12/30/22	\$ 48,627.74		12/30/22	\$ 7,325.88
	01/13/23	\$46,999.20		01/13/23	\$ 7,417.84



Check Nbr	Vendor Name	Check Date	Check Amount
69711	A & B AUTO PARTS	01/08/2023	29.03
69712	AL'S MERCANTILE	01/08/2023	133.12
69713	AMERICAN WELDING & GAS INC	01/08/2023	76.89
69714	AVIBEN	01/08/2023	185.37
69715	BAULER, ANDREW	01/08/2023	263.00
69716	BERGLUND, LOWELL	01/08/2023	211.41
69717	BULLDOG BOOSTER CLUB	01/08/2023	100.00
69718	COUNTRYSIDE PUBLIC HEALTH	01/08/2023	312.00
69719	CULLIGAN WATER CONDITIONING	01/08/2023	571.14
69720	DALY, JUSTIN	01/08/2023	125.00
69721	DANA F. COLE & COMPANY LLP	01/08/2023	23,777.47
69722	DAWSON SENTINEL	01/08/2023	2,420.46
69723	DEPT OF HUMAN SERVICES	01/08/2023	28.00
69724	ECO WORKS SUPPLY	01/08/2023	983.00
69725	EICKHOFF, CHRISTINE M	01/08/2023	55.55
69726	GJERDE, MARET	01/08/2023	125.00
69727	GRAINGER	01/08/2023	105.75
69728	GULLICKSON, VANCE	01/08/2023	125.00
69729	GUSTAFSON, OWEN	01/08/2023	125.00
69730	HARRY'S FROZEN FOOD	01/08/2023	405.00
69731	HERMAN, MARK	01/08/2023	125.00
69732	HILLYARD/HUTCHINSON	01/08/2023	2,926.50
69733	KEMPS LLC (DBA CASS-CLAY CREAM	01/08/2023	2,002.80
69734	KLEVEN, CARRIE L	01/08/2023	404.08
69735	KYLE'S SMALL ENGINE REPAIR & S	01/08/2023	1,365.00

Check Nbr	Vendor Name	Check Date	Check Amount
69736	LAC QUI PARLE COOP OIL	01/08/2023	9,755.52
69737	LAC QUI PARLE VALLEY H. SCHOOL	01/08/2023	50.00
69738	LUDVIGSON, CHELSEA R	01/08/2023	10.00
69739	MADISON BOTTLING CO.	01/08/2023	1,620.00
69740	MARCO TECHNOLOGIES LLC	01/08/2023	2,173.05
69741	MARTIN, GREG	01/08/2023	250.00
69742	MC GRAW HILL	01/08/2023	7,276.51
69743	MIDWEST TRUCK PARTS, INC	01/08/2023	7,393.26
69744	MINNESOTA VALLEY COOP CENTER	01/08/2023	10,533.25
69745	Vendor Continued Check	01/08/2023	0.00
69746	MUSIC STREET	01/08/2023	1,215.65
69747	NORTH CENTRAL INTERNATIONAL, L	01/08/2023	1,012.56
69748	NORTH CENTRAL INT'L INC	01/08/2023	220.50
69749	NORTH CENTRAL TRUCK EQUIPMENT	01/08/2023	228.76
69750	NORTHLAND TRUST SERVICES INC	01/08/2023	1,340,736.88
69751	OLSON SANITATION LLC	01/08/2023	1,172.30
69752	OPG-3	01/08/2023	1,785.90
69753	ORTONVILLE HIGH SCHOOL	01/08/2023	200.00
69754	OTTER TAIL POWER	01/08/2023	14,194.95
69755	PAN-O-GOLD BAKING COMPANY	01/08/2023	384.45
69756	Vendor Continued Check	01/08/2023	0.00
69757	PERFORMANCE FOODSERVICE-MARSHA	01/08/2023	14,439.56
69758	PLUNKETT'S PEST CONTROL	01/08/2023	93.85
69759	RUNNING'S SUPPLY INC.	01/08/2023	31.74
69760	KEN SATHER CONSTRUCTION LLC	01/08/2023	280.46

Check Nbr	Vendor Name	Check Date	Check Amount
69761	SWEDE'S SERVICE CENTER	01/08/2023	162.05
69762	TENSEN, ASHLEY E	01/08/2023	39.95
69763	THE MCDOWELL AGENCY INC	01/08/2023	224.00
69764	TIM'S FOOD PRIDE	01/08/2023	601.68
69765	US FOODS	01/08/2023	116.52
69766	YESSAK, JUSTIN	01/08/2023	125.00
56	Computer	Check(s) For a Total of	1,453,308.92

Check Nbr	Vendor Name	Check Date	Check Amount
68381	LUDVIGSON, CHELSEA R	01/08/2023	10.00
1	Void	Check(s) For a Total of	10.00

0	Manual	Checks For a Total of	0.00
0	Wire Transfer	Checks For a Total of	0.00
0	ACH	Checks For a Total of	0.00
56	Computer	Checks For a Total of	1,453,308.92
Total For 56	Manual, Wire Tran, ACH & Computer	Checks	1,453,308.92
Less 1	Voided	Checks For a Total of	10.00
		Net Amount	1,453,298.92

F U N D S U M M A R Y

Fund	Description	Balance Sheet	Revenue	Expense	Total
01	GENERAL FUND	224.00	28.00	94,121.98	94,373.98
02	FOOD FUND	0.00	0.00	17,087.90	17,087.90
04	COMMUNITY EDUCAT	0.00	263.00	837.16	1,100.16
07	DEBT REDEMPTION	0.00	0.00	1,340,736.88	1,340,736.88



Check Nbr	Vendor Name	Check Date	Check Amount
69767	A-1 CLEANING BY HAPPE	01/08/2023	29,055.00
69768	BRAUN INTERTEC CORPORATION	01/08/2023	2,120.00
69769	ICS CONSULTING, LLC (D/B/A ICS	01/08/2023	23,809.95
3	Computer	Check(s) For a Total of	54,984.95

0	Manual	Checks For a Total of	0.00
0	Wire Transfer	Checks For a Total of	0.00
0	ACH	Checks For a Total of	0.00
3	Computer	Checks For a Total of	54,984.95
Total For 3	Manual, Wire Tran, ACH & Computer	Checks	54,984.95
Less 0	Voided	Checks For a Total of	0.00
		Net Amount	54,984.95

F U N D S U M M A R Y

Fund	Description	Balance Sheet	Revenue	Expense	Total
06	BUILDING CONSTRU	0.00	0.00	54,984.95	54,984.95

INDEPENDENT SCHOOL DISTRICT NO. 378

TREASURER'S REPORT TO SCHOOL BOARD

DATE: JANUARY 6, 2022

MONTH: DECEMBER 2022

FUNDS	BEGINNING OF MONTH BAL.	CURRENT MONTH ACTIVITY	OTHER	END OF MONTH BALANCE
GENERAL	-\$1,236,594.05	-\$173,394.55	\$0.00	-\$1,409,988.60
FOOD SERVICE	\$108,233.20	\$5,610.78	\$0.00	\$113,843.98
COMMUNITY SERVICE	-\$21,927.37	\$7,320.33	\$0.00	-\$14,607.04
BUILDING/CONST	\$0.00	-\$30,070.52	\$0.00	-\$30,070.52
DEBT REDEMPTION	\$1,373,506.77	\$161,613.17	\$0.00	\$1,535,119.94
TRUST AND AGENCY	\$5,250.00	\$0.00	\$0.00	\$5,250.00
TOTALS	\$228,468.55	-\$28,920.79	\$0.00	\$199,547.76

RECONCILLIATION WITH BANK STATEMENT

BALANCE PER BANK STATEMENT	LESS OUTSTANDING CHECKS	LESS OUTSTANDING RECEIPTS	LESS INTERST ON B.S.	ADD INSUFFICIENT FUNDS CHECKS	ADD-OTHER	BALANCE AGREES W/ TREASURER'S
\$299,455.70	-99,907.94					\$199,547.76

INVESTMENTS

REGULAR FUND-600216	CERTIFICATE NUMBER	DOLLAR AMOUNT
MSDLAF		\$0.66
MSDMAX		\$0.00
MNTRUST		\$2,302,787.87
TOTAL		\$2,302,788.53



Resignation of Sheila Stokes-High School Paraprofessional effective December 2, 2022

Resignation of Luanne Fondell as Performing Arts Director effective July 1, 2023

Resignation of Mackenzie Kotek-Daycare effective December 14, 2022

Hiring of Maddie Stevens-High School Paraprofessional effective December 12, 2022

Hiring of Corissa Schultz-Daycare effective December 20, 2022

Hiring of Kallie Blascyk-Elementary Special Education Teacher effective the 2023-2024 school year

INDEPENDENT SCHOOL DISTRICT NO. 378

DAWSON, MINNESOTA

FINANCIAL STATEMENTS

JUNE 30, 2022



**DANA F. COLE  
& COMPANY<sup>LLP</sup>**  
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
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INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
ORGANIZATION  
YEAR ENDED JUNE 30, 2022

<u>SCHOOL BOARD</u>	<u>Terms Expire On December 31.</u>
Bruce Lund, Chairperson	2024
Brett Buer, Vice Chairperson	2024
Ann Jenson, Treasurer	2022
Cameron Jurgenson, Clerk	2022
David Bothun, Director	2022
Karla Perkins, Director	2024
Tonya Kelly, Director	2022
 <u>SUPERINTENDENT</u>	
David Hansen - terminated 2/14/2022	Appointed
Troy Ferguson, Interim effective 2/15/2022	Appointed



**DANA F. COLE  
& COMPANY LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT

To the Board of Education  
Independent School District No. 378

### Report on the Audit of Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 378, Dawson, Minnesota, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Independent School District No. 378's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 378, as of June 30, 2022, and the respective changes in financial position and the respective budgetary comparison for the General Fund and the Major Special Revenue Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Independent School District No. 378 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Independent School District No. 378's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently know information that may raise substantial doubt shortly thereafter.

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Independent School District No. 378's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Independent School District No. 378'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.

### **Other Matters**

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 to 12 and the required supplementary information (RSI), as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate

operational, economic, or historical context. We have applied certain limited procedures to the 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 Independent School District No. 378's basic financial statements. The individual major fund financial statements, schedules, and statistical tables on pages 74 to 91 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. Such information is the responsibility of management and were derived from and relate 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 individual major fund financial statements, schedules, statistical tables and schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

### ***Other Information***

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

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

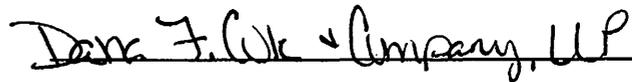
We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, Independent School District No. 378's basic financial statements for the year ended June 30, 2021, which are not presented with the accompanying financial statements, and we expressed unmodified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Independent School District No. 378's basic financial statements as a whole. The supplementary information on pages 74 to 91 related to the 2021 financial statements 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 2021 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those 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 2021 supplementary information is fairly stated in all material respects in relation to the basic financial statements from which it has been derived.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2022, on our consideration of Independent School District No. 378'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 to solely 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 Independent School District No. 378's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Independent School District No. 378's internal control over financial reporting and compliance.

Montevideo, Minnesota  
December 15, 2022

 Dawn F. Cole & Company, LLP

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Independent School District No. 378 (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, 2022. Please read it in conjunction with the District's financial statements, which immediately follow this section.

**FINANCIAL HIGHLIGHTS**

Key financial highlights for 2022 are as follows:

- In total, net position increased \$983,735 from fiscal year 2021.
- General revenues accounted for \$7,259,772 in revenue or 66% of all revenues. Program specific revenues in the forms of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$3,673,991 or 34% of total revenues of \$10,933,763.
- Total assets decreased \$946,424, as net capital assets increased by \$10,207,817, current assets decreased by \$272,890 and restricted assets decreased by \$10,881,351.
- The School District had \$9,950,028 in expenses. Of these expenses \$3,673,991 were offset by program specific charges for services, grants or contributions.
- Among major funds, the General Fund had \$7,754,017 in revenues and \$8,172,559 in expenditures. The General Fund's unassigned fund balance decreased \$388,114 from fiscal year 2021.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of a series of financial statements. The Statements of Net Position and the Statement of Activities (on pages 13-16) provide information about the activities of the District as a whole and present a longer-term view of the District's finances. Fund financial statements start on page 17. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the district-wide statements by providing information about the District's most financially significant funds.

**Statements of Net Position and the Statement of Activities**

While this document contains all the funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all the financial statements and attempts to convey to the public how the district fared financially during the fiscal year ended June 30, 2022. The Statements of Net Position and the Statement of Activities will show this.

These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when the cash is actually received or paid.

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Statements of Net Position and the Statement of Activities (Continued)

These two statements report the School District's net position and changes in those assets. This change in net position is important because it tells the public that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the School District's enrollment, property tax base, legislative funding and mandates, facility and technology needs, and other factors.

In the Statements of Net Position and the Statement of Activities, the School District reports governmental activities. Governmental activities are the activities where most of a school district's programs and services are reported including, but not limited to, instruction, support services, food services, operation and maintenance of facilities, pupil transportation, and extracurricular activities. The School District does not have any business-like activities.

Fund Financial Statements

The analysis of the School District's major funds will follow this report. Fund financial reports provide detailed information about the School District's major funds. The School District's major governmental funds are as follows:

General Fund	Food Service Fund	Community Education
Building Construction Fund	Debt Service	

Governmental Funds

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps us determine whether there are more or fewer financial resources that can be spent in the near future to finance our educational programs. The relationship (or differences) between governmental activities (reported in the Statements of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Fiduciary Fund

The District is the trustee, or fiduciary, for assets that belong to others. The District is responsible for ensuring that only those to whom the assets belong use the assets reported in these funds and use for the intended purpose. The District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position

Recall that the Statements of Net Position provide the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for FY 2022 compared to FY 2021. Explanations for significant changes are noted after Table 2.

Table 1  
Net Position

	June 30, 2022	June 30, 2021
<b>Assets</b>		
Current and other assets	7,928,690	19,082,931
Capital assets	38,340,097	27,573,657
Accumulated depreciation	(11,093,481)	(10,534,858)
<b>Total Assets</b>	<b>35,175,306</b>	<b>36,121,730</b>
Deferred outflows of resources	2,568,141	2,535,848
<b>Liabilities</b>		
Current liabilities	2,863,264	3,739,161
Long-term liabilities	26,177,805	28,929,015
<b>Total Liabilities</b>	<b>29,041,069</b>	<b>32,668,176</b>
Deferred inflows of resources	7,798,078	6,068,837
<b>Net Position</b>		
Net investment in capital assets	7,176,486	6,071,357
Restricted	1,097,466	1,021,287
Unrestricted	(7,369,652)	(7,172,079)
<b>Total Net Position</b>	<b>904,300</b>	<b>(79,435)</b>

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (Continued)

Table 2  
Changes in Net Position

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Revenues		
Program revenues		
Charges for services	653,953	470,803
Operating grants and contributions	2,761,543	2,529,224
Capital grants and contributions	258,495	219,288
General revenues		
Property tax levies	1,617,497	1,714,025
Unrestricted federal and state aid	5,532,420	5,506,424
Investment earnings	13,418	141,606
Other	96,437	90,259
Gain on sale of assets		2,582
Total revenues	<u>10,933,763</u>	<u>10,674,211</u>
Program expenses		
Administration	518,446	495,198
District support services	361,011	341,809
Regular instruction	3,307,472	3,348,370
Vocational instruction	217,741	224,963
Special education instruction	1,511,349	1,525,492
Instructional support services	283,261	313,904
Pupil support services	911,226	864,327
Site, buildings and equipment	973,809	1,130,784
Fiscal and other fixed-cost programs	35,048	34,416
Food service	484,083	381,674
Community service	591,490	599,615
Loss on sale of assets	5,926	
Interest and fiscal charges on long-term debt	749,166	797,820
Total expenses	<u>9,950,028</u>	<u>10,058,372</u>
Change in net position	983,735	615,839
Net position, beginning	<u>(79,435)</u>	<u>(695,274)</u>
Net position, ending	<u>904,300</u>	<u>(79,435)</u>

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (Continued)

Revenues increased \$259,552, the majority of which is due to additional grants and an increase in student activity revenue. Expenses decreased \$108,344, due to fewer items needed for COVID-19.

Due to significant changes in actuarial assumptions, the calculated amounts for the District's TRA and PERA pension reporting caused significant changes to the Statement of Net Position, as well as the Statement of Changes in Net Position, when compared to the June 30, 2021, as follows:

	TRA	PERA	Total
Deferred outflows increase (decreased) from FY21	(510,013)	523,525	13,512
Deferred inflows increased from FY21	866,966	813,880	1,680,846
Net pension liability decreased from FY21	(1,515,618)	(344,434)	(1,860,052)
Pension expenses/state aid - GASB 68	(138,639)	(54,079)	(192,718)

GASBS 68 requires the District to recognize assigned portions of the unfunded pension liabilities of TRA and PERA, even though they are separate legal entities from the District. The combined liability that the District must record for those entities is \$3,437,942 as of June 30, 2022. Inclusion of the TRA and PERA net pension liability and related accounts contributes to the District's net position of \$904,300 at June 30, 2022. Factoring in the related deferred inflows and outflows, under pre-GASBS 68 accounting rules, the district would have a positive net position of approximately \$7.1M.

Administration expenses include the activities of the Board of Education, Office of the Superintendent and school administration.

District support services include the expenses related to the administrative and financial activities of the school district.

Community Education and Services are those activities involving enrichment activities for district residents that are not part of the regular K-12 education program. This includes Early Childhood Family Education, School Readiness, Adult Basic Education, and other adult and youth recreation and enrichment programs.

Regular, Vocational and Special Education Instruction relate to the activities directly dealing with the teaching of students and the interaction between instructional staff and pupils.

Instructional Support Service are those services which provide for curriculum development, educational media and technology activities, staff development, and cooperative programs with other school districts through the Minnesota River Valley Education Districts.

Pupil Support Services are primarily the activities of School Food Service and Pupil Transportation. Also included here are student health and counseling services.

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (Continued)

Site, Buildings and Maintenance involve keeping the school grounds, buildings and equipment in effective working condition.

Fiscal and Other Fixed Cost Programs include payment for both current and long-term debt principal and interest payments. Cost of district property and liability insurance is included in this area also.

Seventy-three percent (66%) of the district's total expenses are funded by unrestricted state aids and levies, making the school district's financial decisions subject to the economic and legislative conditions of the State of Minnesota.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (FUND FINANCIAL STATEMENTS)

The financial performance of the District as a whole is reflected in its governmental funds as well. As the district completed the year, its governmental funds reported a combined fund balance of \$4,010,640. This was down from \$14,213,246 at the end of the prior year, a decrease of \$10,202,606. This decrease was mainly due to the \$10.9M in capital outlay for the building construction. The bond proceeds for the construction were recorded in FY19. Revenues and other financing sources of the District's governmental funds totaled \$11,088,325 while total expenditures and other financing uses were \$21,290,931. The increase in expenditures in FY2022, is mainly due to the building construction costs. A summary of the revenues and expenditures reported on the governmental fund financial statements is as follows:

Revenues and Expenditures - Governmental Funds - 2022

	Revenues	Expenditures	Other Financing Sources (Uses)	Increase/ (Decrease)	Fund Balance 6/30/22
General	7,754,017	8,172,559	59,466	(359,076)	1,535,414
Food service	610,091	772,159		(162,068)	89,642
Community service	631,887	605,542	31,609	57,954	(142,758)
Building Construction	158,573	9,998,200		(9,839,627)	2,405,323
Debt service	1,842,682	1,742,471		100,211	123,019
<b>Totals</b>	<b>10,997,250</b>	<b>21,290,931</b>	<b>91,075</b>	<b>(10,202,606)</b>	<b>4,010,640</b>

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (FUND FINANCIAL STATEMENTS)

Revenues and Expenditures - Governmental Funds - 2021

	Revenues	Expenditures	Other Financing Sources	Increase/ (Decrease)	Beginning Balance Adjustment	Fund Balance 6/30/21
General	7,567,220	7,799,292	(65,081)	(297,153)	64,596	1,894,490
Food service	470,452	378,959		91,493		251,710
Community service	501,288	589,159	33,422	(54,449)		(200,712)
Building Construction	290,560	8,567,526	175,933	(8,101,033)		12,244,950
Debt service	1,816,536	1,746,249		70,287		22,808
Totals	<u>10,646,056</u>	<u>19,081,185</u>	<u>144,274</u>	<u>(8,290,855)</u>	<u>64,596</u>	<u>14,213,246</u>

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year ended June 30, 2022 the District did not revise its operating budget. The District's final general fund budget anticipated that expenditures would exceed revenues and other financing uses by \$290,393. The actual results for the year showed expenditures and other financial uses exceeded revenues by \$359,076, mainly due to capital outlay costs purchased that were not budgeted for, along with an increase in utility costs which were not expected when the budget was approved.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of the 2021-2022 school year, the District had \$27,246,616, net of depreciation, invested in a broad range of capital assets, including equipment, buildings, land, land improvements, and construction in progress (See Note 5). During the current year, \$10,793,317 was added to capital assets.

Depreciation and amortization expense for the year was \$571,574 for governmental activities.

Long-Term Debt

The district has six debt service issues outstanding at June 30, 2022.

During the 2018-19 school year, the District issued \$21,675,000 General Obligation School Building Bonds, that will be used for an extensive building project.

During the 2017-18 school year, the District issued \$515,000 General Obligation Facilities Maintenance Bonds, that were used for the school roofing project.

During the 2014-15 school year, the District issued \$1,160,000 General Obligation Crossover Refunding Bonds, that were used to pay the 2009 School Building Bonds in February 2019.

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS

CAPITAL ASSETS AND DEBT ADMINISTRATION

Long-Term Debt (Continued)

During the 2019-20 school year, the District acquired a 2020 school bus, through the use of a Financed Purchase Arrangement. The initial lease cost was \$89,725.

During the 2019-20 school year, the District acquired a 2021 school bus, through the use of a Financed Purchase Arrangement. The initial lease cost was \$86,437.

During the 2021-22 school year, the District acquired a Capital Equipment Note payable to fund the \$70,040 down payment on a scoreboard.

CURRENT FINANCIAL ISSUES AND CONCERNS

- District revenue collected from 2021 voter-approved operating levies provides critical support for general education operations. This was approved in November 2021.
- The ACA (Affordable Care Act) continues to challenge the District as it offers affordable health insurance to employees. The District contribution increased significantly through negotiations and due to a large increase in the number of insurance premiums in FY 2019.
- In adoption of the 2021-26 Strategic Plan, teacher/staff attainment, training, and retention was identified. These costs will continue to increase.
- Decisions to hold back on building repair/upkeep will need to be addressed with Long Term Facilities Maintenance funding, concerning existing facilities.
- TRA/PERA estimates will continue to impact the financial picture of the District.
- Update of curriculums and training is needed.
- Continuation/expansion of CTE and Concurrent Enrollment classes is ongoing.
- Lac qui Parle County reassessed all properties. Range of increase of assessments has been 25-30%.
- A growing need for affordable child daycare and space to properly house them.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or would like additional information, contact Troy Ferguson, Superintendent of Schools, 848 Chestnut Street, Dawson, Minnesota 56232.

