



South St. Paul School Board Meeting
 Monday, November 13, 2023 6:00 PM
 Location: CITY HALL
 125 THIRD AVENUE NORTH
 South St Paul, Minnesota 55075

Agenda

I.	ROLL CALL and PLEDGE OF ALLEGIANCE	
II.	APPROVAL OF MEETING AGENDA/MINUTES	
	A. School Board Meeting Agenda, November 13, 2023	
	B. Committee-of-the-Whole and Regular Meeting Minutes, October 23, 20203	4
III.	ELECTION	
	A. Approval, for the South St. Paul School Board to approve the Resolution Canvassing Returns of Votes of School District Special Election. (L. Brandecker)	7
	B. Approval, for the South St. Paul School Board to approve the Resolution Authorizing Issuance of Certificates of Election and Directing the School District Clerk to Perform Other Election Related Duties. (L. Brandecker)	16
	C. Oath of Office for newly elected Board member Kim Humann. (J. Raasch)	23
IV.	QUALITY-IN-ACTION and REPORTS	
	A. Quality-in-Action: High School Principal Chuck Ochocki and Teacher Graham Judd will highlight the Art of the Trades class that is new this year as a part of the Pathway to Packer Promise work. (C. Ochocki and G. Judd)	
	B. Quality-in-Action: In honor of Native American Heritage Month, Lesly Gamez, Assistant Director of Educational Services and Courtney Renville Soto, Native American Liaison, will highlight and celebrate the work of the American Indian Education Program. (Lesly Gamez/Courtney Renville Soto)	
	C. Report: Chair John Raasch will highlight the Public Listening Session submissions. (J. Raasch)	25

D. Report: School Board members will highlight items from the committee-of-the-whole meeting. (Board)	26
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A. Financial Claims: Bills Payable	28
B. Staffing: Appointments, Resignations, Transfers, Retirements, Abolishments, and Leaves	36
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12. #602 - Organization of School Calendar and School Day	100
13. #616 - School District Accountability System	103
VII. BUSINESS ITEMS	
A. Approval, for the South St. Paul School Board to approve the June 30, 2023 Financial Statements and Management Report. (Brady Hoffman and Aaron Nielsen)	109
B. Approval, for the South St. Paul School Board to approve the Acceptance of Gifts Resolution. (B. Hoffman)	268
C. Approval, for the South St. Paul School Board to approve the 2023-24 Student Teacher Agreement between South St. Paul Public Schools, Special School District 6 and Hamline University. (J. Milteer)	270
VIII. INFORMATIONAL ITEMS	
A. Board Members' Reports/Committee Updates/Where Have You Seen a Passion: Board members will report on recent educational activities/events in which they have participated as well as other informational items.	
IX. CLOSED SESSION	

- A. Closed Session per the Open Meeting Law (Minn. Stat. § 13D.03) for teacher negotiations. (J. Milteer/B. Hoffman)
- B. Adjourn the Closed Session

X. **ADJOURN**

**South St. Paul School Board
Committee-of-the-Whole Meeting Minutes**

October 23, 2023

Chair John Raasch called the October 23, 2023, committee-of-the-whole meeting to order at 5:00 PM with seven Board members present: Claflin, T. Felton, W. Felton, Humann, Laliberte, Raasch and Weber. Others present included Superintendent Zambreno, Student Board Representatives Renata Awadallah and Luis Robles Torres, and several staff members.

Student Teacher Agreement

Human Resource Director Joel Milteer brought forth a proposed student teacher placement agreement between South St. Paul Public Schools and St. Thomas University. The agreement, effective for the 2023-24 school year, aligns with the District's Student Teaching Policy #437 and will go before the Board for formal approval this evening.

IB History Field Trip

Superintendent Zambreno reviewed a preliminary field trip request for the IB Humanities trip to France and Italy in March of 2025. The IB Humanities trip has been happening every other year since 1994, and this year will be expanding to include the IB English department as well. The trip will provide our students with more depth to the understanding of their studies while also fostering cultural awareness. The preliminary request will go before the Board this evening with final approval approximately one month prior to the trip.

World's Best Workforce

Amy Winter, Executive Director of Educational Services presented the World's Best Workforce (WBWF) report. The WBWF is a comprehensive, long-term strategic plan that addresses five main goals around: All children are ready for school, all third graders can read at grade level, all racial and economic achievement gaps between students are closed, all students are ready for career and college, and all students graduate from high school. Director Winter highlighted the types of data that will be used to move the needle on these five goal areas as well as some preliminary preschool and elementary data points. Secondary data points will be shared at an upcoming meeting.

The committee-of-the-whole meeting adjourned at 5:51 PM.

Respectfully submitted by:

Lisa Brandecker, Acting Secretary-Clerk
South St. Paul Board of Education



SOUTH ST. PAUL PUBLIC SCHOOLS Special School District No. 6

OCTOBER 23, 2023

The regular meeting of the School Board, Special School District No. 6, South St. Paul, was held in the city hall council chambers on Monday, October 23, 2023. Chair John Raasch called the meeting to order at 6:00 PM with seven Board members present for roll call: Claflin, T. Felton, W. Felton, Humann, Laliberte, Raasch, and Weber. Superintendent Zambreno and several staff and community members were also present.

PLEDGE OF ALLEGIANCE

The pledge of allegiance was recited.

MINUTES

By Director Humann

Seconded by Director Claflin

That the South St. Paul School Board approves the October 23, 2023, School Board meeting agenda as well as minutes from the October 9, 2023, committee-of-the-whole and regular meetings.

Motion carried (7-0)

QUALITY-IN-ACTION AND REPORTS

Quality-in-Action – Amy Winter, Executive Director of Educational Services, and her instructional and peer coaches team highlighted how they are supporting the work of our teachers.

Public Listening Session Report – There were no public listening session submissions this evening.

Committee-of-the-Whole Report – Vice Chair Weber provided a highlight of the School Board’s discussion at their committee-of-the-whole meeting this evening.

Superintendent Report – Superintendent Zambreno provided highlights from around the district.

CONSENT ITEMS

By Director Weber

Seconded by Director W. Felton

A. Financial Claims—Bills Payable

B. Staffing: Appointments, Resignations, Transfers, Retirements, Abolishments, and Leaves.

Motion carried (7-0)

BUSINESS ITEMS

By Director Humann Seconded by Director Weber
Approval, for the South St. Paul School Board to approve the 2023-24 Student Teacher Agreement between South St. Paul Public Schools, Special School District 6 and the University of St. Thomas.
Motion carried 7-0

By Director Laliberte Seconded by Director Claflin
Approval, for the South St. Paul School Board to approve the preliminary field trip request for the Spring of 2025 IB History/English field trip to France and Italy.
Motion carried 7-0

By Director Humann Seconded by Director Weber
Approval, for the South St. Paul School Board to approve scheduling a special joint work session with the South St. Paul City Council on Monday, October 30 2023 at 5:30 PM.
Motion carried 7-0

INFORMATIONAL ITEMS

School Board members reported on various educational activities/events in which they have participated as well as other informational items.

ADJOURN

By Director Humann Seconded by Director Claflin
That the School Board moves to open the closed session and adjourn the October 23, 2023, meeting at 6:51 PM.
Motion carried (7-0)

Official Board Minutes are available in the District Office at 104 – 5th Ave. So. – So. St. Paul

Respectfully Submitted by:

Lisa Brandecker, Acting Secretary-Clerk
Board of Education



SOUTH ST. PAUL PUBLIC SCHOOLS

School Board Agenda Item

Meeting Date: Monday, November 13, 2023

Place on Agenda: Committee-of-the-Whole and Regular Agenda Business Item

Action Requested: Approval

Attachment: Resolution Canvassing Returns of Votes of School District Special Election

Topic: November 7, 2023 Special Election - Canvassing Returns of Votes
Presenter(s): Lisa Brandecker, Manager of Administrative Services and Communications
<p>Background:</p> <p>The South St. Paul Public Schools, Special School District 6 conducted a special election on Tuesday, November 7, 2023 to fill a vacant seat. The attached resolution is a legal requirement to canvass the special election results.</p>
<p>Recommendation:</p> <p>Approve the Resolution Canvassing Returns of Votes of School District Special Election.</p>
<p>Alternatives:</p> <p>N/A</p>

EXTRACT OF MINUTES OF MEETING
OF THE SCHOOL BOARD
OF SPECIAL SCHOOL DISTRICT NO. 6
(SOUTH ST. PAUL PUBLIC SCHOOLS)
STATE OF MINNESOTA

Pursuant to due call and notice thereof, a regular meeting of the School Board of Special School District No. 6 (South St. Paul Public Schools), State of Minnesota, was duly held in the School District on November, 13, 2023, at 6:00 o'clock pm. for the purpose, in part, of canvassing its special election.

The following members were present:

and the following were absent:

Member _____ moved the adoption of the following resolution:

**RESOLUTION CANVASSING RETURNS
OF VOTES OF SCHOOL DISTRICT SPECIAL ELECTION**

BE IT RESOLVED by the School Board of Special School District No. 6, State of Minnesota, as follows:

1. It is hereby found, determined and declared that the special election of the voters of this School District held on November 7, 2023, was in all respects duly and legally called and held.

2. As specified in the attached Abstract and Return of Votes Cast, a total of 1,306 voters of the School District voted at said special election on the election of one (1) individual to fill the vacancy in the term of School Board member expiring January 4, 2027, as follows:

Kim Humann (482)

Beth Johnson (365)

John R. Wilcox (316)

Dan Vick (131)

Write-in (6)

3. Kim Humann having received the highest number of votes, is elected to fill the vacancy in the term of school board member expiring January 4, 2027. **Said individual shall take office as soon as he or she qualifies.**

4. The Clerk is hereby directed to certify the results of the election to the county auditors of each county in which the School District is located in whole or in part.

The motion for the adoption of the foregoing resolution was duly seconded by Member _____ and upon vote being taken thereon, the following voted in

favor thereof:

and the following voted against the same:

whereupon said resolution was declared duly passed and adopted.

Abstract of Votes Cast
Special School District No. 6 (SOUTH ST PAUL)
State of Minnesota
at the Municipal and School District General
Held Tuesday, November 7, 2023

Compiled from the Official Returns.

Summary of Totals
Special School District No. 6 (SOUTH ST PAUL)
Tuesday, November 7, 2023 Municipal and School District General

Number of persons registered as of 7 a.m.	11902
Number of persons registered on Election Day	36
Number of accepted regular, military, and overseas absentee ballots and mail ballots	104
Number of federal office only absentee ballots	0
Number of presidential absentee ballots	0
Total number of persons voting	1306

Summary of Totals
Special School District No. 6 (SOUTH ST PAUL)
Tuesday, November 7, 2023 Municipal and School District General

KEY TO PARTY ABBREVIATIONS

NP - Nonpartisan

Special Election for School Board Member at Large (SSD #6)

NP
Kim Humann
482

NP
Beth Johnson
365

NP
John R. Wilcox
316

NP
Dan Vick
131

WI
WRITE-IN
6

Detail of Election Results
Special School District No. 6 (SOUTH ST PAUL)
Tuesday, November 7, 2023 Municipal and School District General

Precinct	Persons Registered as of 7 A.M.	Persons Registered on Election Day	Total Number of Persons Voting
19 9221 : ISD NO. 6 SOUTH ST PAUL	11902	36	1306
Special School District No. 6 (SOUTH ST PAUL)	11902	36	1306
Total:			

Detail of Election Results
 Special School District No. 6 (SOUTH ST PAUL)
 Tuesday, November 7, 2023 Municipal and School District General

Office Title: Special Election for School Board Member at Large (SSD #6)

Precinct	NP Kim Humann	NP Beth Johnson	NP John R. Wilcox	NP Dan Vick	WI WRITE-IN
19 9221 : ISD NO. 6 SOUTH ST PAUL	482	365	316	131	6
Total:	482	365	316	131	6

We, the school board members of Special School District No. 6 (SOUTH ST PAUL), certify that we have canvassed the returns of the Municipal and School District General held on Tuesday, November 7, 2023 and have herein specified the names of any candidates receiving votes and the number of votes received by each candidate, and have herein specified the number of votes for and against any ballot questions voted on in this election.

As appears by the returns of the election precincts voting in this election, duly returned to, filed, opened, and canvassed, and now remaining on file in the office of the clerk of Special School District No. 6 (SOUTH ST PAUL).

Witness our official signature at _____ in _____ County this _____ day of _____, 2023.

School Board Member

School Board Member

School Board Member

School Board Member

School Board Member

School Board Member

School Board Member



SOUTH ST. PAUL PUBLIC SCHOOLS

School Board Agenda Item

Meeting Date: November 13, 2023

Place on Agenda: Committee-of-the-Whole and Regular Agenda Business Item

Action Requested: Approval

Attachment: Resolution Authorizing Issuance of Certificates of Election and Directing the School District Clerk to Perform Other Election Related Duties

Topic: November 7, 2023 Special Election - Issuance of Certificates of Election
Presenter(s): Lisa Brandecker, Manager of Administrative Services and Communications
<p>Background:</p> <p>The South St. Paul Public Schools, Special School District 6 conducted a special election on Tuesday, November 7, 2023 to fill a vacant seat. The attached resolution is a legal requirement for the School Board Chair and Clerk to execute certificates of election on behalf of South St. Paul Public Schools.</p>
<p>Recommendation:</p> <p>Approve the Resolution Authorizing Issuance of Certificates of Election and Directing the School District Clerk to Perform Other Election Related Duties</p>
<p>Alternatives:</p> <p>N/A</p>

EXTRACT OF MINUTES OF MEETING
OF SCHOOL BOARD
OF SPECIAL SCHOOL DISTRICT NO. 6
(SOUTH ST. PAUL PUBLIC SCHOOLS)
STATE OF MINNESOTA

Pursuant to due call and notice thereof, a regular meeting of the School Board of Special School District No. 6 (South St. Paul Public Schools), State of Minnesota, was held in said School District on the 13th day of November 2023, at 6:00 o'clock p.m.

The following members were present:

and the following were absent:

Member _____ introduced the following resolution and moved its adoption:

**RESOLUTION AUTHORIZING ISSUANCE OF CERTIFICATES
OF ELECTION AND DIRECTING THE SCHOOL DISTRICT CLERK
TO PERFORM OTHER ELECTION RELATED DUTIES**

WHEREAS, the School Board has canvassed the special election for School Board members held on November 7, 2023.

NOW THEREFORE, BE IT RESOLVED by the School Board of Special School District No. 6, State of Minnesota, as follows:

1. The Board Chair and Clerk are hereby authorized to execute a Certificate of Election on behalf of the School Board of Special School District No. 6 to the following candidate: Kim Humann, who has received a sufficiently large number of votes to fill the vacancy in the term of School Board member expiring January 4, 2027. Such individual shall take office as soon as he or she qualifies.
2. The Certificate of Election shall be in substantially the form attached hereto.

3. After the time for contesting the election has passed and the candidate has filed all campaign financial reports required by Minnesota Statutes, Chapter 211A, the Clerk of the School Board is hereby directed to deliver a certificate to the person entitled thereto personally or by certified mail.

4. The Clerk is hereby directed to enclose with the certificate a form of acceptance of office and oath of office in substantially the form attached hereto.

The motion for the adoption of the foregoing resolution was duly seconded by _____ and upon vote being taken thereon the following voted in favor thereof:

and the following voted against the same:

whereupon said resolution was declared duly passed and adopted.

**CERTIFICATE OF ELECTION
(Vacancy)**

This is to certify as follows:

1. The School Board of Special School District No. 6 on November 13, 2023, canvassed the special election held on November 7, 2023 to fill a vacancy in term of School Board member expiring January 4, 2027.

2. Kim Humann received the largest number of votes cast for the office of School Board member of Special School District No. 6 for a vacancy in term expiring January 4, 2027.

3. Therefore Kim Humann is elected to the office of School Board member of Special School District No. 6 for the remainder of the term expiring January 4, 2027.

By authority of the School Board of Special School District No. 6, pursuant to resolution dated November 13, 2023.

Dated _____

Board Chair

Dated _____

Clerk

OATH OF OFFICE

I swear/affirm that I will support the Constitution of the United States and of this state, and that I will discharge faithfully the duties of the office of school board member of Special School District No. 6 to the best of my judgment and ability.

Date: November 13, 2023

Signature

STATE OF MINNESOTA)
) ss.
COUNTY OF DAKOTA)

The foregoing instrument was acknowledged before me this 13th day of November, 2023
by Kim Humann .
 Name of Candidate

Notary Public



SOUTH ST. PAUL PUBLIC SCHOOLS

School Board Agenda Item

Meeting Date: November 13, 2023

Place on Agenda: Oath of Office

Action Requested: Recite the Oath of Office

Attachment: Oath of Office 2023

Topic: Oath of Office – Swearing in Ceremony
Presenter(s): Chair John Raasch
Background: On Monday evening, we are excited to celebrate the official swearing in of Kim Humann for her term on the SSPPS School Board. Kim was successfully elected at the November 7, 2023 special election and will serve the remainder of Bernie Beermann’s term that expires in January of 2027.

OATH OF OFFICE TO SCHOOL BOARD MEMBERS

It is an honor that you were elected to guide the education of our community's children. As you recite the oath of office, you assume a tremendous responsibility as a director of our school district with the duties empowered by the Minnesota Legislature. This power puts you and the other members of our school board in the position of being both morally and legally responsible for equitable, quality education for every student in the district.

In carrying out this responsibility, you will be asked to fulfill the roles of vision, structure, accountability, and advocacy. In providing vision, the board, with extensive participation of the community, envisions the community's educational future and then formulates the goals, defines the outcomes and sets the course for the public schools.

To achieve the vision, the board, in partnership with district leaders, establishes a structure and creates an environment designed to ensure all students the opportunity to attain their maximum potential through a sound organizational framework.

KIM HUMANN, having signed the acceptance of office and oath of office, will you please publicly affirm your commitment by raising your right hand and repeating the oath of office after me:

**I swear that I will support the Constitution of the United States
and of this state,
and that I will discharge faithfully the duties
of the office of School Board member
of South St. Paul Public Schools, Special School District No. 6
to the best of my judgment and ability.**



SOUTH ST. PAUL PUBLIC SCHOOLS

School Board Agenda Item

Place on Agenda: Regular Meeting Reports

Action Requested: None

Attachment: None

Topic: School Board Listening Session Report

Presenter(s): Board Chair

Background:

At the committee-of-the-whole and regular business meetings, the Board Chair will provide an overview of the listening session submissions.

The South St. Paul School Board provides the following opportunities for community members to address the board:

- **In-Person** on the first meeting date of each month according to the schedule listed on the [district's website](#). Public listening sessions are held at City Hall (125 – 3rd Avenue North) beginning at 4:15 PM.
- **Electronic form submissions** are accepted on all meeting dates listed on the [district's website](#). Click [here](#) to submit a Public Listening Session comment.
 - Form submissions will be acknowledged by Board Chair and/or Superintendent on-air during the regular business meeting. The Board Chair and/or Superintendent will also follow-up personally with the individuals submitting a Public Listening Session form.



SOUTH ST. PAUL PUBLIC SCHOOLS

School Board Agenda Item

Place on Agenda: Reports

Action Requested: None

Attachment: None

Topic: Committee-of-the-Whole Meeting Update
Presenter(s): Board
Background: School Board members will highlight items from the committee-of-the-whole meeting.
Recommendation: N/A
Alternatives: N/A



SOUTH ST. PAUL PUBLIC SCHOOLS

School Board Agenda Item

Place on Agenda: Reports

Action Requested: None

Attachment: None

Topic: Superintendent's Update
Presenter(s): Dr. Brian Zambreno, Superintendent
Background: Superintendent Zambreno will provide highlights from around the District.
Recommendation: N/A
Alternatives: N/A



SOUTH ST. PAUL PUBLIC SCHOOLS

School Board Agenda Item

Meeting Date: November 13, 2023

Place on Agenda: Consent Items

Action Requested: Approval

Attachment: Financials – Bills Payable

Topic: Financials – Bills Payable
Presenter(s): Chair
Background: It is the policy of the school district to maintain its records so that they will be available for inspection by members of the general public and to provide for the publication of its official proceedings in compliance with law.
Recommendation: Administration recommends the approval of the attached financial statement.
Alternatives: N/A

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NUMBER	TYP	AMOUNT	DATE VENDOR
204102	R	378.18	10/26/2023 AMAZON CAPITAL SERVICES
204103	R	100.00	10/26/2023 ANDERSON, FALLON
204104	R	50.00	10/26/2023 GRIFFIN, COLM
204105	R	172,809.29	10/26/2023 IND SCHOOL DISTRICT 197/COMMUNITY ED
204106	R	77,467.05	10/26/2023 IND SCHOOL DISTRICT 199/COMMUNITY ED
204107	R	500.00	10/26/2023 MN ADMINISTRATORS FOR SPECIAL EDUCATION
204108	R	16,901.04	10/26/2023 NORTHLINE TRANSPORTATION
204109	R	100.00	10/26/2023 OLSON, BREANNA
204110	R	84,077.98	10/26/2023 SAFEWAY BUS COMPANY
204111	R	49,871.89	10/26/2023 XCEL ENERGY
204112	R	426.36	10/27/2023 CHILD SUPPORT SERVICES DIVISION
204113	R	636.08	10/27/2023 FLINN SCIENTIFIC INC
204114	R	30.80	10/27/2023 JOSTENS
204115	R	475.75	10/27/2023 LOCAL #70
204116	R	1,438.60	10/27/2023 MINNESOTA CHILD SUPPORT PAYMENT CENTER
204117	R	96.00	10/27/2023 NCPERS GROUP LIFE INS
204118	R	166.50	10/27/2023 OFFICE AND PROF EMPLOYEES UNION
204119	R	12,293.71	10/27/2023 SOUTH ST PAUL TEACHER'S ASSOCIATION
204120	R	5.00	10/27/2023 SOUTH ST PAUL OPEN FOUNDATION
204121	R	60.00	10/27/2023 SOUTH ST PAUL EDUCATION FOUNDATION
204122	R	914.40	10/27/2023 SSP EASRP
204123	R	49,283.56	10/27/2023 TEACHERS ON CALL
204124	R	448.40	11/02/2023 ACADEMY OF HOLY ANGELS
204125	R	277.51	11/02/2023 AIM ELECTRONICS
204126	R	3,056.03	11/02/2023 AMAZON CAPITAL SERVICES
204127	R	81.00	11/02/2023 ANDERSON, ANTHONY
204128	R	81.00	11/02/2023 ANDERSON, ERIC
204129	R	315.00	11/02/2023 AUFDERWORLD CORP
204130	R	750.00	11/02/2023 BACKUPIFY
204131	R	1,627.49	11/02/2023 BECKER, ANGELA
204132	R	174.88	11/02/2023 BENSON PUBLIC SCHOOLS ISD 777
204133	R	1,068.75	11/02/2023 BETTER DESIGN ENTERPRISES LLC
204134	R	10,309.20	11/02/2023 BEVSO
204135	R	788.86	11/02/2023 BUILDING CONTROLS GROUP
204136	R	4,921.53	11/02/2023 CANON FINANCIAL SERVICES
204137	R	290.92	11/02/2023 CAPITAL ONE TRADE CREDIT
204138	R	81.00	11/02/2023 CARLSON, JEREMY
204139	R	24,718.00	11/02/2023 CDW GOVERNMENT INC
204140	R	99.98	11/02/2023 CINTAS
204141	R	65.00	11/02/2023 CITICARGO & STORAGE
204142	R	7,423.71	11/02/2023 CITY OF SOUTH ST PAUL - UTILITIES
204143	R	77,773.36	11/02/2023 CITY OF SOUTH ST PAUL
204144	R	225.00	11/02/2023 CITY OF WEST ST PAUL
204145	R	287.08	11/02/2023 COLLINS SPORTS MEDICINE
204146	R	624.00	11/02/2023 CONQUER NINJA GYMS
204147	R	3,961.90	11/02/2023 CONVERGINT TECHNOLOGIES LLC
204148	R	60.00	11/02/2023 CORSELLO, ANNA
204149	R	770.90	11/02/2023 CULLIGAN-MILBERT COMPANY
204150	R	2,243.00	11/02/2023 DAKOTA UNLIMITED
204151	R	4,068.75	11/02/2023 DASH SPORTS LLC
204152	R	44.25	11/02/2023 DECKER EQUIPMENT
204153	R	121.45	11/02/2023 DEMCO
204154	R	300.00	11/02/2023 DEWALD, RINA
204155	R	195.00	11/02/2023 EAST CENTRAL MN EDUCATIONAL CABLE COOP
204156	R	158.00	11/02/2023 ELLERD, JEFFREY
204157	R	721.30	11/02/2023 FIRST SUPPLY LLC - TWIN CITIES