**FINANCIAL SECTION**

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
 STATEMENTS OF NET POSITION  
 JUNE 30, 2022 AND 2021

	Governmental Activities	
	2022	2021
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and temporary investments	1,012,022	1,477,608
Receivables		
Current taxes	1,644,997	1,561,017
Delinquent taxes	10,061	6,568
Accounts and interest receivable	18,641	86,105
Due from other governmental units	880,144	873,648
Prepays	152,315	
Inventory	21,953	8,077
Total current assets	3,740,133	4,013,023
<b>RESTRICTED ASSETS</b>		
Cash and investments for debt service and building construction	4,188,557	15,069,908
Total restricted assets	4,188,557	15,069,908
<b>CAPITAL ASSETS</b>		
Nondepreciable	21,346,088	11,370,616
Depreciable	16,994,009	16,203,041
Less: accumulated depreciation	(11,093,481)	(10,534,858)
Total capital assets, net of depreciation	27,246,616	17,038,799
<b>TOTAL ASSETS</b>	35,175,306	36,121,730
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows related to OPEB	155,720	136,939
Deferred outflows related to PERA/TRA	2,412,421	2,398,909
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	2,568,141	2,535,848
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Salaries and benefits payable	85,889	75,291
Accounts and contracts payable	1,319,778	2,282,364
Accrued interest payable	332,103	347,415
Due to other governmental units	49,326	52,834
Unearned revenue	13,150	8,825
Current portion of long-term liabilities	1,063,018	972,432
Total current liabilities	2,863,264	3,739,161

See accompanying notes to financial statements.

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
 STATEMENTS OF NET POSITION  
 JUNE 30, 2022 AND 2021

	Governmental Activities	
	2022	2021
LIABILITIES (Continued)		
LONG TERM LIABILITIES		
Bonds payable	22,703,095	23,667,045
Equipment note payable	70,040	
Capital lease/financed purchases payable	218,161	140,893
OPEB payable	761,532	739,233
Net pension liability - TRA/PERA	3,437,942	5,297,995
Compensated absences payable	50,053	56,281
Less: current portion	(1,063,018)	(972,432)
Total long-term liabilities	26,177,805	28,929,015
TOTAL LIABILITIES	29,041,069	32,668,176
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to OPEB	138,362	166,035
Deferred inflows related to PERA/TRA	5,219,870	3,539,024
Property taxes levied for subsequent year's expenditures	2,439,846	2,363,778
TOTAL DEFERRED INFLOWS OF RESOURCES	7,798,078	6,068,837
NET POSITION		
Net investment in capital assets	7,176,486	6,071,357
Restricted for:		
Operating capital	250,674	298,834
Long-term facilities maintenance	159,026	96,092
Food service	89,642	251,710
Safe schools	82,125	61,779
Scholarships	4,286	4,254
Student activities	66,603	56,643
ECFE	101,992	96,677
Community service	203,056	99,373
Debt redemption	123,019	22,808
Other projects	17,043	33,117
Unrestricted	(7,369,652)	(7,172,079)
TOTAL NET POSITION	904,300	(79,435)

See accompanying notes to financial statements.

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2022  
(WITH PARTIAL COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2021)

Functions/Programs	2022				2021	
	Expenses	Program Revenues		Capital Grants and Contributions	Governmental Activities	Net (Expense)
		Charges for Services	Operating Grants and Contributions			Governmental Activities
Governmental activities						Net (Expense)
District and school administration	518,446		226,499			Revenue and
District support services	361,011					Changes in
Regular instruction	3,307,472	156,358	490,859	10,599	(2,649,656)	Net Position
Vocational instruction	217,741	811			(216,930)	
Special education instruction	1,511,349	6,956	1,203,273		(301,120)	
Instructional support services	283,261	20,000	30,361		(232,900)	
Pupil support services	911,226		33,076		(878,150)	
Sites and buildings	973,809		69,180	247,896	(656,733)	
Fiscal and other fixed cost programs	35,048		14,940		(20,108)	
Food service	484,083	14,262	595,484		125,663	
Community service	591,490	455,566	97,588		(38,336)	
Loss on disposal of assets	5,926				(5,926)	
Interest and fiscal charges on long term debt	749,166		283		(748,883)	
<b>Total governmental activities</b>	<b>9,950,028</b>	<b>653,953</b>	<b>2,761,543</b>	<b>258,495</b>	<b>(6,276,037)</b>	<b>(6,839,057)</b>

See accompanying notes to financial statements

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2022  
(WITH PARTIAL COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2021)

Functions/Programs	2022				2021	
	Expenses	Program Revenues		Capital Grants and Contributions	Net (Expense)	Net (Expense)
		Charges for Services	Operating Grants and Contributions		Governmental Activities	Governmental Activities
General revenues:						
Taxes						
Property taxes, levied for general purposes					614,532	619,705
Property taxes, levied for community service					75,190	85,928
Property taxes, levied for debt service					927,775	1,008,392
State and federal aid - formula grants					5,532,420	5,506,424
Other general revenue					96,437	90,259
Investment earnings					13,418	141,606
Gain on sale of assets						2,582
Total general revenues					<u>7,259,772</u>	<u>7,454,896</u>
CHANGE IN NET POSITION					983,735	615,839
NET POSITION - beginning of year					<u>(79,435)</u>	<u>(695,274)</u>
NET POSITION - end of year					<u>904,300</u>	<u>(79,435)</u>

See accompanying notes to financial statements

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2022  
(WITH PARTIAL COMPARATIVE INFORMATION AT JUNE 30, 2021)

	General	Food Service	Community Service	Building Construction	Debt Redemption	Total Governmental Funds	
						2022	2021
<b>ASSETS</b>							
Equity in pooled cash and investments	937,486	74,536		3,520,399	668,158	5,200,579	16,547,516
Current property taxes receivable	450,675		44,972		1,149,350	1,644,997	1,561,017
Delinquent property taxes receivable	2,537				7,524	10,061	6,568
Due from other governments	782,907		6,955		90,282	880,144	873,648
Other receivables	18,396		245			18,641	6,080
Due from other fund	86,893					86,893	138,348
Prepays				152,315		152,315	
Inventory		21,953				21,953	8,077
<b>Total assets</b>	<b>2,278,894</b>	<b>96,489</b>	<b>52,172</b>	<b>3,672,714</b>	<b>1,915,314</b>	<b>8,015,583</b>	<b>19,141,254</b>
<b>LIABILITIES</b>							
Accounts and contracts payable	44,441	5,429	517	1,267,391	2,000	1,319,778	2,282,364
Salaries and benefits payable	55,074	1,365	29,450			85,889	75,291
Due to other fund			86,893			86,893	138,348
Due to other governments	49,109	53	164			49,326	52,834
Unearned revenue - other	5,000		8,150			13,150	8,825
<b>Total liabilities</b>	<b>153,624</b>	<b>6,847</b>	<b>125,174</b>	<b>1,267,391</b>	<b>2,000</b>	<b>1,555,036</b>	<b>2,557,662</b>

See accompanying notes to financial statements.

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2022  
(WITH PARTIAL COMPARATIVE INFORMATION AT JUNE 30, 2021)

	General	Food Service	Community Service	Building Construction	Debt Redemption	Total Governmental Funds	
						2022	2021
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unearned revenue - delinquent taxes	2,537				7,524	10,061	6,568
Property taxes levied - subsequent years	587,319		69,756		1,782,771	2,439,846	2,363,778
<b>Total deferred inflows of resources</b>	<b>589,856</b>		<b>69,756</b>		<b>1,790,295</b>	<b>2,449,907</b>	<b>2,370,346</b>
<b>FUND BALANCES</b>							
Nonspendable		21,953		152,315		174,268	8,077
Restricted	579,757	67,689	203,056	2,253,008	123,019	3,226,529	13,258,160
Unassigned	955,657		(345,814)			609,843	947,009
<b>Total fund balances</b>	<b>1,535,414</b>	<b>89,642</b>	<b>(142,758)</b>	<b>2,405,323</b>	<b>123,019</b>	<b>4,010,640</b>	<b>14,213,246</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>2,278,894</b>	<b>96,489</b>	<b>52,172</b>	<b>3,672,714</b>	<b>1,915,314</b>	<b>8,015,583</b>	<b>19,141,254</b>

See accompanying notes to financial statements.

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENTS OF NET POSITION  
JUNE 30, 2022 AND 2021

	2022	2021
Total fund balance, governmental funds	4,010,640	14,213,246
Amounts reported for governmental activities in the Statements of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statements of Net Position.		
Cost of capital assets	38,340,097	27,573,657
Less: accumulated depreciation	(11,093,481)	(10,534,858)
Other assets (accrued interest receivable) are not required and therefore not reported as assets in governmental funds.		
Accrued interest receivable		80,025
Some liabilities, (such as Notes Payable, Long-term Compensated Absences, and Bonds Payable ), are not due and payable in the current period and therefore, are not included in the fund financial statement, but are included in the governmental activities of the Statements of Net Position.		
Bonds, notes and capital lease payable	(22,991,296)	(23,807,938)
Compensated absences, postemployment benefits, and pensions	(4,249,527)	(6,093,509)
Deferred inflows/outflows related to PERA/TRA and OPEB	(2,790,091)	(1,169,211)
Governmental funds do not report a liability for accrued interest until due and payable		
	(332,103)	(347,415)
Delinquent property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds		
	10,061	6,568
Net position of governmental activities in the statements of net position	904,300	(79,435)

See accompanying notes to financial statements.

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2022  
(WITH PARTIAL COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2021)

	General	Food Service	Community Service	Building Construction	Debt Redemption	2022	2021
<b>REVENUES</b>							
Local property tax levies	661,317		76,239		924,136	1,661,692	1,740,249
Interest earnings	1,915	344		90,428	789	93,476	292,643
Local sales and other revenues	330,392	14,265	528,415	68,145	14,940	956,157	592,805
Revenues from state sources	6,291,399	16,717	27,233		902,817	7,238,166	7,075,579
Revenues from federal sources	468,994	578,765				1,047,759	944,780
Total revenues	<u>7,754,017</u>	<u>610,091</u>	<u>631,887</u>	<u>158,573</u>	<u>1,842,682</u>	<u>10,997,250</u>	<u>10,646,056</u>
<b>EXPENDITURES</b>							
Current							
District and school administration	538,470					538,470	461,701
District support services	321,609					321,609	327,356
Regular instruction	3,144,867					3,144,867	3,019,880
Vocational instruction	217,741					217,741	224,963
Special education instruction	1,575,283					1,575,283	1,519,979
Instructional support services	280,039					280,039	310,414
Pupil support services	836,587					836,587	755,878
Sites, buildings and equipment	632,931					632,931	750,716
Fiscal and other fixed cost programs	35,048					35,048	34,416
Food service		447,721				447,721	375,571
Community service			599,060			599,060	569,965
Capital outlay	538,909	324,438	6,482	9,998,200		10,868,029	8,929,790
Debt service							
Principal	43,968				895,000	938,968	917,163
Interest and fiscal charges	7,107				847,471	854,578	883,393
Total expenditures	<u>8,172,559</u>	<u>772,159</u>	<u>605,542</u>	<u>9,998,200</u>	<u>1,742,471</u>	<u>21,290,931</u>	<u>19,081,185</u>

See accompanying notes to financial statements.

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2022  
(WITH PARTIAL COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2021)

	General	Food Service	Community Service	Building Construction	Debt Redemption	2022	2021
REVENUE OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	(418,542)	(162,068)	26,345	(9,839,627)	100,211	(10,293,681)	(8,435,129)
OTHER FINANCING SOURCES (USES)							
Proceeds from equipment loan	70,040					70,040	
Insurance recoveries	21,035					21,035	144,274
Transfers (to) from other funds	(31,609)		31,609				
Total other financing sources (uses)	<u>59,466</u>		<u>31,609</u>			<u>91,075</u>	<u>144,274</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(359,076)	(162,068)	57,954	(9,839,627)	100,211	(10,202,606)	(8,290,855)
FUND BALANCES (DEFICIT), beginning of year	<u>1,894,490</u>	<u>251,710</u>	<u>(200,712)</u>	<u>12,244,950</u>	<u>22,808</u>	<u>14,213,246</u>	<u>22,504,101</u>
FUND BALANCES (DEFICIT), end of year	<u>1,535,414</u>	<u>89,642</u>	<u>(142,758)</u>	<u>2,405,323</u>	<u>123,019</u>	<u>4,010,640</u>	<u>14,213,246</u>

See accompanying notes to financial statements.

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES GOVERNMENTAL FUNDS  
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
Net change in fund balances - total governmental funds:	(10,202,606)	(8,290,855)
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.		
Capital outlay	10,672,081	8,848,582
Gain (loss) on disposal of asset	(5,926)	
Proceeds from sale of assets	(8,000)	
Depreciation and amortization expense	(571,574)	(499,249)
Other revenues reported in the statement of activities do not require the use of current financial resources and therefore are not reported as revenues in the governmental funds		
Accrued interest receivable	(80,025)	(150,968)
Governmental funds report bond proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of bond principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities.		
Amortization of bond premium/discount	68,950	68,950
Note proceeds	(70,040)	
Bond and lease repayments	938,968	917,163
Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:		
Accrued interest payable	15,312	16,623
Compensated absences, severance and other postemployment benefits reported in the statements of net position do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds until actually due.		
Severance, compensated absences, and OPEB	30,383	71,660
PERA and TRA	192,719	(366,752)
Delinquent property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.		
	3,493	685
Change in net position of governmental activities	983,735	615,839

See accompanying notes to financial statements.

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND  
YEAR ENDED JUNE 30, 2022

	Budgeted Amounts Original/Final	Actual
<b>REVENUES</b>		
Local sources		
Property taxes	601,316	661,317
Interest earnings	3,000	1,915
Other	180,783	325,545
Sale of property	2,000	4,847
State sources	6,247,499	6,291,399
Federal sources	211,066	468,994
	<u>7,245,664</u>	<u>7,754,017</u>
<b>TOTAL REVENUES</b>	<u>7,245,664</u>	<u>7,754,017</u>
<b>EXPENDITURES</b>		
Current		
Administration	504,013	538,470
District support services	366,502	321,609
Elementary and secondary regular instruction	3,157,597	3,144,867
Vocational education instruction	220,131	217,741
Special education instruction	1,746,474	1,575,283
Instructional support services	76,147	280,039
Pupil support services	534,450	836,587
Sites and buildings	504,694	632,931
Fiscal and other fixed cost programs	94,131	86,123
Capital outlay	316,418	538,909
	<u>7,520,557</u>	<u>8,172,559</u>
<b>TOTAL EXPENDITURES</b>	<u>7,520,557</u>	<u>8,172,559</u>
<b>REVENUES UNDER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)</b>	(274,893)	(418,542)

See accompanying notes to financial statements.

**INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual
	Original/Final		
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from equipment loan			70,040
Insurance recoveries			21,035
Transfers to other funds	(15,500)		(31,609)
	(15,500)		59,466
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>			
	(15,500)		59,466
<b>REVENUES AND OTHER FINANCING SOURCES UNDER EXPENDITURES AND OTHER FINANCING USES</b>	(290,393)		(359,076)
<b>FUND BALANCE, beginning of year</b>			1,894,490
<b>FUND BALANCE, end of year</b>			1,535,414

See accompanying notes to financial statements.

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOOD SERVICE FUND  
YEAR ENDED JUNE 30, 2022

	Budgeted Amounts Original/Final	Actual
REVENUES		
Local sources		
Interest earnings		344
Sales and other revenues	183,710	14,265
State sources	44,128	16,717
Federal sources	178,078	578,765
TOTAL REVENUES	405,916	610,091
EXPENDITURES		
Current		
Food service	405,916	447,721
Capital outlay		324,438
TOTAL EXPENDITURES	405,916	772,159
REVENUES UNDER EXPENDITURES		(162,068)
FUND BALANCE, beginning of year		251,710
FUND BALANCE, end of year		89,642

See accompanying notes to financial statements.

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
COMMUNITY SERVICE FUND  
YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual
	Original/Final		
<b>REVENUES</b>			
Local sources			
Property taxes	81,672		76,239
Other	413,425		528,415
State sources	20,570		27,233
<b>TOTAL REVENUES</b>	<b>515,667</b>		<b>631,887</b>
<b>EXPENDITURES</b>			
Current			
Community service	578,347		599,060
Capital outlay	6,000		6,482
<b>TOTAL EXPENDITURES</b>	<b>584,347</b>		<b>605,542</b>
<b>REVENUES OVER (UNDER) EXPENDITURES     BEFORE OTHER FINANCING SOURCES</b>	<b>(68,680)</b>		<b>26,345</b>
<b>OTHER FINANCING SOURCES</b>			
Transfer from other fund	15,000		31,609
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>15,000</b>		<b>31,609</b>
<b>REVENUES AND OTHER FINANCING SOURCES     OVER (UNDER) EXPENDITURES</b>	<b>(53,680)</b>		<b>57,954</b>
<b>FUND BALANCE (DEFICIT), beginning of year</b>			<b>(200,712)</b>
<b>FUND BALANCE (DEFICIT), end of year</b>			<b>(142,758)</b>

See accompanying notes to financial statements.

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
 STATEMENTS OF FIDUCIARY NET POSITION  
 JUNE 30, 2022 AND 2021

	Custodial Fund	
	2022	2021
<b>ASSETS</b>		
Non-pooled cash and temporary investments	25,318	23,068
<b>TOTAL ASSETS</b>	25,318	23,068
<b>NET POSITION</b>		
Restricted for scholarships	25,318	23,068
<b>TOTAL NET POSITION</b>	25,318	23,068

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
 STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION  
 YEARS ENDED JUNE 30, 2022 AND 2021

	Custodial Fund	
	2022	2021
<b>ADDITIONS</b>		
Gifts and contributions	2,500	3,500
Interest	500	501
<b>Total additions</b>	3,000	4,001
<b>DEDUCTIONS</b>		
Scholarships awarded	750	1,001
<b>REVENUES OVER EXPENDITURES</b>	2,250	3,000
<b>NET POSITION, beginning of year</b>	23,068	20,068
<b>NET POSITION, end of year</b>	25,318	23,068

See accompanying notes to financial statements.

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Independent School District No. 378 are prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies are described below:

A. REPORTING ENTITY

The District receives funding from local, state, and federal government sources and must comply with the accompanying requirements of these funding source entities. The District is not included in any other governmental "reporting entity" as defined in Section 2100 of Codification of Governmental Accounting and Financial Reporting Standards, since board members are elected by the public and have decision-making authority, the power to designate management, the responsibility to significantly influence operations, and primary accountability for fiscal matters. The District has no component units over which it exercises financial accountability as defined by *Government Auditing Standards*.

B. BASIC FINANCIAL STATEMENT PRESENTATION

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

The District applies restricted resources first when an expense is incurred for purpose for which both restricted and unrestricted net position is available. Depreciation expense can be specifically identified by function and is included in the direct expenses of each function. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIC FINANCIAL STATEMENT PRESENTATION (Continued)

Separate Fund financial statements are provided for governmental funds and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Fiduciary funds are presented in the fiduciary fund financial statements by type: private - purpose trust. Since by definition, fiduciary fund assets are being held for the benefit of a third party and cannot be used for activities or obligations of the District, these funds are excluded from the District - wide statements.

As a general rule, the effect of inter-fund activity has been eliminated from the district-wide financial statements.

Description of Funds

The existence of the various District funds has been established by the State of Minnesota, Department of Education. Each fund is accounted for as an independent entity. Descriptions of the funds included in this report are as follows:

Major Governmental Funds

General Fund - The General Fund is used to account for all financial resources except those required to be accounted for in another fund. It includes the general operations and pupil transportation activities of the district, as well as the capital related activities.

Food Service Special Revenue Fund - The Food Service Fund is used to account for food service revenues and expenditures. Revenue in this fund comes from Federal and State grants and also from sales to students and adults.

Community Service Special Revenue Fund - The Community Service Fund is used to account for services provided to residents in the areas of recreation, civic activities, nonpublic pupils, adult or early childhood programs, K-6 extended day programs, or other similar services. Revenues in this fund come mainly from the state and also from fees charged to the community for programs.

Building Construction Fund - The Building Construction Fund is used to account for the use of the 2018 G.O. Facilities Maintenance Bond proceeds and the 2019 G.O. School Building Bond proceeds.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and payment of general obligation bond principal, interest, and related costs. The Debt Service Fund is used to make the debt service payments on the general obligation bonds.

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIC FINANCIAL STATEMENT PRESENTATION (Continued)

Fiduciary Funds

Custodial Fund - The Custodial Fund accounts for assets held by the District in a trustee capacity for the purpose of yearly scholarships.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting.

Revenues

Governmental fund revenues are recognized in the accounting period in which they become susceptible to accrual; that is, when they become both measurable and available to finance the expenditures of the fiscal period. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues for nonexchange transactions are recognized based on the principal characteristics of the revenue. Exchange transactions are recognized as revenue when the exchange occurs.

Nonexchange Transactions

Imposed nonexchange transactions result from assessments by governments on nongovernmental entities and individuals. Property taxes are imposed nonexchange transactions. Revenues from property taxes are recognized in the period for which they were levied, to the extent they are collected in the current period or soon enough thereafter to be used to pay liabilities of the current period. Property taxes receivable which are not available, are reported as deferred revenue and will be recognized as revenue in the fiscal year that they

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)

Nonexchange Transactions (Continued)

become available. The District considers these revenues as available if they are collected within 60 days after year-end.

Government-mandated nonexchange transactions occur when a government at one level provides resources to a government at another level and requires that government to use them for a specific purpose. The provider government establishes purpose restrictions and may also establish time requirements. Federal and state grants mandating the District perform particular programs are government-mandated nonexchange transactions. Revenues are recognized when the eligibility and time requirements are met, usually when the corresponding expenditure is incurred, using the guidelines of the legal and contractual requirements of the individual programs.

Voluntary nonexchange transactions result from legislative or contractual agreements, such as grants, entitlements, appropriations, and donations. The provider may establish purpose restrictions and eligibility requirements. Revenues are recognized in the year to which they apply according to statute or contract. Gifts and contributions from individuals and miscellaneous revenue are also considered voluntary nonexchange transactions, and they are generally recognized when received in cash because they are not measurable until received. Tax credits paid by the state (included in intergovernmental revenue) are recognized as revenue in the fiscal year that they become available. The District considers revenues from tax credits paid by the state as available if they are collected within 60 days after year-end.

Exchange Transactions

Exchange transactions include revenues such as interest earned, sales and service fees. Sales, service fees, and interest earned, are reported as revenue when they become both measurable and available to finance expenditures of the fiscal period. The District considers these revenues as available if they are collected within 60 days after year-end. Fees are reported as revenue when received in cash, because they are usually not measurable until received.

Expenditures

Expenditures are recorded under the modified accrual method when the fund liability is incurred, except for certain compensated absences, claims, and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)

The Custodial Fund Financial Statement is reported using the economic resources measurement focus and the accrual basis of accounting as described earlier in these notes.

The District reports unearned revenue on its combined balance sheet. Unearned revenues arise when potential revenues do not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to incurring the qualifying expenditures. In subsequent periods when both revenue recognition criteria are met or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the combined balance sheet and revenue is recognized.

D. BUDGETING

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Revisions to the originally adopted budget require approval of the School Board. The budget was not amended during the year. Each June, the School Board adopts an annual budget for the following fiscal year for the General, Food Service, Community Service, and Debt Service Fund. Unexpected budget amounts lapse at the end of the budget year.

E. USE OF ESTIMATES

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

F. CASH 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 on these accounts are allocated to the individual funds based upon the average month-end cash and investment balances.

The District follows Governmental Accounting Standards Board Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools." This statement establishes accounting and financial reporting standards for investments in: interest earning investment contracts, external investment pools, open-end mutual funds, debt securities, equity securities, option contracts, stock warrants, and stock rights that have readily determinable fair values.

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. CASH AND INVESTMENTS (Continued)

Under this statement, governmental entities other than external investment pools may report money market investments and participating interest-earning investment contracts at amortized cost. All other investments must be reported at their fair market value.