CHECK CHE	CHECK		
NUMBER	TYP	AMOUNT	DATE VENDOR
204158	R	397.25	11/02/2023 FLINN SCIENTIFIC INC
204159	R	81.00	11/02/2023 FLOYSD, DAVID
204160	R	330.00	11/02/2023 GAME TIME ASSIGNING
204161	R	81.00	11/02/2023 GILSON, RYAN
204162	R	79.49	11/02/2023 GOLDCOM, INC
204163	R	423.60	11/02/2023 GOODIN COMPANY
204164	R	358.29	11/02/2023 GRAINGER, INC
204165	R	23,351.19	11/02/2023 GRAPHIC EDGE DBA GAME ONE
204166	R	44.95	11/02/2023 GROTH MUSIC CO
204167	R	480.00	11/02/2023 GUTZMAN, DEB
204168	R	470.00	11/02/2023 HAWKEYE BUILDING AUTOMATION
204169	R	1,690.10	11/02/2023 HEGGIES PIZZA
204170	R	1,350.00	11/02/2023 HILDI INCORPORATED
204171	R	1,709.10	11/02/2023 HIRSHFIELD'S
204172	R	104.00	11/02/2023 HIRTE, DIANA
204173	R	560.00	11/02/2023 HOFFMANN, LINDA
204174	R	700.00	11/02/2023 HOLMEN AREA FOUNDATION
204175	R	53.56	11/02/2023 HOME DEPOT CREDIT SERVICES
204176	R	125.00	11/02/2023 HOPKINS HIGH SCHOOL
204177	R	132.00	11/02/2023 HOVEN, MARTIN
204178	R	3,527.64	11/02/2023 IND SCHOOL DISTRICT #197
204179	R	90.00	11/02/2023 INFINITE HEALTH COLLABORATIVE
204180	R	109.13	11/02/2023 INNOVATIVE OFFICE SOLUTIONS LLC
204181	R	90.02	11/02/2023 INTEREUM INC
204182	R	4,250.00	11/02/2023 IXL LEARNING
204183	R	2,500.00	11/02/2023 KIRK ACOUSTICS INC
204184	R	1,195.00	11/02/2023 KIRSCHT, LINDEN
204185	R	4,673.13	11/02/2023 KURITA AMERICA INC
204186	R	897.74	11/02/2023 KWIK TRIP EXTENDED NETWORK
204187	R	1,519.68	11/02/2023 LAKESHORE LEARNING MATERIALS
204188	R	395.11	11/02/2023 LIGHTNING DISPOSAL INC
204189	R	270.00	11/02/2023 LILY OF THE LIGHT LLC
204190	R	8,844.61	11/02/2023 LINDENMEYR MUNROE
204191	R	3,403.97	11/02/2023 LOFFLER COMPANIES
204192	R	236.00	11/02/2023 LOVING GUIDANCE INC
204193	R	300.00	11/02/2023 MAPLE GROVE HIGH SCHOOL
204194	R	36.00	11/02/2023 MARIE AVENUE SERVICE
204195	R	175.00	11/02/2023 MASSP
204196	R	6,500.69	11/02/2023 MEI TOTAL ELEVATOR SOLUTIONS
204197	R	450.00	11/02/2023 METRO TRANSIT STORE
204198	R	478.00	11/02/2023 MI TECHNOLOGIES INC
204199	R	216.91	11/02/2023 MINNESOTA LOCKS
204200	R	12,560.00	11/02/2023 MMKR & CO
204201	R	295.00	11/02/2023 MONTICELLO HIGH SCHOOL
204202	R	40.00	11/02/2023 MPA DEBATE
204203	R	441.00	11/02/2023 MRI SOFTWARE LLC
204204	R	2,731.55	11/02/2023 MUSKEGON HEIGHTS SOLAR LLC
204205	R	615.93	11/02/2023 N2Y
204206	R	214.37	11/02/2023 NAPA AUTO PARTS
204207	R	345.56	11/02/2023 NCS PEARSON EDUCATION
204208	R	132.00	11/02/2023 NELSON, CHARLES
204209	R	46,766.15	11/02/2023 NEO ELECTRIC SOLUTIONS
204210	R	5,681.57	11/02/2023 NEW DOMINION SCHOOL/AUSTIN
204211	R	5,873.79	11/02/2023 NITTI SANITATION
204212	R	14,521.52	11/02/2023 NORTHLINE TRANSPORTATION
204213	R	140.00	11/02/2023 NOVAK, JANICE

CHECK	CHE	AMOUNT	DATE	VENDOR
NUMBER	TYP			
204214	R	674.88	11/02/2023	ODP BUSINESS SOLUTIONS
204215	R	250.00	11/02/2023	OVERELL, STEPHANIE
204216	R	43.05	11/02/2023	OXYGEN SERVICE CO INC
204217	R	300.00	11/02/2023	PARK CENTER WRESTLING
204218	R	200.00	11/02/2023	PARK HIGH SCHOOL
204219	R	592.00	11/02/2023	PETERSON BROS. ROOFING & CONSTRUCTION
204220	R	132.79	11/02/2023	PITNEY BOWES INC
204221	R	1,308.33	11/02/2023	PITNEY BOWES INC PURCHASE POWER
204222	R	470.52	11/02/2023	PLUNKETT'S PEST CONTROL
204223	R	4,792.75	11/02/2023	PROFESSIONAL WIRELESS COMMUNICATIONS
204224	R	125.34	11/02/2023	QUILL CORPORATION
204225	R	625.00	11/02/2023	RAPTOR TECHNOLOGIES
204226	R	24.00	11/02/2023	RATWIK, ROSZAK & MALONEY PA
204227	R	36,215.00	11/02/2023	REDLINE ARCHITECTURAL SHEET METAL LLC
204228	R	390.00	11/02/2023	RENT N SAVE
204229	R	7,635.60	11/02/2023	RUBICON WEST LLC
204230	R	2,540.45	11/02/2023	SCAN AIR FILTER
204231	R	149.48	11/02/2023	SCHMITT MUSIC
204232	R	220.33	11/02/2023	SCHOOL SPECIALTY LLC
204233	R	50.00	11/02/2023	SCHWEITZER, MEGHAN
204234	R	1,333.00	11/02/2023	SHERMCO INDUSTRIES
204235	R	226.29	11/02/2023	SHERWIN WILLIAMS CO
204236	R	15,900.00	11/02/2023	SHI INTERNATIONAL CORP
204237	R	4,418.40	11/02/2023	SOLIANT HEALTH
204238	R	1,444.00	11/02/2023	SQUIRES WALDSPURGER & MACE PA
204239	R	9,289.83	11/02/2023	STANDARD INSURANCE COMPANY
204240	R	683.56	11/02/2023	STATE SUPPLY COMPANY INC
204241	R	12,555.00	11/02/2023	SUNBELT STAFFING
204242	R	1,854.17	11/02/2023	T-MOBILE
204243	R	15,805.41	11/02/2023	TEACHERS ON CALL
204244	R	1,457.64	11/02/2023	TEAMWORKS INTERNATIONAL INC
204245	R	987.00	11/02/2023	TESSMAN SEED COMPANY
204246	R	1,200.00	11/02/2023	TRAFERA HOLDINGS LLC
204247	R	50,203.05	11/02/2023	TRANSPORTATION & DELIVERY INC
204248	R	760.30	11/02/2023	TRIMARK MARLINN LLC
204249	R	5,179.44	11/02/2023	TRIO SUPPLY CO
204250	R	4,114.20	11/02/2023	TWIN CITY JANITOR SUPPLY INC
204251	R	447.35	11/02/2023	ULINE
204252	R	169.90	11/02/2023	UNITED REFRIGERATION INC
204253	R	319.20	11/02/2023	UNITY HIGH SCHOOL
204254	R	402.00	11/02/2023	VIKING ELECTRIC SUPPLY INC
204255	R	4,850.00	11/02/2023	WERNER IMPLEMENT CO INC
204256	R	132.62	11/02/2023	WHEELCO TRUCK & TRAILER PARTS
204257	R	79.00	11/02/2023	WILLITS, DAVID
204258	R	5,775.45	11/02/2023	XCEL ENERGY
204259	R	64.90	11/03/2023	AMAZON CAPITAL SERVICES
204260	R	849.00	11/03/2023	COURAGE EQUIPMENT LLC
204261	R	13,348.76	11/03/2023	GRAPHIC EDGE DBA GAME ONE
204262	R	18.00	11/03/2023	PROFESSIONAL WIRELESS COMMUNICATIONS
204263	R	11,730.13	11/03/2023	SAFEWAY BUS COMPANY
202300194	W	66,338.33	11/01/2023	HEALTH PARTNERS
202300195	W	44,539.67	10/30/2023	MINNESOTA PAYROLL TAXES
202300196	W	267,808.39	10/30/2023	FEDERAL PAYROLL TAXES
202300197	W	374.79	10/30/2023	MN DEPT OF REVENUE
202300198	W	47,079.59	10/30/2023	PERA
202300199	W	54,152.64	10/30/2023	TSA/ACH DEDUCTION

CHECK	CHE		CHECK	
NUMBER	TYP	AMOUNT	DATE	VENDOR
202300200	W	138,759.27	10/30/2023	TEACHER RETIREMENT ASSOCIATION
202300201	W	0.00	10/30/2023	MINNESOTA PAYROLL TAXES
202300202	W	0.00	10/30/2023	FEDERAL PAYROLL TAXES
202300203	W	3,047.20	10/30/2023	TSA/ACH DEDUCTION
202300204	W	6,956.07	10/30/2023	TSA/ACH DEDUCTION
202300205	W	19.16	10/30/2023	TSA/ACH DEDUCTION
202300206	W	480.55	10/30/2023	TSA/ACH DEDUCTION
202300207	W	132,543.59	11/03/2023	MN UNEMPLOYMENT
202300208	W	1,190.00	10/06/2023	MEDSURETY
202300209	W	6,963.88	10/31/2023	MEDSURETY
202300210	W	47,979.36	10/02/2023	HEALTH PARTNERS
202300211	W	99,468.50	10/10/2023	HEALTH PARTNERS
202300212	W	41,065.27	10/16/2023	HEALTH PARTNERS
202300213	W	286.00	10/19/2023	HEALTH PARTNERS
202300214	W	174,447.17	10/23/2023	HEALTH PARTNERS
202300215	W	102,820.42	10/30/2023	HEALTH PARTNERS
202300216	W	3,600.00	10/03/2023	MSRS
232400141	A	111.65	10/20/2023	ALEJANDRINO, LINDSAY
232400142	A	255.95	10/20/2023	ANDERSON, CONRAD
232400143	A	10.47	10/20/2023	BOELTER, LISA
232400144	A	100.00	10/20/2023	GORMAN, LISA
232400145	A	16.99	10/20/2023	HANA, DINA
232400146	A	302.85	10/20/2023	HOLSEN, ERIC
232400147	A	49.99	10/20/2023	NAVAS LEIVA, MAYRA
232400148	A	74.67	10/20/2023	NEU, MEGHAN
232400149	A	120.00	10/20/2023	OLSON, LUKE
232400150	A	107.67	10/20/2023	PALUMBO, MARGARET
232400151	A	114.00	10/20/2023	PETERSON, LORI
232400152	A	184.80	10/20/2023	RUMPZA, AIMEE
232400153	A	114.95	10/20/2023	SENF, PAMELA
232400154	A	14.77	10/20/2023	SIMONES, STEPHANIE
232400155	A	90.00	10/27/2023	AHSENMACHER WINTER, AMY
232400156	A	90.00	10/27/2023	ANDERSON, CHAD
232400157	A	90.00	10/27/2023	BARTER, ANDREW
232400158	A	90.00	10/27/2023	BAUER, MEREDITH
232400159	A	90.00	10/27/2023	BERCHTOLD, JAMIE
232400160	A	90.00	10/27/2023	BOURG, LEAH
232400161	A	90.00	10/27/2023	BRANDECKER, LISA
232400162	A	90.00	10/27/2023	BRETOI, TERRENCE
232400163	A	90.00	10/27/2023	BURCKHARDT, CANDACE
232400164	A	90.00	10/27/2023	CHILDS, DANETTE
232400165	A	90.00	10/27/2023	FENTON, MARK
232400166	A	90.00	10/27/2023	GAMEZ, LESLY
232400167	A	90.00	10/27/2023	HANSEN, JODY
232400168	A	90.00	10/27/2023	HOFFMAN, BRADY
232400169	A	45.00	10/27/2023	JACOBS-BUSE, LINDA
232400170	A	90.00	10/27/2023	KRUEGER, BRADY
232400171	A	45.00	10/27/2023	LENTSCH, PETER
232400172	A	45.00	10/27/2023	LOUGH, LAWRENCE
232400173	A	90.00	10/27/2023	MILTEER, JOEL
232400174	A	90.00	10/27/2023	MOSES, CHRISTINA
232400175	A	90.00	10/27/2023	OCHOCKI, CHARLES
232400176	A	45.00	10/27/2023	OSTER, PATRICK
232400177	A	45.00	10/27/2023	PENMAN, MICHELLE
232400178	A	90.00	10/27/2023	PETERSON, LORI
232400179	A	90.00	10/27/2023	SCHWAB, ROBIN

CHECK CHE		CHECK		
NUMBER	TYP	AMOUNT	DATE	VENDOR
232400180	A	90.00	10/27/2023	SEXAUER, JENNIFER
232400181	A	90.00	10/27/2023	TAYLOR MINER, MELANEE
232400182	A	45.00	10/27/2023	VANDERBILT, TONY
232400183	A	90.00	10/27/2023	WELLS, TRAVIS
232400184	A	90.00	10/27/2023	ZAMBRENO, BRIAN
232400185	A	90.00	10/27/2023	ZEHNDER, JEAN
232400186	A	48.56	11/03/2023	ANDERSON, CONRAD
232400187	A	36.64	11/03/2023	BINDER, ALLISON
232400188	A	182.22	11/03/2023	BRIAN, TIFFANY
232400189	A	48.28	11/03/2023	CORNELL, JANE
232400190	A	809.69	11/03/2023	GUSTILO, CHRISTOPHER
232400191	A	51.77	11/03/2023	HAPPELY, ANGELA
232400192	A	152.09	11/03/2023	HANLEY, KATHLEEN
232400193	A	899.36	11/03/2023	HOLSEN, ERIC
232400194	A	80.73	11/03/2023	JUDD, GRAHAM
232400195	A	19.98	11/03/2023	MOEN, PAUL
232400196	A	38.21	11/03/2023	RAMIREZ, JENNA
232400197	A	503.32	11/03/2023	RENVILLE SOTO, COURTNEY
232400198	A	282.98	11/03/2023	SANISLO, MICHAEL
232400199	A	18.86	11/03/2023	SARACENO, DANIELLE
232400200	A	656.00	11/03/2023	SCHULTZ, MEGHAN
232400201	A	126.00	11/03/2023	SPREIGL, REBECCA
232400202	A	16.55	11/03/2023	WELLS, TRAVIS

2,249,579.01 Totals for checks

FUND SUMMARY

<u>FUND</u>	<u>DESCRIPTION</u>	<u>BALANCE SHEET</u>	<u>REVENUE</u>	<u>EXPENSE</u>	<u>TOTAL</u>
01	GENERAL	581,618.38	0.00	618,184.71	1,199,803.09
02	FOOD SERVICE	9,405.30	0.00	19,229.68	28,634.98
04	COMMUNITY EDUCATION	276,699.71	0.00	12,957.64	289,657.35
05	CAPITAL	802.79	0.00	194,749.62	195,552.41
20	INTERNAL SERVICE	0.00	0.00	25,505.76	25,505.76
21	MEDICAL	0.00	0.00	506,613.29	506,613.29
50	ACTIVITY ACCOUNT	3,812.13	0.00	0.00	3,812.13
***	Fund Summary Totals ***	872,338.31	0.00	1,377,240.70	2,249,579.01

***** End of report *****

CHECKRUNS

<u>FUND</u>	<u>DESCRIPTION</u>	<u>October 20, 2023 - November 9, 2023</u>
1	GENERAL	\$1,199,803.09
2	FOOD SERVICE	\$28,634.98
4	COMMUNITY EDUCATION	\$289,657.35
5	CAPITAL	\$195,552.41
7	DEBT SERVICE	\$0.00
20	INTERNAL SERVICE	\$532,119.05
50	ACTIVITY ACCOUNTS	\$3,812.13
	TOTAL	<u>\$2,249,579.01</u>

PAYROLL

10/30/23

Payroll Direct Deposit	900095421-900095963	\$789,066.30
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SOUTH ST. PAUL PUBLIC SCHOOLS

School Board Agenda Item

Meeting Date: November 13, 2023

Place on Agenda: Consent Items

Action Requested: Approval

Attachment: Staffing

Topic: Staffing
Presenter(s): Chair
Background: The staffing report includes the Appointments, Resignations, Transfers, Retirements, Abolishments and Leaves being recommended to the School Board for approval.
Recommendation: Administration recommends approval of the proposed staffing and supplemental staffing as presented.
Alternatives: Amend the motion to remove a certain appointment, resignation, transfer, retirement, abolishment, or leave. Provide administration with directions for next steps.

Certified

A. Appointments/Reassignments

1. Lauren Steffel – .32 FTE Special Education Teacher (Virtual Homebound), Lincoln Center, MA00, Step 7, effective October 30, 2023.
2. Timothy Alexander – 0.5 FTE Health Teacher (Long-Term Substitute), Middle School, BA00, Step 1, effective November 9, 2023.
3. Susan Samuelson – 0.5 FTE Health Teacher (Long-Term Substitute), Middle School, BA00, Step 1, effective November 9, 2023.
1. Fekadu Ayichew – 1.0 FTE Special Education Work Based Learning Teacher, Secondary Building, MA00, Step 13, **effective November 20, 2023 (revised effective date).**

Change of Assignment

Michelle Wallace – Change from 1.0 FTE Intervention Teacher to 1.0 FTE Special Education Teacher, Kaposia Education Center, effective November 6, 2023.

Alex Westad – Change from 1.0 FTE Special Education Teacher to 1.0 FTE Grade 5 Elementary Teacher, Kaposia Education Center, effective November 6, 2023.

2023-24 Building & Instructional Leadership Team (BILT) (\$396 Stipend; prorated from \$1,000)
Chris Bauleke – Peer Coach

2023-24 ECA

BASKETBALL – GIRLS

Varsity Asst Coach	Jenness, Harry	\$4,532
Varsity Asst Coach (50%)	Tuttle, Faith*	\$4,532

DANCE TEAM Community Education)

Junior Packer Dance Coach	Knapp, Josie	\$2,000
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GYMNASTICS – GIRLS

Varsity Asst Coach	Balza, Anne	\$3,967.00
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HOCKEY – BOYS

Varsity Asst Coach	Clifford, Chad	\$2,000 (Booster Club)
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HOCKEY – GIRLS

Additional Coach	Moline, Mike**	\$3,500.00 (Revised Booster Club Stipend)
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WRESTLING – GIRLS

Head Coach (50%)	Roddis, Aaron	\$6,628 @ 50% = \$3,314
Varsity Asst Coach (50%)	Roddis, Aaron	\$4,532 @ 50% = \$2,266
Head Coach (50%)	Tuttle, Faith*	\$6,628 @ 50% = \$3,314
Varsity Asst Coach (50%)	Tuttle, Faith*	\$4,532 @ 50% = \$2,266
Additional Coach	Tonda, Teresa	\$2,000.00 (booster paid)
Volunteer Coach	Bauer, Shad**	Volunteer
Volunteer Coach	Bjorklund, Randy**	Volunteer

Volunteer Coach	Brito, Gibby**	Volunteer
Volunteer Coach	Gallegos, Duffy**	Volunteer
Volunteer Coach	Reynolds, Todd**	Volunteer

* indicates non-district employee
 ** indicates returning non-district employee

B. Resignations/Retirements/Leaves/Reductions/Other

VII.A.2 Staff Appointments, Resignations, Retirements, Terminations and Leaves (Joel Milteer) 11-13-23

Classified

A. Appointments/Reassignments

1. Hailey Carlson – Assistant Gymnastics Instructor, Central Square Community Center, \$15.00 per hour, effective October 14, 2023.
2. Ethan Hallstrom – Part-Time Cleaner, Secondary Building, \$18.21 per hour, 20 hours per week, effective November 1, 2023.
3. Kelly Jones – Human Resources Specialist, District Office, effective November 1, 2023.
4. Jennifer Peine – Night Supervisor/Engineer-Elementary (Step 5), Kaposia Education Center, \$26.61 per hour, 40 hours per week, effective October 23, 2023.
5. Kristin Rodenberg – Student Support Services Administrative Assistant (Class V), Secondary Building, \$24.50 per hour, 40 hours per week, effective October 30, 2023.
6. Erika Cossio – Full-Time Cleaner, Kaposia Education Center, \$23.12 per hour, 40 hours per week, effective November 13, 2023.

Change of Assignment – Effective August 28, 2023

Ashley Marz – Kids’ Choice Program Assistant, change from Kaposia Education Center to Lincoln Center

B. Resignations/Retirements/Leaves/Reductions/Other

2. Julio Castillo – Resignation, Part-Time Cleaner, Lincoln Center, effective October 27, 2023.
3. Ariel Morales – Leave of absence, Special Education Assistant, Lincoln Center, effective January 2, 2024, through March 22, 2024. (revised effective dates)
4. Jennifer Peine – Resignation, Custodian, Kaposia Education Center, effective October 20, 2023.

5. Denise Geldernick– Leave of absence, Special Education Assistant, Lincoln Center, effective November 14, 2023, through December 12, 2023.
6. Steven Larcom – Resignation, Part-Time Cleaner, Secondary Building, effective November 8, 2023.
7. Robert Martinez – Resignation, Part-Time Cleaner, Secondary Building, effective November 6, 2023.
8. John McGuire – Resignation, Custodian Supervisor Diff, Secondary Building, effective November 30, 2023.
9. **Carolyn Plasch – Resignation, Kids’ Choice Program Assistant, Lincoln Center, effective November 10, 2023.**
10. **Carolyn Plasch – Resignation, Early Learning Assistant, Lincoln Center, effective November 10, 2023**



Adopted: April 17, 1996

MSBA/MASA Model Policy 102

Orig. 1995

Revised: 5/24/04, 6/26/06; 4/13/15

Rev. 2023 **4**

7/25/16; 6/10/19; 5/26/20; 6/14/21; 6/27/22

6/26/23; 12/11/23

102 EQUAL EDUCATIONAL OPPORTUNITY

I. PURPOSE

- A. The purpose of this policy is to ensure that equal educational opportunity is provided for all students of the school district.

II. GENERAL STATEMENT OF POLICY

- A. The policy of the school district is to provide equal educational opportunity for all students. The school district does not unlawfully discriminate on the basis of race, color, creed, religion, national origin, sex, marital status, parental status, status with regard to public assistance, disability, sexual orientation, including gender identity and expression, or age. The school district also makes reasonable accommodations for students with disabilities.

[Note: Part of the definition of “sexual orientation” within the Minnesota Human Rights Act (MHRA) is “having or being perceived as having a self-image or identity not traditionally associated with one’s biological maleness or femaleness,” which is how gender identity and expression gain protection under the MHRA. Minn. Stat. § 363A.03, Subd. 44.]

- B. The school district prohibits harassment and discrimination of any individual based on any of the protected classification listed above. For information about the types of conduct that constitute violation of the school district’s policy on harassment and violence and the school district’s procedures for addressing such complaints, refer to the school district’s policy on harassment and violence (Policy 413).
- C. The school district prohibits discrimination of students with a disability, within the intent of Section 504 of the Rehabilitation Act of 1973 (“Section 504”), who need services, accommodations, or programs in order to receive a free appropriate public education. For information as to protections that may apply pursuant to Section 504 and the school district’s corresponding procedures for addressing disability discrimination complaints, refer to the school district’s policy on student disability nondiscrimination (Policy 521).
- D. The school district prohibits sexual harassment discrimination of any individual on the basis of sex in its education programs or activities. For information as to the protections that apply pursuant to Title IX and school district’s corresponding

procedures and processes for addressing sexual harassment and discrimination refer to the school district's policy on Title IX sex nondiscrimination (Policy 522).

- E. The school district shall provide equal opportunity for members of each sex and to members of all races and ethnicities to participate in its athletic program. In determining whether equal opportunity to participate in athletic programs is available for the purposes of this law, at least the following factors shall be considered to the extent that they are applicable to a given situation: whether the opportunity for males and females to participate in the athletic program reflects the demonstrated interest in athletics of the males and females in the student body of the educational institution; whether the opportunity for members of all races and ethnicities to participate in the athletic program reflects the demonstrated interest in athletics of members of all races and ethnicities in the student body of the educational institution; whether the variety and selection of sports and levels of competition effectively accommodate the demonstrated interests of members of each sex; whether the variety and selection of sports and levels of competition effectively accommodate the demonstrated interests of members of all races and ethnicities; the provision of equipment and supplies; scheduling of games and practice times; assignment of coaches; provision of locker rooms; practice and competitive facilities; and the provision of necessary funds for teams of one sex.
- F. This policy applies to all areas of education including academics, coursework, co-curricular and extracurricular activities, or other rights or privileges of enrollment.
- G. Every school district employee shall be responsible for complying with this policy conscientiously.
- H. Any student, parent or guardian having questions regarding this policy should discuss it with the appropriate school district official as provided by policy. In the absence of a specific designee, an inquiry or a complaint should be referred to the superintendent.

- Legal References:** Minn. Stat. Ch. 363A (Minnesota Human Rights Act)
Minn. Stat. § 121A.04 (Athletic Programs; Sex Discrimination)
Minn. Stat. § 121A.03, Subd. 2 (Sexual, Religious, and Racial Harassment and Violence Policy)
42 U.S.C. § 12101 *et seq.* (Americans with Disabilities Act)
42 U.S.C. § 2000d *et seq.* (Title VI of the Civil Rights Act of 1964)
20 U.S.C. § 1681 *et seq.* (Title IX of the Education Amendments of 1972)
- Cross References:** MSBA/MASA Model Policy 413 (Harassment and Violence)
MSBA/MASA Model Policy 521 (Student Disability Nondiscrimination)
MSBA/MASA Model Policy 522 (Title IX Sex Nondiscrimination Policy, Grievance Procedure and Process)



Adopted: May 24, 2004

MSBA/MASA Model Policy 301

Orig. 1995

Revised: 10/26/15; 12/11/23

Rev. 2022 ~~11~~

301 SCHOOL DISTRICT ADMINISTRATION

I. PURPOSE

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

II. GENERAL STATEMENT OF POLICY

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

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

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



Adopted: May 24, 2004

MSBA/MASA Model Policy 302

Orig. 1995

Revised: 10/26/15; 12/11/23

Rev. 2022 ~~11~~

302 SUPERINTENDENT

I. PURPOSE

The purpose of this policy is to recognize the importance of the role of the superintendent and the overall responsibility of that position within the school district.

II. GENERAL STATEMENT OF POLICY

The school board shall employ a superintendent who shall serve as an ex officio, nonvoting member of the school board and as chief executive officer of the school system.

III. GENERAL RESPONSIBILITIES

- A. The superintendent is responsible for the management of the schools, the administration of all school district policies, and is directly accountable to the school board.
- B. The superintendent shall annually evaluate each principal assigned responsibility for supervising a school building in the district.
- C. The superintendent may delegate responsibilities to other school district personnel, but shall continue to be accountable for actions taken under such delegation.
- D. Where responsibilities are not specifically prescribed, nor school board policy applicable, the superintendent shall use personal and professional judgment, subject to review by the school board.

Legal References:

Minn. Stat. § 123B.143 (Superintendent)

Cross References:

MSBA/MASA Model Policy 202 (School Board Officers)

MSBA/MASA Model Policy 208 (Development, Adoption, and Implementation of Policies)

MSBA/MASA Model Policy 216 (Out-of-State Travel by School Board Members)

MSBA/MASA Model Policy 301 (School District Administration)

MSBA/MASA Model Policy 303 (Superintendent Selection)

MSBA/MASA Model Policy 304 (Superintendent Contract, Duties, and Evaluation)

MSBA/MASA Model Policy 305 (Policy Implementation)

MSBA/MASA Model Policy 306 (Administrator Code of Ethics)

MSBA/MASA Model Policy 412 (Expense Reimbursement)

MSBA/MASA Model Policy 510 (School Activities)

MSBA/MASA Model Policy 511 (Student Fundraising)

MSBA/MASA Model Policy 513 (Student Promotion, Retention, and Program Design)

MSBA/MASA Model Policy 602 (Organization of School Calendar and School Day)
MSBA/MASA Model Policy 605 (Alternative Programs)
MSBA/MASA Model Policy 701 (Establishment and Adoption of School District Budget)
MSBA/MASA Model Policy 704 (Development, and Maintenance of an Inventory of Fixed Assets and a Fixed Asset Accounting System)
MSBA/MASA Model Policy 802 (Disposition of Obsolete Equipment and Material)
MSBA/MASA Model Policy 903 (Visitors to School District Buildings and Sites)
MSBA/MASA Model Policy 905 (Advertising)
MSBA Service Manual, Chapter 3, Superintendent of Schools



Adopted: May 24, 2004

MSBA/MASA Model Policy 303

Orig. 1995

Revised: 10/26/15; 12/11/23

Rev. 2022 03

303 SUPERINTENDENT SELECTION

I. PURPOSE

The purpose of this policy is to convey to the school community that the authority to select and employ a superintendent is vested in the school board.

II. GENERAL STATEMENT OF POLICY

The school board shall employ a superintendent to serve as the chief executive officer of the school ~~district board~~ and to conduct the daily operations of the school district.

III. QUALIFICATIONS

A. The school board shall consider applicants who meet or exceed the licensing standards set by the Minnesota Board of School Administrators and qualifications established in the job description for the superintendent position. State and federal equal employment and nondiscrimination requirements shall be observed throughout the recruitment and selection process.

B. The school board will consider professional preparation, experience, skill and demonstrated competence of qualified applicants in making a final decision.

IV. SELECTION

A. A process for recruitment, screening, and interviewing of candidates shall be developed by the school board.

B. The school board may contract for assistance in the search for a superintendent.

C. The school board shall provide the contract for the superintendent and specifically identify all conditions of employment mutually agreed upon with the superintendent. In so doing, the school board shall observe all requirements of state and federal law and school board policy.

Legal References: Minn. Stat. § 123B.143 (Superintendent)
Minn. Rules, Chapter 3512

Cross References: MSBA Service Manual, Chapter 3, Superintendent of Schools
None



Adopted: May 24, 2004

MSBA/MASA Model Policy 304

Orig. 1995

Revised: 11/13/06; 5/22/17; 12/11/23

Rev. 2022 1999

304 SUPERINTENDENT CONTRACT, DUTIES AND EVALUATION

I. PURPOSE

The purpose of this policy is to provide for the use of an employment contract with the superintendent, a position description and the use of an approved instrument to evaluate performance.

II. GENERAL STATEMENT OF POLICY

- A. The superintendent's contract shall be used to formalize the employment relationship and to specifically identify and clarify all conditions of employment with the superintendent.
- B. The specific duties for which the superintendent is accountable shall be set forth in a position description for the superintendent and shall be measured by a performance appraisal instrument approved by the school board in consultation with the superintendent. The school board shall use this instrument to periodically evaluate the performance of the superintendent.
- C. The school board may use the model contract approved by the boards of the Minnesota School Boards Association and the Minnesota Association of School Administrators as a model instrument.

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

Cross References: None
~~MSBA Service Manual, Chapter 3, Superintendent of Schools (See Model Contract, Sample Performance Appraisals, and Model Job Description)~~



Adopted: May 24, 2004

MSBA/MASA Model Policy 305

Orig. 1995

Revised: 3/27/17; 12/11/23

Rev. 2022 1999

305 POLICY IMPLEMENTATION

I. PURPOSE

The purpose of this policy is to clarify the responsibility of the school administration for implementation of school ~~board~~ district policy.

II. GENERAL STATEMENT OF POLICY

- A. It shall be the responsibility of the superintendent to implement school board policy and to recommend additions or modifications thereto. The administration is authorized to develop guidelines and directives to effectuate the implementation of school ~~board~~ district policies. These guidelines and directives shall not be inconsistent with said policies. ~~At least annually, these written procedures shall be presented to the school board for review.~~
- B. The Employee Handbook and the Student Rights and Responsibilities Handbooks shall be subject to annual review and approval by the school board.
- C. School principals and other administrators who have handbook responsibilities shall present recommended changes necessary to reflect new or modified policies. Changes of substance within the Student Rights and Responsibilities Handbooks shall be reviewed by the superintendent to assure compliance with school board policy and shall be approved by the school board.

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

Cross References: MSBA/MASA Model Policy 208 (Development, Adoption, and Implementation of Policies)



Adopted: December 8, 1997

MSBA/MASA Model Policy 306

Orig. 1995

Revised: 5/24/04; 5/22/17; 12/11/23

Rev. 2002

306 ADMINISTRATOR CODE OF ETHICS

I. PURPOSE

The purpose of this policy is to establish the requirements of the school board that school administrators adhere to the standards of ethics and professional conduct in this policy and Minnesota law.

II. GENERAL STATEMENT OF POLICY

A. An educational administrator's professional behavior must conform to an ethical code. The code must be idealistic and at the same time practical, so that it can apply reasonably to all educational administrators. The administrator acknowledges that the schools belong to the public they serve for the purpose of providing educational opportunities to all. However, the administrator assumes responsibility for providing professional leadership in the school and community. This responsibility requires the administrator to maintain standards of exemplary professional conduct. It must be recognized that the administrator's actions will be viewed and appraised by the community, professional associates, and students. To these ends, the administrator must subscribe to the following standards.

B. The Educational Administrator:

1. Makes the well-being of students the fundamental value of all decision-making and actions.
2. Fulfills professional responsibilities with honesty and integrity.
3. Supports the principle of due process and protects the civil and human rights of all individuals.
4. Obeys local, state, and national laws and does not knowingly join or support organizations that advocate, directly or indirectly, the overthrow of the government.
5. Implements the school board's policies.
6. Pursues appropriate measures to correct those laws, policies, and regulations that are not consistent with sound educational goals.
7. Avoids using positions for personal gain through political, social, religious, economic, or other influence.

8. Accepts academic degrees or professional certification only from duly accredited institutions.
9. Maintains the standards and seeks to improve the effectiveness of the profession through research and continuing professional development.
10. Honors all contracts until fulfillment, release, or dissolution is mutually agreed upon by all parties to the contract.
11. Adheres to the Code of Ethics for School Administrators in Minnesota law.

Legal References:

Minn. Stat. § 122A.14, Subd. 4 (Code of Ethics)

Minn. Rules Part 3512.5200 (Code of Ethics for School Administrators)

Cross References:



Adopted: October 28, 1996

MSBA/MASA Model Policy 418

Orig. 1995

Revised: 6/14/04; 10/27/08, 11/23/15; 11/26/18
6/10/19; 5/26/20; 6/14/21; 6/27/22; 4/26/23
6/26/23; 12/11/23

Rev. 2023 2

418 DRUG FREE WORKPLACE/DRUG-FREE SCHOOL

I. PURPOSE

The purpose of this policy is to maintain a safe and healthful environment for employees and students by prohibiting the use of alcohol, toxic substances, medical cannabis, nonintoxicating cannabinoids, ~~(including~~ edible cannabinoid products~~)~~, and controlled substances without a physician's prescription.

II. GENERAL STATEMENT OF POLICY

- A. Use of alcohol, toxic substances, medical cannabis, nonintoxicating cannabinoids, ~~(including~~ edible cannabinoid products~~)~~, and controlled substances before, during, or after school hours, at school or in any other school location, is prohibited as general policy. Paraphernalia associated with controlled substances is prohibited.
- B. A violation of this policy occurs when any student, teacher, administrator, other school district personnel, or member of the public uses or possesses alcohol, toxic substances, medical cannabis, nonintoxicating cannabinoids, ~~(including~~ edible cannabinoid products~~)~~, or controlled substances in any school location.
- C. An individual may not use or possess cannabis flower, cannabis products, lower-potency hemp edibles, or hemp-derived consumer products in a public school, as defined in Minnesota Statutes, section 120A.05, subdivisions 9, 11, and 13, including all facilities, whether owned, rented, or leased, and all vehicles that the school district owns, leases, rents, contracts for, or controls.
- D. The school district will act to enforce this policy and to discipline or take appropriate action against any student, teacher, administrator, school personnel, or member of the public who violates this policy.

III. DEFINITIONS

- A. "Alcohol" includes any alcoholic beverage containing more than one-half of one percent alcohol by volume.
- B. "Controlled substances" include narcotic drugs, hallucinogenic drugs, amphetamines, barbiturates, marijuana, anabolic steroids, or any other controlled substance as defined in Schedules I through V of the Controlled Substances Act, 21 United States Code section 812, including analogues and look-alike drugs.

- C. “Edible cannabinoid product” means any product that is intended to be eaten or consumed as a beverage by humans, contains a cannabinoid in combination with food ingredients, and is not a drug.
- D. “Nonintoxicating cannabinoid” means substances extracted from certified hemp plants that do not produce intoxicating effects when consumed by injection, inhalation, ingestion, or by other immediate means. any route of administration.
- E. “Medical cannabis” means any species of the genus cannabis plant, or any mixture or preparation of them, including whole plant extracts and resins, and is delivered in the form of: (1) liquid, including but not limited to, oil; (2) pill; (3) vaporized delivery method with use of liquid or oil but which does not require the use of dried leaves or plant form; or (4) combustion with use of dried, raw cannabis; or (5) any other method, approved by the commissioner.
- F. “Possess” means to have on one’s person, in one’s effects, or in an area subject to one’s control.
- G. “School location” includes any school building or on any school premises; in any school-owned vehicle or in any other school-approved vehicle used to transport students to and from school or school activities; off school property at any school-sponsored or school-approved activity, event, or function, such as a field trip or athletic event, where students are under the jurisdiction of the school district; or during any period of time such employee is supervising students on behalf of the school district or otherwise engaged in school district business.
- H. “Sell” means to sell, give away, barter, deliver, exchange, distribute or dispose of to another, or to manufacture; or to offer or agree to perform such an act, or to possess with intent to perform such an act.
- I. “Toxic substances” includes: (1) glue, cement, aerosol paint, containing toluene, benzene, xylene, amyl nitrate, butyl nitrate, nitrous oxide, or containing other aromatic hydrocarbon solvents, but does not include glue, cement, or paint contained in a packaged kit for the construction of a model automobile, airplane, or similar item; (2) butane or a butane lighter; or (3) any similar substance declared to be toxic to the central nervous system and to have a potential for abuse, by a rule adopted by the commissioner of health.
- J. “Use” means to sell, buy, manufacture, distribute, dispense, be under the influence of, or consume in any manner, including, but not limited to, consumptions by injection, inhalation, ingestion, or by any other immediate means. includes to sell, buy, manufacture, distribute, dispense, possess, use, or be under the influence of alcohol, toxic substances, medical cannabis, nonintoxicating cannabinoids (including edible cannabinoid products), and/or

controlled substances, whether or not for the purpose of receiving remuneration or consideration.

IV. EXCEPTIONS

- A. A violation of this policy does not occur when a person brings onto a school location, for such person's own use, a controlled substance, except medical cannabis, nonintoxicating cannabinoids, or edible cannabinoid products, which has a currently accepted medical use in treatment in the United States and the person has a physician's prescription for the substance. The person shall comply with the relevant procedures of this policy.
- B. A violation of this policy does not occur when a person possesses an alcoholic beverage in a school location when the possession is within the exceptions of Minnesota Statutes section 624.701, Subdivision 1a (experiments in laboratories; pursuant to a temporary license to sell liquor issued under Minnesota laws or possession after the purchase from such a temporary license holder).
- C. A violation of this policy does not occur when a person uses or possesses a toxic substance unless they do so with the intent of inducing or intentionally aiding another in inducing intoxication, excitement, or stupefaction of the central nervous system, except under the direction and supervision of a medical doctor.

V. PROCEDURES

- A. Students who have a prescription from a physician for medical treatment with a controlled substance, except medical cannabis, nonintoxicating cannabinoids, or edible cannabinoid products, must comply with the school district's student medication policy.
- B. Employees who have a prescription from a physician for medical treatment with a controlled substance, except medical cannabis, nonintoxicating cannabinoids, or edible cannabinoid products, are permitted to possess such controlled substance and associated necessary paraphernalia, such as an inhaler or syringe. The employee must inform his or her supervisor. The employee may be required to provide a copy of the prescription.
- C. New employees shall be provided with written summary of this Drug-Free Workplace/Drug-Free School policy and shall be required to acknowledge that he or she has received the policy summary. Policies are accessible to all employees on the school districts' website.
- D. Employees are subject to the school district's drug and alcohol testing policies and procedures.

- E. Members of the public are not permitted to possess controlled substances, **nonintoxicating cannabinoids, or edible cannabinoid products**, in a school location except with the express permission of the superintendent.
- F. No person is permitted to possess or use medical cannabis, **nonintoxicating cannabinoids, or edible cannabinoid products**, on a school bus or van; or on the grounds of any preschool or primary or secondary school; or on the grounds of any childcare facility. This prohibition includes (1) vaporizing or combusting medical cannabis on any form of public transportation where the vapor or smoke could be inhaled by a minor child or in any public place, including indoor or outdoor areas used by or open to the general public or place of employment; and (2) operating, navigating, or being in actual physical control of any motor vehicle or working on transportation property, equipment or facilities while under the influence of medical cannabis, **nonintoxicating cannabinoids, or edible cannabinoid products**.
- G. Possession of alcohol on school grounds pursuant to the exceptions of Minnesota Statutes 624.701, Subdivision 1a, shall be by permission of the school board only. The applicant shall apply for permission in writing and shall follow the school board procedures for placing an item on the agenda.

VI. SCHOOL PROGRAMS

- A. Starting in the 2026-2027 school year, the school district must implement a comprehensive education program on cannabis use and substance use, including but not limited to the use of fentanyl or mixtures containing fentanyl, for students in middle school and high school. The program must include instruction on the topics listed in Minnesota Statutes, section 120B.215, subdivision 1 and must:
 - 1. respect community values and encourage students to communicate with parents, guardians, and other trusted adults about cannabis use and substance use, including but not limited to the use of fentanyl or mixtures containing fentanyl; and
 - 2. refer students to local resources where students may obtain medically accurate information about cannabis use and substance use, including but not limited to the use of fentanyl or mixtures containing fentanyl, and treatment for a substance use disorder.
- B. School district efforts to develop, implement, or improve instruction or curriculum as a result of the provisions of this section must be consistent with Minnesota Statutes, sections 120B.10 and 120B.11.
- C. Notwithstanding any law to the contrary, the school district shall have a procedure for a parent, a guardian, or an adult student 18 years of age or older to review the content of the instructional materials to be provided to a minor child or to an adult

student pursuant to this article. The district must allow a parent or adult student to opt out of instruction under this article with no academic or other penalty for the student and must inform parents and adult students of this right to opt out.

VII. ENFORCEMENT

A. Students

1. Students may be required to participate in programs and activities that provide education against the use of alcohol, tobacco, marijuana, smokeless tobacco products, and electronic cigarettes, and nonintoxicating cannabinoids; and ~~including~~ edible cannabinoid products.)
2. Students may be referred to drug or alcohol assistance or rehabilitation programs; school based mental health services, mentoring and counseling, including early identification of mental health symptoms, drug use and violence and appropriate referral to direct individual or group counselling service. which may be provided by school based mental health services providers; and/or referral to law enforcement officials when appropriate.
3. A student who violates the terms of this policy shall be subject to discipline in accordance with the school district's discipline policy. Such discipline may include suspension or expulsion from school.

B. Employees

1. As a condition of employment in any federal grant, each employee who is engaged either directly or indirectly in performance of a federal grant shall abide by the terms of this policy and shall notify his or her supervisor in writing of his or her conviction of any criminal drug statute for a violation occurring in any of the places listed above on which work on a school district federal grant is performed, no later than five (5) calendar days after such conviction. Conviction means a finding of guilt (including a plea of nolo contendere) or imposition of sentence, or both, by any judicial body charged with the responsibility to determine violations of the federal or state criminal drug statutes.
2. An employee who violates the terms of this policy is subject to disciplinary action, including nonrenewal, suspension, termination, or discharge as deemed appropriate by the school board.
3. In addition, any employee who violates the terms of this policy may be required to satisfactorily participate in a drug and/or alcohol abuse assistance or rehabilitation program approved by the school district. Any employee who fails to satisfactorily participate in and complete such a program is subject to nonrenewal, suspension, or termination as deemed appropriate by the school board.

4. Sanctions against employees, including nonrenewal, suspension, termination, or discharge shall be pursuant to and in accordance with applicable statutory authority, collective bargaining agreements, and school district policies.

C. The Public

A member of the public who violates this policy shall be informed of the policy and asked to leave. If necessary, law enforcement officials will be notified and asked to provide an escort.

Legal References:

- Minn. Stat. § 120B.215 (Education on Cannabis Use and Substance Use)
- Minn. Stat. § 121A.22 (Administration of Drugs and Medicine)
- Minn. Stat. § 121A.40-§ 121A.56 (Pupil Fair Dismissal Act)
- Minn. Stat. § 151.72 (Sale of Certain Cannabinoid Products)
- Minn. Stat. § 152.01, Subd. 15a (Definitions)
- Minn. Stat. § 152.0264 (Cannabis Sale Crimes)
- Minn. Stat. § 152.22, subd. 6 (Definitions; Medical Cannabis)
- Minn. Stat. § 152.23 (Limitations; Medical Cannabis)
- Minn. Stat. § 169A.31 (Alcohol-Related School Bus or Head Start Bus Driving)
- Minn. Stat. § 340A.101 (Definitions; Alcoholic Beverage)
- Minn. Stat. § 340A.403 (3.2 Percent Malt Liquor Licenses)
- Minn. Stat. § 340A.404 (Intoxicating Liquor; On-Sale Licenses)
- Minn. Stat. § 342.09 (Personal Adult Use of Cannabis)
- Minn. Stat. § 342.56 (Limitations)
- Minn. Stat. § 609.684 (Abuse of Toxic Substances)
- Minn. Stat. § 624.701 (Alcohol in Certain Buildings or Grounds)
- 41 U.S.C. §§ 8101-8106 (Drug-Free Workplace Act)
- 20 U.S.C. § 7101-7122 (Student Support and Academic Enrichment Grants)
- 21 U.S.C. § 812 (Schedules of Controlled Substances)
- 21 C.F.R. §§ 1308.11-1308.15 (Controlled Substances)
- 34 C.F.R. Part 84 (Government-Wide Requirements for Drug-Free Workplace)

Cross References:

- MSBA/MASA Model Policy 403 (Discipline, Suspension, and Dismissal of School District Employees)
- MSBA/MASA Model Policy 416 (Drug and Alcohol Testing)
- MSBA/MASA Model Policy 417 (Chemical Use and Abuse)
- MSBA/MASA Model Policy 419 (Tobacco-Free Environment; Possession and use of Tobacco, Tobacco-Related Devices, and Electronic Delivery Devices; Vaping Awareness and Prevention Instruction)
- MSBA/MASA Model Policy 506 (Student Discipline)
- MSBA/MASA Model Policy 516 (Student Medication)



Adopted: June 14, 2004

Revised: 5/10/10; 11/23/15; 11/26/18

6/10/19; 5/26/20; 6/14/21; 6/27/22; 6/26/23

12/11/23

MSBA/MASA Model Policy 419

Orig. 1995

Rev. 2023 2

419 TOBACCO-FREE ENVIRONMENT; POSSESSION AND USE OF TOBACCO, TOBACCO-RELATED DEVICES, AND ELECTRONIC DELIVERY DEVICES; VAPING AWARENESS AND PREVENTION AND INSTRUCTION EDUCATION

I. PURPOSE

The purpose of this policy is to maintain a learning and working environment that is tobacco free.

II. GENERAL STATEMENT OF POLICY

- A. A violation of this policy occurs when any student, teacher, administrator, other school personnel of the school district or person smokes or uses tobacco or tobacco-related devices, or carries or uses an activated electronic delivery device in a public school. This prohibition extends to all facilities, whether owned, rented, or leased, and all vehicles that a school district owns, leases, rents, contracts for, or controls. In addition, this prohibition includes vehicles used, in whole or in part, for work purposes, during hours of school operation, if more than one person is present. This prohibition includes all school district property and all off-campus events sponsored by the school district.
- B. A violation of this policy occurs when any elementary school, middle school, or secondary school student possesses any type of tobacco or tobacco-related devices, or electronic delivery devices in a public school. This prohibition extends to all facilities, whether owned, rented, or leased, and all vehicles that a school district owns, leases, rents, contracts for, or controls and includes vehicles used, in whole or in part, for work purposes, during hours of school operation, if more than one person is present. This prohibition includes all school district property and all off-campus events sponsored by the school district.
- C. The school district will act to enforce this policy and to discipline or take appropriate action against any student, teacher, administrator, school personnel, or person who is found to have violated this policy.
- D. The school district will not solicit or accept any contributions or gifts of money, curricula, materials, or equipment from companies that directly manufacture and are identified with tobacco products, tobacco-related devices, or electronic delivery devices. The school district will not promote or allow promotion of tobacco products or electronic delivery devices on school property or at school-sponsored events.

III. DEFINITIONS

- A. “Electronic delivery device” means any product containing or delivering nicotine, lobelia, or any other substance, whether natural or synthetic, intended for human consumption through inhalation of aerosol or vapor from the product. Electronic delivery devices include but are not limited to devices manufactured, marketed, or sold as electronic cigarettes, electronic cigars, electronic pipe, vape pens, modes, tank systems, or under any other product name or descriptor. An electronic delivery device includes any component part of a product, whether or not marketed or sold separately. An electronic delivery device excludes drugs, devices, or combination products, as those terms are defined in the Federal Food, Drug, and Cosmetic Act, that are authorized for sale by the United States Food and Drug Administration.
- B. “Heated tobacco product” means a tobacco product that produces aerosols containing nicotine and other chemicals which are inhaled by users through the mouth.
- C. “Tobacco” means cigarettes and any product containing, made, or derived from tobacco that is intended for human consumption, whether chewed, smoked, absorbed, dissolved, inhaled, snorted, sniffed, or ingested by any other means, or any component, part, or accessory of a tobacco product including, but not limited to, cigars; cheroots; stogies; perique; granulated, plug cut, crimp cut, ready rubbed, and other smoking tobacco; snuff; snuff flour; cavendish; plug and twist tobacco; fine cut and other chewing tobacco; shorts; refuse scraps, clippings, cuttings and sweepings of tobacco; and other kinds and forms of tobacco. Tobacco excludes any drugs, devices, or combination products, as those terms are defined in the Federal Food, Drug, and Cosmetic Act, that are authorized for sale by the United States Food and Drug Administration.
- D. “Tobacco-related devices” means cigarette papers or pipes for smoking or other devices intentionally designed or intended to be used in a manner which enables the chewing, sniffing, smoking, or inhalation of aerosol or vapor of tobacco or tobacco products. Tobacco-related devices include components of tobacco-related devices which may be marked or sold separately.
- E. “Smoking” means inhaling, exhaling, burning or carrying any lighted or heated cigar, cigarette, pipe, or any other lighted or heated product containing, made, or derived from nicotine, tobacco, marijuana, or other plant, whether natural or synthetic, that is intended for inhalation. Smoking includes carrying or using an activated electronic delivery device.
- F. “Vaping” means using an activated electronic delivery device or heated tobacco product.

IV. EXCEPTIONS

- A. A violation of this policy does not occur when an American Indian adult lights tobacco on school district property as a part of a traditional American Indian spiritual or cultural ceremony. An American Indian student may carry a medicine pouch containing loose tobacco intended as observance of traditional spiritual or cultural practices. An American Indian is a person who is a member of an Indian tribe as defined under Minnesota law.
- B. A violation of this policy does not occur when an adult non-student possesses a tobacco or nicotine product that has been approved by the United States Food and Drug Administration for sale as a tobacco cessation product, as a tobacco dependence product, or for other medical purposes, and is being marketed and sold solely for such an approved purpose. Nothing in this exception authorizes smoking or use of tobacco, tobacco-related devices, or electronic delivery devices on school property or at off-campus events sponsored by the school district.

V. VAPING PREVENTION INSTRUCTION

- A. The school district must provide vaping prevention instruction at least once to students in grades 6 through 8.
- B. The school district may use instructional materials based upon the Minnesota Department of Health's school e-cigarette toolkit or may use other smoking prevention instructional materials with a focus on vaping and the use of electronic delivery devices and heated tobacco products. The instruction may be provided as part of the school district's locally developed health standards.

VI. ENFORCEMENT

- A. All individuals on school premises shall adhere to this policy.
- B. Students who violate this tobacco-free policy shall be subject to school district discipline procedures.
- C. School district administrators and other school personnel who violate this tobacco-free policy shall be subject to school district discipline procedures.
- D. School district action taken for violation of this policy will be consistent with requirements of applicable collective bargaining agreements, Minnesota or federal law, and school district policies.
- E. Persons who violate this tobacco-free policy may be referred to the building administration or other school district supervisory personnel responsible for the area or program at which the violation occurred.