The District's investment policies are structured to conform to Minnesota Statutes. During fiscal year 2022, the District's investments were comprised of government securities, term series investments and certificates of deposit whose costs approximate fair value.

G. RESTRICTED ASSETS

Restricted assets are cash and investments whose use is limited by legal requirements such as a bond indenture. Restricted assets are reported only in the district-wide financial statements.

H. ACCOUNTS RECEIVABLE

Accounts receivable have been adjusted for all known uncollectible accounts. No allowance for bad debts is considered necessary at year end.

I. PROPERTY TAXES RECEIVABLE

Property tax levies are set by the County Auditor in December of each year for collection from taxpayers in May and October of the following calendar year. In Minnesota, counties act as collection agents for all property taxes. The County spreads all levies over taxable property. Such taxes become a lien on property on the following January 1. The county generally remits taxes to the District at periodic intervals as they are collected. 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.

Generally, tax revenue is recognized in the fiscal year ending June 30, following the calendar year in which the tax levy is collectible, while the current calendar year tax levy is recorded as deferred revenue (property taxes levied for subsequent year).

The majority of the revenue in the General Fund is determined annually by statutory funding formulas. The total revenue allowed by these formulas is then allocated between property taxes and state aids by the Legislature based on education funding priorities. Changes in this allocation are periodically accompanied by a change in property tax revenue recognition referred to as the tax shift. The current tax shift as mandated by legislation recognizes \$111,728 of the property tax levy collectible in 2022 as revenue in fiscal year 2021-2022. The remaining portion of the taxes

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. PROPERTY TAXES RECEIVABLE (Continued)

collectible in 2022 is recorded as a deferred inflow of resources (property taxes levied for subsequent years expenditures).

Taxes which remain unpaid are classified as delinquent taxes receivable. Revenue from these delinquent property taxes that is not collected within 60 days of year-end is deferred in the fund based financial statements because it is not known to be available to finance the operations of the District in the current year. No allowance for uncollectible taxes is considered necessary.

J. INVENTORY

Inventories of food and supplies are stated at the lower of cost or market. Cost is determined using the first-in, first-out (FIFO) method. Surplus commodities are stated at standardized costs, as determined by the Department of Agriculture.

K. CAPITAL ASSETS

Capital assets, which include land, buildings and equipment, are recorded in the district-wide financial statement, but are not reported in the fund financial statements. Capital assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated fair value at the date of donation. The District maintains a threshold level of \$1,000 for capitalizing capital assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purpose by the District, no salvage value is taken into consideration for depreciation purpose. Useful lives vary from 15 to 50 years for land improvements and buildings, and 5 to 20 years for equipment. Capital assets not being depreciated include land. The District does not possess any material amounts of infrastructure capital assets. Items such as sidewalks and other land improvements are considered to be part of the cost of buildings or other improvable property.

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. COMPENSATED ABSENCES

Employees' vacation benefits are recognized in the period earned. Employees are granted vacation days at various rates and accumulations. Sick leave is also earned at various rates with a maximum accumulation of 167 to 260 days. Leave time costs are recognized as expenditures when leave time is used. The liability for unused vacation time is recorded in the government wide financial statements. Unused sick leave is not recorded in the financial statements as it is not paid upon termination. The accumulated unused sick pay at June 30, 2022 was approximately \$1,432,000.

M. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expenditure/expense) until then. The District has several calculations related to PERA, TRA, and OPEB that qualify for reporting in this category.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District's Property Taxes Levied for Subsequent Year's Expenditures and also calculations related to PERA, TRA and OPEB qualify for reporting in this category.

N. LONG-TERM OBLIGATIONS

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the year the bonds are issued.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. Rather, the debt proceeds are reported as other financing sources, and payments of principal, interest, and issuance costs are reported as expenditures.

O. RETIREMENT PLANS

Substantially all employees of the district are required by State law to belong to pension plans administered by the Teachers Retirement Association (TRA) or Public Employees Retirement Association (PERA), all of which are administered on a

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. RETIREMENT PLANS (Continued)

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

P. OTHER POSTEMPLOYMENT BENEFITS

Under provisions of the various employee and union contracts the District allows retirees to continue with the District's Health Care coverage until age 65 if certain age and minimum years of service requirements are met. The amount to be incurred is limited as specified by contract. All premiums are funded on a pay-as-you-go basis. The total OPEB liability was actuarially determined at July 1, 2020.

Q. LEASES

The District adopted Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, as of July 1, 2021. A lease liability and a lease asset are recognized at the commencement of the lease term, unless the lease is a short-term lease or it transfers ownership of the underlying assets. The lease liability is measured at the present value of payments expected during the lease term. The lease asset is measured at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease. The lease liability is reduced as payments are made and interest expense is recognized. The leased asset is generally amortized over the term of the lease unless the useful life of the underlying asset is less. A short-term lease is a lease that at the commencement of the lease term, has a maximum possible term under the lease contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised. Short-term leases are expensed in period incurred. Contracts that transfer ownership of the underlying assets or contain a bargain purchase option are recognized as financing contracts. The District excludes immaterial leases from the provisions of GASB 87.

R. FUND EQUITY

Government-Wide Financial Statements – Equity is classified as net position and displayed in three components:

Invested in capital assets, net of related debt - Consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. FUND EQUITY (Continued)

Government-Wide Financial Statements (Continued)

Restricted net position - Consists of restricted assets reduced by liabilities and deferred inflows of resource related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.

Unrestricted net position - Consists of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets, net of related debt, or the restricted net position.

It is the District's policy to first use restricted components of net position prior to the use of unrestricted components of net position when an expense is incurred for purposes for which both restricted and unrestricted components of net position are available.

Fund Financial Statements - The District utilizes GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

Nonspendable fund balance - amounts that are in nonspendable form (such as inventory and prepaid items) or are required to be maintained intact.

Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance - amounts constrained by the District itself, using its highest level of decision-making authority (i.e., School Board). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint.

Assigned fund balance - amounts the District intends to use for a specific purpose. Intent can be expressed by the School Board or by an official or body to which the Board delegates the authority. The School Board has delegated authority to assign fund balances to the superintendent.

Unassigned fund balance - amounts that are available for any purpose. Positive amounts are reported only in the general fund.

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. FUND EQUITY (Continued)

In the general fund, the District strives to maintain a minimum unassigned general fund balance of two months of operating expenses. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

S. REVENUES, EXPENDITURES, AND EXPENSES

Program Revenues

In the statement of activities, revenues that are derived directly from each activity or from parties outside the District taxpayers are reported as program revenues. The District has the following program revenues in each activity:

District and school administration – specific bequest

Regular instruction – admission and student participation fees; governmental grants and aids; specific donations

Special education instruction – revenues from other districts; governmental grants and aids

Instructional support services – revenues from other districts or entities

Pupil support services – governmental grants and aids

Sites and buildings – capital grants received from State, and bond proceeds

Food Service – fees from students and staff; governmental grants and aids, including a capital grant

Community service – participation fees from students and adults; governmental grants and aids

All other governmental revenues are reported as general. All taxes are classified as general revenue even if restricted for a specific purpose.

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

S. REVENUES, EXPENDITURES, AND EXPENSES (Continued)

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function.

In the fund financial statements, expenditures are classified as follows:

Governmental funds - By each function  
Current  
Capital outlay  
Debt service

T. FUND TRANSFERS

During 2022, the District transferred funds from the general fund to the community service fund to cover costs of TRA and FICA expenses. See further details in NOTE 15.

U. PRIOR-YEAR COMPARATIVE FINANCIAL INFORMATION

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with the applicable basis of accounting. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended June 30, 2021, from which the summarized information was derived.

V. NEW ACCOUNTING PRONOUNCEMENTS

GASB No. 87 - Leases

The District adopted GASB 87 Leases, on July 1, 2021. A lease liability and a lease asset are recognized at the commencement of the lease term, unless the lease is a short-term lease or it transfers ownership of the underlying assets. The lease liability is measured at the present value of payments expected during the lease term. The lease liability is reduced as payments are made and interest expense is recognized. The leased asset is generally amortized over the term of the lease unless the useful life of the underlying asset is less. This new standard was applied retroactively, however the new standard had no effect on the financial statements for the year ended June 30, 2021, therefore the statements were not required to be restated. There was also no effect on net position as of July 1, 2020.

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. EXCESS EXPENDITURES OVER APPROPRIATIONS

Expenditures exceeded the appropriations during the year ended June 30, 2022 in the following funds. This excess was covered by current year revenues or existing fund balances.

	<u>Appropriations</u>	<u>Expenditures</u>	<u>Expenditures Over Appropriations</u>
General Fund	7,520,557	8,172,559	(652,002)
Food Service Fund	405,916	772,159	(366,243)
Community Service Fund	584,347	605,542	(21,195)
Building Construction Fund		9,998,200	(9,998,200)
Debt Redemption	1,739,056	1,742,471	(3,415)

B. DEFICIT BALANCES

Generally accepted accounting principles require disclosure of individual funds that have deficit fund or net position balances at year end. The following fund had a deficit fund balance at June 30, 2022

	<u>Total Fund Balance</u>
Community Service Fund	(142,758)

This deficit will be eliminated with future revenue amounts.

NOTE 3. EQUITY IN POOLED CASH AND INVESTMENTS

The District follows the provisions of GASB Statement 40, *Deposit and Investment Risk Disclosures*. This standard establishes requirements for disclosures regarding credit risk, concentration of credit risk, interest rate risk, and foreign currency risk. The District maintains a cash and investment pool that is used by all funds, except the Fiduciary Fund. Each portion of this pool is displayed on the balance sheet as "Equity in Pooled Cash and Investments".

Deposits

In accordance with Minnesota Statutes, the District maintains deposits at those depository banks authorized by the School Board all of which are members of the Federal Reserve System. Minnesota Statutes require that all District deposits be protected by insurance, security bond or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or bonds.

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

NOTE 3. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

Deposits (Continued)

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits might not be recovered. Minnesota Statutes require that securities pledged as collateral be held in safekeeping by the District treasurer or in a financial institution other than that furnishing the collateral. As of June 30, 2022, the District was under collateralized \$5,652 at Dawson Coop Credit Union.

The District maintains a pooled cash account that is available for all funds. The carrying amount of the District's cash deposits was \$202,566 at June 30, 2022.

Deposits and Investments

The District's cash and investments are reported as follows:

Governmental activities	5,200,579
Custodial funds	25,318
Total cash and investments	5,225,897

The carrying value (fair value) of the cash and investments consisted of the following:

Deposits:	
Demand deposits	158,925
Investments:	
Certificates of Deposit	24,354
SDA (Special Deposit Account)	2,503,523
Money market shares	2,539,095
Total investments	5,066,972
Total cash and investments	5,225,897

The fair value of investments grouped by maturity is as follows:

Investment Maturities:	
Current to one year	5,066,972
Total	5,066,972

Money Market Shares (Investment Pools)

The District holds assets in the MSDLAF+ Liquid and MSDLAF+ Max classes of investments (collectively called MSDLAF+ Portfolio). The MSDLAF+ Portfolio seeks to maintain a stable net asset value of \$1 per share, however there is no assurance that

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

NOTE 3. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

Money Market Shares (Investment Pools) (Continued)

this objective will be received. The District also holds assets in the MN Trust Investment Pool, which also seeks to maintain a stable net asset value of \$1 per share, however there is no assurance that this objective will be received. The MSDLAF+ Portfolio and MN Trust Investment Pool are not insured or guaranteed by the Federal Depository Insurance Corporation or any other governmental agency.

At June 30, 2022, the District had \$1 in MSDLAF+ Portfolio and \$2,539,094 in MN Trust Investment shares. These investments are both categorized as money market shares.

The District is exposed to risks noted below in relation to its investments in the money market share accounts. The District does not have a policy for these risks. The following MSDLAF+ Portfolio risk policies below were taken from footnotes in the MSDLAF+ Portfolio and MN Trust audit reports.

Interest Rate Risk

The MSDLAF+ Portfolio investment policy limits its exposure to market fluctuations due to changes in interest rates by requiring that the portfolio maintain a dollar-weighted average maturity of not greater than 60 days. The MN Trust Investment Share account is comprised of cash accounts that are 39% collateralized, with the remaining in investments in certificates of deposits and commercial paper. Due to the types of investments included in the MN Trust Investment Share account, the interest rate and credit risks are limited.

Credit Risk

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. According to the latest audit report on the MSDLAF+ Portfolio, as of June 30, 2022, the MSDLAF+ Portfolio limits the investments to certain fixed income instruments which school entities are permitted to invest in, under Minnesota law.

Concentration of Credit Risk

The MN Trust Investment Shares account is comprised of many individual investments, none of which exceed 5% of the net asset value of the Fund.

Custodial Credit risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the MSDLAF+ Portfolio and MN Trust Portfolio will not be able to recover the value of its investment. An investment in the MSDLAF+ Portfolio and MN Trust Investment Pool is not insured or guaranteed by the FDIC or any other governmental agency.

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

NOTE 3. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

Money Market Shares (Investment Pools) (Continued)

Investments

The District's investments with MN Trust (PMA Securities) are in Special Deposit Accounts (SDA's). Investment risks related to this category of investments is discussed below.

Special Deposit Accounts

The District has SDA's through MN Trust, which have a stated interest rate and mature in a month. These are allowable investments under MN Statutes, so the interest rate risks, credit risks and custodial risks are minimal.

At June 30, 2022, the District had the following investments:

Type	Carrying Amount	June 30, 2022 maturities in years less than 1	Credit Rating- Moody's/ S&P
MSDLAF - Liquid and MAX Classes	1	1	Not Rated
MN Trust - Investment Pool (Operating)	1,875,252	1,875,252	AAAm
MN Trust - Investment Pool (Building Bonds)	663,842	663,842	AAAm
MN Trust - Full Flex (Building Bonds)	2,503,523	2,503,523	AAAm
Dawson Co-op Credit Union	24,354	24,354	Not Rated
Total	<u>5,066,972</u>	<u>5,066,972</u>	

Fair Value Measurement

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The three levels of the fair value hierarchy are as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs (other than quoted prices included within Level 1) that are observable for the asset or liability – either directly or indirectly.
- Level 3: Unobservable inputs – market data are not available and are developed using the best information available about the assumptions that market participants would use when pricing an asset or liability.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. All investments are level 1, as market value equals cost.

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

NOTE 4. RESTRICTED CASH

All funds held in the Debt Service fund by the District are considered to be reserved for debt service, in accordance with the bond documents, and the funds in the Building Construction fund are considered to be reserved for the School Building Project. At June 30, 2022, Pooled Cash and Investments in the Debt Service Fund was \$668,158, and in the Building Construction Fund was \$3,520,399.

NOTE 5. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2022 is as follows:

	Cost at June 30, 2021	Additions	Disposals	Cost at June 30, 2022
Construction in progress	10,967,144	9,975,472		20,942,616
Land	403,472			403,472
Land improvements	289,615			289,615
Buildings	12,501,225			12,501,225
Equipment	3,412,201	696,610	(26,877)	4,081,934
Right of use asset		121,235		121,235
<b>Total</b>	<b>27,573,657</b>	<b>10,793,317</b>	<b>(26,877)</b>	<b>38,340,097</b>

Accumulated depreciation activity for the year ended June 30, 2022 is as follows:

	Accumulated Depreciation at June 30, 2021	Additions	Disposals	Accumulated Depreciation at June 30, 2022
Construction in progress				
Land				
Land improvements	113,183	15,252		128,435
Buildings	7,830,128	317,512		8,147,640
Equipment	2,591,547	214,563	(12,951)	2,793,159
Right of use asset		24,247		24,247
<b>Total</b>	<b>10,534,858</b>	<b>571,574</b>	<b>(12,951)</b>	<b>11,093,481</b>
<b>Capital assets net of accumulated depreciation</b>	<b>17,038,799</b>			<b>27,246,616</b>

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS (Continued)

Depreciation and amortization expense of \$571,574 for the year ended June 30, 2022 was charged to the following governmental functions:

District support services	25,163
Elementary and secondary regular instruction	72,267
Pupil support services	77,984
Sites and buildings	358,085
Community services	5,103
Instructional support	3,222
Food service	29,750
Total depreciation/amortization expense	571,574

NOTE 6. LONG-TERM LIABILITIES

A. COMPONENTS OF LONG-TERM LIABILITIES

The following is a summary of the of long-term liabilities reported in the Statement of Net Position as of June 30, 2022:

<u>Issue</u>	<u>Issue Date</u>	<u>Interest Rates</u>	<u>Original Issue</u>	<u>Final Maturity</u>	<u>Principal Outstanding</u>
General Obligation Crossover Refunding Bond, Series 2015A	5/15/2015	2.00- 2.55%	1,160,000	2/1/2029	845,000
General Obligation School Building Bonds, Series 2019A	5/7/2019	3.00- 5.00%	21,675,000	2/1/2040	20,510,000
Direct Placement - General Obligation Facilities Maintenance Bonds, Series 2018A	5/1/2018	2.25%	515,000	2/1/2023	107,000
Debt			23,350,000		21,462,000
Plus Bond Premiums			1,447,945		1,241,095
Total Bonded Debt			24,797,945		22,703,095

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM LIABILITIES (Continued)

A. COMPONENTS OF LONG-TERM LIABILITIES (Continued)

<u>Issue</u>	<u>Issue Date</u>	<u>Interest Rates</u>	<u>Original Issue</u>	<u>Final Maturity</u>	<u>Principal Outstanding</u>
Other Long-Term Debt					
2022 Capital					
Equipment Note	4/18/2022	4.00%	70,040	4/18/2027	70,040
2020 School Bus					
Financed Purchase	9/15/2019	2.65%	89,725	10/15/2022	53,288
2021 School Bus					
Financed Purchase	2/5/2020	2.80%	86,437	7/20/2024	66,454
Compensated Absences					
		0.00%	<u>50,053</u>		<u>50,053</u>
Total other LT Debt			<u>296,255</u>		<u>239,835</u>
Total all long-term liabilities			<u>25,094,200</u>		<u>22,942,930</u>
During fiscal year 2022 interest charged to expense was:					
	<u>832,591</u>				

The District has no unused lines of credit at June 30, 2022, and none of their long-term debt agreements have terms related to default or termination events with finance-related consequences, or subjective acceleration clauses.

B. MINIMUM DEBT PAYMENTS

Minimum annual principal and interest payments required to retire long-term liabilities, excluding leases, pension, OPEB, early retirement and vacation benefits are as follows:

Year Ending <u>June 30,</u>	<u>General Obligation Bonds</u>		<u>Direct Placement Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	830,000	803,086	107,000	2,408
2024	865,000	764,886		
2025	905,000	725,086		
2026	930,000	699,136		
2027	975,000	655,996		
2028-2032	5,555,000	2,604,238		
2033-2037	6,690,000	1,464,370		
2038-2040	4,605,000	288,759		
	<u>21,355,000</u>	<u>8,005,557</u>	<u>107,000</u>	<u>2,408</u>

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM LIABILITIES (Continued)

B. MINIMUM DEBT PAYMENTS (Continued)

Year Ending June 30,	Direct Placement Note	
	Principal	Interest
2023	12,933	2,802
2024	13,451	2,284
2025	13,989	1,746
2026	14,548	1,187
2027	15,119	606
	70,040	8,625

Year Ending June 30,	Direct Financed Purchase Agreements	
	Principal	Interest
2023	63,032	3,273
2024	10,018	1,588
2025	46,692	1,308
	119,742	6,169

C. DESCRIPTION OF LONG-TERM LIABILITIES

General Obligation Crossover Refunding Bonds, Series 2015A

The General Obligation Crossover Refunding Bonds, Series 2015A, are recorded in the District-wide Financial Statements and are backed by the full faith and credit of the School District. The bonds were issued to call the G.O. Obligation Refunding Bonds, Series 2009A which were called February 2019. This issue is for \$1,160,000 and will be repaid in annual installments of \$110,000 to \$130,000 beginning February 1, 2020 through February 1, 2029; interest varies from 2.00% to 2.55%. Payments are made out of the Debt Service Fund.

General Obligation School Building Bonds, Series 2019A

The General Obligation School Building Bonds, Series 2019A, are recorded in the District-wide Financial Statements and are backed by the full faith and credit of the School District. This issue is for \$21,675,000 and will be repaid in annual installments of \$720,000 to \$1,580,000 beginning February 1, 2020 through February 1, 2040; interest varies from 3.00% to 5.00%. Payments are made out of the Debt Service Fund.

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM LIABILITIES (Continued)

C. DESCRIPTION OF LONG-TERM LIABILITIES (Continued)

General Obligation Facilities Maintenance Bonds, Series 2018A

The General Obligation Facilities Maintenance Bonds, Series 2018A, are recorded in the District-wide Financial Statements and are backed by the full faith and credit of the School District. This Direct Placement issuance is for \$515,000 and will be repaid in annual installments of \$107,000 beginning February 1, 2019 through February 1, 2023; interest rate is 2.25%. Payments are made out of the Debt Service Fund.

Capital Equipment Note Payable

The Capital Equipment Note Payable is recorded in the District-wide Financial Statements and is a note through the Dawson Co-op Credit Union. This note is for \$70,040, with five annual principal and interest payments of \$15,735, commencing April 18, 2023. Payments are made out of the Debt Service Fund, and are funded by contributions received.

School Bus Financed Purchase Agreements

The School Bus Financed Purchase is recorded in the District-wide Financial Statements and is collateralized by the 2020 BBCV 77 passenger diesel bus purchased. This financed purchase is for \$89,725, with three annual lease payments of \$13,393 and one annual lease payment of \$54,700 commencing October 15, 2019. Payments are made out of the General Fund.

The School Bus Financed Purchase is recorded in the District-wide Financial Statements and is collateralized by the 2021 BBCV 77 passenger diesel bus purchased. This financed purchase is for \$86,437, with four annual lease payments of \$11,605 and one annual lease payment of \$48,000 commencing July 20, 2020. Payments are made out of the General Fund.

Compensated Absences

The District compensates employees upon termination of employment for unused vacation leave. The liability for unused vacation leave has been recorded in the government wide financial statements.

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM LIABILITIES (Continued)

D. CHANGES IN LONG-TERM LIABILITIES

Changes in long-term obligations for the year ended June 30, 2022, are as follows:

	6/30/2021	Additions	Retirements	6/30/2022	Due within one year
Long-term liabilities					
G.O. Bonds	22,145,000		790,000	21,355,000	830,000
Direct placement					
bonds	212,000		105,000	107,000	107,000
Financed Purchases	140,893		21,151	119,742	63,032
Equipment Note		70,040		70,040	12,933
Vacation payable	56,281	34,168	40,396	50,053	50,053
	<u>22,554,174</u>	<u>104,208</u>	<u>956,547</u>	<u>21,701,835</u>	<u>1,063,018</u>

NOTE 7. LEASES

As of June 30, 2022, the District has the following long-term lease accounted for in accordance with the provisions of GASB 87 – Leases (see Note 1):

	Inception	Maturity	Monthly Payment	Lease Liability
MARCO Technologies, LLC	7/1/2021	6/30/2026	2,173	98,419
		Current		23,510
		Long-term		74,909
				<u>98,419</u>

MARCO Technologies, LLC

The District entered into a lease agreement with MARCO Technologies, LLC for copiers and printers, with payments starting July 1, 2021. Terms of the lease agreement between the District and MARCO Technologies, LLC. require monthly lease payments of \$2,173 through July 1, 2026. The leased property includes seven Konica copiers, three HP LaserJet copiers and one HP LaserJet printer. The lease term is 5 years. There are no early termination rights. Amounts relating to the lease are reflected in the financial statements as right to use assets and lease liabilities. Future lease payments on leases classified as right to use assets are as follows:

	Principal	Interest	Total
2023	23,510	2,566	26,076
2024	24,225	1,851	26,076
2025	24,962	1,114	26,076
2026	25,722	354	26,076
Total	<u>98,419</u>	<u>5,885</u>	<u>104,304</u>

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

NOTE 7. LEASES (Continued)

There were no material contingent or sublease amounts relating to the above lease for 2022. The District accounts for the leases in accordance with the provisions of GASB 87, Leases (Note 1). Amortization on leased (right to use) assets is provided for based on the asset value at inception of leases over the lease terms. Amortization expenses was \$24,247 for 2022.