- F. School administrators may call the local law enforcement agency to assist with enforcement of this policy. Smoking or use of any tobacco product in a public school is a violation of the Minnesota Clean Indoor Air Act and/or the Freedom to Breathe Act of 2007 and is a petty misdemeanor. A court injunction may be instituted against a repeated violator.
- G. No persons shall be discharged, refused to be hired, penalized, discriminated against, or in any manner retaliated against for exercising any right to a smoke-free environment provided by the Freedom to Breathe Act of 2007 or other law.

VII. DISSEMINATION OF POLICY

- A. A summary of this policy shall appear in the student handbook.
- B. The school district will develop a method of discussing this policy with students and employees.

Legal References: Minn. Stat. § 120B.238 (Vaping Awareness and Prevention)
Minn. Stat. § 144.411 – 144.417 (Minnesota Clean Indoor Air Act)
Minn. Stat. § 609.685 (Sale of Tobacco to Persons Under Age 21)
2007 Minn. Laws Ch. 82 (Freedom to Breathe Act of 2007)

Cross References: MSBA/MASA Model Policy 403 (Discipline, Suspension, and Dismissal of School District Employees)
MSBA/MASA Model Policy 506 (Student Discipline)



Adopted: February 9, 1998

MSBA/MASA Model Policy 515

Orig. 1995

Revised: 11/22/04, 7/11/05, 8/14/06; 10/27/08

Rev. 2022

3/26/12; 11/25/13; 6/23/14; 5/9/16; 6/26/17; 6/10/19; 1/13/20
6/14/21; 6/27/22; 6/26/23; 12/11/23

515 PROTECTION AND PRIVACY OF PUPIL RECORDS

I. PURPOSE

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

II. GENERAL STATEMENT OF POLICY

- A. The school district will ensure all student data collected, created, received, maintained or disseminated by the district, which is classified by statute or federal law as public, is accessible to the public pursuant to the procedures established by the district. All other data on students is private or confidential.

III. DEFINITIONS

- A. Authorized Representative
“Authorized representative” means any entity or individual designated by the school district, state, or an agency headed by an official of the Comptroller of the United States, the Attorney General of the United States, the Secretary of the U.S. Department of Education, or state and local educational authorities to conduct, with respect to federal or state supported education programs, any audit or evaluation or any compliance or enforcement activity in connection with federal legal requirements that relate to these programs.
- B. Biometric Record
“Biometric record” as referred to in “Personally Identifiable,” means a record of one or more measureable biological or behavioral characteristics, that can be used for automated recognition of an individual (i.e., fingerprints, retina and iris patterns, voice prints, DNA sequence, facial characteristics, and handwriting).
- C. Dates of Attendance
“Dates of attendance,” as referred to in “Directory Information,” means the period of time during which a student attends or attended a school or schools in the school district, including attendance in person or by paper correspondence, video conference, satellite, Internet or other electronic information and telecommunication technologies for students who are not in the classroom, and including the period during which a student is working under a work-study program. The term does not include specific daily records of a student’s attendance at a school or schools in the school district.

D. Directory Information

1. “Directory information” **under federal law**, means information contained in an education record of a student that would not generally be considered harmful or an invasion of privacy if disclosed. It includes, the student’s name, address, telephone listing, district provided electronic mail address, photograph, date and place of birth, major field of study, dates of attendance, grade level, enrollment status (i.e. full-time or part-time), participation in officially recognized activities and sports, weight and height of members of athletic teams, degrees, honors and awards received, and the most recent educational agency or institution attended. It also includes the name, address and telephone number of the student’s parent/guardian(s).

Directory information does not include:

- a) a student’s social security number
 - b) a student’s identification number (“ID”), user ID, or other unique personal identifier used by a student for purposes of accessing or communicating in electronic systems if the identifier may be used to access education records without use of one or more factors that authenticate the student’s identity such as a personal identification (PIN), password, or other factor known or possessed only by the authorized user.
 - c) a student ID or other unique personal identifier that is displayed on a student ID badge if the identifier can be used to gain access to educational records when used in conjunction with one or more factors that authenticate the student’s identity, such as a PIN, password, or other factor known or possessed only by the student;
 - d) personally identifiable data which references religion, race, color, social position, or nationality; or
 - e) data collected from nonpublic school students, other than those who receive shared time educational services, unless written consent is given by the student’s parent or guardian.
2. **Under Minnesota law, a school district may not designate a student’s home address, telephone number, email address, or other personal contact information as “directory information.”**

E. Education Records

1. What constitutes “education records”. Education records mean those records that are: (1) directly related to a student; and (2) maintained by the school district or by a party acting for the school district.
2. What does not constitute education records. The term “education records” does not include:

- a) Records of instructional personnel that are:
 - 1) Kept in the sole possession of the maker of the record; and
 - 2) Used only as a personal memory aid;
 - 3) not accessible or revealed to any other individual except a temporary substitute teacher; and
 - 4) destroyed at the end of the school year.

- b) Records of a law enforcement unit of the school district, provided educational records maintained by the school district are not disclosed to the unit, and the law enforcement records are:
 - 1) maintained separately from education records;
 - 2) maintained solely for law enforcement purposes; and
 - 3) disclosed only to law enforcement officials of the same jurisdiction.

- c) Records relating to an individual, including a student, who is employed by the school district which:
 - 1) are made and maintained in the normal course of business;
 - 2) relate exclusively to the individual in that individual's capacity as an employee; and
 - 3) are not available for use for any other purpose.

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

- d) Records relating to an eligible student, or a student attending an institution of post-secondary education, that are:
 - 1) made or maintained by a physician, psychiatrist, psychologist or other recognized professional or paraprofessional acting in his or her professional or paraprofessional capacity or assisting in that capacity;
 - 2) made, maintained, or used only in connection with the provision of treatment to the student; and
 - 3) disclosed only to individuals providing the treatment; provided that the records can be personally reviewed by a physician or other appropriate professional of the student's choice. For the purpose of this definition, "treatment" does not include remedial educational activities or activities that

are a part of the program of instruction within the school district.

- e) Records created or received by the school district after an individual is no longer a student at the school district and that are not directly related to the individual's attendance as a student.
- f) Grades on peer-related papers before the papers are collected and recorded by a teacher.

F. Educational Support Services Data

“Education support services data” means data on individuals collected, created, maintained, used, or disseminated relating to program administration by a government entity under contract with a government entity designed to eliminate disparities and advance equities in educational achievement for youth by coordinating services available to participants, regardless of the youth's involvement with other government services. Educational support services data does not include welfare data under Minnesota Statutes section 13.46.

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

G. Eligible Student

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

H. Juvenile Justice System

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

I. Legitimate Educational Interest

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

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

4. Perform a task directly related to responding to a request for data.

J. Parent

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

K. Personally Identifiable

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

L. Record

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

M. Responsible Authority

“Responsible authority” means superintendent or designee.

N. Student

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

O. School Official

“School official” includes: (a) a person duly elected to the school board; (b) a person employed by the school board in an administrative, supervisory, instructional or other professional position; (c) a person employed by the school board as a temporary substitute in a professional position for the period of his or her performance as a substitute; and (d) a person employed by, or under contract

to, the school board to perform a special task such as a secretary, school resource officer, a clerk, as 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.

P. Summary Data

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

Q. Other Terms and Phrases

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

IV. GENERAL CLASSIFICATION

- A. State law provides that all data collected, created, received or maintained by a school district are public unless classified by state or federal law as not public or private or confidential. State law classifies all data on individuals maintained by a school district, which relates to a student as private data on individuals. This data may not be disclosed to parties other than the parent or eligible student without consent, except pursuant to a valid court order, certain state statutes authorizing access, and the provisions of 20 U.S.C. §1232g and the regulations promulgated there under.

V. STATEMENT OF RIGHTS

A. Rights of Parents and Eligible Students

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

1. The right to inspect and review the student’s education records;
2. The right to request the amendment of the student’s education records to ensure that they are not inaccurate, misleading or otherwise in violation of the student’s privacy or other rights;
3. The right to consent to disclosures of personally identifiable information contained in the student’s education records, except to the extent that such consent is not required for disclosure pursuant to this policy, state or federal law, or the regulations promulgated there under;

4. The right to refuse release of names, addresses, and home telephone numbers of students in grades 11 and 12 to military recruiting officers and post-secondary educational institutions;
5. The right to file a complaint with the U.S. Department of Education concerning alleged failures by the school district to comply with the federal law and the regulations promulgated there under;
6. The right to be informed about rights under the federal law; and
7. The right to obtain a copy of this policy at the location set forth in Section XXI of this policy.

B. Eligible Students

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

C. Students with a Disability

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

VI. DISCLOSURE OF EDUCATION RECORDS

A. Consent Required for Disclosure

1. The school district shall obtain a signed and dated written consent of the parent of a student or the eligible student before disclosing personally identifiable information from the education records of the student, except as provided herein.
2. The written consent required by this subdivision must be signed and dated by the parent of the student or the eligible student giving the consent and shall include:
 - a) a specification of the records to be disclosed;
 - b) the purpose or purposes of the disclosure;
 - c) the party or class of parties to whom the disclosure may be made; and
 - d) if appropriate, a termination date for the consent.

3. When a disclosure is made under this subdivision:
 - a) if the parent or eligible student so requests, the school district shall provide him or her with a copy of the records disclosed; and
 - b) if the parent of a student who is not an eligible student so requests, the school district shall provide the student with a copy of the records disclosed.
4. A signed and dated written consent may include a record and signature in electronic form that:
 - a) identifies and authenticates a particular person as the source of the electronic consent; and
 - b) indicates such person's approval of the information contained in the electronic consent.
5. If the responsible authority seeks an individual's informed consent to the release of private data to an insurer or the authorized representative of an insurer, informed consent shall not be deemed to have been given unless the statement is:
 - a) in plain language;
 - b) dated;
 - c) specific in designating the particular persons or agencies the data subject is authorizing to disclose information about the data subject;
 - d) specific as to the nature of the information the subject is authorizing to be disclosed;
 - e) specific as to the persons or agencies to which the subject is authorizing information to be disclosed;
 - f) specific as to the purpose or purposes for which the information may be used by any of the parties named in Clause e. above, both at the time of the disclosure and at any time in the future; and
 - g) specific as to its expiration date which should be within a reasonable time, not to exceed one year except in the case of authorizations given in connection with applications for (i) life insurance or non-cancellable or guaranteed renewable health insurance and identified as such, two years after the date of the policy, or (ii) medical assistance under Minnesota Statutes Chapter 256B or Minnesota Care under Minnesota Statutes Chapter 256L, which shall be ongoing during all terms of eligibility, for

individualized education program health-related services provided by a school district that are subject to third party reimbursement.

6. Eligible Student Consent

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

B. Prior Consent for Disclosure Not Required

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

1. To other school officials, including teachers, within the school district whom the school district determines have a legitimate educational interest in such records;
2. To a contractor, consultant, volunteer, or other party to whom the school district has outsourced institutional services or functions provided that the outside party:
 - a) performs an institutional service or function for which the school district would otherwise use employees;
 - b) is under the direct control of the school district with respect to the use and maintenance of education records; and
 - c) will not disclose the information to any other party without the prior consent of the parent or eligible student and uses the information only for the purposes for which the disclosure was made.
3. To officials of other schools, school districts, or post-secondary educational institutions in which the student seeks or intends to enroll, or is already enrolled, as long as the disclosure is for purposes related to the student's enrollment or transfer. The records shall include information about disciplinary action taken as a result of any incident in which the student possessed or used a dangerous weapon, and with proper annual notice (See Section XIX.), suspension and expulsion information pursuant to section 7917 of the federal Every Student Succeeds Act, 20 United States Code section 7917 and, if applicable, data regarding a student's history of violent behavior. The records also shall include a copy of any probable cause notice or any disposition or court order under Minnesota Statutes section 260B.171, unless the data are required to be destroyed under Minnesota Statutes section 120A.22, subdivision. 7(c) or section

121A.75. On request, the school district will provide the parent or eligible student with a copy of the education records that have been transferred and provide an opportunity for a hearing to challenge the content of those records in accordance with Section XV. of this policy;

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

“Financial aid” for purposes of this provision means a payment of funds provided to an individual or a payment in kind of tangible or intangible property to the individual that is conditioned on the individual’s attendance at an educational agency or institution;

6. To state and local officials or authorities to whom such information is specifically allowed to be reported or disclosed pursuant to state statute adopted:
 - a) before November 19, 1974, if the allowed reporting or disclosure concerns the juvenile justice system and such system’s ability to effectively serve the student whose records are released; or
 - b) after November 19, 1974, if the reporting or disclosure allowed by state statute concerns the juvenile justice system and the system’s ability to effectively serve, prior to adjudication, the student whose records are released, provided the officials and authorities to whom the records are disclosed certify in writing to the school district that the data will not be disclosed to any other party, except as provided by state law, without the prior written consent of the parent of the student. At a minimum, the school district shall disclose the following information to the juvenile justice system under this paragraph: a student’s full name, home address, telephone number, and date of birth; a student’s school schedule, attendance record, and photographs, if any; and parents’ names, home addresses, and telephone numbers;

7. To organizations conducting studies for or on behalf of educational agencies or institutions for the purpose of developing, validating or administering predictive tests, administering student aid programs or improving instruction; provided that the studies are conducted in a manner which does not permit the personal identification of parents or students by individuals other than representatives of the organization and the information is destroyed when no longer needed for the purposes for which the study was conducted, and the school district enters into a written agreement with the organization that: (a) specifies the purpose, scope, and duration of the study or studies and the information to be disclosed; (b) requires the organization to use personally identifiable information from education records only to meet the purpose or purposes of the study as stated in the written agreement; (c) requires the organization to conduct the study in a manner that does not permit personal identification of parents and students by anyone other than representatives of the organization with legitimate interests; and (d) requires the organization to destroy or return to the school district all personally identifiable information when information is no longer needed for the purposes for which the study was conducted and specifies the time period in which the information must be returned or destroyed. For purposes of this provision, the term “organizations” includes, but is not limited to, federal, state and local agencies and independent organizations. In the event the Department of Education determines that a third party outside of the school district to whom information is disclosed violates this provision, the school district may not allow that third party access to personally identifiable information from education records for at least five (5) years.
8. To accrediting organizations in order to carry out their accrediting functions;
9. To parents of a student eighteen (18) years of age or older if the student is a dependent of the parents for income tax purposes;
10. To comply with a judicial order or lawfully issued subpoena, provided, however, that the school district makes a reasonable effort to notify the parent or eligible student of the order or subpoena in advance of compliance therewith so that the parent or eligible student may seek protective action, unless the disclosure is in compliance with a federal grand jury subpoena, or any other subpoena issued for law enforcement purposes, and the court or other issuing agency has ordered that the existence or the contents of the subpoena or the information furnished in response to the subpoena not be disclosed, or the disclosure is in compliance with an ex parte court order obtained by the United States Attorney General (or designee not lower than an Assistant Attorney General) concerning investigations or prosecutions of an offense listed in

18 U.S.C. § 2332b(g)(5)(B) or an act of domestic or international terrorism as devised in 18 United States Code section 2331, or a parent is a party to a court proceeding involving child abuse and neglect or dependency matters, and the order is issued in the context of the proceeding. If the school district initiates legal action against a parent or student it may disclose to the court, without a court order or subpoena, the education records of the student that are relevant for the school district to proceed with the legal action as plaintiff. Also, if a parent or eligible student initiates a legal action against the school district, the school district may disclose to the court, without a court order or subpoena, the student's education records that are relevant for the school district to defend itself.

11. To appropriate parties including parents of an eligible student, in connection with an emergency if knowledge of the information is necessary to protect the health or safety of the student or other individuals. The decision is to be based upon information available at the time the threat occurs that indicates that there is an articulable and significant threat to the health and safety of a student or other individuals. In making a determination whether to disclose information under this section, the school district may take into account the totality of the circumstances pertaining to a threat and may disclose information from education records to any person whose knowledge of the information is necessary to protect the health or safety of the student or other students. A record of this disclosure must be maintained pursuant to Section XIII.E. of this policy. In addition, an educational agency or institution may include in the educational records of a student, appropriate information concerning disciplinary action taken against the student for conduct that posed a significant risk to the safety or well-being of that student, other students, or other members of the school community. This information may be disclosed to teachers and school officials within the school district and/or teachers and school officials in other schools who have legitimate educational interests in the behavior of the student;
12. To the juvenile justice system if information about the behavior of a student who poses a risk of harm is reasonably necessary to protect the health or safety of the student or other individuals;
13. Information the school district has designated as "directory information" pursuant to Section VII. of this policy
14. To military recruiting officers and post-secondary educational institutions pursuant to Section XI. of this policy;
15. To the parent of a student who is not an eligible student or to the student himself or herself;

16. To appropriate health authorities to the extent necessary to administer immunization programs and for bona fide epidemiologic investigations which the commissioner of health determines are necessary to prevent disease or disability to individuals in the public educational agency or institution in which the investigation is being conducted;
17. To volunteers who are determined to have a legitimate educational interest in the data and who are conducting activities and events sponsored by or endorsed by the educational agency or institution for students or former students; or
18. To the juvenile justice system, on written request that certifies that the information will not be disclosed to any other person except as authorized by law without the written consent of the parent of the student:
 - a) the following information about a student must be disclosed: a student's full name, home address, telephone number, date of birth; a student's school schedule, daily attendance record, and photographs, if any; and any parents' names, home addresses, and telephone numbers;

- b) the existence of the following information about a student, not the actual data or other information contained in the student's educational record, may be disclosed provided that a request for access must be submitted on the statutory form and it must contain an explanation of why access to the information is necessary to serve the student: (1) use of a controlled substance, alcohol, or tobacco; (2) assaultive or threatening conduct that could result in dismissal from school under the Pupil Fair Dismissal Act; (3) possession or use of weapons or look-alike weapons; (4) theft; or (5) vandalism or other damage to property. Prior to releasing this information, the principal or chief administrative officer of a school who receives such a request must, to the extent permitted by federal law, notify the student's parent or guardian by certified mail of the request to disclose information. If the student's parent or guardian notifies the school official of an objection to the disclosure within ten (10) days of receiving certified notice, the school official must not disclose the information and instead must inform the requesting member of the juvenile justice system of the objection. If no objection from the parent or guardian is received within fourteen (14) days, the school official must respond to the request for information.

The written requests of the juvenile justice system member(s), as well as a record of any release, must be maintained in the student's file.

19. To the principal where the student attends and to any counselor directly supervising or reporting on the behavior or progress of the student if it is information from a disposition order received by a superintendent under Minnesota Statutes section 260B.171, subdivision. 3. The principal must notify the counselor immediately and must place the disposition order in the student's permanent education record. The principal also must notify immediately any teacher or administrator who directly supervises or reports on the behavior or progress of the student whom the principal believes needs the information to work with the student in an appropriate manner, to avoid being needlessly vulnerable, or to protect other persons from needless vulnerability. The principal may also notify other school district employees, substitutes, and volunteers who are in direct contact with the student if the principal determines that these individual need the information to work with the student in an appropriate manner, to avoid being needlessly vulnerable, or to protect other persons from needless vulnerability. Such notices from the principal must identify the student, outline the offense, and describe any conditions of probation about which the school must provide information if this information is provided in the disposition order. Disposition order information received is private educational data received for the limited purpose of serving the

educational needs of the student and protecting students and staff. The information may not be further disseminated by the counselor, teacher, administrator, staff member, substitute, or volunteer except as necessary to serve the student, to protect students and staff, or as otherwise required by law, and only to the student or the student's parent or guardian.

20. To the principal where the student attends if it is information from a peace officer's record of children received by a superintendent under Minnesota Statutes section 260B.171, Subdivision. 5. The principal must place the information in the student's educational record. The principal also must notify immediately any teacher, counselor, or administrator directly supervising the student whom the principal believes needs the information to work with the student in an appropriate manner, to avoid being needlessly vulnerable, or to protect other persons from needless vulnerability. The principal may also notify other district employees, substitutes, and volunteers who are in direct contact with the student if the principal determines that these individuals need the information to work with the student in an appropriate manner, to avoid being needlessly vulnerable, or to protect other persons from needless vulnerability. Such notices from the principal must identify the student and describe the alleged offense if this information is provided in the peace officer's notice. Peace officer's record information received is private educational data received for the limited purpose of serving the educational needs of the student and protecting students and staff. The information must not be further disseminated by the counselor, teacher administrator, staff member, substitute, or volunteer except to communicate with the student or the student's parent or guardian as necessary to serve the student, to protect students and staff, or as otherwise required by law.

The principal must delete the peace officer's record from the student's educational record, destroy the data, and make reasonable efforts to notify any teacher, counselor, staff member, administrator, substitute, or volunteer who received information from the peace officer's record if the county attorney determines not to proceed with a petition or directs the student into a diversion or mediation program or if a juvenile court makes a decision on a petition and the county attorney or juvenile court notifies the superintendent of such action;

21. Information provided to the school district concerning sex offenders and other individuals required to register in accordance with the Violent Crime Control and Law Enforcement Act of 1994. 42 U.S.C. § 14071, and applicable federal guidelines; or
22. To the Secretary of Agriculture, or authorized representative from the Food and Nutrition Service or contractors acting on behalf of the Food and Nutrition Services Department, for the purpose of conducting program

monitoring, evaluations, and performance measurements of state and local educational and other agencies and institutions receiving funding or providing benefits of one or more programs authorized under the National School Lunch Act or the Child Nutrition Act of 1966 for which the results will be reported in an aggregate form that does not identify any individual, on the conditions that (a) any data collected shall be protected in a manner that will not permit the personal identification of students and their parents by other than the authorized representatives of the Secretary; and (b) any personally identifiable data shall be destroyed when the data are no longer needed for program monitoring, evaluations, and performance measures.

23. To agency caseworker or other representative of State or local child welfare agency, or tribal organizations (as defined 25 United States Code section 5304 in), who has the right to access a student's case plan, as defined and determined by the State or tribal organization, when such agency or organization is legally responsible, in accordance with State or tribal law, for the care and protection of the student, provided that the education records, or the personally identifiable information contained in such records, of the student will not be disclosed by such agency or organization, except to an individual or entity engaged in addressing the student's education needs and authorized by such agency or organization to receive such disclosure is consistent with the State or tribal laws applicable to protecting confidentiality of a student's educational record.

C. Nonpublic School Students

The school district may disclose personally identifiable information from the educational records of a nonpublic school student, other than a student who receives shared time educational services, without the written consent of the parent of the student or the eligible student unless otherwise provided herein, if the disclosure is:

1. Pursuant to court order;
2. Pursuant to a statute specifically authorizing access to the private data; or
3. To appropriate health authorities to the extent necessary to administer immunization programs and for bona fide epidemiological investigations which the commissioner of health determines are necessary to prevent disease or disability to individuals in the public educational agency or institution in which the investigation is being conducted.

VII. RELEASE OF DIRECTORY INFORMATION

A. Classification Educational Data

1. Educational data designated as directory information is public data on individuals to the extent required under federal law. Directory information must be designated pursuant to the provisions of:

- a) Minnesota Statutes, section 13.32, subdivision 5; and
- b) United States Code, title 20, section 1232g, and Code of Federal Regulations, title 34, section 99.37, which were in effect on January 3, 2012.

2. The school district may not designate a student's home address, telephone number, email address, or other personal contact information as directory information under this section.
3. When requested, the school district must share personal contact information and directory information, whether public or private, with the Minnesota Department of Education, as required for federal reporting purposes.

~~Directory information is public except as provided herein.~~

B. Former Students

Unless a former student validly opted out of the release of directory information, while the student was in attendance and has not rescinded the opt out request at any time, the school district may disclose directory information from the education records generated by it regarding the former student without meeting the requirements of Paragraph C. of this section. In addition, under an explicit exclusion from the definition of an "education record," the school district may release records that only contain information about an individual obtained after he or she is no longer a student at the school district and that are not directly related to the individual's attendance as a student (e.g., a student's activities as an alumnus of the school district).

C. Present Students and Parents

The school district may disclose directory information from the education records of a student and information regarding parents without prior written consent of the parent of the student or eligible student, except as provided herein. ~~Prior to such disclosure the school district shall:~~

1. When conducting the directory information designation and notice process required by federal law, the school district shall give parents and students notice of the right to refuse to let the district designate specified data about the student as directory information.
2. The School District shall ~~Annually~~ give ~~annual~~ public notice by any means that are reasonably likely to inform the parents and eligible students of:
 - a) the types of personally identifiable information regarding students and/or parents that the school district has designated as directory information;

- b) the parent's or eligible student's right to refuse to let the school district designate any or all of those types of information about the student and/or the parent as directory information; and
 - c) the period of time in which a parent or eligible student has to notify the school district in writing that he or she does not want any or all of those types of information about the student and/or the parent designated as directory information.
3. Allow a reasonable period of time after such notice has been given for a parent or eligible student to inform the school district, in writing, that any or all of the information so designated should not be disclosed without the parent's or eligible student's prior written consent, except as provided in the DISCLOSURE OF EDUCATION RECORDS section of this policy.
4. A parent or eligible student may not opt out of the directory information disclosures to:
- a) prevent the school district from disclosing or requiring the student to disclose the student's name, ID, or school district e-mail address in a class in which the student is enrolled; or
 - b) prevent the school district from requiring a student to wear, to display publicly, or to disclose a student ID card or badge that exhibits information that may be designated as directory information and that has been properly designated by the school district as directory information.
5. The school district shall not disclose or confirm directory information without meeting the written consent requirements contained in Section VI.A. of this policy if a student's social security number or other non-directory information is used alone or in combination with other data elements to identify or help identify the student or the student's records.

D. Procedure for Obtaining Nondisclosure of Directory Information

The parent's or eligible student's written notice shall be directed to the responsible authority and shall include the following:

- 1. Name of the student and/or parent, as appropriate;
- 2. Home address;
- 3. School presently attended by student;
- 4. Parent's legal relationship to student, if applicable; and
- 5. Specific categories of directory information to be made not public without the parent's or eligible student's prior written consent, which shall only be applicable for that school year.

E. Duration

The designation of any information as directory information about a student or

parents will remain in effect for the remainder of the school year unless the parent or eligible student provides the written notifications provided herein.

VIII. DISCLOSURE OF PRIVATE RECORDS

A. Private Records

For the purposes herein, education records are records which are classified as private data on individuals by state law and which are accessible only to the student who is the subject of the data and the student's parent if the student is not an eligible student. The school district may not disclose private records or their contents except as summary data, or except as provided in Section VI. of this policy, without the prior written consent of the parent or the eligible student. The school district will use reasonable methods to identify and authenticate the identity of parents, students, school officials, and any other party to whom personally identifiable information from education records is disclosed.

B. Private Records Not Accessible to Parent

In certain cases state law intends, and clearly provides, that certain information contained in the education records of the school district pertaining to a student be accessible to the student alone, and to the parent only under special circumstances, if at all.

The responsible authority may deny access to private data by a parent when a minor student who is the subject of that data requests that the responsible authority deny such access. The minor student's request must be submitted in writing setting forth the reasons for denying access to the parent and must be signed by the minor. Upon receipt of such request the responsible authority shall determine if honoring the request to deny the parent access would be in the best interest of the minor data subject. In making this determination the responsible authority shall consider the following factors:

1. whether the minor is of sufficient age and maturity to be able to explain the reasons for and understand the consequences of the request to deny access;
2. whether the personal situation of the minor is such that denying parental access may protect the minor data subject from physical or emotional harm;
3. whether there are grounds for believing that the minor data subject's reasons for precluding parental access are reasonably accurate;
4. whether the data in question is of such a nature that disclosure of it to the parent may lead to physical or emotional harm to the minor data subject; and

5. whether the data concerns medical, dental or other health services provided pursuant to Minnesota Statutes sections 144.341-144.347, in which case the data may be released only if the failure to inform the parent would seriously jeopardize the health of the minor.

C. Private Records Not Accessible to Student

Students shall not be entitled to access to private data concerning financial records and statements of the student's parent or any information contained therein.

D. Military-Connected Youth Identifier

When a school district updates its enrollment forms in the ordinary course of business, the school district must include a box on the enrollment form to allow students to self-identify as a military-connected youth. For purposes of this section, a "military-connected youth" means having an immediate family member, including a parent or sibling, who is currently in the armed forces either as a reservist or on active duty or has recently retired from the armed forces. Data collected under this provision is private data on individuals, but summary data may be published by the Department of Education.

IX. DISCLOSURE OF CONFIDENTIAL RECORDS

A. Confidential Records

Confidential records are those records and data contained therein which are made not public by state or federal law, and which are inaccessible to the student and the student's parents or to an eligible student.

B. Reports Under the Maltreatment of Minors Reporting Act

Pursuant to Minnesota Statutes Chapter 260E, written copies of reports pertaining to a neglected and/or physically and/or sexually abused child shall be accessible only to the appropriate welfare and law enforcement agencies. In respect to other parties, such data shall be confidential and will not be made available to the parent or the subject individual by the school district. The subject individual, however, may obtain a copy of the report from either the local welfare agency, county sheriff or the local police department subject to the provisions of Minnesota Statutes Chapter 260E.

Regardless of whether a written report is made under Minnesota Statutes Chapter 260E, as soon as practicable after a school receives information regarding an incident that may constitute maltreatment of a child in a school facility, the school shall inform the parent, legal guardian, or custodian of the child that an incident occurred that may constitute maltreatment of the child, when the incident occurred, and the nature of the conduct that may constitute maltreatment.

C. Investigative Data

Data collected by the school district as part of an active investigation undertaken for the purpose of the commencement or defense of pending civil legal action, or

are retained in anticipation of a pending civil legal action are classified as protected nonpublic data in the case of data not on individuals, and confidential data in the case of data on individuals.

1. The school district may make any data classified as protected non-public or confidential pursuant to this subdivision accessible to any person, agency or the public if the school district determines that such access will aid the law enforcement process, promote public health or safety, or dispel widespread rumor or unrest.
2. A complainant has access to a statement he or she provided to the school district.
3. Parents or eligible students may have access to investigative data of which the student is the subject, but not only to the extent the data is not inextricably intertwined with data about other school district students, school district employees, an/or attorney data as defined by Minnesota Statutes sections 13.393.
4. Once a civil investigation becomes inactive, civil investigative data becomes public unless the release of the data would jeopardize another pending civil legal action, except for those portions of such data that are classified as not public data under state or federal law. Any civil investigative data presented as evidence in court or made part of a court record shall be public. For purposes of this provision, a civil investigation becomes inactive upon the occurrence of any of the following events:
 - a) a decision by the school district, or by the chief attorney for the school district, not to pursue the civil legal action. However, such investigation may subsequently become active if the school district or its attorney decides to renew the civil legal action;
 - b) the expiration of the time to file a complaint under the statute of limitations or agreement applicable to the civil legal action; or
 - c) the exhaustion or expiration of rights of appeal by either party to the civil legal action.
5. A “pending civil legal action” for purposes of this subdivision is defined as including, but not limited to, judicial, administrative or arbitration proceedings.

D. Chemical Abuse Records

To the extent the school district maintains records of the identity, diagnosis, prognosis, or treatment of any student which are maintained in connection with the performance of any drug abuse prevention function conducted, regulated, or directly or indirectly, assisted by any department or agency of the United States,

such records are classified as confidential and shall be disclosed only for the purposes and under the circumstances expressly authorized by law.

X. DISCLOSURE OF SCHOOL RECORDS PRIOR TO EXCLUSION OR EXPULSION HEARING

- A. At a reasonable time prior to any exclusion or expulsion hearing, the student and the student's parent or guardian or representative shall be given access to all school district records pertaining to the student, including any tests or reports upon which the action proposed by the school district may be based, pursuant to the Minnesota Pupil Fair Dismissal Act, Minnesota Statutes sections 121A.40, *et seq.*

XI. DISCLOSURE OF DATA TO MILITARY RECRUITING OFFICERS AND POST-SECONDARY EDUCATIONAL INSTITUTIONS

- A. The School District will release the names, addresses, electronic mail address (which shall be the electronic mail addresses provided by the school district, if available, that may be released to military recruiting officers only) and home telephone numbers of students in grades 11 and 12 to military recruiting officers and post-secondary educational institutions within sixty (60) days after the date of the request unless a parent or eligible student has refused in writing to release this data to pursuant to Paragraph C. below.
- B. Data released to military recruiting officers under this provision:
1. may be used only for the purpose of providing information to students about military service, state and federal veterans' education benefits, and other career and educational opportunities provided by the military;
 2. cannot be further disseminated to any other person except personnel of the recruiting services of the armed forces; and
- C. A parent or eligible student has the right to refuse the release of the name, address, electronic mail address (which shall be the electronic mail addresses provided by the school district, if available, that may be released to military recruiting officers only), or home telephone number to military recruiting officers and post-secondary educational institutions. To refuse the release of the above information to military recruiting officers and post-secondary educational institutions, a parent or eligible student must notify the district MARSS specialist in writing, by October 1 of the school year or within 30 days of enrollment in school each year. The written request must include the following information:
1. Name of student and parent, as appropriate;
 2. Home address;

3. Student's grade level;
 4. School presently attended by student;
 5. Parent's legal relationship to student, if applicable;
 6. Specific category or categories of information which are not to be released to military recruiters and post-secondary educational institutions; and
 7. Specific category or categories of information which are not to be released to the public, including military recruiting officers and post-secondary educational institutions.
- D. Annually, the school district will provide public notice by any means that are reasonably likely to inform the parents and eligible students of their rights to refuse to release the names, addresses, and home phone numbers of students in grades 11 and 12 without prior consent.
- E. A parent or eligible student's refusal to release the above information to military recruiting officers and post-secondary educational institutions does not affect the school district's release of directory information to the rest of the public, which includes military recruiting officers and post-secondary educational institutions. In order to make any directory information about a student private, the procedures contained in Section VII. of this policy also must be followed. Accordingly, to the extent the school district has designated the name, address, home phone number, and grade level of students as directory information, absent a request from a parent or eligible student not to release such data, this information will be public data and accessible to members of the public, including military recruiting officers and post-secondary educational institutions.

XII. LIMITS ON REDISCLOSURE

- A. Re-disclosure
Consistent with the requirements herein, the school district may only disclose personally identifiable information from the education records of a student on the condition that the party to whom the information is to be disclosed will not disclose the information to any other party without the prior written consent of the parent of the student or the eligible student, except that the officers, employees and agents of any party receiving personally identifiable information under this section may use the information, but only for the purposes for which the disclosure was made.
- B. Re-disclosure Not Prohibited
 1. Subdivision A. of this section does not prevent the school district from disclosing personally identifiable information under Section VI. of this policy with the understanding that the party receiving the information may

make further disclosures of the information on behalf of the school district provided:

- a) The disclosures meet the requirements of the Section VI. of this policy; and
- b) The school district has complied with the record-keeping requirements of the Section XIII. of this policy.

2. Subdivision A. of this section does not apply to disclosures made pursuant to court orders or lawfully issued subpoenas or litigation, to disclosures of directory information, to disclosures to a parent or student, or to parents of dependent students or to disclosures concerning sex offenders and other individuals required to register under 42 United States Code section 14071. However, the school district must provide the notification required in Section XII.D. of this policy if a re-disclosure is made based upon a court order or lawfully issued subpoena.

C. Classification of Disclosed Data

The information disclosed shall retain the same classification in the hands of the party receiving it as it had in the hands of the school district.

D. Notification

The school district shall, except for disclosures made pursuant to court orders or lawfully issued subpoenas, disclosure of directory information under the Section VII. of this policy, disclosures to a parent or student, disclosures to parents of a dependent student. In the event that the Family Policy Compliance Office determines that a state or local educational authority, or federal agency headed by an official listed in 34 Code of Federal Regulations section 99.31(a)(3), or an authorized representative of a state local educational authority or federal reserve agency headed by an official listed in sections 99.31(a)(3), or a third party outside of the school district improperly re-discloses personally identifiable information from education records or fails to provide notification required under this section of this policy, the school district may not allow that third party access to personally identifiable information from education records for at least five (5) years.

XIII. RESPONSIBLE AUTHORITY, RECORD SECURITY; AND RECORD KEEPING

A. Responsible Authority

The responsible authority shall be responsible for the maintenance and security of student records.

B. Record Security

The principal of each school subject to the supervision and control of the responsible authority shall be the records manager of the school, and shall have the duty of maintaining and securing the privacy and/or confidentiality of student records.

C. Plan for Securing Student Records

The building principal shall submit to the responsible authority a written plan or securing student records by September 1 of each school year. The written plan shall contain the following information:

1. A description of records maintained;
2. Titles and addresses of person(s) responsible for the security of student records;
3. Location of student records, by category, in the buildings;
4. Means of securing student records; and
5. Procedures for access and disclosure.

D. Review of Written Plan for Securing Student Records

The responsible authority shall review the plans submitted pursuant to Paragraph C. of this section for compliance with the law, this policy and the various administrative policies of the school district. The responsible authority shall then promulgate a chart incorporating the provisions of Paragraph C. which shall be attached to and become a part of this policy.

E. Record Keeping

1. The principal shall, for each request for and each disclosure of personally identifiable information from the education records of a student, maintain a record with the education records of the student that indicates:
 - a) the parties who have requested or received personally identifiable information from the education records of the student; and
 - b) the legitimate interests these parties had in requesting or obtaining the information; and
 - c) the names of the state and local educational authorities and federal officials and agencies listed in Section VI.B.4. of this policy that may make further disclosures of personally identifiable information from the student's education records without consent.
2. In the event the school district discloses personally identifiable information from an education record of a student pursuant to Section XII.B. of this policy, the record of disclosure required under this section shall also include:

- a) the names of the additional parties to which the receiving party may disclose the information on behalf of the school district; and
 - b) the legitimate interests under Section VI. of this policy which each of the additional parties has in requesting or obtaining the information; and
 - c) a copy of the record of further disclosures maintained by a state or local educational authority or federal official or agency listed in Section VI.B.4. of this policy in accordance with 34 Code of Federal Regulations section 99.32 and to whom the school district disclosed information from an education record. The school district shall request a copy of the record of further disclosures from a state or local educational authority or federal official or agency to which education records were disclosed upon a request from a parent or eligible student to review the record of requests for disclosure.
3. Section XIII.E.1. does not apply to requests by or disclosure to a parent of a student or an eligible student, disclosures pursuant to the written consent of a parent of a student or an eligible student, requests by or disclosures to other school officials under Section VI.B.1. of this policy, to requests for disclosures of directory information under the Section VII. of this policy, or to a party seeking or receiving the records as directed by a Federal grand jury or other law enforcement subpoena and the issuing court or agency has ordered that the existence or the contents of the subpoena or the information provided in response to the subpoena not be disclosed or as directed by an ex parte court order obtained by the United States Attorney General (or designee not lower than an Assistant Attorney General) concerning investigations or prosecutions of an offense listed in 18 United States Code section 2332b(g)(5)(B) or an act of domestic or international terrorism.
4. The record of requests of disclosures may be inspected by:
- a) the parent of the student or the eligible student;
 - b) the school official or his or her assistants who are responsible for the custody of the records; and
 - c) the parties authorized by law to audit the record-keeping procedures of the school district.
5. The school district shall record the following information when it discloses personally identifiable information from education records under the health or safety emergency exception:

- a) the articulable and significant threat to the health and safety of a student or other individual that formed the basis for the disclosure; and
 - b) The parties to whom the school district disclosed information.
6. The record of requests and disclosures shall be maintained with the education records of the student as long as the school district maintains the student's education records.

XIV. RIGHT TO INSPECT AND REVIEW EDUCATION RECORDS

A. Parent of a Student, an Eligible Student or the Parent of an Eligible Student Who is Also a Dependent Student

The school district shall permit the parent of a student, an eligible student or the parent of an eligible student who is also a dependent student who is or has been in attendance in the school district to inspect or review the education records of the student, except those records which are made confidential by state or federal law or as otherwise provided in Section VIII. of this policy.

B. Response to Request for Access

The school district shall respond to any request pursuant to Subdivision A. of this section immediately, if possible, or within ten (10) days of the date of the request, excluding Saturdays, Sundays and legal holidays.

C. Right to Inspect and Review

The right to inspect and review education records under Subdivision A. of this section includes:

1. The right to a response from the school district to reasonable requests for explanations and interpretations of records; and
2. If circumstances effectively prevent the parent or eligible student from exercising the right to inspect and review the education records, the school district shall provide the parent or eligible student with a copy of the records requested, or make other arrangements for the parent or eligible student to inspect and review the requested records.
3. Nothing in this policy shall be construed as limiting the frequency of inspection of the educational records of a student with a disability by the student's parent or guardian or by the student upon the student reaching the age of majority.

D. Form of Request

Parents or eligible students shall submit to the school district a written request to

inspect education records which identify as precisely as possible the record or records he or she wishes to inspect.

E. Collection of Student Records

If a student's education records are maintained in more than one location, the responsible authority may collect copies of the records or the records themselves from the various locations so they may be inspected at one site. However, if the parent or eligible student wishes to inspect these records where they are maintained, the school district shall attempt to accommodate those wishes. The parent or eligible student shall be notified of the time and place where the records may be inspected.

F. Records Containing Information on More Than One Student

If the education records of a student contain information on more than one student, the parent or eligible student may inspect and review or be informed of only the specific information which pertains to that student.

G. Authority to Inspect or Review

The school district may presume that either parent of the student has authority to inspect or review the education records of a student unless the school district has been provided with evidence that there is a legally binding instrument or a state law or court order governing such matters as marriage dissolution, separation or custody which provides to the contrary.

H. Fees for Copies of Records

1. The school district shall charge a reasonable fee for providing photocopies or printed copies of records unless printing a copy is the only method to provide for the inspection of data. In determining the amount of the reasonable fee, the school district shall consider the following:
 - a) the cost of materials, including paper, used to provide the copies;
 - b) the cost of the labor required to prepare the copies;
 - c) any schedule of standard copying charges established by the school district in its normal course of operations;
 - d) any special costs necessary to produce such copies from machine based record-keeping systems, including but not limited to computers and microfilm systems; and
 - e) mailing costs.

2. If 100 or fewer pages of black and white, letter or legal sized paper copies are requested, actual cost shall not be used, and, instead, the charge shall be no more than 25 cents for each page copied.
3. The cost of providing copies shall be borne by the parent or eligible student.
4. The responsible authority, however, may not impose a fee for a copy of an education record made for a parent or eligible student if doing so would effectively prevent or, in the case of a student with a disability, would impair the parent or eligible student from exercising their right to inspect or review the student's education records.

XV. REQUEST TO AMEND RECORDS; PROCEDURES TO CHALLENGE DATA

A. Request to Amend Education Records

The parent of a student or an eligible student who believes that information contained in the education records of the student is inaccurate, misleading or violates the privacy rights of the student may request that the school district amend those records.

1. The request shall be in writing, shall identify the item the requestor believes to be inaccurate, misleading or in violation of the privacy or other rights of the student, shall state the reason for this belief, and shall specify the correction the requestor wishes the school district to make. The request shall be signed and dated by the requestor.
2. The school district shall decide whether to amend the education records of the student in accordance with the request within thirty (30) days after receiving the request.
3. If the school district decides to refuse to amend the education records of the student in accordance with the request, it shall inform the parent of the student or the eligible student of the refusal and advise the parent or eligible student of the right to a hearing under Subdivision B. of this section.

B. Right to a Hearing

If the school district refuses to amend the education records of a student, the school district, on request, shall provide an opportunity for a hearing in order to challenge the content of the student's education records to ensure that information in the education records of the student is not inaccurate, misleading, or otherwise in violation of the privacy or other rights of the student. A hearing shall be conducted in accordance with Subdivision C. of this section.

1. If, as a result of the hearing, the school district decides that the information is inaccurate, misleading, or otherwise in violation of the

privacy or other rights of the student, it shall amend the education records of the student accordingly and so inform the parent of the student or the eligible student in writing.

2. If, as a result of the hearing, the school district decides that the information is not inaccurate, misleading, or otherwise in violation of the privacy or other rights of the student, it shall inform the parent or eligible student of the right to place a statement in the record commenting on the contested information in the record or stating why he or she disagrees with the decision of the school district, or both.
3. Any statement placed in the education records of the student under Subdivision B. of this section shall:
 - a) be maintained by the school district as part of the education records of the student so long as the record or contested portion thereof is maintained by the school district; and
 - b) if the education records of the student or the contested portion thereof is disclosed by the school district to any party, the explanation shall also be disclosed to that party.

C. Conduct of Hearing

1. The hearing shall be held within a reasonable period of time after the school district has received the request, and the parent of the student or the eligible student shall be given notice of the date, place and time reasonably in advance of the hearing.
2. The hearing may be conducted by any individual, including an official of the school district who does not have a direct interest in the outcome of the hearing. The school board attorney shall be in attendance to present the school board's position and advise the designated hearing officer on legal and evidentiary matters.
3. The parent of the student or eligible student shall be afforded a full and fair opportunity for hearing to present evidence relative to the issues raised under Subdivisions A. and B. of this section and may be assisted or represented by individuals of his or her choice at his or her own expense, including an attorney.
4. The school district shall make a decision in writing within a reasonable period of time after the conclusion of the hearing. The decision shall be based solely on evidence presented at the hearing and shall include a summary of evidence and reasons for the decision.

- D. Appeal
The final decision of the designated hearing officer may be appealed in accordance with the applicable provisions of the Minnesota Statutes chapter 14 relating to contested cases.

XVI. PROBLEMS ACCESSING DATA

- A. The data practices compliance official is the designated employee to whom persons may direct questions or concerns regarding problems in obtaining access to data or other data practices problems.
- B. Data practices compliance official means the Director of Communications
- C. Any requests by an individual with a disability for reasonable modifications of the school district's policies or procedures for purposes accessing records shall be made to the data practices compliance official.

XVII. COMPLAINTS FOR NONCOMPLIANCE WITH FERPA

- A. Where to File Complaints
Complaints regarding alleged violations of rights accorded parents and eligible students by FERPA, and the rules promulgated there under, shall be submitted in writing to the U.S. Department of Education, Student Privacy Policy Office 400 Maryland Avenue, S.W., Washington, D.C. 20202-8520.
- B. Content of Complaint
A complaint filed pursuant to this section must contain specific allegations of fact giving reasonable cause to believe that a violation of FERPA and the rules promulgated there under has occurred.

XVIII. WAIVER

A parent or eligible student may waive any of his or her rights provided herein pursuant to FERPA. A waiver shall not be valid unless in writing and signed by the parent or eligible student. The school district may not require such a waiver.

XIX. ANNUAL NOTIFICATION OF RIGHTS

- A. Contents of Notice
The school district shall give parents of students currently in attendance and eligible students currently in attendance annual notice by such means as are reasonably likely to inform the parents and eligible students of the following:

1. That the parent or eligible student has a right to inspect and review the student's education records and the procedure for inspecting and reviewing education records;
2. That the parent or eligible student has a right to seek amendment of the student's education records to ensure that those records are not inaccurate, misleading, or otherwise in violation of the student's privacy or other rights and the procedure for requesting amendment of records;
3. That the parent or eligible student has a right to consent to disclosures of personally identifiable information contained in the student's education records, except to the extent that federal and state law and the regulations promulgated there under authorize disclosure without consent;
4. That the parent or eligible student has a right to file a complaint with the U.S. Department of Education regarding an alleged failure by the school district to comply with the requirements of FERPA, and the rules promulgated there under;
5. The criteria for determining who constitutes a school official and what constitutes a legitimate educational interest for purposes of disclosing education records to other school officials whom the school district has determined to have legitimate educational interests; and
6. That the school district forwards education records on request to a school in which a student seeks or intends to enroll or is already enrolled as long as the disclosure is for purposes related to the student's enrollment or transfer and that such records may include suspension and expulsion records pursuant to the federal Every Student Succeeds Act and, if applicable, a student's history of violent behavior.

B. Notification to Parents of Students Having a Primary Home Language Other Than English

The school district shall provide for the need to effectively notify parents of students identified as having a primary or home language other than English.

C. Notification to Parents or Eligible Students Who are Disabled

The school district shall provide for the need to effectively notify parents or eligible students identified as disabled.

XX. DESTRUCTION AND RETENTION OF RECORDS

- A. Destruction and retention of records by the school district shall be controlled by state and federal law.

XXI. COPIES OF POLICY

- A. Copies of this policy may be obtained by parents and eligible students at the Superintendent's office.

Legal References:

Minn. Stat. Ch. 13 (Minnesota Government Data Practices Act)
Minn. Stat. § 13.32, Subd. 5 (Directory Information)
Minn. Stat. § 13.393 (Attorneys)
Minn. Stat. Ch. 14 (Administrative Procedures Act)
Minn. Stat. § 120A.22 (Compulsory Instruction)
Minn. Stat. § 121A.40-121A.56 (The Pupil Fair Dismissal Act)
Minn. Stat. § 121A.75 (Receipt of Records; Sharing)
Minn. Stat. § 127A.852 (Military-Connected Youth Identifier)
Minn. Stat. § 144.341-144.347 (Consent of Minors for Health Services)
Minn. Stat. Ch. 256B (Medical Assistance for Needy Persons)
Minn. Stat. Ch. 256L (MinnesotaCare)
Minn. Stat. § 260B.171, subs. 3 and 5 (Disposition Order and Peace Officer Records of Children)
Minn. Stat. Ch. 260E (Reporting of Maltreatment of Minors)
Minn. Stat. § 363A.42 (Public Records; Accessibility)
Minn. Stat. § 626.557 (Reporting of Maltreatment of Vulnerable Adults)
Minn. Rules Parts 1205.0100-1205.2000 (Data Practices)
10 U.S.C. § 503(b) and (c) (Enlistments: Recruiting Campaigns; Compilation of Directory Information)
18 U.S.C. § 2331 (Definitions)
18 U.S.C. § 2332b (Acts of Terrorism Transcending National Boundaries)
20 U.S.C. § 1232g *et seq.* (Family Educational Rights and Privacy Act)
20 U.S.C. § 6301 *et seq.* (Every Student Succeeds Act)
20 U.S.C. § 7908 (Armed Forces Recruiting Information)
20 U.S.C. § 7917 (Transfer of School Disciplinary Records)
25 U.S.C. § 5304 (Definitions – Tribal Organization)
26 U.S.C. §§ 151 and 152 (Internal Revenue Code)
42 U.S.C. § 1711 *et seq.* (Child Nutrition Act)
42 U.S.C. § 1751 *et seq.* (Richard B. Russell National School Lunch Act)
34 C.F.R. §§ 99.1-99.67 (Family Educational Rights and Privacy)
34 C.F.R. § 300.610-300.627 (Confidentiality of Information)
42 C.F.R. § 2.1 *et seq.* (Confidentiality of Drug Abuse Patient Records)
Gonzaga University v. Doe, 536 U.S. 273 309 (2002)
Debt of Admin. Advisory Op. No. 21-08 (December 8, 2021)

Cross References:

MSBA/MASA Model Policy 414 (Mandated Reporting of Child Neglect or Physical or Sexual Abuse)
MSBA/MASA Model Policy 417 (Chemical Use and Abuse)
MSBA/MASA Model Policy 506 (Student Discipline)
MSBA/MASA Model Policy 519 (Interviews of Students by Outside Agencies)
MSBA/MASA Model Policy 520 (Student Surveys)
MSBA/MASA Model Policy 711 (Video Recording on School Buses)
MSBA/MASA Model Policy 722 (Public Data Requests)
MSBA/MASA Model Policy 906 (Community Notification of Predatory Offenders)
MSBA Law Bulletin "I" (School Records – Privacy – Access to Data)



Adopted: August 9, 2004

MSBA/MASA Model Policy 601

Orig. 1995

Revised: 8/28/06; 10/27/08; 2/9/09
3/13/17; 4/13/20; 12/11/23

Rev. 2014

601 SCHOOL DISTRICT CURRICULUM AND INSTRUCTION GOALS

I. PURPOSE

The purpose of this policy is to establish broad curriculum parameters for the school district that encompass the Minnesota Academic Standards and the federal Elementary and Secondary Education Act and are aligned with creating the world's best workforce.