NOTE 8. FUND BALANCES

At June 30, 2022, the detail of the District's fund balances are as follows:

	General Fund	Food Service Fund	Community Service Fund	Building Construction Fund	Debt Redemption Fund	Total
Nonspendable						
Inventory/Prepays		21,953		152,315		174,268
Restricted						
Operating capital	250,674					250,674
Building project				2,253,008		2,253,008
Long-term facilities maintenance	159,026					159,026
Other projects	17,043					17,043
Safe schools	82,125					82,125
Achievement and integration						
Community ed programs			101,064			101,064
ECFE			101,992			101,992
Food service		67,689				67,689
Scholarships	4,286					4,286
Student activities	66,603					66,603
Debt service					123,019	123,019
Total Restricted	<u>579,757</u>	<u>67,689</u>	<u>203,056</u>	<u>2,253,008</u>	<u>123,019</u>	<u>3,226,529</u>
Unassigned	955,657					955,657
Deficit - Sch readiness			(261,290)			(261,290)
Deficit - Comm. Ed.			(84,524)			(84,524)
Total Unassigned	<u>955,657</u>		<u>(345,814)</u>			<u>609,843</u>
Total fund balances	<u>1,535,414</u>	<u>89,642</u>	<u>(142,758)</u>	<u>2,405,323</u>	<u>123,019</u>	<u>4,010,640</u>

The deficit fund balances will be eliminated with future revenues.

NOTE 9. COMMITMENTS

In February 2014, the District, along with other districts from the Minnesota River Valley Education District, entered into a High Capacity Services Lease Agreement with New Ulm Telecom, Inc. (Nu-Tel). The lease effective date is July 1, 2014 and expires June 30, 2024. The total cost of the lease is \$3,471,958, and will be paid over the life of the lease by the participating districts. During fiscal year 2022, the total lease payment was

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

NOTE 9. COMMITMENTS (Continued)

\$317,640. MRVED used part of their committed fund balance to cover the District's cost. The payment required by the District will vary each year depending on the future E-rate funding received by MRVED and their designated fund balance used.

During fiscal year 2019, the District obtained \$21,675,000 of bonds for the School Building Expansion project. As of June 30, 2022, total costs incurred were \$20,942,616. The Project is expected to cost \$23M, and the District anticipates completion of this project during fiscal year 2023.

NOTE 10. RISK MANAGEMENT - CLAIMS AND JUDGMENTS

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. The District's property and liability premiums, unemployment claims and insurance coverage for vehicles are paid by the General Fund. Workers compensation premiums are paid by the General, Food Service, and Community Service Funds based on salaries. The District purchases commercial insurance for property and liability, transferring the risk of loss to the insurance carrier. The District participates in a risk pool for workers compensation insurance. The pool in turn contracts with an insurance carrier, thereby transferring the risk from the pool members to the insurance carrier. The workers compensation policy is retrospectively rated in that the initial premium is adjusted based on the actual experience during coverage period of the group of entities that participate in the pool. There have been no settlements in excess of coverage in the past 3 years.

The District handles unemployment costs through a self-insurance plan. The District retains the risks associated with unemployment claims. As there are few unemployment claims against the District, no liability estimate has been recorded in the financial statements. At June 30, 2022 there are no outstanding claims of which the School District is aware.

NOTE 11. JOINT VENTURE

Independent School District No. 378 Dawson, Minnesota, along with other schools in West Central Minnesota created the Minnesota River Valley Education District #61-6018 in a joint venture agreement. The presence of either an ongoing financial interest or responsibility indicates a joint venture relationship exists. This joint venture provides for comprehensive educational programs within the geographical boundaries of member districts by continuing to facilitate cooperation and coordination among school districts and other agencies involved in providing learner outcomes. Services rendered by the Education District are billed to each member district based on the services provided; therefore, an ongoing financial responsibility exists. As of June 30, 2022, the audited financial statements of the Education District reflected a fund balance of \$4,008,975 which would be shared among participating school districts upon dissolution. This demonstrates that an ongoing financial interest exists. Audited financial statements are available from the Minnesota River Valley Education District #61-6018.

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

NOTE 12. CONTINGENT LIABILITIES

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

NOTE 13. DEFINED BENEFIT PENSION PLANS

Public Employees Retirement Association of Minnesota (PERA)

A. PLAN DESCRIPTION

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

The General Employees Retirement Plan covers certain full time and part-time employees of the Independent School District No. 378. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

B. BENEFITS PROVIDED

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

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

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

NOTE 13. DEFINED BENEFIT PENSION PLANS (Continued)

Public Employees Retirement Association of Minnesota (PERA) (Continued)

B. BENEFITS PROVIDED (Continued)

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

C. CONTRIBUTIONS

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

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2022 and the District was required to contribute 7.50 percent for Coordinated Plan members. The District's contributions to the General Employees Fund for the year ended June 30, 2022 were \$129,862. The District's contributions were equal to the required contribution as set by state statute.

D. PENSION COSTS

At June 30, 2022, the District reported a liability of \$956,580 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 \$29,232. The net pension liability was measured as of June 30, 2021, 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, 2020, through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2022, the District's proportionate share was 0.0217 percent, at the end of the measurement period and 0.0.192 percent for the beginning of the period.

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

NOTE 13. DEFINED BENEFIT PENSION PLANS (Continued)

Public Employees Retirement Association of Minnesota (PERA) (Continued)

D. PENSION COSTS (Continued)

District's proportionate share of net pension liability	956,580
State of Minnesota's proportionate share of the net pension liability associated with the District	29,232
Total net pension liability	985,812

For the year ended June 30, 2022 the District recognized pension expense of \$80,364 for its proportionate share of General Employees Plan's pension expense. In addition, the District recognized 2,359 as grant revenue for its proportionate share of the State of Minnesota's pension expense for the annual \$16 million contribution.

At June 30, 2022, the District reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected/actual economic experience	5,037	29,169
Changes in actuarial assumptions	584,068	19,748
Net difference between projected/actual investment earnings		829,504
Changes in proportion	100,587	13,867
Contributions paid to PERA subsequent to the measurement date	129,862	
Total	819,554	892,288

The \$129,862 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	Pension Expense Amount
2023	(8,327)
2024	29,661
2025	2,027
2026	(225,957)
	(202,596)

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

NOTE 13. DEFINED BENEFIT PENSION PLANS (Continued)

Public Employees Retirement Association of Minnesota (PERA) (Continued)

E. LONG-TERM EXPECTED RETURN ON INVESTMENT

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Stocks	33.5%	5.10%
International Stocks	16.5%	5.30%
Alternative Assets (Private Markets)	25.0%	5.90%
Bonds (Fixed Income)	25.0%	0.75%
Total	100.0%	

F. ACTUARIAL ASSUMPTIONS

The total pension liability in the June 30, 2021, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 6.5 percent. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 6.5 percent was deemed to be within that range of reasonableness for financial reporting purposes.

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

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25 percent after one year of service to 3.0 percent after 29 years of service and 6.0 percent per year thereafter.

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.

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

NOTE 13. DEFINED BENEFIT PENSION PLAN (Continued)

Public Employees Retirement Association of Minnesota (PERA) (Continued)

F. ACTUARIAL ASSUMPTIONS (Continued)

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

The following changes in actuarial assumptions and plan provisions occurred in 2021:

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

G. DISCOUNT RATE

The discount rate used to measure the total pension liability in 2021 was 6.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

H. PENSION LIABILITY SENSITIVITY

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

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
GERF Discount Rate	5.50%	6.50%	7.50%
District's proportionate share of the GERF net pension liability	1,950,936	956,580	140,651

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

NOTE 13. DEFINED BENEFIT PENSION PLAN (Continued)

Public Employees Retirement Association of Minnesota (PERA) (Continued)

I. PENSION PLAN FIDUCIARY NET POSITION

Detailed information about the pension plan's fiduciary net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at [www.mnpera.org](http://www.mnpera.org).

Teachers Retirement Association (TRA)

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 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 (DCR) administered by the State of Minnesota.

B. BENEFITS PROVIDED

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

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

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

NOTE 13. DEFINED BENEFIT PENSION PLAN (Continued)

Teachers Retirement Association (TRA) (Continued)

B. BENEFITS PROVIDED (Continued)

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:

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

Or

*Tier II Benefits:*

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

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

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

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

NOTE 13. DEFINED BENEFIT PENSION PLAN (Continued)

Teachers Retirement Association (TRA) (Continued)

B. BENEFITS PROVIDED (Continued)

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 RATES

Per Minnesota Statutes, Chapter 354 sets the contribution rates for employees and employers. Rates for each the fiscal year ended June 30, 2020, June 30, 2021, and June 30, 2022 were:

	June 30, 2020		June 30, 2021		June 30, 2022	
	Employee	Employer	Employee	Employer	Employee	Employer
Basic	11.00%	11.92%	11.00%	12.13%	11.00%	12.34%
Coordinated	7.50%	7.92%	7.50%	8.13%	7.50%	8.34%

The following is a reconciliation of employer contributions in TRA's fiscal year 2021 CAFR "Statement of Changes in Fiduciary Net Position" to the employer contributions used in Schedule of Employer and Non-Employer Pension Allocations.

	<i>(in thousands)</i>
Employer contributions reported in TRA's CAFR, Statement of Changes in Fiduciary Net Position	448,829
Add employer contributions not related to future contribution efforts	379
Deduct TRA's contributions not included in allocation	<u>(538)</u>
Total employer contributions	448,670
Total non-employer contributions	<u>37,840</u>
Total contributions reported in <i>Schedule of Employer and Non-Employer Allocations.</i>	<u><u>486,510</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. 378 - DAWSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

NOTE 13. DEFINED BENEFIT PENSION PLAN (Continued)

Teachers Retirement Association (TRA) (Continued)

D. ACTUARIAL ASSUMPTIONS

The total pension liability in the June 30, 2021, 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, 2021
Measurement date	June 30, 2021
Experience study	June 5, 2019 (demographic assumptions) November 6, 2017 (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 2020 through January 2023, then increasing 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 projection uses the MP-2015 scale.
Post-disability	RP-2014 disabled retiree mortality table, without adjustment

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

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

NOTE 13. DEFINED BENEFIT PENSION PLANS (Continued)

Teachers Retirement Association (TRA) (Continued)

D. ACTUARIAL ASSUMPTIONS (Continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Geometric Mean)
Domestic Stocks	35.5%	5.10%
International Stocks	17.5%	5.30%
Private Markets	25.0%	5.90%
Fixed Income	20.0%	0.75%
Cash	2.0%	0.00%
Total	100.0%	

The TRA actuary has determined the average of the expected remaining service lives of all members for fiscal year 2022 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 2020 valuation:

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

E. DISCOUNT RATE

The discount rate used to measure the total pension liability was 7.00%. 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 2021 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).

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

NOTE 13. DEFINED BENEFIT PENSION PLANS (Continued)

Teachers Retirement Association (TRA) (Continued)

F. NET PENSION LIABILITY

At June 30, 2022, the Independent School District No. 378 reported a liability of \$2,481,362 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, 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 0.0567% at the end of the measurement period and 0.0541% 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	2,481,362
State's proportionate share of the net pension liability associated with the district	<u>209,336</u>
Total net pension liability	<u><u>2,690,698</u></u>

For the year ended June 30, 2022, the District recognized pension expense of \$138. It also recognized \$2,344 as a decrease to pension expense for the support provided by direct aid.

On June 30, 2022, the District had deferred resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected/actual experience	53,438	68,338
Changes in assumptions	908,809	2,150,207
Net difference between projected/actual earnings on plan investments		2,090,194
Changes in proportion	337,492	18,843
Contributions paid to TRA subsequent to the measurement date	<u>293,128</u>	
Total	<u><u>1,592,867</u></u>	<u><u>4,327,582</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

NOTE 13. DEFINED BENEFIT PENSION PLANS (Continued)

Teachers Retirement Association (TRA) (Continued)

F. NET PENSION LIABILITY (Continued)

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

Year Ended June 30	Pension Expense Amount
2023	(1,425,912)
2024	(1,152,484)
2025	(294,792)
2026	(361,822)
2027	207,167
	(3,027,843)

G. PENSION LIABILITY SENSITIVITY

The following presents the net pension liability of TRA calculated using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using discount rate one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
TRA Discount Rate	6.00%	7.00%	8.00%
District's proportionate share of the TRA net pension liability	5,012,471	2,481,362	405,650

The Employer'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 report can be obtained at [www.MinnesotaTRA.org](http://www.MinnesotaTRA.org); by writing to TRA at 60 Empire Drive, Suite 400, St. Paul, Minnesota, 55103-4000; or by calling 651-296-2409 or 800-657-3669.

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

NOTE 14. OTHER POSTEMPLOYMENT BENEFITS

The District follows Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. The District engaged an actuary to determine the District's liability for postemployment healthcare benefits other than pensions as of July 1, 2021.

A. GENERAL INFORMATION ABOUT THE OPEB PLAN

*Plan Description.* The District operates a single-employer retiree benefit plan ("the Plan") that provides health insurance to eligible employees and their spouses through the District's self-insured health insurance plan. No assets are accumulated in a trust that meets all of the criteria in GASB Statement No. 75, paragraph 4.

*Benefits Provided.* The Plan provides healthcare benefits for retirees and their spouses. Benefit and eligibility provisions are established through negotiations between the District and various unions representing District employees and are renegotiated each two-year bargaining period. The Plan does not issue a publicly available financial report.

*Employees Covered by Benefit Terms.* At June 30, 2022, the following employees were covered by benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	5
Active plan members	<u>118</u>
	<u><u>123</u></u>

B. TOTAL OPEB LIABILITY

The District's total OPEB liability was determined by an actuarial valuation as of July 1, 2021 (the valuation date).

*Actuarial assumptions and other inputs.* The total OPEB liability in the July 1, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	Service graded table
Healthcare cost trend rates	6.25% for 2020, grading to 5.0% over 5 years

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

NOTE 13. OTHER POSTEMPLOYMENT BENEFITS (Continued)

B. TOTAL OPEB LIABILITY (Continued)

A discount rate of 2.1% was applied in the measurement of the total OPEB liability. This is down from the 2.4% discount rate used for the July 1, 2021 measurement. The discount rate is based on the index rate for 20-year, AA-rated municipal bond yield. Mortality rates were based on the Pub-2010 Public Retirement Plan Headcount - Weighted Mortality Tables (General, Teachers) with MP-2020 Generational Improvement Scale.

C. CHANGES IN THE TOTAL OPEB LIABILITY

Changes in the total OPEB liability were as follows:

	Total OPEB Liability
Balance at July 1, 2021	739,233
Changes for the year:	
Service cost	53,685
Interest	17,711
Assumption changes	20,915
Differences between expected and actual experience	40,593
Benefit payments	(110,605)
Net changes	22,299
 Balance at June 30, 2022	 761,532

*Sensitivity of the total OPEB liability to changes in the discount rate.*

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.10%) or 1-percentage-point higher (3.10%) than the current discount rate:

	1.0% Decrease (1.10%)	Discount Rate (2.10%)	1.0% Increase (3.10%)
Total OPEB liability	806,541	761,532	717,066

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.*

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.25% decreasing to 4.0%) or 1-percentage-point higher (7.25% decreasing to 6.0%) than the current healthcare cost trend rates:

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

NOTE 14. OTHER POSTEMPLOYMENT BENEFITS (Continued)

C. CHANGES IN THE TOTAL OPEB LIABILITY (Continued)

	Healthcare Cost Trend Rates		
	1.0% Decrease (5.50% decreasing to 4.0%)	6.50% decreasing to 5.0%	1.0% increase (7.50% decreasing to 6.0%)
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total OPEB liability	706,343	761,532	827,690

D. OPEB EXPENSE, DEFERRED OUTFLOWS OF RESOURCES, AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB

For the year ended June 30, 2022, the District recognized OPEB expense of \$54,384. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected/actual experience	35,518	119,209
Changes in assumptions	36,124	19,153
Contributions made subsequent to measurement date	<u>84,078</u>	<u>                    </u>
Total	<u><u>155,720</u></u>	<u><u>138,362</u></u>

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

Year Ended June 30	OPEB Expense
2023	(17,012)
2024	(17,012)
2025	(17,012)
2026	(17,012)
2027	(17,009)
Thereafter	<u>18,337</u>
	<u><u>(66,720)</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

NOTE 15. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

As disclosed in NOTE 1M, the District reports deferred outflows of resources for consumption of resources that apply to future periods and reports deferred inflows of resources, which represent acquisition of net position or fund balance that applies to future periods. On the government-wide statements, the District's deferred outflows and inflows of resources at June 30, 2022, are as follows:

	Deferred Outflows	Deferred Inflows
TRA - pension	1,592,867	4,327,582
PERA - pension	819,554	892,288
OPEB	155,720	138,362
Property taxes levied for subsequent years		2,439,846
	2,568,141	7,798,078

NOTE 16. TRANSFERS

The following is a schedule of interfund transfers for the year ended June 30, 2022:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>
Community Service Fund	General Fund	31,609

NOTE 17. SUBSEQUENT EVENTS

Subsequent to year end, the District obtained a loan and a lease for a total of approximately \$155,000 for the final payment on the scoreboards. The loan and lease will be paid for with pledges over the next few years.

**REQUIRED SUPPLEMENTAL INFORMATION**

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY (LAST 10 YEARS) \*  
 OTHER POST EMPLOYMENT BENEFITS (OPEB)

	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB Liability					
Service cost	53,685	49,340	43,277	51,581	50,079
Interest on TOL	17,711	22,176	31,758	32,304	32,856
Assumption changes	20,915	23,766	(30,646)		
Plan changes			(6,281)		
Differences between expected and actual experience	40,593		(190,735)		
Benefit payments	(110,605)	(43,810)	(99,947)	(83,469)	(117,591)
Net change in TOL	22,299	51,472	(252,574)	416	(34,656)
Total OPEB liability - beginning	739,233	687,761	940,335	939,919	974,575
Total OPEB liability - ending	761,532	739,233	687,761	940,335	939,919

\* Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

NOTES TO SCHEDULE:

No plan assets are accumulated in a trust meeting all of the following criteria of GASBS 75, paragraph 4:

- (1) Contributions from the employer and any nonemployer contributing entities, and earnings thereon, must be irrevocable.
- (2) Plan assets must be dedicated to providing OPEB to Plan members in accordance with the benefit terms.
- (3) Plan assets must be legally protected from the creditors of the employer, nonemployer contributing entities, the Plan administrator, and Plan members.

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF THE TOTAL OPEB LIABILITY AND RELATED RATIOS (LAST 10 YEARS)  
 OTHER POST EMPLOYMENT BENEFITS (OPEB)

Fiscal Year Ended	Total OPEB Liability	Covered Employee Payroll	Total OPEB Liability as a Percentage of its Covered Employee Payroll
June 30, 2018	\$939,919	\$3,921,213	23.97%
June 30, 2019	\$940,335	\$4,038,849	23.28%
June 30, 2020	\$687,761	\$4,286,505	16.04%
June 30, 2021	\$739,233	\$4,415,100	16.74%
June 30, 2022	\$761,532	\$4,709,971	16.17%

\* Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

NOTES TO SCHEDULE:

*Plan Assets*

No assets are accumulated in a trust that meets all of the following criteria of GASBS 75, paragraph 4:

- (1) Contributions from the employer and any nonemployer contributing entities, and earnings thereon, must be irrevocable.
- (2) Plan assets must be dedicated to providing OPEB to Plan members in accordance with the benefit terms.
- (3) Plan assets must be legally protected from the creditors of the employer, nonemployer contributing entities, the Plan administrator, and Plan members.

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF EMPLOYER'S CONTRIBUTIONS  
 PUBLIC EMPLOYEES GENERAL EMPLOYEES RETIREMENT FUND (PERA)\*

Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered- Employee Payroll (d)	Contributions as a Percentage of Covered- Employee Payroll (b/d)
June 30, 2015	\$77,232	\$77,232	\$0	\$1,047,546	7.37%
June 30, 2016	\$82,741	\$82,741	\$0	\$1,103,211	7.50%
June 30, 2017	\$89,580	\$89,580	\$0	\$1,194,400	7.50%
June 30, 2018	\$102,058	\$102,058	\$0	\$1,360,635	7.50%
June 30, 2019	\$101,680	\$101,680	\$0	\$1,355,716	7.50%
June 30, 2020	\$116,151	\$116,151	\$0	\$1,549,487	7.50%
June 30, 2021	\$120,761	\$120,761	\$0	\$1,610,752	7.50%
June 30, 2022	\$129,862	\$129,862	\$0	\$1,731,493	7.50%

\* Option to provide RSI for ten years at transition or to provide RSI prospectively.

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY  
 PUBLIC EMPLOYEES GENERAL EMPLOYEES RETIREMENT FUND (PERA)\*

Fiscal Year Ending	Employer's Proportion (Percentage) of the Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	Employer's Covered- Employee Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- Employee Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2014	0.0189%	\$887,827	\$992,648	89.44%	78.75%
June 30, 2015	0.0176%	\$912,123	\$1,047,546	87.07%	78.19%
June 30, 2016	0.0178%	\$1,445,272	\$1,103,211	131.01%	68.19%
June 30, 2017	0.0185%	\$1,181,028	\$1,194,400	98.88%	75.90%
June 30, 2018	0.0202%	\$1,120,613	\$1,360,635	82.36%	79.53%
June 30, 2019	0.0192%	\$1,061,525	\$1,355,716	78.30%	80.23%
June 30, 2020	0.0217%	\$1,301,014	\$1,549,487	83.96%	79.06%
June 30, 2021	0.0224%	\$956,580	\$1,610,752	59.39%	87.00%

\* Schedule is to be provided prospectively beginning with the employer's fiscal year ended June 30, 2014, the Measurement Date.

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF EMPLOYER'S CONTRIBUTIONS  
 TEACHERS RETIREMENT ASSOCIATION (TRA)\*

Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered- Employee Payroll (d)	Contributions as a Percentage of Covered- Employee Payroll (b/d)
June 30, 2015	\$187,965	\$187,965	\$0	\$2,506,192	7.50%
June 30, 2016	\$198,514	\$198,514	\$0	\$2,647,120	7.50%
June 30, 2017	\$216,376	\$216,376	\$0	\$2,885,013	7.50%
June 30, 2018	\$226,266	\$226,266	\$0	\$3,016,880	7.50%
June 30, 2019	\$236,284	\$236,284	\$0	\$3,064,643	7.71%
June 30, 2020	\$248,993	\$248,993	\$0	\$3,143,636	7.92%
June 30, 2021	\$276,010	\$276,010	\$0	\$3,395,007	8.13%
June 30, 2022	\$293,128	\$293,128	\$0	\$3,514,724	8.34%

\*Option to provide RSI for ten years at transition or to provide RSI prospectively.

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF EMPLOYER'S NET PENSION LIABILITY  
 TEACHERS RETIREMENT ASSOCIATION (TRA)\*

Fiscal Year Ending	Employer's Proportion (Percentage) of the Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	State's Proportionate Share (Amount) of the Net Pension Liability (Asset) Associated with Employer (b)	Total Proportionate Share of Net Pension Liability (a+b) (1)	Employer's Covered- Employee Payroll (2)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- Employee Payroll (1/2)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2014	0.0530%	\$2,442,202	\$171,719	\$2,613,921	\$2,423,223	100.78%	81.50%
June 30, 2015	0.0494%	\$3,055,879	\$375,107	\$3,430,986	\$2,506,192	121.93%	76.80%
June 30, 2016	0.0509%	\$12,140,864	\$1,218,429	\$13,359,293	\$2,647,120	458.64%	44.88%
June 30, 2017	0.0536%	\$10,699,532	\$1,034,618	\$11,734,150	\$2,885,009	370.87%	51.57%
June 30, 2018	0.0546%	\$3,429,391	\$322,041	\$3,751,432	\$3,016,880	113.67%	78.07%
June 30, 2019	0.0540%	\$3,441,971	\$304,714	\$3,746,685	\$3,064,643	112.31%	78.21%
June 30, 2020	0.0541%	\$3,996,981	\$334,766	\$4,331,747	\$3,143,636	127.15%	75.48%
June 30, 2021	0.0567%	\$2,481,362	\$209,336	\$2,690,698	\$3,394,957	73.09%	86.63%

\*Schedule is to be provided prospectively beginning with the employer's fiscal year ended June 30, 2014, the Measurement Date.

**OTHER SUPPLEMENTAL INFORMATION**

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
- BUDGET AND ACTUAL -  
YEAR ENDED JUNE 30, 2022  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021)

	2022		2021
	Final Budget	Actual	Actual
<b>REVENUES</b>			
<b>LOCAL AND COUNTY REVENUES</b>			
Local levies	601,316	636,207	656,135
County apportionment		25,110	17,004
Revenue from other MN districts	51,783	49,914	21,507
Fees from patrons	40,000	37,065	26,085
Admissions	72,000	127,516	36,460
Interest	3,000	1,915	1,520
Rent facilities	5,000	5,995	5,420
Gifts and bequests	10,000	75,159	79,743
Miscellaneous local revenue	2,000	29,896	2,647
	<u>785,099</u>	<u>988,777</u>	<u>846,521</u>
<b>STATE REVENUES</b>			
Endowment aid	23,965	23,174	23,965
General ed aid	4,963,097	5,062,041	5,051,284
Market value credit		5,580	7,164
Disparity reduction		6,365	7,467
Special education aid	1,064,242	1,085,277	1,011,892
State art grants			1,595
Other state aids	196,195	108,962	104,084
	<u>6,247,499</u>	<u>6,291,399</u>	<u>6,207,451</u>
<b>FEDERAL REVENUES</b>			
Teacher & principal training & recruitment	11,486	12,313	10,547
Title I, Part A	53,172	52,076	48,030
Special education - general & preschool	92,000	124,452	94,339
IEIC funds		500	800
Drug abuse prevention	18,200	9,907	8,293
Small, rural education achievement program	36,208	42,336	41,570
ESSER and GEER funds		227,410	76,446
Other COVID Aid			230,641
	<u>211,066</u>	<u>468,994</u>	<u>510,666</u>

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
- BUDGET AND ACTUAL -  
YEAR ENDED JUNE 30, 2022  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021)

	2022		2021
	Final Budget	Actual	Actual
<b>REVENUES (CONTINUED)</b>			
<b>LOCAL SALES</b>			
Sales of materials	2,000	4,847	2,582
Total sales and insurance recoveries	2,000	4,847	2,582
Total revenues	7,245,664	7,754,017	7,567,220
<b>EXPENDITURES</b>			
<b>DISTRICT AND SCHOOL ADMINISTRATION</b>			
Salaries	342,538	354,610	315,765
Employee benefits	133,898	118,162	130,289
Purchased services	14,900	51,175	6,325
Supplies/materials	3,100	367	46
Capital expenditures	1,500		
Other expenditures	9,577	14,156	9,276
Total district and school administration	505,513	538,470	461,701
<b>DISTRICT SUPPORT SERVICES</b>			
Salaries	198,653	166,645	157,723
Employee benefits	85,502	86,710	89,702
Purchased services	57,827	45,251	63,103
Supplies/materials	20,267	20,786	14,611
Capital expenditures	13,500	15,808	13,642
Other expenditures	4,253	2,217	2,217
Total district support services	380,002	337,417	340,998

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
- BUDGET AND ACTUAL -  
YEAR ENDED JUNE 30, 2022  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021)

	2022		2021
	Final Budget	Actual	Actual
<b>EXPENDITURES (CONTINUED)</b>			
<b>REGULAR INSTRUCTION</b>			
Salaries	2,131,458	2,159,546	2,074,528
Employee benefits	670,358	638,919	662,896
Purchased services	241,586	161,907	159,409
Supplies/materials	108,395	175,719	110,138
Capital expenditures	78,750	272,743	173,468
Other expenditures	5,800	8,776	12,909
Total regular instruction	<u>3,236,347</u>	<u>3,417,610</u>	<u>3,193,348</u>
<b>VOCATIONAL INSTRUCTION</b>			
Salaries	148,528	149,150	150,629
Employee benefits	54,603	43,943	53,048
Purchased services		811	200
Supplies/materials	17,000	23,837	21,086
Total vocational instruction	<u>220,131</u>	<u>217,741</u>	<u>224,963</u>
<b>SPECIAL EDUCATION INSTRUCTION</b>			
Salaries	1,237,731	1,100,647	1,076,474
Employee benefits	344,420	312,562	315,640
Purchased services	158,823	152,897	121,207
Supplies/materials	5,500	9,177	6,658
Capital expenditures	900		
Total special education instruction	<u>1,747,374</u>	<u>1,575,283</u>	<u>1,519,979</u>

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
- BUDGET AND ACTUAL -  
YEAR ENDED JUNE 30, 2022  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021)

	2022		2021
	Final Budget	Actual	Actual
<b>EXPENDITURES (CONTINUED)</b>			
<b>INSTRUCTIONAL SUPPORT SERVICES</b>			
Salaries	37,243	204,666	241,513
Employee benefits	15,254	45,156	47,033
Purchased services	19,500	23,459	17,408
Supplies/materials	4,150	6,758	4,460
Capital expenditures			269
	<u>76,147</u>	<u>280,039</u>	<u>310,683</u>
<b>PUPIL SUPPORT SERVICES</b>			
Salaries	335,742	452,356	462,457
Employee benefits	58,516	80,915	72,896
Purchased services	60,842	118,973	127,618
Supplies/materials	79,150	184,193	92,907
Capital expenditures	24,998	113,356	55,570
Other expenditures	200	150	
	<u>559,448</u>	<u>949,943</u>	<u>811,448</u>
<b>SITE, BUILDINGS AND EQUIPMENT</b>			
Salaries	217,494	225,568	238,506
Employee benefits	70,450	82,310	89,183
Purchased services	183,250	292,949	314,513
Supplies/materials	33,500	32,104	108,409
Capital expenditures	196,770	137,002	96,733
Other expenditures			105
	<u>701,464</u>	<u>769,933</u>	<u>847,449</u>

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
- BUDGET AND ACTUAL -  
YEAR ENDED JUNE 30, 2022  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021)

	2022		2021
	Final Budget	Actual	Actual
EXPENDITURES (CONTINUED)			
FISCAL AND OTHER FIXED COST PROGRAMS			
Employee benefits	59,705		
Purchased services	34,426	34,798	34,166
Lease principal		43,968	50,163
Interest expense		7,107	4,144
Other expenditures		250	250
	<u>94,131</u>	<u>86,123</u>	<u>88,723</u>
Total fiscal and other fixed cost programs			
	<u>94,131</u>	<u>86,123</u>	<u>88,723</u>
Total expenditures	<u>7,520,557</u>	<u>8,172,559</u>	<u>7,799,292</u>
REVENUES UNDER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	(274,893)	(418,542)	(232,072)
OTHER FINANCING SOURCES (USES)			
Proceeds from equipment loan		70,040	
Insurance recoveries		21,035	144,274
Transfers to other funds	(15,500)	(31,609)	(209,355)
	<u>(15,500)</u>	<u>59,466</u>	<u>(65,081)</u>
Total other financing sources (uses)			
	<u>(15,500)</u>	<u>59,466</u>	<u>(65,081)</u>
REVENUES AND OTHER FINANCING SOURCES UNDER EXPENDITURES AND OTHER FINANCING USES	(290,393)	(359,076)	(297,153)
FUND BALANCE, beginning of year	<u>1,894,490</u>	<u>1,894,490</u>	<u>2,191,643</u>
FUND BALANCE, end of year	<u>1,604,097</u>	<u>1,535,414</u>	<u>1,894,490</u>

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
GENERAL FUND  
SCHEDULE OF CHANGES IN FUND BALANCE  
YEAR ENDED JUNE 30, 2022

	Fund Balance July 1	Add: Revenues	Deduct: Expenditures	Fund Balance June 30
Restricted for operating capital	298,834	208,639	256,799	250,674
Restricted for safe schools	61,779	21,591	1,245	82,125
Restricted for long-term facilities maintenance	96,092	119,610	56,676	159,026
Restricted for student activities	56,643	43,341	33,381	66,603
Restricted for scholarships	4,254	282	250	4,286
Restricted for operetta's	1,452	16,194	16,202	1,444
Restricted for United Mat Club	20,000		20,000	
Restricted for Athletic Department		10,599		10,599
Restricted for special ed room	5,000			5,000
Restricted for achievement and integration	6,665	42,939	49,604	
Total restricted	<u>550,719</u>	<u>463,195</u>	<u>434,157</u>	<u>579,757</u>
Unassigned	<u>1,343,771</u>	<u>7,381,897</u>	<u>7,770,011</u>	<u>955,657</u>
Total unassigned	<u>1,343,771</u>	<u>7,381,897</u>	<u>7,770,011</u>	<u>955,657</u>
Total	<u><u>1,894,490</u></u>	<u><u>7,845,092</u></u>	<u><u>8,204,168</u></u>	<u><u>1,535,414</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
 FOOD SERVICE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 - BUDGET AND ACTUAL -  
 YEAR ENDED JUNE 30, 2022  
 (WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021)

	2022		2021
	Final Budget	Actual	Actual
<b>REVENUES</b>			
<b>LOCAL REVENUES</b>			
Interest		344	163
Total local revenues		344	163
<b>STATE REVENUES</b>			
School lunch aid	21,823	9,253	1,841
Breakfast program	21,635		3,972
Summer food service program		6,697	
Other aids and grants	670	767	669
Total state revenues	44,128	16,717	6,482
<b>FEDERAL REVENUES</b>			
Lunch program aid			3,987
Free and reduced lunch program	104,567	330,338	12,729
Breakfast program	54,246	153,947	9,226
Summer food service program		53,429	385,704
Supply chain assistance		14,296	
Commodity distribution	19,265	26,755	22,468
Total federal revenues	178,078	578,765	434,114
<b>SALES AND OTHER REVENUES</b>			
Sales to pupils	156,010	9,405	21,644
Sales to adults	13,000		1,296
Other food sales	14,700	4,860	6,753
Total sales and other revenues	183,710	14,265	29,693
Total revenues	405,916	610,091	470,452

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
 FOOD SERVICE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 - BUDGET AND ACTUAL -  
 YEAR ENDED JUNE 30, 2022  
 (WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021)

	2022		2021
	Final Budget	Actual	Actual
<b>EXPENDITURES</b>			
<b>PUPIL SUPPORT SERVICES</b>			
Salaries	129,055	145,746	127,662
Employee benefits	34,552	29,876	31,605
Purchased services	15,206	18,588	13,555
Supplies/materials	226,653	253,511	202,620
Capital expenditures		324,438	3,388
Other expenditures	450		129
	<u>405,916</u>	<u>772,159</u>	<u>378,959</u>
Total pupil support services	<u>405,916</u>	<u>772,159</u>	<u>378,959</u>
Total expenditures	<u>405,916</u>	<u>772,159</u>	<u>378,959</u>
REVENUES OVER (UNDER) EXPENDITURES		(162,068)	91,493
FUND BALANCE, beginning of year	<u>251,710</u>	<u>251,710</u>	<u>160,217</u>
FUND BALANCE, end of year	<u><u>251,710</u></u>	<u><u>89,642</u></u>	<u><u>251,710</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
COMMUNITY SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
- BUDGET AND ACTUAL -  
YEAR ENDED JUNE 30, 2022  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021)

	2022		2021
	Final Budget	Actual	Actual
<b>REVENUES</b>			
<b>LOCAL AND COUNTY REVENUES</b>			
Local levies	81,672	76,239	87,465
Tuition from patrons	391,950	436,099	278,169
Fees from patrons	16,200	19,467	15,335
Interest	25		
Miscellaneous local revenue	5,250	72,849	95,164
<b>Total local and county revenues</b>	<b>495,097</b>	<b>604,654</b>	<b>476,133</b>
<b>STATE REVENUES</b>			
Disparity reduction aid		1,924	1,990
Market value credit		1,604	1,900
Other aids and grants	20,570	23,705	21,265
<b>Total state revenues</b>	<b>20,570</b>	<b>27,233</b>	<b>25,155</b>
<b>Total revenues</b>	<b>515,667</b>	<b>631,887</b>	<b>501,288</b>
<b>EXPENDITURES</b>			
<b>COMMUNITY EDUCATION AND SERVICES</b>			
Salaries	433,462	447,754	404,210
Employee benefits	109,545	101,049	99,966
Purchased services	10,890	24,455	19,138
Supplies/materials	24,200	25,650	46,383
Capital expenditures	6,000	6,482	19,194
Other expenditures	250	152	268
<b>Total community education and services</b>	<b>584,347</b>	<b>605,542</b>	<b>589,159</b>
<b>Total expenditures</b>	<b>584,347</b>	<b>605,542</b>	<b>589,159</b>

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
COMMUNITY SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
- BUDGET AND ACTUAL -  
YEAR ENDED JUNE 30, 2022  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021)

	<u>2022</u>		<u>2021</u>
	Final Budget	Actual	Actual
REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES	(68,680)	26,345	(87,871)
OTHER FINANCING SOURCES			
Transfer from other fund	<u>15,000</u>	<u>31,609</u>	<u>33,422</u>
Total other financing sources	<u>15,000</u>	<u>31,609</u>	<u>33,422</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	(53,680)	57,954	(54,449)
FUND BALANCE (DEFICIT), beginning of year	<u>(200,712)</u>	<u>(200,712)</u>	<u>(146,263)</u>
FUND BALANCE (DEFICIT), end of year	<u><u>(254,392)</u></u>	<u><u>(142,758)</u></u>	<u><u>(200,712)</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
COMMUNITY SERVICE FUND  
SCHEDULE OF CHANGES IN FUND BALANCE  
YEAR ENDED JUNE 30, 2022

	Unassigned Deficit for Community Education	Restricted for ECFE	Restricted for School Readiness	Restricted for Community Service	Total
FUND BALANCE (DEFICIT) - JULY 1	(165,317)	96,677	(231,445)	99,373	(200,712)
Add: revenues and other financing sources	527,200	25,186	108,889	2,221	663,496
Deduct: expenditures	446,407	19,871	138,734	530	605,542
FUND BALANCE (DEFICIT) - JUNE 30	<u>(84,524)</u>	<u>101,992</u>	<u>(261,290)</u>	<u>101,064</u>	<u>(142,758)</u>

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
 BUILDING CONSTRUCTION FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 - BUDGET AND ACTUAL -  
 YEAR ENDED JUNE 30, 2022  
 (WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021)

	2022		2021
	Final Budget	Actual	Actual
REVENUES			
LOCAL REVENUES			
Interest		90,428	290,560
Miscellaneous local revenue		68,145	
Total local revenues		<u>158,573</u>	<u>290,560</u>
Total revenues		<u>158,573</u>	<u>290,560</u>
EXPENDITURES			
SITE, BUILDINGS AND EQUIPMENT			
Capital expenditures		<u>9,998,200</u>	<u>8,567,526</u>
Total expenditures		<u>9,998,200</u>	<u>8,567,526</u>
REVENUES UNDER EXPENDITURES BEFORE OTHER FINANCING SOURCES		<u>(9,839,627)</u>	<u>(8,276,966)</u>
OTHER FINANCING SOURCES			
Transfers from other funds			<u>175,933</u>
Total other financing sources			<u>175,933</u>
REVENUES AND OTHER FINANCING SOURCES UNDER EXPENDITURES		(9,839,627)	(8,101,033)
FUND BALANCE, beginning of year	<u>12,244,950</u>	<u>12,244,950</u>	<u>20,345,983</u>
FUND BALANCE, end of year	<u><u>12,244,950</u></u>	<u><u>2,405,323</u></u>	<u><u>12,244,950</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
DEBT REDEMPTION FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
- BUDGET AND ACTUAL -  
YEAR ENDED JUNE 30, 2022  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021)

	2022		2021
	Final Budget	Actual	Actual
REVENUES			
LOCAL REVENUES			
Local property tax levies	1,783,110	924,136	979,645
Donations		14,940	
Interest		789	400
Total local revenues	<u>1,783,110</u>	<u>939,865</u>	<u>980,045</u>
STATE REVENUES			
Disparity reduction		42,025	40,857
Market value credit		36,846	39,198
Long term facilities maintenance aid	31,518	43,900	31,518
School building bond ag credit		780,046	724,918
Total state revenues	<u>31,518</u>	<u>902,817</u>	<u>836,491</u>
Total revenues	<u>1,814,628</u>	<u>1,842,682</u>	<u>1,816,536</u>
EXPENDITURES			
DEBT SERVICE			
Principal	895,000	895,000	867,000
Interest and fiscal charges	844,056	847,471	879,249
Total expenditures	<u>1,739,056</u>	<u>1,742,471</u>	<u>1,746,249</u>
REVENUES OVER EXPENDITURES	75,572	100,211	70,287
FUND BALANCE (DEFICIT), beginning of year	<u>22,808</u>	<u>22,808</u>	<u>(47,479)</u>
FUND BALANCE, end of year	<u><u>98,380</u></u>	<u><u>123,019</u></u>	<u><u>22,808</u></u>

**SCHEDULES AND STATISTICAL DATA**

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
SCHEDULE 1 - COMBINED SCHEDULE OF INDEBTEDNESS  
JUNE 30, 2022

General Obligation Bond	Interest Rate	Authorized	Issued	Retired	Outstanding	Principal Due in Fiscal Year 2022-23	Interest Due in Fiscal Year 2022-23
General Obligation Crossover Refunding Bonds, Series 2015A	2.00/2.55%	1,160,000	1,160,000	315,000	845,000	110,000	18,792
General Obligation School Building Bonds, Series 2019A	3.00/5.00%	21,675,000	21,675,000	1,165,000	20,510,000	720,000	784,294
Direct Placement Bonds - Obligation Facilities Maintenance Bonds, Series 2018A	2.25%	515,000	515,000	408,000	107,000	107,000	2,408
<u>Other</u>							
Direct Placement Notes - Capital Equipment Note - 2022	4.00%	70,040	70,040		70,040	12,933	2,802
2020 Bus Financed Purchase	2.65%	89,725	89,725	36,437	53,288	53,288	1,412
2021 Bus Financed Purchase	2.80%	86,437	86,437	19,983	66,454	9,744	1,861
Compensated Absences					50,053	50,053	
Total		<u>23,596,202</u>	<u>23,596,202</u>	<u>1,944,420</u>	<u>21,701,835</u>	<u>1,063,018</u>	<u>811,569</u>

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
SCHEDULE 2  
JUNE 30, 2022

GENERAL OBLIGATION CROSSOVER REFUNDING BONDS, SERIES 2015A

Year	Interest Rate	Bond Principal	Bond Interest	Total Principal and Interest
2022-23	2.00%	110,000	18,792	128,792
2023-24	2.00%	115,000	16,592	131,592
2024-25	2.00%	120,000	14,292	134,292
2025-26	2.00%	120,000	11,892	131,892
2026-27	2.00%	125,000	9,252	134,252
2027-28	2.55%	125,000	6,502	131,502
2028-29	2.55%	130,000	3,316	133,316
		845,000	80,638	925,638

GENERAL OBLIGATION FACILITIES MAINTENANCE BONDS, SERIES 2018A

Year	Interest Rate	Bond Principal	Bond Interest	Total Principal and Interest
2022-23	2.25%	107,000	2,408	109,408
		107,000	2,408	109,408

GENERAL OBLIGATION SCHOOL BUILDING BONDS, SERIES 2019A

Year	Interest Rate	Bond Principal	Bond Interest	Total Principal and Interest
2022-23	5.00%	720,000	784,294	1,504,294
2023-24	5.00%	750,000	748,294	1,498,294
2024-25	3.00%	785,000	710,794	1,495,794
2025-26	5.00%	810,000	687,244	1,497,244
2026-27	5.00%	850,000	646,744	1,496,744
2027-28	5.00%	895,000	604,244	1,499,244
2028-29	4.00%	940,000	559,494	1,499,494
2029-30	4.00%	1,110,000	521,894	1,631,894
2030-31	4.00%	1,155,000	477,494	1,632,494
2031-32	4.00%	1,200,000	431,294	1,631,294
2032-33	4.00%	1,250,000	383,294	1,633,294
2033-34	3.00%	1,300,000	333,294	1,633,294
2034-35	3.00%	1,335,000	294,294	1,629,294
2035-36	4.00%	1,375,000	254,244	1,629,244
2036-37	4.00%	1,430,000	199,244	1,629,244
2037-38	3.00%	1,490,000	142,044	1,632,044
2038-39	3.125%	1,535,000	97,344	1,632,344
2039-40	3.125%	1,580,000	49,371	1,629,371
		20,510,000	7,924,919	28,434,919

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
 SCHEDULE 2  
 JUNE 30, 2022

FINANCED PURCHASE AGREEMENT - 2020 SCHOOL BUS

<u>Year</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Principal and Interest</u>
2022-23	2.65%	53,288	1,412	54,700
		<u>53,288</u>	<u>1,412</u>	<u>54,700</u>

FINANCED PURCHASE AGREEMENT - 2021 SCHOOL BUS

<u>Year</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Principal and Interest</u>
2022-23	2.80%	9,744	1,861	11,605
2023-24	2.80%	10,018	1,588	11,606
2024-25	2.80%	46,692	1,308	48,000
		<u>66,454</u>	<u>4,757</u>	<u>71,211</u>

CAPITAL EQUIPMENT NOTE - SCOREBOARD

<u>Year</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Principal and Interest</u>
2022-23	4.00%	12,933	2,802	15,735
2023-24	4.00%	13,451	2,284	15,735
2024-25	4.00%	13,989	1,746	15,735
2025-26	4.00%	14,548	1,187	15,735
2026-27	4.00%	15,119	606	15,725
		<u>70,040</u>	<u>8,625</u>	<u>78,665</u>

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
 SCHEDULE 3 - DUE FROM STATE AND FEDERAL AGENCIES  
 JUNE 30, 2022

	<u>General</u>	<u>Community Service</u>	<u>Debt Service</u>	<u>Total</u>
<b>DUE FROM DEPT OF EDUCATION</b>				
General education aid	434,426			434,426
Agriculture land market value credit	558	169	3,685	4,412
Disparity reduction aid	636	193	4,202	5,031
Long term facilities maintenance	4,534		4,390	8,924
School building bond ag credit			78,005	78,005
Special education	141,023			141,023
Integration aid	3,278			3,278
Literacy incentive	2,944			2,944
Abatement aid	32	1		33
School readiness		1,814		1,814
Preschool screening		117		117
Home visiting		12		12
ECFE		426		426
	<u>587,431</u>	<u>2,732</u>	<u>90,282</u>	<u>680,445</u>
<b>Total due from Minnesota Department of Education</b>				
<b>DUE FROM FEDERAL GOVERNMENT</b>				
Federal SPED - 140	25,060			25,060
Federal SPED - 141	2,351			2,351
Federal SPED - 419	95,552			95,552
Federal SPED - 420	1,489			1,489
Federal SPED - 422	500			500
ESSER - 161	9,677			9,677
	<u>134,629</u>			<u>134,629</u>
<b>Total due from Federal Government</b>				