II. GENERAL STATEMENT OF POLICY

It is the policy of the school district to establish the “world’s best workforce” in which all learning in the school district should be directed and for which all school district learners should be held accountable.

III. DEFINITIONS

- A. “Academic standard” means a summary description of student learning in a required content area or elective content area.
- B. “Antiracist” means actively working to identify and eliminate racism in all forms in order to change policies, behaviors, and beliefs that perpetuate racist ideas and actions.
- C. “Benchmark” means specific knowledge or skill that a student must master to complete part of an academic standard by the end of the grade level or grade band.
- D. “Culturally sustaining” means integrating content and practices that infuse the culture and language of Black, Indigenous, and People of Color communities who have been and continue to be harmed and erased through the education system.
- E. “Curriculum” means district or school adopted programs and written plans for providing students learning experiences that lead to expected knowledge, skills and career and college readiness. The term curriculum encompasses what is written, taught and assessed.
- F. “Ethnic studies” as defined in Minnesota Statutes, section 120B.25, has the same meaning for purposes of this section. Ethnic studies curriculum may be integrated in existing curricular opportunities or provided through additional curricular offerings.

- G. “Experiential learning” means learning for students that includes career exploration through a specific class or course or through work-based experiences such as job shadowing, mentoring, entrepreneurship, service learning, volunteering, internships, other cooperative work experience, youth apprenticeship, or employment.
- H. “Institutional racism” means structures, policies, and practices within and across institutions that produce outcomes that disadvantage those who are Black, Indigenous, and People of Color.
- I. “Instruction” means methods of providing learning experiences that enable students to meet state and district academic standards and graduation requirements including applied and experiential learning.
- J. “Performance measures” are measures to determine school district and school site progress in striving to create the world’s best workforce and must include at least the following:
1. ~~student performance on the National Assessment of Educational Progress where applicable;~~
 2. the size of the academic achievement gap; and rigorous course taking, including college-level advanced placement, international baccalaureate, postsecondary enrollment options including concurrent enrollment, other statutorily recognized courses of study or industry certification courses or programs and enrichment experiences by student subgroup;
 3. student performance on the Minnesota Comprehensive Assessments;
 4. high school graduation rates; and
 5. career and college readiness under Minn. Stat. § 120B.30, Subd. 1.
- K. “World’s best workforce” means striving to: meet school readiness goals; ~~have all third-grade students achieve grade-level literacy;~~ close the academic achievement gap among all racial and ethnic groups of students and between students living in poverty and students not living in poverty; have all students attain career and college readiness before graduating from high school; and have all students graduate from high school.
- L. “Experiential learning” means learning for students that includes career exploration through a specific class or course or through work-based experiences such as job shadowing, mentoring, entrepreneurship, service learning, volunteering, internships, other cooperative work experience, youth apprenticeship, or employment.

IV. LONG-TERM STRATEGIC PLAN

- A. The school board, at a public meeting, shall adopt a comprehensive, long-term strategic plan to support and improve teaching and learning that is aligned with creating the world's best workforce and includes the following:
1. clearly defined school district and school site goals and benchmarks for instruction and student achievement for all student categories identified in Minnesota Statutes, section 120B.35, subdivision 3, paragraph (b)(2), under the federal Elementary and Secondary Education Act and two student gender categories of male and female;
 2. a process for assessing and evaluating each student's progress toward meeting state and local academic standards and identifying the strengths and weaknesses of instruction in pursuit of student and school success and curriculum affecting students' progress and growth toward career and college readiness and leading to the world's best workforce;
 3. a system to periodically review and evaluate the effectiveness of all instruction and curriculum, taking into account strategies and best practices, student outcomes, principal evaluations under Minn. Stat. § 123B.147, Subd. 3, students' access to effective teachers who are members of populations under-represented among the licensed teachers in the district or school and who reflect the diversity of enrolled students under Minn. Stat. § 120B.35, subdivision Subd. 3(b)(2), and teacher evaluations under Minn. Stat. § 122A.40, subdivision Subd. 8, or 122A.41, Subd. 5;
 4. strategies for improving instruction, curriculum, and student achievement, including the English and, where practicable, the native language development and the academic achievement of English learners;
 5. a process to examine the equitable distribution of teachers and strategies to ensure children in low-income and minority children families, children in families of People of Color, and children in American Indian families are not taught at higher rates than other children by inexperienced, ineffective, or out-of-field teachers;
 6. education effectiveness practices that
 - a) integrate high-quality instruction, rigorous curriculum, technology, and curriculum that is rigorous, accurate, antiracist, and culturally sustaining; a collaborative professional culture that develops and supports teacher quality, performance, and effectiveness; and;

- b) ensure learning and work environments validate, affirm, embrace, and integrate cultural and community strengths for all students, families, and employees;
 - c) provide a collaborative professional culture that seeks to retain qualified, racially and ethnically diverse staff effective at working with diverse students while developing and supporting teacher quality, performance, and effectiveness; and;
 - 7. an annual budget for continuing to implement the school district plan; and
 - 8. identifying a list of suggested and required materials, resources, sample curricula, and pedagogical skills for use in kindergarten through grade 12 that accurately reflect the diversity of the state of Minnesota.
- B. The school district is not required to include information regarding literacy in a plan or report required under this section, except with regard to the academic achievement of English learners.
- ~~C. School district site and school site goals shall include the following:~~
 - ~~1. All students will be required to demonstrate essential skills to effectively participate in lifelong learning. These skills include:~~
 - ~~a) reading, writing, speaking, listening and viewing in the English language;~~
 - ~~b) mathematical and scientific concepts;~~
 - ~~c) locating, organizing, communicating and evaluating information and developing methods of inquiry (i.e. problem solving);~~
 - ~~d) creative and critical thinking, decision making and study skills;~~
 - ~~e) work readiness skills;~~
 - ~~f) global and cultural understanding.~~
 - ~~2. Each student will have the opportunity and will be expected to develop and apply essential knowledge that enables that student to:~~
 - ~~a) live as a responsible, productive citizen and consumer within local, state, national and global political, social, and economic systems;~~
 - ~~b) bring many perspectives, including historical, to contemporary issues;~~

- c) develop an appreciation and respect for democratic institutions;
- d) communicate and relate effectively in languages and with cultures other than the student's own;
- e) practice stewardship of the land, natural resources and environment;
- f) use a variety of tools and technology to gather and use information, enhance learning, solve problems, and increase human productivity.

3. — Students will have the opportunity to develop creativity and self-expression through visual and verbal images, music, literature, world languages, movement and the performing arts.

4. — School practices and instruction will be directed toward developing within each student a positive self image and a sense of personal responsibility for:

- a) establishing and achieving personal and career goals;
- b) adapting to change;
- c) leading a healthy and fulfilling life, both physically and mentally;
- d) living a life that will contribute to the well being of society;
- e) becoming a self-directed learner;
- f) exercising ethical behavior.

5. — Students will be given the opportunity to acquire human relations skills necessary to:

- a) appreciate, understand, and accept human diversity and interdependence;
- b) address human problems through team effort;
- c) resolve conflicts with and among others;
- d) function constructively within a family unit;
- e) promote a multicultural, gender fair, disability sensitive society.

D. Every child is reading at or above grade level every year, beginning in kindergarten, and multilingual learners and students receiving special education services are receiving support in achieving their individualized reading goals pursuant to Policy 621 Literacy and the Read Act (Reading and the Read Act)

E. Every child is reading at or above grade level no later than the end of grade 3, including English learners, and teachers provide comprehensive, scientifically based reading instruction, including a program or collection of instructional practices that is based on valid, replicable evidence showing that, when the programs or practices are used, students can be expected to achieve, at a minimum, satisfactory reading progress. The program or collection of practices must include, at a minimum, effective, balanced instruction in all five areas of reading (phonemic awareness, phonics, fluency, vocabulary development, and reading comprehension), as well as instructional strategies for continuously assessing, evaluating, and communicating the student's reading progress and needs.

1. The school district shall identify, before the end of kindergarten, grade 1, and grade 2, students who are not reading at grade level before the end of the current school year and shall identify students in grade 3 or higher who demonstrate a reading difficulty to a classroom teacher. Reading assessments in English and in the predominant languages of district students, where practicable, must identify and evaluate students' areas of academic need related to literacy. The school district also must monitor the progress and provide reading instruction appropriate to the 601-5 specific needs of English learners. The school district must use locally adopted, developmentally appropriate, and culturally responsive assessment.

2. At least annually, the school district must give the parent of each student who is not reading at or above grade level timely information about:

- a) the student's reading proficiency as measured by a locally adopted assessment;
- b) reading-related services currently being provided to the student and the student's progress; and
- c) strategies for parents to use at home in helping their students succeed in becoming grade-level proficient in reading English and their native languages.

This provision may not be used to deny a student's right to a special education evaluation.

3. For each student who is not reading at or above grade level, the school district shall provide reading intervention to accelerate student growth and reach the goal of reading at or above grade level by the end of the current grade and school year. If a student does not read at or above grade level by the end of grade 3, the school district must continue to provide reading intervention until the student reads at grade level. Intervention methods shall encourage family engagement and, where possible, collaboration with appropriate school and community programs. Intervention methods may include, but are not limited to, requiring attendance in summer school, intensified reading instruction that may require that the student be removed from the regular classroom for part of the school day, extended day programs, or programs that strengthen students' cultural connections.

Legal References: Minn. Stat. § 120B.02 (Educational Expectations for Minn. Students)
Minn. Stat. § 120B.11 (School District Process)
20 U.S.C. § 5801, *et seq.* (National Educational Goals 2000)
20 U.S.C. § 6301, *et seq.* (No Child Left Behind Act)

Cross References: MSBA/MASA Model Policy 104 (School District Mission Statement)
MSBA/MASA Model Policy 613 (Graduation Requirements)
MSBA/MASA Model Policy 614 (School District Testing Plan and Procedure)
MSBA/MASA Model Policy 615 (Basic Standards Testing, Accommodations, Modifications, and Exemptions for IEP, Section 504 Accommodation, and LEP Students)
MSBA/MASA Model Policy 616 (School District System Accountability)

Legal References: Minn. Stat. § 120B.018 (Definitions)
Minn. Stat. § 120B.02 (Educational Expectations and Graduation Requirements for Minnesota Students)
Minn. Stat. § 120B.11 (School District Process for Reviewing Curriculum, Instruction, and Student Achievement; Striving for the World's Best Workforce)
Minn. Stat. § 120B.12 (Read Act Goal and Interventions)
Minn. Stat. § 120B.30, Subd. 1 (Statewide Testing and Reporting System)
Minn. Stat. § 120B.35, Subd. 3 (Student Academic Achievement and Growth)
Minn. Stat. § 122A.40, Subd. 8 (Employment; Contracts; Termination)
Minn. Stat. § 122A.41, Subd. 5 (Teacher Tenure Act; Cities of the First Class; Definitions)
Minn. Stat. § 123B.147, Subd. 3 (Principals)
Minn. Stat. § 125A.56, Subd. 1 (Alternate Instruction Required before Assessment Referral)
20 U.S.C. § 5801, *et seq.* (National Education Goals)
20 U.S.C. § 6301, *et seq.* (Every Student Succeeds Act)

Cross References: MSBA/MASA Model Policy 104 (School District Mission Statement)
MSBA/MASA Model Policy 613 (Graduation Requirements)
MSBA/MASA Model Policy 614 (School District Testing Plan and Procedure)
MSBA/MASA Model Policy 615 (Testing Accommodations, Modifications, and Exemptions for IEPs, Section 504 Plans, and LEP Students)
MSBA/MASA Model Policy 616 (School District System Accountability)
MSBA/MASA Model Policy 618 (Assessment of Student Achievement)



Adopted: August 9, 2004

MSBA/MASA Model Policy 602
Orig. 1995

Revised: 10/24/05; 8/28/06; 3/13/17; 4/13/20
12/11/23

Rev. 2017

602 ORGANIZATION OF SCHOOL CALENDAR AND SCHOOL DAY

I. PURPOSE

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

II. GENERAL STATEMENT OF POLICY

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

III. CALENDAR RESPONSIBILITY

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

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

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

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

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

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

IV. SCHOOL DAY RESPONSIBILITY

- A. The superintendent or designee shall be responsible for developing a schedule for the student day, subject to review by the school board. All requirements and provisions of Minnesota Statutes and Minnesota Department of Education Rules shall be met.
- B. In developing the student day schedule, the superintendent shall consider such factors as school bus schedules, cooperative programs, differences in time requirements at various grade levels, effective utilization of facilities, cost effectiveness, and other concerns deserving of attention.
- C. Proposed changes in the school day shall be subject to review and approval by the school board.

V. E-LEARNING DAYS

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

- H. When the school district declares an e-learning day, it must continue to pay the full wages for scheduled work hours and benefits of all school employees for the duration of the e-learning period. During the e-learning period, school employees must be allowed to work from home to the extent practicable, be assigned to work in an alternative location, or be retained on an on-call basis for any potential need.

Legal References: Minn. Stat. § 120A.40 (School Calendar)
Minn. Stat. § 120A.41 (Length of School Year; Days of Instruction)
Minn. Stat. § 120A.414 (E-Learning Days)
Minn. Stat. § 120A.415 (Extended School Calendar)
Minn. Stat. § 120A.42 (Holidays)
Minn. Stat. § 122A.40, Subds. 7 and 7a (Employment; Contracts; Termination)
Minn. Stat. § 122A.41, Subds. 4 and 4a (Teacher Tenure Act; Cities of the First Class; Definitions)
Minn. Stat. § 127A.41, Subd. 7 (Distribution of School Aids; Appropriation)

Legal References: Minn. Stat. § 10.55 (Juneteenth)
Minn. Stat. § 120A.40 (School Calendar)
Minn. Stat. § 120A.41 (Length of School Year; Hours of Instruction)
Minn. Stat. § 120A.414 (E-Learning Days)
Minn. Stat. § 120A.415 (Extended School Calendar)
Minn. Stat. § 120A.42 (Conduct of School on Certain Holidays)
Minn. Stat. § 122A.40, Subds. 7 and 7a (Employment; Contracts; Termination)
Minn. Stat. § 122A.41, Subds. 4 and 4a (Teacher Tenure Act; Cities of the First Class; Definitions)
Minn. Stat. § 123A.30 (Agreements for Secondary Education)
Minn. Stat. § 123A.32 (Interdistrict Cooperation)
Minn. Stat. § 123A.35 (Cooperation and Combination)
Minn. Stat. § 124D.126 (Powers and Duties of Commissioner; Flexible Learning Year Programs)
Minn. Stat. § 124D.151 (Voluntary Prekindergarten Program)
Minn. Stat. § 124E.25 (Payment of Aids to Charter Schools)
Minn. Stat. § 127A.41, Subd. 7 (Distribution of School Aids; Appropriation)
Minn. Stat. § 645.44 (Words and Phrases Defined)

Cross References: MSBA/MASA Model Policy 425 (Staff Development)



Adopted: June 22, 1998

MSBA/MASA Model Policy 616
Orig. 1997

Revised: 8/9/04; 8/22/05; 6/25/07; 2/10/20
12/11/23

Rev. 2019

616 SCHOOL DISTRICT SYSTEM ACCOUNTABILITY

I. PURPOSE

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

II. GENERAL STATEMENT OF POLICY

~~The school district will establish a system to review and improve instruction, curriculum and assessment, which will include substantial input by students, parents or guardians and local community members. The school district will be accountable to the public and the state through annual reporting.~~

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

III. DEFINITIONS

A. “Credit” means a student’s successful completion of an academic year of study or a student’s mastery of the applicable subject matter as determined by the school district.

~~B. “Graduation Standards” means the credit requirements and Minnesota Academic Standards that school districts must offer and certify that students complete to be eligible for a high school diploma.~~

C. “World’s best workforce” means striving to: meet school readiness goals; ~~have all third grade students achieve grade-level literacy;~~ close the academic achievement gap among all racial and ethnic groups of students and between students living in poverty and students not living in poverty; have all students attain career and college readiness before graduating from high school; and have all students graduate from high school.

IV. ESTABLISHMENT OF GOALS; IMPLEMENTATION; EVALUATION AND REPORTING

A. School District Goals

1. The school board has established school district-wide goals, which provide broad direction for the school district. Incorporated in these goals are the graduation and education standards contained in the Minnesota Academic Standards and federal law. The broad goals shall be reviewed annually and approved by the school board. The school board shall adopt annual goals based on the recommendations of the school district's Advisory Committee.
2. The District Advisory Committee, created under Policy 603 (Curriculum Development) is established by the school board to will ensure active community participation in all phases of planning and improving the instruction and curriculum affecting state and district academic standards.
3. The school district-wide improvement goals should address recommendations identified through the District Advisory Committee process. The school district's goal setting process will include consideration of individual site goals. School district goals may also be developed through an education effectiveness program, an evaluation of student progress committee, or through some other locally determined process.

B. System for Reviewing All Instruction and Curriculum.

Incorporated in the process will be analysis of the school district's progress toward implementation of the Minnesota Academic Standards. Instruction and curriculum shall be reviewed and evaluated by taking into account strategies and best practices, student outcomes, principal evaluations under Minn. Stat. § 123B.147, Subd. 3, and teacher evaluations under Minn. Stat. § 122A.40, Subd. 8, or 122A.41, Subd. 5.

A local cycle for continuous review of curriculum and instruction will be developed.

C. Implementation of Graduation Requirements

1. The District Advisory Committee shall also advise the school board on implementation of the state and local graduation requirements, including K-12 curriculum, assessment, student learning opportunities, and other related issues. Recommendations of the District Advisory Committee shall be published annually to the community. The school board shall receive public input and comment and shall adopt or update these policies at least annually.

2. The school board shall annually review and determine if student achievement levels at each school site meet state expectations. If the school board determines that student achievement levels at a school site do not meet state expectations and the site has not made adequate yearly progress for two consecutive school years, the District Advisory Committee shall work with the school site to adopt a plan to raise student achievement levels to meet state and local expectations. The District Advisory Committee may seek assistance from the Commissioner of the Department of Education (the Commissioner) in developing a plan, which must include parental involvement components.
3. The educational assessment system component utilized by the school board to measure individual students' educational progress must be based, to the extent annual tests are administered, on indicators of current achievement growth that show growth relative to an individual student's prior achievement. Indicators of achievement and prior achievement must be based on highly reliable statewide or district-wide assessments. The school board will utilize models developed by the Commissioner for measuring individual student progress. The school board must coordinate with the Department of Education in evaluating school sites and continuous improvement plans, consistent with best practices.

D. Comprehensive Continuous Improvement of Student Achievement

1. The District Advisory Committee will meet to advise and assist the school district in the implementation of the school district system accountability and comprehensive continuous improvement process.
2. The District Advisory Committee, working in cooperation with other committees of the school district will provide active community participation in:
 - a) Reviewing the school district instructional and curriculum plan, with emphasis on implementing the Minnesota Academic Standards;
 - b) Identifying annual instruction and curriculum improvement goals for recommendation to the school board;
 - c) Making recommendations regarding the evaluation process that will be used to measure school district progress toward its goals;
 - d) Making recommendations regarding the development of the annual report.
3. The District Advisory Committee shall meet the following criteria:

- a) The **District** Advisory Committee shall ensure active community participation in all planning for instruction and curriculum affecting Graduation Standards.
- b) The **District** Advisory Committee shall make recommendations to the school board on school district-wide standards, assessments and program evaluation.
- c) Building teams may be established as subcommittees to develop and implement an education effectiveness plan and to carry out methods to improve instruction, curriculum, and assessments as well as methods to use technology in meeting the school district improvement plan.
- d) A local plan to evaluate student progress, using a local process, shall be used for developing a plan for assessment of student progress toward the Graduation Standards, as well as program evaluation data for use by the **District** Advisory Committee in the instruction and curriculum review process. This plan shall annually be approved by the school board.

4. ~~The Advisory Committee shall, when possible, be comprised of at least two-thirds community representatives and shall reflect the diversity of the community. To the extent possible, the Advisory Committee shall reflect the diversity of the school district and its school sites and include teachers, parents, support staff, students, and other community residents. Included in its membership should be:~~

- a) ~~The Director of Curriculum and Instruction (or similar educational leader)~~
- b) ~~Principal(s)~~
- c) ~~School Board Member(s)~~
- d) ~~Student Representative(s)~~
- e) ~~Teacher(s)~~
- f) ~~Parent(s)~~
- g) ~~Resident(s) without school aged children, and/or~~
- h) ~~Resident(s) representative of local business or industry~~
- i) ~~School District Test Administrator (if different from "a." above)~~

5. Translation services should be provided to the extent appropriate and practicable.
6. The **District** Advisory Committee shall meet four – five times each year:

E. Evaluation of Student Progress Committee

A committee of professional staff shall develop a plan for assessment of student progress **toward the Literacy by Grade 3**, Graduation Standards, as well as program evaluation data for use by the **District** Advisory Committee to review instruction and curriculum, cultural competencies, including cultural awareness and cross-cultural communication, and student achievement. This plan shall annually be reviewed by the school board.

F. Reporting

1. Consistent with Minn. Stat. § 120B.36, **subdivision Subd.** 1, the school board shall publish a report in the local newspaper with the largest circulation in the district, by mail, or by electronic means on the school district website. The school board shall hold an annual public meeting to review and revise, where appropriate, student achievement goals, local assessment outcomes, plans, strategies, and practices for improving curriculum and instruction and cultural competency and efforts to equitably distribute diverse, effective, experienced, and in-field teachers, and to review school district success in realizing the previously adopted student achievement goals and related benchmarks and the improvement plans leading to the world’s best workforce. The school board must transmit an electronic summary of its report to the Commissioner in the form and manner the Commissioner determines. The school district shall periodically survey affected constituencies in their native languages, where appropriate and practicable, about their connection to and level of satisfaction with school. The school district shall include the results of this evaluation in its published reports and in its summary report to the Commissioner.
2. The school performance report for a school site and a school district must include performance reporting information and calculate proficiency rates as required by the most recent reauthorized Elementary and Secondary Act.
3. **The school district must annually report the district's class size ratios by each grade to the commissioner of education in the form and manner specified by the commissioner.**
4. **The school district must report whether programs funded with compensatory revenue are consistent with best practices demonstrated to improve student achievement.**

Legal References: Minn. Stat. § 120B.018 (Definitions)
Minn. Stat. § 120B.02 (Educational Expectations and Graduation Requirements for Minnesota's Students)
Minn. Stat. § 120B.11 (School District Process for Reviewing Curriculum, Instruction, and Student Achievement; Striving for the World's Best Workforce)
Minn. Stat. § 120B.35 (Student Academic Achievement and Growth)
Minn. Stat. § 120B.36 (School Accountability)
Minn. Stat. § 122A.40 (Employment; Contracts; Termination)
Minn. Stat. § 122A.41 (Teacher Tenure Act; Cities of the First Class; Definitions)
Minn. Stat. § 123B.04 (Site Decision Making; Individualized Learning Agreement; Other Agreements)
Minn. Stat. § 123B.147 (Principals)
Minn. Stat. § 126C.12 (Learning and Development Revenue Amount and Use)
Minn. Rules Parts 3501.0640-3501.0655 (Academic Standards for Language Arts)
Minn. Rules Parts 3501.0700-3501.0745 (Academic Standards for Mathematics)
Minn. Rules Parts 3501.0820 (Academic Standards for the Arts)
Minn. Rules Parts 3501.0900-3501.0955 (Academic Standards in Science)
Minn. Rules Parts 3501.1300-3501.1345 (Academic Standards for Social Studies)
Minn. Rules Parts 3501.1400-3501.1410 (Academic Standards for Physical Education)
20 U.S.C. § 6301, et seq. (Every Student Succeeds Act)

~~**Legal References:** Minn. Stat. § 120B.02 (Educational Expectations for Minnesota's Students)
Minn. Stat. § 120B.11 (School District Process)
Minn. Stat. § 120B.35 (Student Achievement Levels)
Minn. Stat. § 123B.04 (Site Decision Making Agreement)
Minn. Rules Parts 3501.0010-3501.0180 (Rules Relating to Graduation Standards—Mathematics and Reading)
Minn. Rules Parts 3501.0200-3501.0290 (Rules Relating to Graduation Standards—Written Composition)
Minn. Rules Part 3501.0160 (District Reporting Requirements)
20 U.S.C. § 6301, et seq. (Every Student Succeeds Act)~~

Cross References: MSBA/MASA Model Policy 104 (School District Mission Statement)
MSBA/MASA Model Policy 601 (School District Curriculum and Instruction Goals)
MSBA/MASA Model Policy 613 (Graduation Requirements)
MSBA/MASA Model Policy 614 (School District Testing Plan and Procedure)
MSBA/MASA Model Policy 615 (Basic Standards Testing, Accommodations, Modifications and Exemptions for IEP Section 504 Accommodation and LEP Students)
MSBA/MASA Model Policy 617 (School District Ensurance of Preparatory and High School Standards)
MSBA/MASA Model Policy 618 (Assessment of Standard Achievement)
MSBA/MASA Model Policy 619 (Staff Development for Standards)
MSBA/MASA Model Policy 620 (Credit for Learning)



SOUTH ST. PAUL PUBLIC SCHOOLS

School Board Agenda Item

Meeting Date: November 13, 2023

Place on Agenda: Committee-of-the-Whole and Regular Business Meeting

Action Requested: Approval

Attachment: MMKR Power Point presentation
June 30, 2023 Financial Statements
June 30, 2023 Management Report

Topic: Approve 2022-23 Audit Reports
Presenter(s): Brady Hoffman, Director of Finance
<p>Background: Attached are the Financial Statements and Management Report for the fiscal year ended June 30, 2023. We have received an unmodified or 'clean' opinion on the District's financial statements.</p> <p>Aaron Nielsen, the district's independent auditor from MMKR, will review these reports with the School Board. Aaron has prepared a power point presentation to share with you at the meeting.</p>
Recommendation: Accept the June 30, 2023 Financial Statements and Management Report
Alternatives: N/A

SPECIAL SCHOOL DISTRICT NO. 6
SOUTH ST. PAUL, MINNESOTA

Financial Statements and
Supplementary Information

Year Ended
June 30, 2023

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SPECIAL SCHOOL DISTRICT NO. 6

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SPECIAL SCHOOL DISTRICT NO. 6

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INTRODUCTORY SECTION

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SPECIAL SCHOOL DISTRICT NO. 6

School Board and Administration
Year Ended June 30, 2023

SCHOOL BOARD

	<u>Board Position</u>
John Raasch	Chair
Monica Weber	Vice Chair
Nikki Laliberte	Clerk
Anne Claflin	Treasurer
Tim Felton	Director
Wendy Felton	Director
Vacant	Director

ADMINISTRATION

Brian Zambreno	Superintendent of Schools
Brady Hoffman	Finance Director
Shannon Swenson	Finance Manager

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FINANCIAL SECTION

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PRINCIPALS

Thomas A. Karnowski, CPA
Paul A. Radosevich, CPA
William J. Lauer, CPA
James H. Eichten, CPA
Aaron J. Nielsen, CPA
Victoria L. Holinka, CPA/CMA
Jaclyn M. Huegel, CPA
Kalen T. Karnowski, CPA

INDEPENDENT AUDITOR'S REPORT

To the School Board and Management of
Special School District No. 6
South St. Paul, Minnesota

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINIONS

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Special School District No. 6 (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

BASIS FOR OPINIONS

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

EMPHASIS OF MATTER

Change in Accounting Principle

As described in Note 1 of the notes to basic financial statements, in fiscal 2023, the District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

(continued)

RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with 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 the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

(continued)

REQUIRED SUPPLEMENTARY INFORMATION

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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 GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

SUPPLEMENTARY INFORMATION

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying combining and individual fund financial statements and schedules, and the Schedule of Expenditures of Federal Awards required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not required parts of the basic financial statements. The accompanying Uniform Financial Accounting and Reporting Standards (UFARS) Compliance Table is presented for purposes of additional analysis as required by the Minnesota Department of Education, and is also not a required part of the basic financial statements of the District. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules, the Schedule of Expenditures of Federal Awards, and the UFARS Compliance Table 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 annual report. The other information comprises the introductory and other district information sections, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

(continued)

PRIOR YEAR COMPARATIVE INFORMATION

We have previously audited the District's 2022 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in our report dated September 30, 2022. In our opinion, the partial comparative information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 4, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Malloy, Montague, Karnowski, Radosevich & Co., P.A.