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
 SCHEDULE 4 - TAXABLE VALUATIONS, TAX LEVIES AND TAX RATES, TAX CAPACITY  
 AND TAX CAPACITY RATES AS APPROPRIATE

YEAR COLLECTIBLE	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<b>TOTAL TAXABLE TAX CAPACITY</b>						
Lac Qui Parle County	6,839,755	6,451,995	7,008,105	6,915,090	6,952,836	7,101,501
Yellow Medicine County	<u>628,590</u>	<u>577,360</u>	<u>574,549</u>	<u>570,880</u>	<u>571,340</u>	<u>580,889</u>
	<u><u>7,468,345</u></u>	<u><u>7,029,355</u></u>	<u><u>7,582,654</u></u>	<u><u>7,485,970</u></u>	<u><u>7,524,176</u></u>	<u><u>7,682,390</u></u>
<b>TAX LEVIES</b>						
Levied in Year	2017	2018	2019	2020	2021	2022
Collected in Year	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Maintenance	708,892	685,638	516,687	651,206	601,327	699,071
Community Service	75,895	82,822	88,869	87,586	81,637	69,756
Debt Redemption	<u>181,148</u>	<u>431,964</u>	<u>483,697</u>	<u>1,798,504</u>	<u>1,783,079</u>	<u>1,782,775</u>
Total	<u><u>965,935</u></u>	<u><u>1,200,424</u></u>	<u><u>1,089,253</u></u>	<u><u>2,537,296</u></u>	<u><u>2,466,043</u></u>	<u><u>2,551,602</u></u>
<b>TAX CAPACITY RATE</b>						
Maintenance	9.492	9.754	6.814	8.699	7.992	9.100
Community Service	1.016	1.178	1.172	1.170	1.085	0.908
Debt Redemption	<u>2.426</u>	<u>6.145</u>	<u>6.379</u>	<u>24.025</u>	<u>23.698</u>	<u>23.206</u>
Total	<u><u>12.934</u></u>	<u><u>17.077</u></u>	<u><u>14.365</u></u>	<u><u>33.894</u></u>	<u><u>32.775</u></u>	<u><u>33.214</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 YEAR ENDED JUNE 30, 2022

Federal Grantor / Pass-through Grantor / Program or Cluster Title	Federal Assistance Listing Number	Federal Expenditures
U.S. Department of Agriculture		
Nutrition Cluster		
Pass-through programs from MN Department of Education:		
Commodities	10.555	41,051
Summer Food Service Program - COVID-19	10.559	53,429
National School Lunch Program	10.553 / 10.555	330,338
National School Breakfast Program	10.553 / 10.555	153,947
Total Nutrition Cluster		<u>578,765</u>
U.S. Department of Education		
Title I Grant Cluster		
Pass-through program from MN Department of Education:		
Chapter I	84.010	52,076
Total Title I Grant Cluster		<u>52,076</u>
Special Education Cluster		
Pass-through programs from SW/WC ECSU:		
Special Ed General	84.027	120,612
Early Childhood Special Ed	84.173	3,841
Individuals with Disabilities Education Act	84.181	500
Total Special Education Cluster		<u>124,953</u>
Non-Clustered Programs		
Title V Part A - Small, Rural Education Achievement Program	84.358	42,336
Pass-through programs from MN Department of Education:		
Title IV Part A - Student Support and Academic Enrichment	84.287	9,907
Teacher and Principal Training	84.367	12,312
Elementary and Secondary School Education Relief - COVID-19	84.425	174,675
Total Non-Clustered Programs		<u>239,230</u>

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 YEAR ENDED JUNE 30, 2022

Federal Grantor / Pass-through Grantor / Program or Cluster Title	Federal Assistance Listing Number	Federal Expenditures
U.S. Department of Health and Human Services		
Pass-through programs from MN Department of Education:		
MN COVID-19 Testing Program - COVID 19	93.323	40,000
Total Non-Clustered Programs		<u>40,000</u>
U.S. Department of Treasury		
Non-Clustered Programs		
Pass-through programs from MN Department of Education:		
American Rescue Plan - Pandemic Enrollment Loss - COVID 19	21.027	12,735
Total Non-Clustered Programs		<u>12,735</u>
Total Expenditures of Federal Awards		<u><u>1,047,759</u></u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A: Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Independent School District #378, Dawson, Minnesota under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Independent School District #378, Dawson, Minnesota, it is not intended to and does not present the financial position, changes in net position, or cash flows of Independent School District #378, Dawson, Minnesota.

NOTE B: Summary of Significant Accounting Policies

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

NOTE C: Indirect Cost Rate

Independent School District #378, Dawson, Minnesota has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE D: Donated Commodities

Nonmonetary assistance of \$26,755 related to commodities, is reported in the schedule at the fair market value of the commodities received.

**ADDITIONAL REPORTS REQUIRED BY GENERALLY  
ACCEPTED GOVERNMENT  
AUDITING STANDARDS AND UNIFORM GUIDANCE**



**DANA F. COLE  
& COMPANY<sup>LLP</sup>**  
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Education  
Independent School District No. 378  
Dawson, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 378, Dawson, Minnesota, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Independent School District No. 378, Dawson, Minnesota's basic financial statements and have issued our report thereon dated December 15, 2022.

#### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Independent School District No. 378, Dawson, Minnesota'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 Independent School District No. 378, Dawson, Minnesota's internal control. Accordingly, we do not express an opinion on the effectiveness of Independent School District No. 378, Dawson, Minnesota's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as 2022-001, that we consider to be a significant deficiency.

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Independent School District No. 378, Dawson, Minnesota's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and is described in the accompanying schedule of findings and questioned costs as item 2022-002.

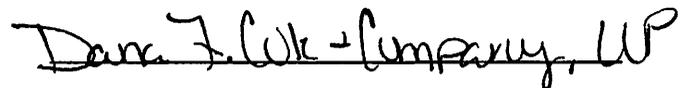
## Independent School District No. 378, Dawson, Minnesota's Response to Findings

*Government Auditing Standards* requires the auditor to perform limited procedures on Independent School District No. 378, Dawson, Minnesota's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Independent School District No. 378, Dawson, Minnesota's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## Purpose of this Report

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

Montevideo, Minnesota  
December 15, 2022





**DANA F. COLE  
& COMPANY<sup>LLP</sup>**  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Education  
Independent School District No. 378  
Dawson, Minnesota

Report on Compliance for Each Major Federal Program

*Opinion on Each Major Federal Program*

We have audited Independent School District No. 378, Dawson, Minnesota's compliance with the types of compliance requirements as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Independent School District No. 378, Dawson, Minnesota's major federal program for the year ended June 30, 2022. Independent School District No. 378, Dawson, Minnesota's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Independent School District No. 378, Dawson, Minnesota, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

*Basis for Opinion on Each Major Federal Program*

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

We are required to be independent of Independent School District No. 378, Dawson, Minnesota, and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Independent School District No. 378, Dawson, Minnesota's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Independent School District No. 378, Dawson, Minnesota's federal programs.

### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Independent School District No. 378, Dawson, Minnesota's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Independent School District No. 378, Dawson, Minnesota's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Independent School District No. 378, Dawson, Minnesota's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Independent School District No. 378, Dawson, Minnesota's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Independent School District No. 378, Dawson, Minnesota's internal control over compliance. Accordingly, no such opinion is expressed.

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

**Report on Internal Control Over Compliance**

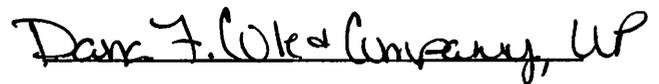
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

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

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

Montevideo, Minnesota  
December 15, 2022



**OTHER REQUIRED REPORT  
AND SCHEDULES**

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 YEAR ENDED JUNE 30, 2022

A. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness identified:  Yes  No

Significant deficiencies identified that are not considered to be material weaknesses:  Yes  No

Noncompliance matter to the financial statements disclosed:  Yes  No

Federal Awards

Internal control over major programs:

Material weakness identified:  Yes  No

Significant deficiencies identified that are not considered to be material weaknesses:  Yes  No

Type of auditors' report issued on Compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)  Yes  No

Identification of major programs:  
 Nutrition Cluster 10.553/10.555/10.559

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

Auditee qualified as a low-risk auditee:  Yes  No

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2022

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

2022-001: Significant Deficiency in Financial Reporting Process

**Criteria:** District management should possess the ability to prepare financial statements prepared in accordance with generally accepted accounting principles. This would include the ability to properly record and classify transactions in the general ledger, measure and record accrual basis adjustments to the accounts, and prepare the financial statements and related disclosures without the assistance from the auditors.

**Condition:** District management relies on audit staff to prepare financial statements and disclosures required by generally accepted accounting principles. In addition, the auditors proposed adjustments that result in significant changes to the District's financial statements.

**Cause:** District management reviews all financial statements to ensure that they are appropriately stated but do not have a background in financial reporting to ensure that all relevant disclosures are made.

**Effect:** The design of the controls over financial reporting process would affect the ability of the District to report their financial data consistently with the assertions of management in the financial statements.

**Recommendation:** We recommend that District management be aware of the responsibilities regarding financial reporting. If management chooses to undertake these financial reporting responsibilities, a number of policies, procedures, and reviews will need to be developed and implemented.

2022-002: Noncompliance – Equipment purchased without obtaining sealed bids

**Criteria:** Minnesota Statutes require District's to obtain sealed bids for contracts in excess of \$175,000.

**Conditions:** The District did not obtain sealed bids for the purchase of scoreboards for the gym and football stadium.

**Cause:** The District believed that only the selected Company would be able to provide scoreboards with the exact specifications the District was looking for.

**Effect:** Because the District did not obtain sealed bid, there is a risk that they could have paid more than necessary for the purchased scoreboards.

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2022

2022-002: Noncompliance – Equipment purchased without obtaining sealed bids – (Continued)

Recommendation: We recommend that in the future the District use the sealed bid process for all contracts in excess of \$175,000.

Response: The District will use the sealed bid process in the future for any contracts over \$175,000, but feels that they would not have been able to find a different vendor with the exact specifications they needed, and therefore would have selected this vendor in any case.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM CLUSTER AUDIT

None

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2022

2021-001: Material Weakness in Financial Statements Reporting

**Condition:** The District relied on audit staff to prepare financial statements and disclosures required by general accepted accounting principles. In addition, the auditors proposed adjustments that resulted in significant changes to the District's financial statements.

**Recommendation:** The auditors recommended that the District's management be aware of the responsibilities regarding financial reporting. Management has decided not to undertake the financial reporting responsibilities, related to financial statement preparation.

**Current Status:** This is a significant deficiency finding in the fiscal year 2022 audit.



**DANA F. COLE  
& COMPANY** LLP  
CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE

To the Board of Education  
Independent School District No. 378  
Dawson, 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. 378, Dawson, Minnesota as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 15, 2022.

In connection with our audit, we noted that Independent School District No. 378, Dawson, Minnesota failed to comply with the provisions of the contracting and bidding section of the *Minnesota Legal Compliance Audit Guide for School Districts*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters as described in the Schedule of Findings and Questioned Costs as item 2022-002. Also in connection with our audit, nothing came to our attention that caused us to believe that Independent School District No. 378, Dawson, Minnesota failed to comply with the provisions of the depositories of public funds and public investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and uniform financial accounting and reporting standards (UFARS) sections of the *Minnesota Legal Compliance Audit Guide for School Districts*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the District's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on Independent School District No. 378, Dawson, Minnesota's response to the legal compliance finding identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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

Montevideo, Minnesota  
December 15, 2022

*Dana F. Cole & Company, LLP*



Fiscal Compliance Report - 6/30/2022

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District: DAWSON (378-1) Back [Print](#)

	Audit	UFARS	Audit - UFARS		Audit	UFARS	Audit - UFARS
<b>01 GENERAL FUND</b>				<b>06 BUILDING CONSTRUCTION</b>			
Total Revenue	\$7,754,017	<u>\$7,754,013</u>	\$4	Total Revenue	\$158,573	<u>\$158,573</u>	\$0
Total Expenditures	\$8,172,559	<u>\$8,172,555</u>	\$4	Total Expenditures	\$9,998,200	<u>\$9,998,200</u>	\$0
<i>Non Spendable:</i>				<i>Non Spendable:</i>			
4.60 Non Spendable Fund Balance	\$0	<u>\$0</u>	\$0	4.60 Non Spendable Fund Balance	\$152,315	<u>\$152,315</u>	\$0
<i>Restricted / Reserved:</i>				<i>Restricted / Reserved:</i>			
4.01 Student Activities	\$66,603	<u>\$66,603</u>	\$0	4.07 Capital Projects Levy	\$0	<u>\$0</u>	\$0
4.02 Scholarships	\$4,286	<u>\$4,286</u>	\$0	4.13 Project Funded by COP	\$0	<u>\$0</u>	\$0
4.03 Staff Development	\$0	<u>\$0</u>	\$0	4.67 LTFM	\$0	<u>\$0</u>	\$0
4.07 Capital Projects Levy	\$0	<u>\$0</u>	\$0	<i>Restricted:</i>			
4.08 Cooperative Revenue	\$0	<u>\$0</u>	\$0	4.64 Restricted Fund Balance	\$2,253,008	<u>\$2,253,008</u>	\$0
4.13 Project Funded by COP	\$0	<u>\$0</u>	\$0	<i>Unassigned:</i>			
4.14 Operating Debt	\$0	<u>\$0</u>	\$0	4.63 Unassigned Fund Balance	\$0	<u>\$0</u>	\$0
4.16 Levy Reduction	\$0	<u>\$0</u>	\$0	<b>07 DEBT SERVICE</b>			
4.17 Taconite Building Maint	\$0	<u>\$0</u>	\$0	Total Revenue	\$1,842,682	<u>\$1,842,682</u>	\$0
4.24 Operating Capital	\$250,674	<u>\$250,674</u>	\$0	Total Expenditures	\$1,742,471	<u>\$1,742,471</u>	\$0
4.26 \$25 Taconite	\$0	<u>\$0</u>	\$0	<i>Non Spendable:</i>			
4.27 Disabled Accessibility	\$0	<u>\$0</u>	\$0	4.60 Non Spendable Fund Balance	\$0	<u>\$0</u>	\$0
4.28 Learning & Development	\$0	<u>\$0</u>	\$0	<i>Restricted / Reserved:</i>			
4.34 Area Learning Center	\$0	<u>\$0</u>	\$0	4.25 Bond Refundings	\$0	<u>\$0</u>	\$0
4.35 Contracted Alt. Programs	\$0	<u>\$0</u>	\$0	4.33 Maximum Effort Loan Aid	\$0	<u>\$0</u>	\$0
4.36 State Approved Alt. Program	\$0	<u>\$0</u>	\$0	4.51 QZAB Payments	\$0	<u>\$0</u>	\$0
4.38 Gifted & Talented	\$0	<u>\$0</u>	\$0	4.67 LTFM	\$0	<u>\$0</u>	\$0
4.40 Teacher Development and Evaluation	\$0	<u>\$0</u>	\$0	<i>Restricted:</i>			
4.41 Basic Skills Programs	\$0	<u>\$0</u>	\$0	4.64 Restricted Fund Balance	\$123,019	<u>\$123,019</u>	\$0
4.48 Achievement and Integration	\$0	<u>\$0</u>	\$0	<i>Unassigned:</i>			
4.49 Safe School Crime - Crime Levy	\$82,125	<u>\$82,125</u>	\$0	4.63 Unassigned Fund Balance	\$0	<u>\$0</u>	\$0
4.51 QZAB Payments	\$0	<u>\$0</u>	\$0	<b>08 TRUST</b>			
4.52 OPEB Liab Not In Trust	\$0	<u>\$0</u>	\$0	Total Revenue	\$0	<u>\$0</u>	\$0
4.53 Unfunded Sev & Retirement Levy	\$0	<u>\$0</u>	\$0	Total Expenditures	\$0	<u>\$0</u>	\$0
4.59 Basic Skills Extended Time	\$0	<u>\$0</u>	\$0	<i>Restricted / Reserved:</i>			
4.67 LTFM	\$159,026	<u>\$159,026</u>	\$0	4.01 Student Activities	\$0	<u>\$0</u>	\$0
4.72 Medical Assistance	\$0	<u>\$0</u>	\$0	4.02 Scholarships	\$0	<u>\$0</u>	\$0
4.73 PPP Loan	\$0	<u>\$0</u>	\$0	4.22 Unassigned Fund Balance (Net Assets)	\$0	<u>\$0</u>	\$0
4.74 EIDL Loan	\$0	<u>\$0</u>	\$0	<b>18 CUSTODIAL</b>			
<i>Restricted:</i>				Total Revenue	\$3,000	<u>\$3,000</u>	\$0
4.64 Restricted Fund Balance	\$17,043	<u>\$17,043</u>	\$0	Total Expenditures	\$750	<u>\$750</u>	\$0
4.75 Title VII Impact Aid	\$0	<u>\$0</u>	\$0	<i>Restricted / Reserved:</i>			
4.76 Payments in Lieu of Taxes	\$0	<u>\$0</u>	\$0	4.01 Student Activities	\$0	<u>\$0</u>	\$0
<i>Committed:</i>				4.02 Scholarships	\$25,318	<u>\$25,318</u>	\$0
4.18 Committed for Separation	\$0	<u>\$0</u>	\$0	4.48 Achievement and Integration	\$0	<u>\$0</u>	\$0
4.61 Committed Fund Balance	\$0	<u>\$0</u>	\$0	4.64 Restricted Fund Balance	\$0	<u>\$0</u>	\$0
<i>Assigned:</i>				<b>20 INTERNAL SERVICE</b>			
4.62 Assigned Fund Balance	\$0	<u>\$0</u>	\$0	Total Revenue	\$0	<u>\$0</u>	\$0
<i>Unassigned:</i>				Total Expenditures	\$0	<u>\$0</u>	\$0
4.22 Unassigned Fund Balance	\$955,657	<u>\$955,657</u>	\$0	4.22 Unassigned Fund Balance (Net Assets)	\$0	<u>\$0</u>	\$0
<b>02 FOOD SERVICES</b>				<b>25 OPEB REVOCABLE TRUST</b>			
Total Revenue	\$610,091	<u>\$610,090</u>	\$1	Total Revenue	\$0	<u>\$0</u>	\$0
Total Expenditures	\$772,159	<u>\$772,158</u>	\$1	Total Expenditures	\$0	<u>\$0</u>	\$0
<i>Non Spendable:</i>							
4.60 Non Spendable Fund Balance	\$21,953	<u>\$21,953</u>	\$0				
<i>Restricted / Reserved:</i>							
4.52 OPEB Liab Not In Trust							

4.74 EIDL Loan	\$0	<u>\$0</u>	<u>\$0</u>
<i>Restricted:</i>	\$0	<u>\$0</u>	<u>\$0</u>
4.64 Restricted Fund Balance	\$67,689	<u>\$67,689</u>	<u>\$0</u>
<i>Unassigned:</i>			
4.63 Unassigned Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
<b>04 COMMUNITY SERVICE</b>			
Total Revenue	\$631,887	<u>\$631,887</u>	<u>\$0</u>
Total Expenditures	\$605,542	<u>\$605,543</u>	<u>(\$1)</u>
<i>Non Spendable:</i>			
4.60 Non Spendable Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
<i>Restricted / Reserved:</i>			
4.26 \$25 Taconite	\$0	<u>\$0</u>	<u>\$0</u>
4.31 Community Education	(\$84,524)	<u>(\$84,524)</u>	<u>\$0</u>
4.32 E.C.F.E	\$101,992	<u>\$101,992</u>	<u>\$0</u>
4.40 Teacher Development and Evaluation	\$0	<u>\$0</u>	<u>\$0</u>
4.44 School Readiness	(\$261,290)	<u>(\$261,290)</u>	<u>\$0</u>
4.47 Adult Basic Education	\$0	<u>\$0</u>	<u>\$0</u>
4.52 OPEB Liab Not In Trust	\$0	<u>\$0</u>	<u>\$0</u>
4.73 PPP Loan	\$0	<u>\$0</u>	<u>\$0</u>
4.74 EIDL Loan	\$0	<u>\$0</u>	<u>\$0</u>
<i>Restricted:</i>			
4.64 Restricted Fund Balance	\$101,084	<u>\$101,084</u>	<u>\$0</u>
<i>Unassigned:</i>			
4.63 Unassigned Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>

4.22 Unassigned Fund Balance (Net Assets)	\$0	<u>\$0</u>	<u>\$0</u>
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**45 OPEB IRREVOCABLE TRUST**

Total Revenue	\$0	<u>\$0</u>	<u>\$0</u>
Total Expenditures	\$0	<u>\$0</u>	<u>\$0</u>
4.22 Unassigned Fund Balance (Net Assets)	\$0	<u>\$0</u>	<u>\$0</u>

**47 OPEB DEBT SERVICE**

Total Revenue	\$0	<u>\$0</u>	<u>\$0</u>
Total Expenditures	\$0	<u>\$0</u>	<u>\$0</u>
<i>Non Spendable:</i>			
4.60 Non Spendable Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
<i>Restricted:</i>			
4.25 Bond Refundings	\$0	<u>\$0</u>	<u>\$0</u>
4.64 Restricted Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
<i>Unassigned:</i>			
4.63 Unassigned Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>



**DANA F. COLE  
& COMPANY LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

590 SOUTH HIGHWAY 29, SUITE 1  
PO BOX 502  
MONTEVIDEO, MINNESOTA 56265  
T: 320.269.2146 F: 320.269.5619

**DANACOLE.COM**

December 15, 2022

To the Board of Education  
Independent School District No. 378  
P.O. Box 1018  
Dawson, Minnesota

RE: AU-C 260

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 378, Dawson, Minnesota for the year ended June 30, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 12, 2022. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Findings

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Independent School District No. 378, Dawson, Minnesota are described in Note 1 to the financial statements. As described in Note 1, Independent School District No. 378, Dawson, Minnesota adopted Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, during 2022. This standard was applied retrospectively, and had no effect on the net position as of July 1, 2021. We noted no transactions entered into by Independent School District No. 378, Dawson, Minnesota during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

- Management's estimate of certain state receivables is based on their current knowledge of student and expense data at the District and State levels. We evaluated the receivable calculations performed by management.
- Management's estimate of depreciation expense is based on management's past experience as to the useful lives of depreciable assets. We evaluated the key factors and assumptions used to develop the useful lives in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimates of OPEB, Severance payables, and Net Pension Liabilities for PERA and TRA are based on actuarial studies.

*Difficulties Encountered in Performing the Audit*

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

*Corrected and Uncorrected Misstatements*

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

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

- Recording of bond and lease activity
- Recording accounts payable and expenditures related to construction of long-term facilities projects.
- Recording commodities revenue and expenditure
- Recording TRA/FICA transfer between funds 1 & 4
- Adjusting property taxes and tax shift and reclassifying levy
- To adjust payroll liabilities
- Adjusting fixed asset balances
- Adjusting investments related to project construction

*Disagreements with Management*

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

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated December 15, 2022.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Independent School District No. 378's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Independent School District No. 378, Dawson, Minnesota's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

**Other Matters**

We applied certain limited procedures to the management's discussion and analysis, the OPEB schedules, and the GASB 68 Pension Schedules, which are required supplementary information (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.