Minneapolis, Minnesota
October 4, 2023

SPECIAL SCHOOL DISTRICT NO. 6

Management's Discussion and Analysis Year Ended June 30, 2023

This section of Special School District No. 6's (the District) annual financial statements presents management's narrative overview and analysis of the District's financial performance during the fiscal year ended June 30, 2023. Please read it in conjunction with the other components of the District's annual financial statements.

FINANCIAL HIGHLIGHTS

- The District's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources at June 30, 2023 by \$4,074,061 (net position deficit). The District's total net position increased by \$14,252,893 compared to the prior year, which includes an increase for a change in accounting principle discussed below.
- Government-wide revenues totaled \$55,559,488 and were \$14,141,628 more than expenses of \$41,417,860.
- The District implemented Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, which increased beginning net position by \$111,265. This change is further described in Note 1 of the notes to basic financial statements.
- The General Fund's total fund balance (under the governmental fund presentation) increased by \$1,420,874 from the prior year, compared to an increase of \$359,465 planned in the budget.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual financial statements consists of the following parts:

- Independent Auditor's Report;
- Management's discussion and analysis;
- Basic financial statements, including the government-wide financial statements, fund financial statements, and the notes to basic financial statements;
- Required supplementary information; and
- Supplementary information consisting of combining and individual fund financial statements and schedules.

The following explains the two types of statements included in the basic financial statements:

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

- Over time, increases or decreases in the District's net position are indicators of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District requires consideration of additional nonfinancial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the government-wide financial statements the District's activities are all shown in one category titled "governmental activities." These activities, including regular and special education instruction, transportation, administration, food service, and community education, are primarily financed with state aids and property taxes.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's *funds*, focusing on its most significant or "major" funds, rather than the District as a whole. Funds (Food Service Special Revenue and Community Service Special Revenue) that do not meet the threshold to be classified as major funds are called nonmajor funds. Detailed financial information for nonmajor funds can be found in the supplementary information section.

Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. For Minnesota schools, funds are established in accordance with Uniform Financial Accounting and Reporting Standards in accordance with statutory requirements and accounting principles generally accepted in the United States of America. Some funds are required by state law and by bond covenants. The District can establish other funds to control and manage money for particular purposes or to show that it is properly using certain revenues.

The District maintains the following types of funds:

Governmental Funds – The District's basic services are included in governmental funds, which generally focus on: 1) how *cash and other financial assets* that can readily be converted to cash flow in and out, and 2) the balances left at year-end that are available for spending. Consequently, the governmental fund financial statements provide a detailed *short-term* view that helps to determine whether there are more or less financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide financial statements, we provide additional information (reconciliation schedules) immediately following the governmental fund financial statements that explain the relationship (or differences) between these two types of financial statement presentations.

Proprietary Funds – The District maintains one type of proprietary fund. The internal service funds are used as an accounting device to accumulate and allocate costs internally among the District's various functions. The District uses its internal service funds to account for the self-insurance activities of district employees' dental and medical claims, and its other post-employment benefits (OPEB) liabilities. These services have been included within governmental activities in the government-wide financial statements. Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Table 1 is a summarized view of the District's Statement of Net Position:

	2023	2022
Assets		
Current and other assets	\$ 46,362,676	\$ 38,919,717
Capital assets, net of depreciation/amortization	39,692,675	40,748,697
Total assets	\$ 86,055,351	\$ 79,668,414
Deferred outflows of resources		
Pension plan deferments	\$ 9,535,752	\$ 10,608,390
OPEB plan deferments	418,699	474,413
Total deferred outflows of resources	\$ 9,954,451	\$ 11,082,803
Liabilities		
Current and other liabilities	\$ 5,988,671	\$ 6,152,150
Long-term liabilities, including due within one year	66,409,541	56,161,178
Total liabilities	\$ 72,398,212	\$ 62,313,328
Deferred inflows of resources		
Property taxes levied for subsequent year	\$ 14,641,887	\$ 10,636,018
Pension plan deferments	8,961,442	33,401,745
OPEB plan deferments	4,082,322	2,727,080
Total deferred inflows of resources	\$ 27,685,651	\$ 46,764,843
Net position		
Net investment in capital assets	\$ 12,090,957	\$ 10,645,136
Restricted	4,990,571	4,022,170
Unrestricted	(21,155,589)	(32,994,260)
Total net position	\$ (4,074,061)	\$ (18,326,954)

The District's financial position is the product of many factors. For example, the determination of the District's net investment in capital assets involves many assumptions and estimates, such as current and accumulated depreciation and amortization amounts. A conservative versus liberal approach to depreciation and amortization estimates, as well as capitalization policies, will produce a significant difference in the calculated amounts. Another major factor in determining net position as compared to fund balances are the liabilities for long-term pension, OPEB, and compensated absences, which impact the unrestricted portion of net position.

The District's increase in net investment in capital assets is due mostly to the relationship between the rate at which the District's capital assets are being added, depreciated/amortized, and how that compares to the rate at which the District is repaying the debt issued to purchase or construct those assets. The District's increase in net position restricted for capital asset acquisition, debt service, food service, community service, and other state funding restrictions contributed to the change in restricted net position. The change in the District's share of the Public Employees Retirement Association (PERA) and the Teachers Retirement Association (TRA) pension plans contributed to the change in deferred outflows, long-term liabilities, deferred inflows, and unrestricted net position. Positive operations in the General Fund and in self-insured activities also contributed to the increase in unrestricted net position.

Table 2 presents a summarized version of the District’s Statement of Activities:

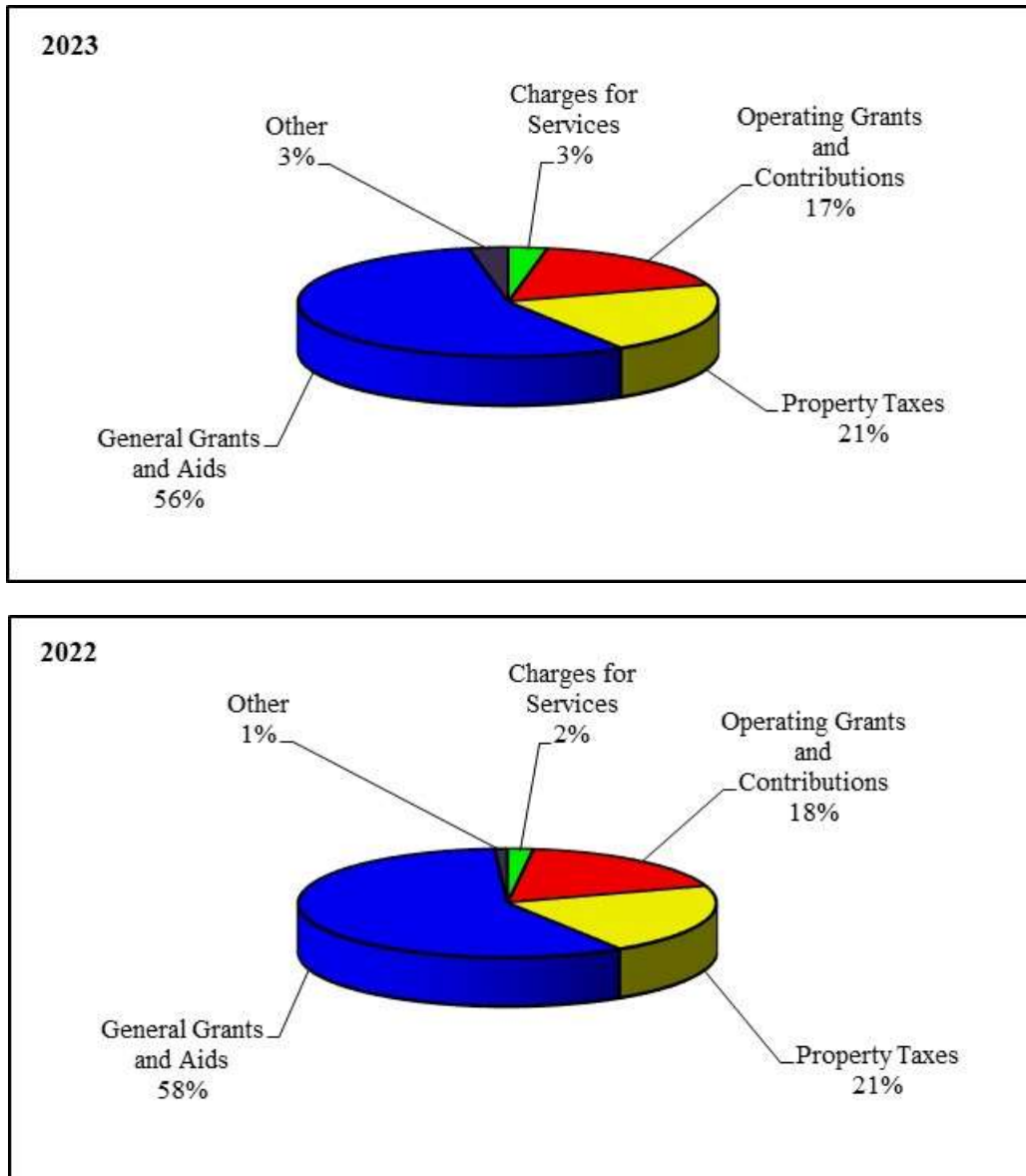
	<u>2023</u>	<u>2022</u>
Revenues		
Program revenues		
Charges for services	\$ 1,935,859	\$ 1,344,383
Operating grants and contributions	9,511,041	9,972,164
General revenues		
Property taxes	11,448,061	11,350,714
General grants and aids	31,261,422	31,249,407
Other	1,403,105	293,120
Total revenues	<u>55,559,488</u>	<u>54,209,788</u>
Expenses		
Administration	1,118,524	1,260,499
District support services	2,399,481	2,170,865
Elementary and secondary regular instruction	13,719,694	18,216,885
Vocational education instruction	139,854	157,676
Special education instruction	6,964,002	7,677,928
Instructional support services	2,623,095	3,136,782
Pupil support services	3,034,585	3,100,032
Sites and buildings	4,722,976	4,435,491
Fiscal and other fixed cost programs	296,544	268,937
Food service	2,041,581	1,999,919
Community service	1,918,753	1,928,293
Depreciation/amortization not allocated to other functions	1,478,380	1,439,096
Interest and fiscal charges	960,391	988,717
Total expenses	<u>41,417,860</u>	<u>46,781,120</u>
Change in net position	14,141,628	7,428,668
Net position – beginning, as previously reported	(18,326,954)	(25,755,622)
Change in accounting principle	111,265	–
Net position – beginning, restated	<u>(18,215,689)</u>	<u>(25,755,622)</u>
Net position – ending	<u>\$ (4,074,061)</u>	<u>\$ (18,326,954)</u>

This table is presented on an accrual basis of accounting, and it includes all of the governmental activities of the District. This statement includes depreciation and amortization expense, but excludes capital asset purchase costs, debt proceeds, and the repayment of debt principal.

Revenues increased by \$1,349,700, in the current year. The largest increase was in “other” sources, as presented in the table above. This increase in other revenues was largely in investment income with improved returns and market conditions in the District’s revocable OPEB trust. Expenses were down compared to the prior year, due primarily to changes in state-wide pension plans.

Figure A shows further analysis of these revenue sources:

Figure A – Sources of Revenues for Fiscal Years 2023 and 2022

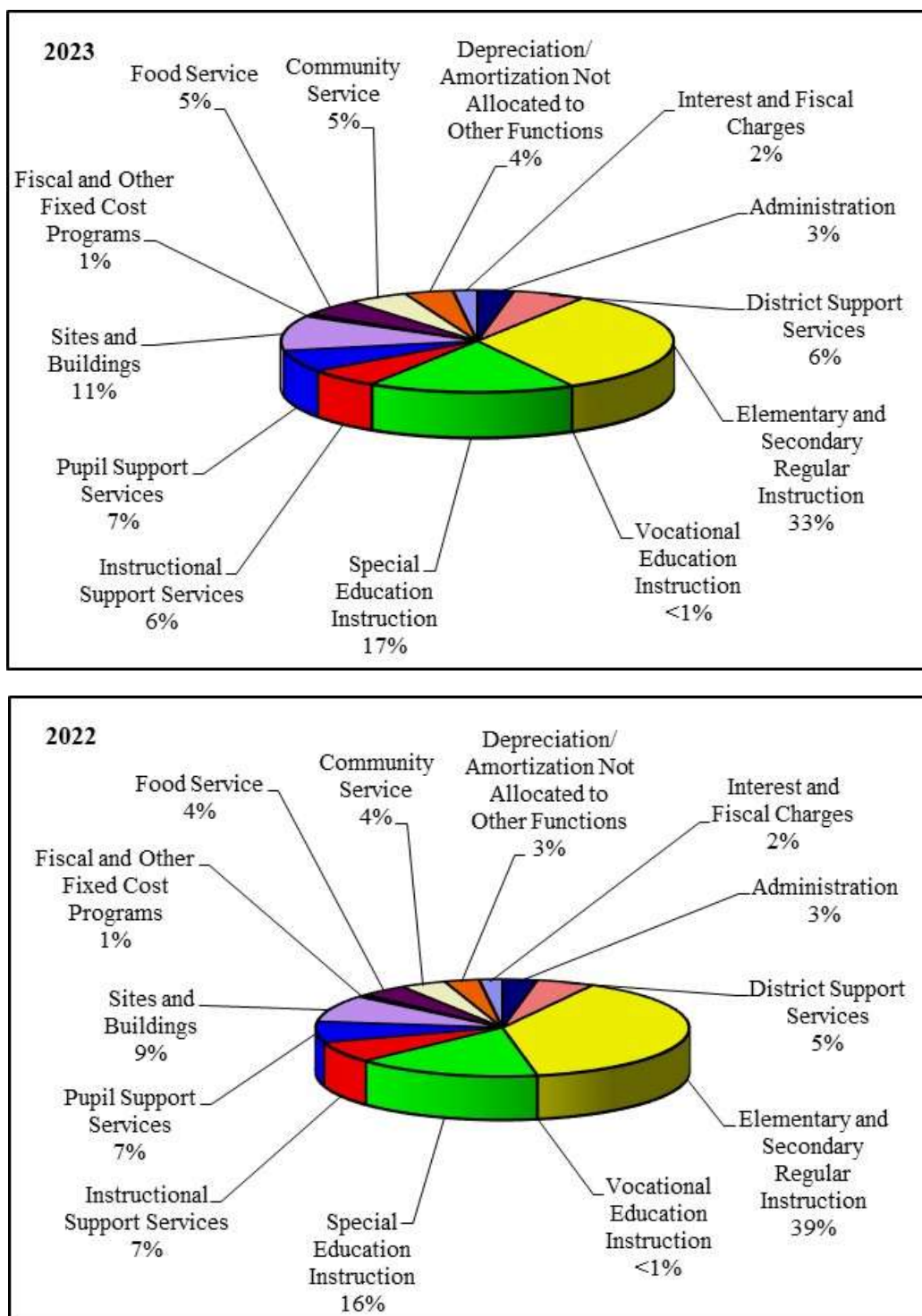


The largest share of the District’s revenue is received from the state, including the general education aid formula and most of the operating grants.

Property taxes are generally the next largest source of funding. The level of revenue property tax sources provide is not only dependent on district taxpayers by way of operating and building referenda, but also by decisions made by the Legislature in the mix of state aid and local effort in a variety of funding formulas.

Figure B shows further analysis of these expense functions:

Figure B – Expenses for Fiscal Years 2023 and 2022



The District’s expenses are predominately related to educating students. Programs (or functions), such as elementary and secondary regular instruction, vocational education instruction, special education instruction, and instructional support services, are directly related to classroom instruction, while the rest of the programs support instruction and other necessary costs to operate the District. The shift in expenses between programs and the decrease in elementary and secondary regular instruction when compared to prior year was largely due to changes in the TRA state-wide pension plan obligations.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District is also reflected in its governmental funds. Table 3 shows the change in total fund balances of each of the District's governmental funds:

	<u>2023</u>	<u>2022</u>	<u>Change</u>
Major funds			
General	\$ 9,689,470	\$ 8,268,596	\$ 1,420,874
Debt Service	841,031	736,221	104,810
Nonmajor funds			
Food Service Special Revenue	864,943	822,309	42,634
Community Service Special Revenue	<u>728,068</u>	<u>549,213</u>	<u>178,855</u>
 Total governmental funds	 <u>\$ 12,123,512</u>	 <u>\$ 10,376,339</u>	 <u>\$ 1,747,173</u>

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance, which has not yet been limited to use for a particular purpose by either an external party, the District itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the District's School Board.

At June 30, 2023, the District's governmental funds reported combined fund balances of \$12,123,512, an increase of \$1,747,173 in comparison with the prior year. Approximately 40.1 percent of this amount (\$4,866,864) constitutes unassigned fund balance, which is available for spending at the District's discretion. The remainder of the fund balance is either nonspendable, restricted, or assigned to indicate that it is: 1) not in spendable form (\$13,875), 2) restricted for particular purposes (\$5,427,901), or 3) assigned for particular purposes (\$1,814,872).

Changes in the table above are discussed on the following pages.

ANALYSIS OF THE GENERAL FUND

Table 4 summarizes the amendments to the General Fund budget:

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Change</u>	<u>Percent Change</u>
Revenue	<u>\$ 45,715,777</u>	<u>\$ 46,495,449</u>	<u>\$ 779,672</u>	<u>1.7%</u>
Expenditures	<u>\$ 45,597,467</u>	<u>\$ 46,135,984</u>	<u>\$ 538,517</u>	<u>1.2%</u>

The District is required to adopt an operating budget prior to the beginning of its fiscal year, referred to above as the original budget. During the year, the District amended the budget for known significant changes in circumstances, such as: updated enrollment estimates, legislative changes, additional funding received from grants or other local sources, staffing changes, employee contract settlements, insurance premium changes, special education tuition changes, or for new debt issued.

Table 5 summarizes the operating results of the General Fund:

	<u>2023 Actual</u>	<u>Over (Under) Final Budget</u>		<u>Over (Under) Prior Year</u>	
		<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Revenue	\$ 47,332,848	\$ 837,399	1.8%	\$ 627,703	1.3%
Expenditures	<u>45,911,974</u>	<u>(224,010)</u>	(0.5%)	<u>307,754</u>	0.7%
Excess of revenue over expenditures	1,420,874	1,061,409		319,949	
Other financing sources	<u>—</u>	<u>—</u>		<u>(1,027,248)</u>	
Net change in fund balances	<u>\$ 1,420,874</u>	<u>\$ 1,061,409</u>		<u>\$ (707,299)</u>	

The fund balance of the General Fund increased \$1,420,874, compared to an increase of \$359,465 approved in the final budget.

Several sources contributed to the favorable revenue variance over the amended projection. Property taxes and other local sources (including investment earnings) were over budget by \$191,893 and \$822,385, respectively. State sources were over budget by \$57,575, while federal sources were less than projections by \$234,454. The favorable variance in revenues was largely due to conservative budgeting and improved investment earnings. The increase in total revenue was largely in investment earnings and in state sources with more compensatory funding recognized in the current year.

General Fund expenditures were close to budget, as seen in the previous table, with the variance spread across several programs and object categories. Expenditures increased from the prior year, with the majority of the increase in purchased services, as anticipated in the approved budget.

Other financing sources were down compared to the prior year. The District reported proceeds from the sale of capital assets last year that did not occur in the current year.

COMMENTS ON SIGNIFICANT ACTIVITIES IN OTHER FUNDS

Debt Service Fund

The funding of debt service is controlled in accordance with each outstanding debt issue's financing plan. Debt Service Fund revenues and other financing sources exceeded expenditures and other financing uses by \$104,810 in the current year. The year-end fund balance of \$841,031 at June 30, 2023 is available for meeting future debt service obligations. During fiscal 2023, the District issued refunding bonds that were used to call outstanding bonds in the current year, in order to reduce future debt levies.

Other Governmental Funds

The Food Service Special Revenue Fund ended the year with revenues exceeding expenditures, increasing equity by \$42,634, compared to a planned fund balance reduction of \$7,536.

The Community Service Special Revenue Fund ended the year with revenues exceeding expenditures, increasing equity by \$178,855, compared to a planned fund balance increase of \$209,400.

Internal Service Funds

Internal service funds are used to account for the financing of goods and services provided by one department or agency of a government to other departments or agencies on a cost-reimbursement basis. The District currently maintains internal service funds to account for the District's self-insured dental plan, the District's self-insured medical plan, and for the District's OPEB obligations.

The combined total net position balance for the internal service funds as of June 30, 2023 was \$4,928,109. Current year operations increased net position by \$2,211,046, mainly in the Medical Self-Insurance Fund and Other Post-Employment Benefits Fund.

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

Table 6 shows the District's capital assets, together with changes from the previous year. The table also shows the total depreciation/amortization expense for fiscal years ended June 30, 2023 and 2022.

	<u>2023</u>	<u>2022</u>	<u>Change</u>
Land	\$ 1,646,893	\$ 1,646,893	\$ -
Buildings	56,174,515	56,096,093	78,422
Building improvements	6,360,654	6,360,654	-
Furniture and equipment	5,653,386	5,551,879	101,507
Technology subscriptions	242,429	-	242,429
Less accumulated depreciation/amortization	<u>(30,385,202)</u>	<u>(28,906,822)</u>	<u>(1,478,380)</u>
Total	<u>\$ 39,692,675</u>	<u>\$ 40,748,697</u>	<u>\$ (1,056,022)</u>
Depreciation/amortization expense	<u>\$ 1,478,380</u>	<u>\$ 1,439,096</u>	<u>\$ 39,284</u>

By the end of 2023, the District had invested in a broad range of capital assets, including school buildings, athletic facilities, and other equipment for various instructional programs (see Table 6).

The changes presented in the table above reflect the ongoing activity and completion of projects at district sites during fiscal year 2023, including the capital spending in the General Fund.

The implementation of GASB Statement No. 96, as previously discussed, created a class of assets new to the District in the current year. The change includes the \$111,265 change in accounting principle reported in the current year.

The District defines capital assets as those with an initial, individual cost of \$3,000 or more, which benefit more than one fiscal year.

Additional details about capital assets can be found in the notes to basic financial statements.

Long-Term Liabilities

Table 7 illustrates the components of the District's long-term liabilities with changes from the prior year:

	<u>2023</u>	<u>2022</u>	<u>Change</u>
General obligation bonds payable	\$ 20,605,000	\$ 23,015,000	\$ (2,410,000)
Certificates of participation	4,450,000	4,745,000	(295,000)
Unamortized premium/discount	2,546,718	2,343,561	203,157
Financed purchase payable	85,201	169,446	(84,245)
Compensated absences payable	177,426	149,525	27,901
Net pension liability	33,109,388	18,499,627	14,609,761
Total OPEB liability	<u>5,435,808</u>	<u>7,239,019</u>	<u>(1,803,211)</u>
 Total	 <u>\$ 66,409,541</u>	 <u>\$ 56,161,178</u>	 <u>\$ 10,248,363</u>

The decreases in bonds, certificates of participation, and financed purchase payable in the table above are primarily due to the planned repayment schedules reflecting principal payments during fiscal year 2023. As previously discussed, the District issued refunding bonds in the current year that were used to call outstanding bonds in advance of their original maturities to reduce future debt levies. The increase in unamortized premium was due to the new refunding bonds issued in the current year that were used to reduce outstanding principal on bonds payable.

The difference in the net pension liability reflects the change in the District's proportionate share of the state-wide pension obligations for the PERA and the TRA. The change in the total OPEB liability was due, in part, to assumption changes used to calculate this obligation.

The state limits the amount of general obligation debt the District can issue to 15.0 percent of the market value of all taxable property within the District's corporate limits (see Table 8):

District's market value	\$ 2,243,349,825
Limit rate	<u>15.0%</u>
Legal debt limit	<u>\$ 336,502,474</u>

Additional details of the District's long-term debt activity can be found in the notes to basic financial statements.