We were engaged to report on the individual major fund financial statements, schedules and statistical tables, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statement themselves.

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

**Restriction on Use**

This information is intended solely for the information and use of the Board of Education, management of Independent School District No. 378, Dawson, Minnesota, federal awarding agencies, and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

Yours truly,



Amy J. Bjornjeld, CPA  
For the Firm

e-mail: [bjornjeld@danacole.com](mailto:bjornjeld@danacole.com)

AJB:bjl

INDEPENDENT SCHOOL DISTRICT NO. 378 - DAWSON, MINNESOTA  
 PASSED ADJUSTMENTS  
 June 30, 2022

GENERAL FUND	<u>Asset</u>	<u>Liability</u>	<u>Equity</u>	<u>Revenue</u>	<u>Expense</u>
CY Vacation used within 60 days of year end not recorded		(15,084)	15,084		(15,084)
PY Vacation used within 60 days of year end not recorded					9,756
Unadjusted Balances	<u>0</u>	<u>(15,084)</u>	<u>15,084</u>	<u>0</u>	<u>(5,328)</u>
F/S Balances	<u>2,278,894</u>	<u>743,480</u>	<u>1,535,414</u>	<u>7,754,017</u>	<u>8,172,559</u>
Percent	<u>0.00%</u>	<u>-2.03%</u>	<u>0.98%</u>	<u>0.00%</u>	<u>-0.07%</u>

# Independent School District No. 378

848 Chestnut Street, Dawson, Minnesota 56232

## *“Small School...Big Opportunities”*

January 2023 High School Report

\*Congratulations to the following 7th and 8th graders who have qualified for the Spelling Bee. Semi-Finals were held last Friday at 9 AM in the auditorium.

7th: Ava Bothun, Nolen Kemen, Athena Kosbab, Lilly Lee, Kensley Ochsendorf, Camryn Olesen, Stella Roth, Larain Steinke, Mason Solem

8th: Elvis Bellefeuille, Alivia Estling, Madison Lee, Landon Malecek, Cooper Manee

\*MELT conference with other MRVED schools will take place Monday, January 16th at LQPV High School.

\*End of quarter 2 is Thursday, January 19th. Friday, January 20th, will be a work day that will include a presentation from Special Education Director, Nicole Johnston.

\*Huge thank you to our custodians for their assistance in moving items again with the new furniture in the high school as well as all of the snow removal. We hope they do not remain busy with moving snow.

\*Will be attending the Minnesota Association of Secondary School Principals conference January 25-26th.

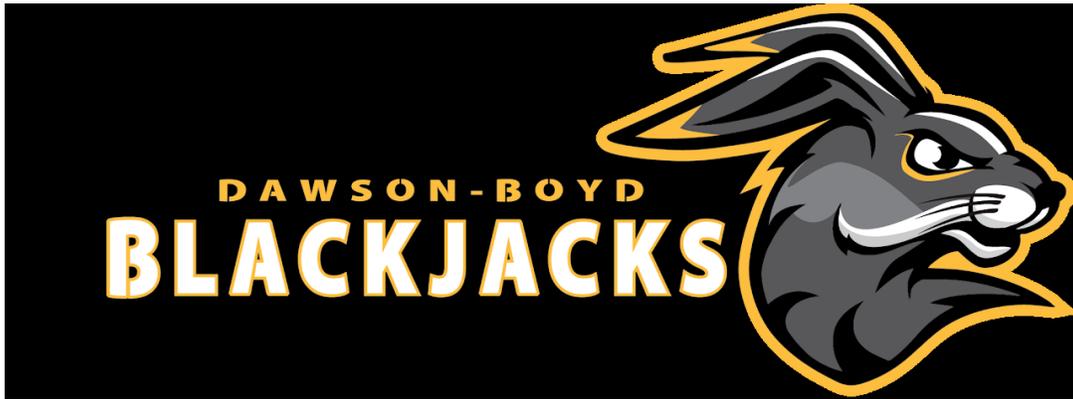
Troy Ferguson, Superintendent of Schools  
Phone – (320)769-2955 Ext. 2301 Fax – (320)769-4502

Rebecca Mortenson, Counselor  
Phone – (320)769-2955 Ext. 2316

Amy Hiedeman, Elementary Principal  
Phone – (320)769-4590 Ext. 2309

Ryan Stotesbery, Secondary Principal  
Phone – (320)769-2955 Ext. 2306

*This Institution Is An Equal Opportunity Provider*



## Amy Hiedeman - Elementary Principal

Notes for January 2023 Board Meeting - 1.9.22

- Thank you to Mrs. Hurley, Mr. Hurley, and Mr. Lehne for the brief, but fun, Stevens Elementary Orchestra Holiday Sing-A-Long on Wednesday, December 21st - thank you for your flexibility!
- Snow days - e-Learning
  - I don't remember a December/January quite like this in the 10 years I've been at Dawson-Boyd! Reminds me more of the late 1990s around here.
  - We all know that eLearning is not an ideal learning experience for students or teachers - we'd rather be at school. We have taken the opportunity to do some good review and practice and make the learning meaningful - but it's frustrating when the days all line up consecutively.
- Countryside Public Health
  - Comes monthly to do health education on various topics across a variety of grade levels.
  - Last month Nicole Erickson was here to do nutrition education for 1st & 3rd Grade, as well as hypothermia awareness for 5th grade students.
  - We appreciate the partnership with Stevens Elementary and the time they spend with our students.

			Total donation			\$1,000,000
12/20/2022	DB Girls Basketball Program	Dawson Fire Department-Meat Raffle				\$510.00
1/5/2023	Daycare Program	City of Dawson/EDA				\$5,000.00

Independent School District No. 378  
Dawson-Boyd Public Schools

# FUNDRAISER APPLICATION

Today's Date: 12/28

Person Completing Form: Megan Stratmoen

Organization Represented: Just For Kix

Describe Fundraiser Activity: [i.e. varsity hockey team selling candy door-to-door]

50/50 @ a couple basketball games

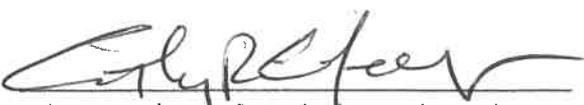
Start Date & End Date: winter BS season

Estimated Revenue From Activity: \$ 300

Who Will Collect/Receipt Revenue: Event Supervisor

How Will Revenue Be Used: Trip to Florida 2023-24

Who Makes Decisions On How Revenue Will Be Disbursed: Megan Stratmoen

  
Signature of Advisor / or /  
Organization Representative

▶ For Office Use Only ◀  
▶ Fundraiser ◀  
▶ \_\_\_\_\_ Authorized ◀  
▶ \_\_\_\_\_ Not Authorized ◀

# **Dawson-Boys Public Schools Policy#405**

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

Revised: 1-16-2023

## **405 VETERAN'S PREFERENCE**

### **I. PURPOSE**

The purpose of this policy is to comply with the Minnesota Veterans Preference Act (VPA) which provides preference points for veterans applying for employment with political subdivisions, including school districts, as well as additional rights for veterans in the discharge process.

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

- A. The school district's policy is to comply with the VPA regarding veteran's preference rights and mandated preference points to veterans and spouses of deceased veterans or disabled veterans.
- B. The school district's policy is also to comply with the VPA requirement that no covered veteran may be removed from public employment except for incompetency or misconduct shown after a hearing upon due notice, upon stated charges, and in writing. This paragraph does not apply to the position of teacher.
- C. Veteran's preference points will be applied pursuant to applicable law as follows:
  - 1. A credit of ten points shall be added to the competitive open examination rating of a non-disabled veteran, who so elects, provided that the veteran obtained a passing rating on the examination without the addition of the credit points.
  - 2. A credit of fifteen points shall be added to the competitive open examination rating of a disabled veteran, who so elects, provided that the veteran obtained a passing rating on the examination without the addition of the credit points.
  - 3. A credit of five points shall be added to the competitive promotional examination rating of a disabled veteran, who so elects, provided that (a) the veteran obtained a passing rating on the examination without the addition of the credit points and (b) the veteran is applying for a first promotion after securing public employment.
  - 4. A preference may be used by the surviving spouse of a deceased veteran and by the spouse of a disabled veteran who, because of the disability, is unable to qualify.
- D. Eligibility for and application of veteran's preference, the definition of a veteran, and the definition of a disabled veteran for purposes of this policy will be pursuant to the VPA.
- E. When notifying applicants that they have been accepted into the selection process, the school district shall notify applicants that they may elect to use veteran's preference.
- F. The school district's policy is to use a 100-point hiring system to enable allocation of veteran's preference points. The school district may or may not use a 100-point hiring

system for filling teaching positions. If a 100-point hiring system is not used for filling a teaching position, preference points will not be added, but all veteran applicants who have proper licensure for the teaching position will be granted an interview for the position.

- G. If the school district rejects a member of the finalist pool who has claimed veteran's preference, the school district shall notify the finalist in writing of the reasons for the rejection and file the notice with the school district's personnel officer.
  
- H. In accordance with the VPA, no honorably discharged veteran shall be removed from a position of employment except for incompetency, misconduct, or good faith abolishment of position.
  - 1. Incompetency or misconduct must be shown after a hearing, upon due notice, upon stated charges, in writing.
  - 2. A veteran must irrevocably elect to be governed either by the VPA or by arbitration provisions set forth in a collective bargaining agreement in the event of a discharge.
  
- I. The VPA and the provisions of this policy do not apply to the position of private secretary, superintendent, head of a department, or any person holding a strictly confidential relation to the school board or school district. The VPA and the provisions of this policy apply to teachers only with respect to the hiring process, as set forth in Paragraph F., above.

**Legal References:** Minn. Stat. § 43A.11 (Veteran's Preference)  
Minn. Stat. § 197.455 (Veteran's Preference Applied)  
Minn. Stat. § 197.46 (Veterans Preference Act)  
*Hall v. City of Champlin*, 463 N.W.2d 502 (Minn. 1990)  
*Young v. City of Duluth*, 410 N.W.2d 27 (Minn. Ct. App. 1987)

**Cross References:** MSBA/MASA Model Policy 401 (Equal Employment Opportunity)

# **Dawson-Boyd Public Schools Policy #528**

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

Revised: 1-16-2023

## **528 STUDENT PARENTAL, FAMILY, AND MARITAL STATUS NONDISCRIMINATION**

### **I. PURPOSE**

Students are protected from discrimination on the basis of sex and marital status pursuant to Title IX of the Education Amendments of 1972 and the Minnesota Human Rights Act. This includes discrimination on the basis of pregnancy. The purpose of this school district policy is to provide equal educational opportunity for all students and to prohibit discrimination on the grounds of sex, parental, family, or marital status.

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

- A. The school district provides equal educational opportunity for all students, and will not apply any rule concerning a student's actual or potential parental, family, or marital status which treats students differently on the basis of sex.
- B. The school district will not discriminate against any student, or exclude any student from its education program or activity, including any class or extracurricular activity, on the basis of such students' pregnancy, childbirth, false pregnancy, termination of pregnancy or recovery therefrom, unless the student requests voluntarily to participate in a separate portion of the program or activity of the recipient.
- C. The school district may require such a student to obtain the certification of a physician that the student is physically and emotionally able to continue participation in the normal education program or activity so long as such a certification is required of all students for other physical or emotional conditions requiring the attention of a physician.
- D. The school district will ensure that any separate and voluntary instructional program is comparable to that offered to non-pregnant students.
- E. It is the responsibility of every school district employee to comply with this policy.
- F. The school board has designated: Rebecca Mortenson, High School Counselor, 848 Chestnut St, Dawson MN 56232, 320-769-2955 as its Title IX coordinator. This employee coordinates the school district's efforts to comply with and carry out its responsibilities under Title IX.
- G. Any student, parent or guardian having questions regarding the application of Title IX and its regulations and/or this policy should discuss them with the Title IX coordinator. Questions relating solely to Title IX and its regulations may be referred to the Assistant Secretary for Civil Rights of the United States Department of Education. In the absence of a specific designee, an inquiry or complaint should be referred to the superintendent or the school district human rights officer.
- H. Any reports of unlawful discrimination under this policy will be handled, investigated, and acted upon in the manner specified in Policy 522.

**Legal References:** Minn. Stat. Ch. 363A (Minnesota Human Rights Act)  
20 U.S.C. §§ 1681-1688 (Title IX of the Education Amendments of 1972)  
34 C.F.R. Part 106 (Implementing Regulations of Title IX)

**Cross References:** MSBA/MASA Model Policy 102 (Equal Educational Opportunity)  
MSBA/MASA Model Policy 413 (Harassment and Violence)  
MSBA/MASA Model Policy 522 (Title IX Sex Nondiscrimination Policy, Grievance Procedure and Process)

**DAWSON-BOYD PUBLIC SCHOOLS DISTRICT #378**  
**STAFF NOTIFICATION OF VIOLENT BEHAVIOR BY STUDENTS**

To: \_\_\_\_\_  
(Staff Name)

From: \_\_\_\_\_  
(Administrative Official)

Date of Notice: \_\_\_\_\_

This notice is sent to inform you that the following student has a history of violent behavior. The notice is sent to assist you in helping this student to be successful and ensuring the safety of students and staff.

\*You can use what you have learned about the student's history of violent behavior only to the extent allowed by school district policy. The data on this form are private data under state and federal law, and the student's privacy rights must be protected.

Student's name: \_\_\_\_\_

Incident(s) of violence:

The types of situations that might trigger violent behavior by this student, if known (e.g. triggers for frustration or anger):

Strategies or interventions that are successful with this student, if known:

The following documents may be available for you to review regarding this student:

- \_\_\_\_\_ IEP
- \_\_\_\_\_ §504 Plan
- \_\_\_\_\_ Functional Behavioral Assessment
- \_\_\_\_\_ Reports or statements by school staff
- \_\_\_\_\_ Information provided by the parent or guardian

Additional information may be available to you based on your legitimate educational interest.

# **Dawson-Boyd Public Schools Policy #529**

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

Revised: 1-16-2023

## **529 STAFF NOTIFICATION OF VIOLENT BEHAVIOR BY STUDENTS**

### **I. PURPOSE**

In an effort to provide a safe school environment, the assigned classroom teacher and certain staff members should know whether a student to be placed in the classroom has a history of violent behavior. Additionally, decisions should be made regarding how to manage such a student.

The purpose of this policy is to address the circumstances in which data should be provided to classroom teachers and other school staff members about students with a history of violent behavior and to establish a procedure for notifying staff regarding the placement of students with a history of violent behavior.

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

- A. Any staff member or other employee of the school district who obtains or possesses information concerning a student in the building with a history of violent behavior shall immediately report said information to the principal of the building in which the student attends school.
- B. The administration will meet with the assigned classroom teacher and other appropriate staff members for the purpose of notifying and determining how staff will manage such student.
- C. Only staff members who have a legitimate educational interest in the information will receive notification.

### **III. DEFINITIONS**

For purposes of this policy, the following terms have the meaning given them.

A. Administration

"Administration" means the superintendent, building principal, or other designee.

B. Classroom Teacher

"Classroom teacher" means the instructional personnel responsible for the course or room to which a student is assigned at any given time, including a substitute hired in place of the classroom teacher.

C. History of Violent Behavior

- 1. A student will be considered to have a history of violent behavior if incident(s) of violence, including any documented physical assault of a school district employee by the student, have occurred during the current or previous school year.
- 2. If a student has an incident of violence during the current or previous school year, that incident and all other past related or similar incidents of violence will

be reported.

D. Incident(s) of Violence

“Incident(s) of violence” means willful conduct in which a student endangers or causes physical injury to the student, other students, a school district employee, or surrounding person(s) or endangers or causes significant damage to school district property, regardless of whether related to a disability or whether discipline was imposed.

E. Legitimate Educational Interest

“Legitimate educational interest” includes 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 educational data. It includes a person’s need to know in order to:

1. Perform an administrative task required in the school or the 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; or
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.
4. Perform a task directly related to responding to a request for data.

F. School Staff Member

“School staff member” includes:

1. A person duly elected to the school board;
2. A person employed by the school board in an administrative, supervisory, instructional, or other professional position;
3. 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
4. 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.

**IV. PROCEDURE FOR STAFF NOTIFICATION OF STUDENTS WITH VIOLENT BEHAVIOR**

A. Reports of Violent Behavior

Any staff member or other employee of the school district who becomes aware of any information regarding the violent behavior of an enrolling student or any student enrolled in the school district shall immediately report the information to the building principal where the student is enrolled or seeks to enroll.

B. Recipients of Notice

Each classroom teacher of a student with a history of violent behavior (see Section III.C., above) will receive written notification from the administration prior to placement of the student in the teacher’s classroom. In addition, written notice will be given by the administration to other school staff members who have a legitimate

educational interest, as defined in this policy, when a student with a history of violent behavior is placed in a teacher's classroom. The administration will provide notice to anyone substituting for the classroom teacher or school staff member, who has received notice under this policy, that the substitute will be overseeing a student with a history of violent behavior.

The administration may provide other school district employees or individuals outside of the school district with information regarding a student, including information regarding a student's history of violent behavior, in accordance with Policy 515, Protection and Privacy of Pupil Records.

C. Determination of Who Receives Notice

The determination of which classroom teachers and school staff members have a legitimate educational interest in information regarding a student with a history of violent behavior will be made by either: (1) the school district's Responsible Authority appointed by the school board under the Minnesota Government Data Practices Act or (2) the administration. In the event the administration makes this determination, the Responsible Authority will provide guidance to the administration as to what data will be shared.

D. Form of Written Notice

The notice given to classroom teachers and school staff members will be in writing and will include the following:

1. Name of the student;
2. Date of notice;
3. Notification that the student has been identified as a student with a history of violent behavior as defined in Section III. of this policy; and
4. Reminder of the private nature of the data provided.

E. Record of Notice

1. The administration will retain a copy of the notice or other documentation provided to classroom teachers and school staff members notified under this section.
2. Retention of the written notice or other documentation provided to classroom teachers and school staff members is governed by the approved Records Retention Schedule.

F. Meetings Regarding Students with a History of Violent Behavior

1. If the administration determines, in his or her discretion, that the classroom teacher and/or school staff members with a legitimate educational interest in such data reasonably require access to the details regarding a student's history of violent behavior for purposes of school safety and/or intervention services for the student, the administration also may convene a meeting to share and discuss such data.
2. The persons present at the meeting may have access to the data described in Section IV.D., above.

G. Law Enforcement Reports

Staff members will be provided with notice of disposition orders or law enforcement reports received by the school district in accordance with Policy 515, Protection and

Privacy of Pupil Records. Where appropriate, information obtained from disposition orders or law enforcement reports also may be included in a Notification of Violent Behavior.

#### **V. MAINTENANCE AND TRANSFER OF RECORDS**

A report, notice, or documentation pertaining to a student with a history of violent behavior are educational records of a student and will be retained, maintained, and transferred to a school or school district in which a student seeks to enroll in accordance with Policy 515, Protection and Privacy of Pupil Records.

#### **VI. PARENTAL NOTICE**

- A. The administration will notify parents annually that the school district gives classroom teachers and other school staff members notice about students' history of violent behavior.
- B. Prior to providing the written notice of a student's violent behavior to classroom teachers and/or school staff members, the administration will inform the student's parent or guardian that such notice will be provided.
- C. Parents will be given notice that they have the right to review and challenge records or data, including the data documenting the history of violent behavior, in accordance with Policy 515, Protection and Privacy of Pupil Records.

#### **VII. TRAINING NEEDS**

Representatives of the school board and representatives of the teachers will discuss the needs of students and staff. The parties may discuss necessary training which may include training on conflict resolution and positive behavior interventions and may discuss necessary intervention services such as student behavioral assessments.

**Legal References:** Minn. Stat. Ch. 13 (Minnesota Government Data Practices Act)  
Minn. Stat. § 120A.22, Subd. 7 (School Attendance - Education Records)  
Minn. Stat. § 121A.45 (Grounds for Dismissal)  
Minn. Stat. § 121A.64 (Notification of Students with Violent Behavior)  
Minn. Stat. § 121A.75 (Law Enforcement Notice to Schools)  
Minn. Rules Parts 1205.0100-1205.2000 (Data Practices)  
20 U.S.C. § 1232g (Family Educational Rights and Privacy Act)  
34 C.F.R. §§ 99.1-99.67 (Rules Implementing FERPA)  
Minn. Laws 2003, 1<sup>st</sup> Sp., Ch. 9, Art. 2, § 53

**Cross References:** MSBA/MASA Model Policy 515 (Protection and Privacy of Pupil Records)

# **Dawson-Boyd Public Schools Policy #801**

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

Revised: 1-16-2023

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

### **I. PURPOSE**

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

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

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

### **III. DEFINITIONS**

- A. "Limited open forum" means that the school grants an offering to or opportunity for one or more noncurriculum related student groups to meet on school premises during

noninstructional time.

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

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

Schools in this school district shall uniformly provide that:

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

#### **V. PROCEDURES**

- A. Any student who wishes to initiate a meeting under this policy shall apply to the principal of the building at least 48 hours in advance of the time of the activity or meeting. The student must agree to the following:
  - 1. All activities or meetings must comply with existing policies, regulations, and procedures that govern operation of school-sponsored activities.
  - 2. The activities or meetings are voluntary and student-initiated. The principal may require assurances of this fact.
- B. Student groups meeting under this policy must comply with the following rules:
  - 1. Those attending must not engage in any activity that is illegal, dangerous, or which materially and substantially interferes with the orderly conduct of the educational activities of the school. Such activities shall be grounds for discipline of an individual student and grounds for a particular group to be denied access.
  - 2. The groups may not use the school name, school mascot name, school emblems,

the school district name, or any name that might imply school or district sponsorship or affiliation in any activity, including fundraising and community involvement.

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

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

**Cross References:** MSBA/MASA Model Policy 902 (Use of School District Facilities and Equipment)

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

**Dawson-Boyd Public Schools District No. 378**  
**Application for Use of Facilities Form**  
**Equal Access Act Meeting**

Statement of Policy

It is school district policy to grant equal access to school facilities for students who wish to conduct a meeting for religious, political, or philosophical discussion during noninstructional time, pursuant to the Equal Access Act.

Provision of school facilities does not constitute school district sponsorship of such meeting, and the views expressed therein may or may not reflect those of the school administration, staff, or board of education and are neither approved nor disapproved by them.

Name of student initiating request: \_\_\_\_\_

School: \_\_\_\_\_

Grade: \_\_\_\_\_

Home Room: \_\_\_\_\_

Date of Meeting: \_\_\_\_\_

Time: \_\_\_\_\_

Estimated number to attend: \_\_\_\_\_

Special Equipment needs: \_\_\_\_\_

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*(School District Use Only)*

Room assigned: \_\_\_\_\_

Condition of Facilities: \_\_\_\_\_

Staff (if any) assigned to supervise: \_\_\_\_\_

Notes: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

# **Dawson-Boyd Public Schools Policy #802**

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

Revised: 1-16-2023

## **802 DISPOSITION OF OBSOLETE EQUIPMENT AND MATERIAL**

### **I. PURPOSE**

The purpose of this policy is to provide guidelines for the superintendent to assist in timely disposition of obsolete equipment and material.

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

Effective use of school building space, and consideration for safety of personnel, will at times require disposal of obsolete equipment and material.

### **III. DEFINITIONS**

- A. "Contract" means an agreement entered into by the school district for the sale of supplies, materials, or equipment.
- B. "Official newspaper" is a regular issue of a qualified legal newspaper.

### **IV. MANNER OF DISPOSITION**

#### **A. Authorization**

The superintendent shall be authorized to dispose of obsolete equipment and materials by selling it at a fair price consistent with the procedures outlined in this policy. Any sale exceeding the minimum amount for which bids are required must first be specifically authorized by the school board. The superintendent shall be authorized to properly dispose of used books, materials, and equipment deemed to have little or no value.

#### **B. Contracts Over \$100,000**

1. If the value of the equipment or materials is estimated to exceed \$100,000, sealed bids shall be solicited by two weeks' published notice in the official newspaper. This notice shall state the time and place of receiving bids and contain a brief description of the subject matter. Additional publication in the official newspaper or elsewhere may be made as the school board shall deem necessary.
2. The sale shall be awarded to the highest responsible bidder, be duly executed in writing, and be otherwise conditioned as required by law.
3. A record shall be kept of all bids, with names of bidders and amounts of bids, and an indication of the successful bid. A bid containing an alteration or erasure of any price contained in the bid which is used in determining the highest responsible bid shall be rejected unless the alteration or erasure is corrected by being crossed out and the correction printed in ink or typewritten adjacent thereto and initialed in ink by the person signing the bid.

4. In the case of identical high bids from two or more bidders, the school board may, at its discretion, utilize negotiated procurement methods with the tied high bidders so long as the price paid does not go below the high tied bid price. In the case where only a single bid is received, the school board may, at its discretion, negotiate a mutually agreeable contract with the bidder so long as the price paid does not fall below the original bid. If no satisfactory bid is received, the board may readvertise.
5. All bids obtained shall be kept on file for a period of at least one year after their receipt. Every contract made without compliance with the foregoing provisions shall be void.
6. Data submitted by a business to a school in response to a request for bids are private until opened. Once opened, the name of the bidder and the dollar amount specified become public; all other data are private until completion of the selection process, meaning the school has completed its evaluation and ranked the responses. After completion of the selection process, all data submitted by all bidders are public except trade secret data. If all responses are rejected prior to completion of the selection process, all data remain private, except the name of the bidder and the dollar amount specified which were made public at the bid opening for one year from the proposed opening date or until resolicitation results in completion of the selection process or until a determination is made to abandon the purchase, whichever occurs sooner, at which point the remaining data becomes public. Data created or maintained by the school district as part of the selection or evaluation process are protected as nonpublic data until completion of the selection or evaluation process. At that time, the data are public with the exception of trade secret data.

C. Contracts From \$25,000 to \$100,000

If the amount of the sale is estimated to exceed \$25,000 but not to exceed \$100,000, the contract may be made either upon sealed bids in the manner directed above or by direct negotiation, by obtaining two or more quotations for the purchase or sale when possible, and without advertising for bids or otherwise complying with the requirements of competitive bidding notice. All quotations obtained shall be kept on file for a period of at least one year after receipt.

D. Contracts \$25,000 or Less

If the amount of the sale is estimated to be \$25,000 or less, the contract may be made either upon quotation or in the open market, in the discretion of the school board. The sale in the open market may be by auction. If the contract is made on quotation, it shall be based, so far as practicable, on at least two quotations which shall be kept on file for a period of at least one year after receipt.

E. Electronic Sale of Surplus Supplies, Materials, and Equipment

Notwithstanding the other procedural requirements of this policy, the school district may contract to sell supplies, materials, and equipment which is surplus, obsolete, or unused through an electronic selling process in which purchasers compete to purchase the supplies, materials, or equipment at the highest purchase price in an open and interactive environment.

F. Notice of Quotation

Notice of procedures to receive quotations shall be given by publication or other means as appropriate to provide reasonable notice to the public.

G. Sales to Employees

No officer or employee of the school district shall sell or procure for sale or possess or control for sale to any other officer or employee of the school district any property or materials owned by the school district unless the property and materials are not needed for public purposes and are sold to a school district employee after reasonable public notice, at a public auction or by sealed response, if the employee is not directly involved in the auction or sale process. Reasonable notice shall include at least one week's published or posted notice. A school district employee may purchase no more than one motor vehicle from the school district at any one auction. This section shall not apply to the sale of property or materials acquired or produced by the school district for sale to the general public in the ordinary course of business. Nothing in this section shall prohibit an employee of the school district from selling or possessing for sale public property if the sale or possession for sale is in the ordinary course of business or the normal course of the employee's duties.

H. Exceptions for Surplus School Computers

1. A school district may bypass the requirements for competitive bidding and is not subject to any other laws relating to school district contracts if it is disposing of surplus school computer and related equipment, including a tablet device, by conveying the property and title to:
  - a. another school district;
  - b. the state department of corrections;
  - c. the board of trustees of Minnesota State Colleges and Universities;
  - d. the family of a student residing in the district whose total family income meets the federal definition of poverty; or
  - e. a charitable organization under section 501(c)(3) of the Internal Revenue Code that is registered with the attorney general's office for educational use.
2. If surplus school computers are not disposed of as described in Paragraph 1., upon adoption of a written resolution of the school board, when updating or replacing school computers, including tablet devices, used primarily by students, the school district may sell or give used computers or tablets to qualifying students at the price specified in the written resolution. A student is eligible to apply to the school board for a computer or tablet under this subdivision if the student is currently enrolled in the school and intends to enroll in the school in the year following the receipt of the computer or tablet. If more students apply for computers or tablets than are available, the school must first qualify students whose families are eligible for free or reduced-price meals and then dispose of the remaining computers or tablets by lottery.

**Legal References:** Minn. Stat. § 13.591 (Business Data)  
Minn. Stat. § 15.054 (Sale or Purchase of State Property; Penalty)  
Minn. Stat. § 123B.29 (Sale at Auction)  
Minn. Stat. § 123B.52 (Contracts)  
Minn. Stat. § 471.345 (Uniform Municipal Contracting Law)  
Minn. Stat. § 645.11 (Published Notice)

**Cross References:** MSBA School Law Bulletin "F" (School District Contract and Bidding Procedures)

# **Dawson-Boyd Public Schools Policy # 805**

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

Revised: 1-16-2023

## **805 WASTE REDUCTION AND RECYCLING**

### **I. PURPOSE**

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

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

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

### **III. DEFINITIONS**

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

plastics, metals, automobile oil, batteries, source-separated compostable materials, and sole source food waste streams that are managed through biodegradative processes. Refuse-derived fuel or other material that is destroyed by incineration is not a recyclable material.

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

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

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

1. reduction of the consumption of consumable materials whenever practicable;
  2. full utilization of materials prior to disposal;
  3. minimization of the use of non-biodegradable products whenever practicable.
- B. Each school district facility shall also collect at least three recyclable materials, such as, but not limited to, the following: paper, glass, plastic, and metal.
- C. The school district will transfer all recyclable materials collected to a recycler and, to the extent practicable, cooperate with, and participate in, recycling efforts being made by the city and/or county where the school district is located.
- D. Prior to entering into a contract for the management of mixed municipal solid waste, the school district will determine whether the disposal method provided for in the contract is equal to or better than the waste management practices currently employed in the county or district plan in the county where the school district is located and whether the contract is consistent with the solid waste plan. If the waste management method provided for in the contract is ranked lower than the waste management practices employed by the county or district, the school district will:
1. determine the potential liability to the school district and its taxpayers for managing waste in this manner;
  2. develop and implement a plan for managing the potential liability; and
  3. submit the information in (1) and (2) above to the PCA.
- If the contract is inconsistent with the county plan or if the school district's waste management activities are inconsistent with the county plan, the school district should obtain the consent of the county prior to entering into a binding contract or developing or implementing inconsistent solid waste management activities.
- E. The school district may not knowingly place motor oil, brake fluid, power steering fluid, transmission fluid, motor oil filters, or motor vehicle antifreeze (other than small amounts of antifreeze contained in water used to flush the cooling system of a vehicle after the antifreeze has been drained and does not include de-icer that has been used on the exterior of a vehicle) in or on:
1. solid waste or solid waste management facilities other than a recycling facility or household hazardous waste collection facility;
  2. the land unless approved by the PCA; or
  3. the waters of the state, an individual sewage treatment system, or in a storm water or waste water collection or treatment system unless:
    - a. permitted to do so by the operator of the system and the PCA;
    - b. the school district generates an annual average of less than 50 gallons of waste motor vehicle antifreeze per month; and

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

- K. The school district may not place a telephone directory:
  - 1. in solid waste;
  - 2. in a disposal facility; or
  - 3. in a resource recovery facility, except a recycling facility.
- L. The school district may not:
  - 1. place major appliances in mixed municipal solid waste; or
  - 2. dispose of major appliances in or on the land or in a solid waste processing or disposal facility.
- M. The school district may not place in mixed municipal solid waste an electronic product containing a cathode-ray tube.
- N. The school district, on its own or in cooperation with others, may implement a program to collect, process, or dispose of household batteries. The school district may provide financial incentives to any person, including public or private civic groups, to collect the batteries.

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

- A. When practicable and when the price of recycled materials does not exceed the price of nonrecycled materials by more than 10 percent, the school district may purchase recycled materials. In order to maximize the quantity and quality of recycled materials purchased, the school district may also use other appropriate procedures to acquire recycled materials at the most economical cost to the school district.
- B. When purchasing commodities and services, the school district will apply and promote waste management practices with special emphasis on the reduction of the quantity and toxicity of materials in waste.
- C. Whenever practicable, the school district will:
  - 1. purchase uncoated copy paper, office paper, and printing paper unless the coated paper is made with at least 50 percent postconsumer material;
  - 2. purchase recycled content copy paper with at least 30 percent postconsumer material by weight and purchase office and printing paper with at least 10 percent postconsumer material by weight;
  - 3. purchase paper which has not been dyed with colors, excluding pastel colors;
  - 4. purchase recycled content copy, office, and printing paper that is manufactured using little or no chlorine bleach or chlorine derivatives;
  - 5. use reusable binding materials or staples and bind documents by methods that do not use glue;
  - 6. use soy-based inks;

7. purchase printer or duplication cartridges that:
    - a. have 10 percent post-consumer material; or
    - b. are purchased as remanufactured; or
    - c. are backed by a vendor-offered program that will take back the printer cartridges after their useful life, ensure that the cartridges are recycled, and comply with the definition of recycling in Minnesota Statutes section 115A.03, subdivision 25b;
  8. produce reports, publications, and periodicals that are readily recyclable;
  9. purchase paper which has been made on a paper machine located in Minnesota; and
  10. print documents on both sides of the paper where commonly accepted publishing practices allow.
- D. The school district may not use a specified product included on the prohibited products list published in the State Register.
  - E. In developing bid specifications, the school district will consider the extent to which a commodity or product is durable, reusable or recyclable, and marketable through applicable local or regional recycling programs and the extent to which the commodity or product contains postconsumer material.
  - F. When a project involves the replacement of carpeting, the school district may require all persons who wish to bid on the project to designate a carpet recycling company in their bids.

## **VI. OTHER**

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

**Legal References:** Minn. Stat. § 16C.073 (Purchase and Use of Paper Stock; Printing)  
 Minn. Stat. § 115A.03 (Definitions)  
 Minn. Stat. § 115A.15 (State Government Resource Recovery)  
 Minn. Stat. § 115A.151 (Recycling Requirements; Public Entities; Commercial Buildings; Sports Facilities))  
 Minn. Stat. § 115A.46 (Regional and Local Solid Waste Management Plan; Requirements)  
 Minn. Stat. § 115A.471 (Public Entities; Managing Solid Waste)  
 Minn. Stat. § 115A.915 (Lead Acid Batteries; Land Disposal Prohibited)  
 Minn. Stat. § 115A.9155 (Disposing of Certain Dry Cell Batteries)  
 Minn. Stat. § 115A.9157 (Rechargeable Batteries and Products)  
 Minn. Stat. § 115A.916 (Motor Vehicle Fluids and Filters; Prohibitions)  
 Minn. Stat. § 115A.931 (Yard Waste; Prohibition)  
 Minn. Stat. § 115A.932 (Mercury Prohibition)  
 Minn. Stat. § 115A.951 (Telephone Directories)  
 Minn. Stat. § 115A.9561 (Major Appliances)  
 Minn. Stat. § 115A.9565 (Cathode-Ray Tube Prohibition)  
 Minn. Stat. § 115A.961, Subd. 3 (Household Batteries; Collection, Processing, and Disposal)

Minn. Stat. § 115A.9651 (Listed Metals in Specified Products; Enforcement)  
Minn. Stat. § 116.93, Subd. 1 (Lamp Recycling Facilities)  
Minn. Stat. § 216B.241, Subd. 2 (Public Utilities; Energy Conservation and Optimization)  
Minn. Stat. § 458D.07 (Sewage Collection and Disposal)  
*National Solid Waste Management Ass'n v. Williams, et al.*, 966 F.Supp. 844 (D. Minn. 1997)

**Cross References:** None

# **Dawson-Boyd Public Schools Policy #806**

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

Revised: 1-16-2023

## **806 CRISIS MANAGEMENT POLICY**

### **I. PURPOSE**

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

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

### **II. GENERAL INFORMATION**

#### **A. The Policy and Plans**

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

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

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

1. **General Crisis Procedures.** The Crisis Management Policy includes general crisis procedures for securing buildings, classroom evacuation, building evacuation, campus evacuation, and sheltering. The Policy designates the individual(s) who will determine when these actions will be taken. These district-wide procedures may be modified by building administrators when creating their building-specific

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

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

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

2. Crisis-Specific Procedures. The Crisis Management Policy includes crisis-specific

procedures for crisis situations that may occur during the school day or at school-sponsored events and functions. These district-wide procedures are designed to enable building administrators to tailor response procedures when creating building-specific crisis management plans.

3. School Emergency Response Teams

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

**III. PREPARATION BEFORE AN EMERGENCY**

A. Communication

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

on plan implementation and shall participate in a required number of drills and practice sessions throughout the school year.

B. Planning and Preparing for Fire

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

C. Facility Diagrams and Site Plans

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

D. Emergency Telephone Numbers

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

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

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

E. Warning and Notification Systems

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

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

F. Early School Closure Procedures

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

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

G. Media Procedures

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

conveying information to the media.

H. Behavioral Health Crisis Intervention Procedures

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

1. Administrator will meet with relevant persons, including school psychologists and counselors, to determine the level of intervention needed for students and staff.
2. Designate specific rooms as private counseling areas.
3. Escort siblings and close friends of any victims as well as others in need of emotional support to the counseling areas.
4. Prohibit media from interviewing or questioning students or staff.
5. Provide follow-up services to students and staff who receive counseling.
6. Resume normal school routines as soon as possible.

I. Long-Term Recovery Intervention Procedures

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

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

**IV. SAMPLE PROCEDURES INCLUDED IN THIS POLICY**

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

- A. Fire
- B. Hazardous Materials
- C. Severe Weather: Tornado/Severe Thunderstorm/Flooding
- D. Medical Emergency
- E. Fight/Disturbance
- F. Assault
- G. Intruder

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

**V. MISCELLANEOUS PROCEDURES**

A. Chemical Accidents

Procedures for reporting chemical accidents shall be posted at key locations such as chemistry labs, art rooms, swimming pool areas, and janitorial closets.

B. Visitors

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

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

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

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

D. Radiological Emergencies at Nuclear Generating Plants [OPTIONAL]

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

plant.

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

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

**Cross References:** MSBA/MASA Model Policy 407 (Employee Right to Know – Exposure to Hazardous Substances)  
MSBA/MASA Model Policy 413 (Harassment and Violence)  
MSBA/MASA Model Policy 501 (School Weapons Policy)  
MSBA/MASA Model Policy 506 (Student Discipline)  
MSBA/MASA Model Policy 532 (Use of Peace Officers and Crisis Teams to Remove Students with IEPs from School Grounds)  
MSBA/MASA Model Policy 903 (Visitors to School District Buildings and Sites)  
*Comprehensive School Safety Guide*  
<https://dps.mn.gov/divisions/hsem/mn-school-safety-center/Documents/Comprehensive%20School%20Safety%20Guide.pdf>

# **Dawson-Boyd Public Schools Policy # 904**

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

Revised: 1-16-2023

## **904 DISTRIBUTION OF MATERIALS ON SCHOOL DISTRICT PROPERTY BY NONSCHOOL PERSONS**

### **I. PURPOSE**

The purpose of this policy is to provide for distribution of materials appropriate to the school setting by nonstaff and nonstudents on school district property in a reasonable time, place, and manner which does not disrupt the educational program nor interfere with the educational objectives of the school district.

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

- A. The school district intends to provide a method for nonschool persons and organizations to distribute materials appropriate to the school setting within the limitations and provisions of this policy.
- B. To provide for orderly and nondisruptive distribution of materials, the school board adopts the following regulations and procedures.

### **III. DEFINITIONS**

- A. "Distribution" means circulation or dissemination of materials by means of handing out free copies, selling or offering copies for sale, accepting donations for copies, posting or displaying materials, or placing materials in internal staff or student mailboxes.
- B. "Materials" includes all materials and objects intended by nonschool persons or nonschool organizations for distribution. Examples of nonschool-sponsored materials include, but are not limited to, leaflets, brochures, buttons, badges, flyers, petitions, posters, underground newspapers whether written by students, employees or others, and tangible objects.
- C. "Nonschool person" means any person who is not currently enrolled as a student in or employed by the school district.
- D. "Obscene to minors" means:
  - 1. The average person, applying contemporary community standards, would find that the material, taken as a whole, appeals to the prurient interest of minors of the age to whom distribution is requested;
  - 2. The material depicts or describes, in a manner that is patently offensive to prevailing standards in the adult community concerning how such conduct should be presented to minors of the age to whom distribution is requested, sexual conduct such as intimate sexual acts (normal or perverted), masturbation, excretory functions, and lewd exhibition of the genitals; and

3. The material, taken as a whole, lacks serious literary, artistic, political, or scientific value for minors.
- E. "Minor" means any person under the age of eighteen (18).
- F. "Material and substantial disruption" of a normal school activity means:
1. Where the normal school activity is an educational program of the school district for which student attendance is compulsory, "material and substantial disruption" is defined as any disruption which interferes with or impedes the implementation of that program.
  2. Where the normal school activity is voluntary in nature (including school athletic events, school plays and concerts, and lunch periods) "material and substantial disruption" is defined as student rioting, unlawful seizures of property, conduct inappropriate to the event, participation in a school boycott, demonstration, sit-in, stand-in, walk-out, or other related forms of activity.

In order for expression to be considered disruptive, specific facts must exist upon which the likelihood of disruption can be forecast including past experience in the school, current events influencing student activities and behavior, and instances of actual or threatened disruption relating to the written material in question.

- G. "School activities" means any activity sponsored by the school including, but not limited to, classroom work, library activities, physical education classes, official assemblies and other similar gatherings, school athletic contests, band concerts, school plays, other theatrical productions, and in-school lunch periods.
- H. "Libelous" is a false and unprivileged statement about a specific individual that tends to harm the individual's reputation or to lower him or her in the esteem of the community.

#### **IV. GUIDELINES**

- A. Nonschool persons and organizations may, within the provisions of this policy, be granted permission to distribute, at reasonable times and places as set forth in this policy, and in a reasonable manner, materials and objects which are appropriate to the school setting.
- B. Requests for distribution of materials will be reviewed by the administration on a case-by-case basis. However, distribution of the following materials is always prohibited. Material is prohibited that:
1. is obscene to minors;
  2. is libelous;
  3. is pervasively indecent or vulgar or contains any indecent or vulgar language or representations, with a determination made as to the appropriateness of the material for the age level of students to which it is intended;
  4. advertises any product or service not permitted to minors by law;
  5. advocates violence or other illegal conduct;

6. constitutes insulting or fighting words, the very expression of which injures or harasses other people (e.g., threats of violence, defamation of character or of a person's race, religion, or ethnic origin);
  7. presents a clear and present likelihood that, either because of its content or the manner of distribution, it will cause a material and substantial disruption of the proper and orderly operation and discipline of the school or school activities, will cause the commission of unlawful acts or the violation of lawful school regulations.
- C. Permission for nonschool persons to distribute materials on school district property is a privilege and not a right. In making decisions regarding permission for such distribution, the administration will consider factors including, but not limited to, the following:
1. whether the material is educationally related;
  2. the extent to which distribution is likely to cause disruption of or interference with the school district's educational objectives, discipline, or school activities;
  3. whether the materials can be distributed from the office or other isolated location so as to minimize disruption of traffic flow in hallways;
  4. the quantity or size of materials to be distributed;
  5. whether distribution would require assignment of school district staff, use of school district equipment, or other resources;
  6. whether distribution would require that nonschool persons be present on the school grounds;
  7. whether the materials are a solicitation for goods or services not requested by the recipients.

#### **V. TIME, PLACE, AND MANNER OF DISTRIBUTION**

If permission is granted pursuant to this policy for the distribution of any materials, the time, place, and manner of distribution will be solely within the discretion of the administration, consistent with the provisions of this policy.

#### **VI. PROCEDURES**

- A. Any nonschool person wishing to distribute materials must first submit for approval a copy of the materials to the administration at least five days in advance of desired distribution time, together with the following information:
1. Name and phone number of the person submitting the request.
  2. Date(s) and time(s) of day of requested distribution.
  3. If material is intended for students, the grade(s) of students to whom the distribution is intended.
  4. The proposed method of distribution.

- B. The administration will review the request and render a decision. The administration will assign a location and method of distribution and will inform the persons submitting the request whether nonschool persons may be present to distribute the materials. In the event that permission to distribute the materials is denied or limited, the person submitting the request should be informed in writing of the reasons for the denial or limitation.
- C. Permission or denial of permission to distribute material does not imply approval or disapproval of its contents by either the school, the administration of the school, the school board, or the individual reviewing the material submitted.
- D. In the event that permission to distribute materials is denied, the nonschool person or organization may request reconsideration of the decision by the superintendent. The request for reconsideration must be in writing and must set forth the reasons why distribution is desirable and in the interest of the school community.

#### **VII. VIOLATION OF POLICY**

Any party violating this policy or distributing materials without permission will be directed to leave the school property immediately and, if necessary, the police will be called.

#### **VIII. IMPLEMENTATION**

The school district administration may develop any additional guidelines and procedures necessary to implement this policy for submission to the school board for approval. Upon approval by the school board, such guidelines and procedures shall be an addendum to this policy.

**Legal References:** U. S. Const., amend. I  
*Hazelwood School District v. Kuhlmeier*, 484 U.S. 260, 108 S.Ct. 562, 98 L.Ed.2d 592 (1988)  
*Doe v. South Iron R-1 School District*, 498 F.3d 878 (8<sup>th</sup> Cir. 2007)  
*Bystrom v. Fridley High School*, 822 F.2d 747 (8<sup>th</sup> Cir. 1987)  
*Cornelius v. NAACP Legal Defense and Educational Fund, Inc.*, 473 U.S. 788, 105 S.Ct. 3439, 87 L.Ed.2d 567 (1985)  
*Perry Education Ass'n v. Perry Local Educators' Ass'n*, 460 U.S. 37, 103 S.Ct. 948, 74 L.Ed.2d 794 (1983)  
*Roark v. South Iron R-1 School Dist.*, 573 F.3d 556 (8<sup>th</sup> Cir. 2009)  
*Victory Through Jesus Sports Ministry Foundation v. Lee's Summit R-7 School Dist.*, 640 F.3d 329 (8<sup>th</sup> Cir. 2011), cert. denied 565 U.S. 1036, 132 S.Ct. 592 (2011)

**Cross References:** MSBA/MASA Model Policy 505 (Distribution of Nonschool-Sponsored Materials on School Premises by Students and Employees)  
 MSBA/MASA Model Policy 512 (School-Sponsored Student Publications)