FACTORS BEARING ON THE DISTRICT'S FUTURE

With the exception of the voter-approved operating referendum, the District is dependent on the state of Minnesota for a majority of its revenue authority.

The general education program is the method by which school districts receive the majority of their financial support. This source of funding is primarily state aid and, as such, school districts rely heavily on the state of Minnesota for educational resources. The Legislature has added \$275, or 4.00 percent, per pupil to the basic general education funding formula for fiscal year 2024, and an additional \$143, or 2.00 percent, per pupil to the formula for fiscal year 2025.

The amount of funding a district receives is also dependent on the number of students it serves, meaning attracting and retaining students is critical to the District's financial well-being.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

These financial statements are designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact the Business Services Department, Special School District No. 6, 104 – 5th Avenue South, South St. Paul, Minnesota 55075.

BASIC FINANCIAL STATEMENTS

SPECIAL SCHOOL DISTRICT NO. 6

Statement of Net Position
as of June 30, 2023
(With Partial Comparative Information as of June 30, 2022)

	Governmental Activities	
	2023	2022
Assets		
Cash and temporary investments	\$ 27,333,868	\$ 22,002,272
Receivables		
Current taxes	8,542,930	6,708,925
Delinquent taxes	155,127	141,868
Accounts and interest	116,029	163,933
Due from other governmental units	5,482,970	5,303,539
Inventory	13,875	25,793
Restricted assets		
Cash and investments for OPEB	4,717,877	4,573,387
Capital assets		
Not depreciated/amortized	1,646,893	1,646,893
Depreciated/amortized, net	38,045,782	39,101,804
Total capital assets, net of accumulated depreciation/amortization	<u>39,692,675</u>	<u>40,748,697</u>
Total assets	86,055,351	79,668,414
Deferred outflows of resources		
Pension plan deferments	9,535,752	10,608,390
OPEB plan deferments	418,699	474,413
Total deferred outflows of resources	<u>9,954,451</u>	<u>11,082,803</u>
Total assets and deferred outflows of resources	<u>\$ 96,009,802</u>	<u>\$ 90,751,217</u>
Liabilities		
Salaries payable	\$ 2,674,119	\$ 2,822,172
Accounts and contracts payable	973,082	1,003,807
Accrued interest payable	516,952	544,809
Due to other governmental units	501,042	375,240
Unearned revenue	906,810	1,112,178
Claims incurred, but not reported	416,666	293,944
Long-term liabilities		
Due within one year	3,381,810	2,891,044
Due in more than one year	63,027,731	53,270,134
Total long-term liabilities	<u>66,409,541</u>	<u>56,161,178</u>
Total liabilities	72,398,212	62,313,328
Deferred inflows of resources		
Property taxes levied for subsequent year	14,641,887	10,636,018
Pension plan deferments	8,961,442	33,401,745
OPEB plan deferments	4,082,322	2,727,080
Total deferred inflows of resources	<u>27,685,651</u>	<u>46,764,843</u>
Net position		
Net investment in capital assets	12,090,957	10,645,136
Restricted for		
Capital asset acquisition	1,869,072	1,274,890
Debt service	384,896	255,396
Food service	864,943	822,309
Community service	732,998	553,936
Other purposes (state funding restrictions)	1,138,662	1,115,639
Unrestricted	(21,155,589)	(32,994,260)
Total net position	<u>(4,074,061)</u>	<u>(18,326,954)</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 96,009,802</u>	<u>\$ 90,751,217</u>

SPECIAL SCHOOL DISTRICT NO. 6

Statement of Activities
 Year Ended June 30, 2023
 (With Partial Comparative Information for the Year Ended June 30, 2022)

Functions/Programs	2023			2022	
	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position	Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Governmental Activities
Governmental activities					
Administration	\$ 1,118,524	\$ -	\$ -	\$ (1,118,524)	\$ (1,260,499)
District support services	2,399,481	-	-	(2,399,481)	(2,170,865)
Elementary and secondary regular instruction	13,719,694	535,483	630,925	(12,553,286)	(17,213,981)
Vocational education instruction	139,854	-	-	(139,854)	(157,676)
Special education instruction	6,964,002	167,819	6,091,765	(704,418)	(1,722,146)
Instructional support services	2,623,095	-	-	(2,623,095)	(3,136,782)
Pupil support services	3,034,585	-	57,011	(2,977,574)	(2,948,097)
Sites and buildings	4,722,976	48,454	-	(4,674,522)	(4,398,051)
Fiscal and other fixed cost programs	296,544	-	-	(296,544)	(268,937)
Food service	2,041,581	364,689	1,701,209	24,317	410,150
Community service	1,918,753	819,414	1,030,131	(69,208)	(169,876)
Depreciation/amortization not allocated to other functions	1,478,380	-	-	(1,478,380)	(1,439,096)
Interest and fiscal charges	960,391	-	-	(960,391)	(988,717)
Total governmental activities	\$ 41,417,860	\$ 1,935,859	\$ 9,511,041	(29,970,960)	(35,464,573)
General revenues					
Taxes					
Property taxes, levied for general purposes				7,911,050	7,757,253
Property taxes, levied for community service				514,983	597,941
Property taxes, levied for debt service				3,022,028	2,995,520
General grants and aids				31,261,422	31,249,407
Other general revenues				445,963	413,309
Gain on sale of capital assets				-	171,449
Investment earnings (charges)				957,142	(291,638)
Total general revenues				44,112,588	42,893,241
Change in net position				14,141,628	7,428,668
Net position – beginning, as previously reported				(18,326,954)	(25,755,622)
Change in accounting principle				111,265	-
Net position – beginning, restated				(18,215,689)	(25,755,622)
Net position – ending				\$ (4,074,061)	\$ (18,326,954)

SPECIAL SCHOOL DISTRICT NO. 6

Balance Sheet
 Governmental Funds
 as of June 30, 2023
 (With Partial Comparative Information as of June 30, 2022)

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Nonmajor Funds</u>
Assets			
Cash and temporary investments	\$ 12,888,468	\$ 2,158,386	\$ 1,977,382
Receivables			
Current taxes	6,374,533	1,919,029	249,368
Delinquent taxes	103,488	44,026	7,613
Accounts and interest	10,579	-	18,935
Due from other governmental units	5,292,268	-	190,702
Inventory	-	-	13,875
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 24,669,336</u>	<u>\$ 4,121,441</u>	<u>\$ 2,457,875</u>
Liabilities			
Salaries payable	\$ 2,614,781	\$ -	\$ 59,338
Accounts and contracts payable	930,221	-	42,861
Due to other governmental units	191,277	-	309,765
Unearned revenue	211,653	-	25,339
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	3,947,932	-	437,303
Deferred inflows of resources			
Unavailable revenue – delinquent taxes	65,090	27,998	4,930
Property taxes levied for subsequent year	10,966,844	3,252,412	422,631
	<u> </u>	<u> </u>	<u> </u>
Total deferred inflows of resources	11,031,934	3,280,410	427,561
Fund balances			
Nonspendable	-	-	13,875
Restricted	3,007,734	841,031	1,579,136
Assigned	1,814,872	-	-
Unassigned	4,866,864	-	-
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	9,689,470	841,031	1,593,011
	<u> </u>	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 24,669,336</u>	<u>\$ 4,121,441</u>	<u>\$ 2,457,875</u>

Total Governmental Funds

2023	2022
\$ 17,024,236	\$ 13,495,883
8,542,930	6,708,925
155,127	141,868
29,514	49,539
5,482,970	5,303,539
13,875	25,793
\$ 31,248,652	\$ 25,725,547
\$ 2,674,119	\$ 2,822,172
973,082	1,003,807
501,042	375,240
236,992	420,701
4,385,235	4,621,920
98,018	91,270
14,641,887	10,636,018
14,739,905	10,727,288
13,875	25,793
5,427,901	4,472,479
1,814,872	1,047,952
4,866,864	4,830,115
12,123,512	10,376,339
\$ 31,248,652	\$ 25,725,547

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SPECIAL SCHOOL DISTRICT NO. 6

Reconciliation of the Balance Sheet to the
Statement of Net Position
Governmental Funds
as of June 30, 2023

(With Partial Comparative Information as of June 30, 2022)

	<u>2023</u>	<u>2022</u>
Total fund balances – governmental funds	\$ 12,123,512	\$ 10,376,339
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets are included in net position, but are excluded from fund balances because they do not represent financial resources.		
Cost of capital assets	70,077,877	69,655,519
Accumulated depreciation/amortization	(30,385,202)	(28,906,822)
Long-term liabilities are included in net position, but are excluded from fund balances until due and payable. Debt issuance premiums and discounts are excluded from net position until amortized, but are included in fund balances upon issuance as other financing sources and uses.		
General obligation bonds payable	(20,605,000)	(23,015,000)
Certificates of participation	(4,450,000)	(4,745,000)
Unamortized premium/discount	(2,546,718)	(2,343,561)
Financed purchase payable	(85,201)	(169,446)
Compensated absences payable	(177,426)	(149,525)
Net pension liability	(33,109,388)	(18,499,627)
Accrued interest payable on long-term debt is included in net position, but is excluded from fund balances until due and payable.	(516,952)	(544,809)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position.	4,928,109	2,717,063
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows of resources – pension plan deferments	9,535,752	10,608,390
Deferred inflows of resources – pension plan deferments	(8,961,442)	(33,401,745)
Deferred inflows of resources – unavailable revenue – delinquent taxes	98,018	91,270
Total net position – governmental activities	<u>\$ (4,074,061)</u>	<u>\$ (18,326,954)</u>

SPECIAL SCHOOL DISTRICT NO. 6

Statement of Revenue, Expenditures, and Changes in Fund Balances
 Governmental Funds
 Year Ended June 30, 2023
 (With Partial Comparative Information for the Year Ended June 30, 2022)

	General Fund	Debt Service Fund	Nonmajor Funds
Revenue			
Local sources			
Property taxes	\$ 7,905,472	\$ 3,021,065	\$ 514,776
Investment earnings	344,998	136,534	54,397
Other	1,197,719	-	1,184,103
State sources	33,952,732	-	1,030,606
Federal sources	3,931,927	-	1,700,734
Total revenue	<u>47,332,848</u>	<u>3,157,599</u>	<u>4,484,616</u>
Expenditures			
Current			
Administration	1,459,459	-	-
District support services	2,457,096	-	-
Elementary and secondary regular instruction	19,985,908	-	-
Vocational education instruction	201,508	-	-
Special education instruction	9,306,173	-	-
Instructional support services	3,392,309	-	-
Pupil support services	3,379,409	-	-
Sites and buildings	4,912,021	-	-
Fiscal and other fixed cost programs	296,544	-	-
Food service	-	-	2,044,708
Community service	-	-	2,200,791
Capital outlay	-	-	17,628
Debt service			
Principal	379,245	1,855,000	-
Interest and fiscal charges	142,302	1,272,976	-
Total expenditures	<u>45,911,974</u>	<u>3,127,976</u>	<u>4,263,127</u>
Excess of revenue over expenditures	1,420,874	29,623	221,489
Other financing sources (uses)			
Refunding debt issued	-	9,365,000	-
Premium on issuance of debt	-	630,187	-
Payments to refunded bond escrow agent	-	(9,920,000)	-
Insurance recovery	-	-	-
Sale of capital assets	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>75,187</u>	<u>-</u>
Net change in fund balances	1,420,874	104,810	221,489
Fund balances			
Beginning of year	<u>8,268,596</u>	<u>736,221</u>	<u>1,371,522</u>
End of year	<u>\$ 9,689,470</u>	<u>\$ 841,031</u>	<u>\$ 1,593,011</u>

Total Governmental Funds

2023	2022
\$ 11,441,313	\$ 11,351,035
535,929	21,782
2,381,822	1,725,333
34,983,338	34,591,525
5,632,661	6,786,649
54,975,063	54,476,324
1,459,459	1,604,709
2,457,096	2,381,164
19,985,908	20,350,908
201,508	178,954
9,306,173	8,683,754
3,392,309	3,520,581
3,379,409	3,242,525
4,912,021	4,849,740
296,544	268,937
2,044,708	2,086,892
2,200,791	2,112,752
17,628	43,095
2,234,245	2,340,533
1,415,278	1,275,614
53,303,077	52,940,158
1,671,986	1,536,166
9,365,000	12,610,000
630,187	2,177,044
(9,920,000)	(14,685,000)
-	32,359
-	994,889
75,187	1,129,292
1,747,173	2,665,458
10,376,339	7,710,881
\$ 12,123,512	\$ 10,376,339

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SPECIAL SCHOOL DISTRICT NO. 6

Reconciliation of the Statement of
Revenue, Expenditures, and Changes in Fund Balances
to the Statement of Activities
Governmental Funds
Year Ended June 30, 2023

(With Partial Comparative Information for the Year Ended June 30, 2022)

	<u>2023</u>	<u>2022</u>
Total net change in fund balances – governmental funds	\$ 1,747,173	\$ 2,665,458
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays are recorded as net position and the cost is allocated over their estimated useful lives as depreciation/amortization expense. However, fund balances are reduced for the full cost of capital outlays at the time of purchase.		
Capital outlays	311,093	209,375
Depreciation/amortization expense	(1,478,380)	(1,439,096)
A gain or loss on the disposal of capital assets, including the difference between the carrying value and any related sale proceeds, is included in the change in net position. However, only the sale proceeds are included in the change in fund balances.		
	–	(823,440)
The amount of debt issued is reported in the governmental funds as a source of financing. Debt obligations are not revenues in the Statement of Activities, but rather constitute long-term liabilities.		
	(9,365,000)	(12,610,000)
Repayment of long-term debt does not affect the change in net position. However, it reduces fund balances.		
General obligation bonds payable	11,775,000	16,660,000
Certificates of participation	295,000	285,000
Financed purchase payable	84,245	80,533
Debt issuance premiums and discounts are included in the change in net position as they are amortized over the life of the debt. However, they are included in the change in fund balances upon issuance as other financing sources and uses.		
	(203,157)	(1,807,252)
Certain expenses are included in the change in net position, but do not require the use of current funds, and are not included in the change in fund balances.		
Compensated absences payable	(27,901)	93,661
Severance benefits payable	–	97,681
Net pension liability	(14,609,761)	14,093,794
Interest on long-term debt is included in the change in net position as it accrues, regardless of when payment is due. However, it is included in the change in fund balances when due.		
	27,857	(82,895)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The change in net position of the internal service funds is included in the governmental activities in the Statement of Activities.		
	2,211,046	1,389,759
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows of resources – pension plan deferments	(1,072,638)	(2,680,758)
Deferred inflows of resources – pension plan deferments	24,440,303	(8,702,831)
Deferred inflows of resources – unavailable revenue – delinquent taxes	6,748	(321)
Change in net position – governmental activities	<u>\$ 14,141,628</u>	<u>\$ 7,428,668</u>

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SPECIAL SCHOOL DISTRICT NO. 6

Statement of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual
 General Fund
 Year Ended June 30, 2023

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
Revenue				
Local sources				
Property taxes	\$ 7,713,579	\$ 7,713,579	\$ 7,905,472	\$ 191,893
Investment earnings	–	–	344,998	344,998
Other	720,332	720,332	1,197,719	477,387
State sources	33,475,754	33,895,157	33,952,732	57,575
Federal sources	3,806,112	4,166,381	3,931,927	(234,454)
Total revenue	<u>45,715,777</u>	<u>46,495,449</u>	<u>47,332,848</u>	<u>837,399</u>
Expenditures				
Current				
Administration	1,434,176	1,430,176	1,459,459	29,283
District support services	2,092,300	2,785,806	2,457,096	(328,710)
Elementary and secondary regular instruction	20,197,815	20,133,099	19,985,908	(147,191)
Vocational education instruction	166,881	183,313	201,508	18,195
Special education instruction	9,008,203	9,008,203	9,306,173	297,970
Instructional support services	3,768,748	3,466,731	3,392,309	(74,422)
Pupil support services	3,280,176	3,280,176	3,379,409	99,233
Sites and buildings	4,800,620	4,869,932	4,912,021	42,089
Fiscal and other fixed cost programs	327,000	457,000	296,544	(160,456)
Debt service				
Principal	379,245	379,245	379,245	–
Interest and fiscal charges	142,303	142,303	142,302	(1)
Total expenditures	<u>45,597,467</u>	<u>46,135,984</u>	<u>45,911,974</u>	<u>(224,010)</u>
Net change in fund balances	<u>\$ 118,310</u>	<u>\$ 359,465</u>	<u>1,420,874</u>	<u>\$ 1,061,409</u>
Fund balances				
Beginning of year			<u>8,268,596</u>	
End of year			<u>\$ 9,689,470</u>	

SPECIAL SCHOOL DISTRICT NO. 6

Statement of Net Position
 Internal Service Funds
 as of June 30, 2023
 (With Partial Comparative Information as of June 30, 2022)

	<u>2023</u>	<u>2022</u>
Assets		
Current assets		
Cash and temporary investments	\$ 10,309,632	\$ 8,506,389
Receivables		
Accounts and interest	<u>86,515</u>	<u>114,394</u>
Total current assets	10,396,147	8,620,783
Noncurrent assets		
Restricted assets		
Investments	<u>4,717,877</u>	<u>4,573,387</u>
Total assets	15,114,024	13,194,170
Deferred outflows of resources		
OPEB plan deferments	418,699	474,413
Liabilities		
Current liabilities		
Unearned revenue	669,818	691,477
Claims incurred, but not reported	416,666	293,944
Total OPEB liability	<u>514,183</u>	<u>508,224</u>
Total current liabilities	1,600,667	1,493,645
Noncurrent liabilities		
Total OPEB liability (net of current portion)	<u>4,921,625</u>	<u>6,730,795</u>
Total liabilities	6,522,292	8,224,440
Deferred inflows of resources		
OPEB plan deferments	<u>4,082,322</u>	<u>2,727,080</u>
Net position		
Unrestricted	<u>\$ 4,928,109</u>	<u>\$ 2,717,063</u>

SPECIAL SCHOOL DISTRICT NO. 6

Statement of Revenue, Expenses, and Changes in Net Position
 Internal Service Funds
 Year Ended June 30, 2023
 (With Partial Comparative Information for the Year Ended June 30, 2022)

	<u>2023</u>	<u>2022</u>
Operating revenue		
Contributions from governmental funds	\$ 7,399,833	\$ 7,435,671
Operating expenses		
Dental benefit claims	289,434	270,948
Medical benefit claims	5,499,654	5,187,546
OPEB	(179,088)	273,998
Total operating expenses	<u>5,610,000</u>	<u>5,732,492</u>
Operating income	1,789,833	1,703,179
Nonoperating revenue		
Investment earnings (charges)	<u>421,213</u>	<u>(313,420)</u>
Change in net position	2,211,046	1,389,759
Net position		
Beginning of year	<u>2,717,063</u>	<u>1,327,304</u>
End of year	<u>\$ 4,928,109</u>	<u>\$ 2,717,063</u>

SPECIAL SCHOOL DISTRICT NO. 6

Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2023

(With Partial Comparative Information for the Year Ended June 30, 2022)

	2023	2022
Cash flows from operating activities		
Received from assessments made to other funds	\$ 7,406,053	\$ 7,287,705
Payment for dental claims	(290,051)	(266,926)
Payment for medical claims	(5,376,315)	(5,196,262)
Post-employment benefit payments	(213,167)	(240,986)
Net cash flows from operating activities	1,526,520	1,583,531
Cash flows from noncapital financing activities		
Cash received from other funds	–	164,558
Cash flows from investing activities		
Purchase of investments	(144,490)	(357,212)
Sale of investments	–	269,134
Interest on investments	421,213	99,564
Net cash flows from investing activities	276,723	11,486
Net change in cash and cash equivalents	1,803,243	1,759,575
Cash and cash equivalents		
Beginning of year	8,506,389	6,746,814
End of year	\$ 10,309,632	\$ 8,506,389
Reconciliation of operating income to net cash flows from operating activities		
Operating income	\$ 1,789,833	\$ 1,703,179
Adjustments to reconcile operating income to cash flows from operating activities		
Changes in assets, liabilities, and deferred outflows/inflows		
Accounts and interest receivable	27,879	(50,897)
Prepaid items	–	60,432
Deferred outflows – OPEB plan deferments	55,714	(80,389)
Unearned revenue	(21,659)	(97,069)
Claims incurred, but not reported	122,722	(65,126)
Total OPEB liability	(1,803,211)	472,703
Deferred inflows – OPEB plan deferments	1,355,242	(359,302)
Net cash flows from operating activities	\$ 1,526,520	\$ 1,583,531

SPECIAL SCHOOL DISTRICT NO. 6

Notes to Basic Financial Statements
Year Ended June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

Special School District No. 6 (the District) was formed and operates pursuant to applicable Minnesota laws and statutes. The District is governed by a School Board elected by voters of the District. The District's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

The accompanying financial statements include all funds, departments, agencies, boards, commissions, and other organizations that comprise the District, along with any component units.

Component units are legally separate entities for which the District (primary government) is financially accountable, or for which the exclusion of the component unit would render the financial statements of the primary government misleading. The criteria used to determine if the primary government is financially accountable for a component unit includes whether or not the primary government appoints the voting majority of the potential component unit's governing body, is able to impose its will on the potential component unit, is in a relationship of financial benefit or burden with the potential component unit, or is fiscally depended upon by the potential component unit. Based on these criteria, there are no organizations considered to be component units of the District.

C. Government-Wide Financial Statement Presentation

The government-wide financial statements (Statement of Net Position and Statement of Activities) display information about the reporting government as a whole. These statements include all the financial activities of the District. Generally, the effect of material interfund activity has been removed from the government-wide financial statements. Transactions representing interfund services provided and used are not eliminated in the consolidation process to the government-wide financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 internally directed revenues are reported instead as general revenues.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are generally recognized as revenues in the fiscal year for which they are levied, except for amounts advance recognized in accordance with a statutory “tax shift” described later in these notes. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met.

For capital assets that can be specifically identified with, or allocated to functional areas, depreciation/amortization expense is included as a direct expense in the functional areas that utilize the related capital assets. For capital assets that essentially serve all functional areas, depreciation/amortization expense is reported as “depreciation/amortization not allocated to other functions.” Interest is considered an indirect expense and is reported separately on the Statement of Activities.

D. Fund Financial Statement Presentation

Separate fund financial statements are provided for governmental and proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Aggregated information for the remaining nonmajor governmental funds is reported in a single column in the fund financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this basis of accounting, transactions are recorded in the following manner:

- 1. Revenue Recognition** – Revenue is recognized when it becomes measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the District generally considers revenues, including property taxes, to be available if they are collected within 60 days after year-end. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met. State revenue is recognized in the year to which it applies according to funding formulas established by Minnesota Statutes. Proceeds of long-term debt and acquisitions under leases are reported as other financing sources.
- 2. Recording of Expenditures** – Expenditures are generally recorded when a liability is incurred, except for principal and interest on long-term debt and other long-term obligations, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as capital outlay expenditures in the governmental funds. In the General Fund, capital outlay expenditures are included within the applicable functional areas.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The proprietary (internal service funds) are presented in the proprietary fund financial statements. Because the principal users of internal services are the District's governmental activities, the internal service funds are consolidated into the governmental activities column when presented in the government-wide financial statements. The cost of these services is reported in the appropriate functional activity.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the District's Internal Service Fund is charges to customers (other district funds) for services. Operating expenses for the Internal Service Fund include the cost of providing the services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as described earlier in these notes.

Description of Funds

The existence of the various district funds has been established by the 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 the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and payment of general obligation debt principal, interest, and related costs.

Nonmajor Governmental Funds

Food Service Special Revenue Fund – The Food Service Special Revenue Fund is primarily used to account for the District's child nutrition program.

Community Service Special Revenue Fund – The Community Service Special Revenue Fund is used to account for services provided to residents in the areas of recreation, civic activities, nonpublic pupils, adult or early childhood programs, or other similar services.

Proprietary Funds

Internal Service Funds – Internal service funds account for the financing of goods or services provided by one department to other departments or agencies of the District, or to other governments, on a cost-reimbursement basis. The District's internal service funds are used to account for dental and medical insurance benefits offered by the District to its employees as a self-insured plan and for the payment and financing of its other post-employment benefits (OPEB) liabilities, including the administration of assets held in a revocable trust to finance these liabilities.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgetary Information

The School Board adopts an annual budget for all governmental funds prepared on the same basis of accounting as the fund financial statements. Legal budgetary control is at the fund level. Budgeted appropriations lapse at year-end.

Actual expenditures exceeded final appropriations in the current year by \$194,436 in the Food Service Special Revenue Fund and by \$317,145 in the Community Service Special Revenue Fund. These variances were funded by revenues excess of budget, along with available fund balance.

F. Restricted Assets

Restricted assets are cash and cash equivalents whose use is limited by legal requirements, such as a trust agreement. Restricted assets are reported only in the government-wide and proprietary (internal service) fund financial statements. Restricted assets include balances held in segregated accounts that are established for specific purposes. In the Internal Service Fund, this represents assets held in a revocable trust established to finance the District's liability for other post-employment insurance benefits. Interest earned on these investments is allocated directly to these accounts.

G. Cash and Temporary Investments

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

For purposes of the Statement of Cash Flows, the District considers all highly liquid debt instruments with an original maturity from the time of purchase by the District of three months or less to be cash equivalents. The proprietary (internal service) fund's equity in the government-wide cash and investment management pool is considered cash equivalent.

Investments are generally stated at fair value, except for investments in certain external investment pools, which are stated at amortized cost. Short-term, highly liquid debt instruments (including commercial paper, bankers' acceptance, and U.S. treasury and agency obligations) purchased with a remaining maturity of one year or less may also be reported at amortized cost. Investment income is accrued at the Balance Sheet date.

The District categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

See Note 2 for the District's recurring fair value measurements as of year-end.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Receivables

When necessary, the District utilizes an allowance for uncollectible accounts to value its receivables. However, the District considers all of its current receivables to be collectible. The only receivables not expected to be fully collected within one year are delinquent property taxes receivable.

I. Inventories

Inventories are recorded using the consumption method of accounting and consist of purchased food and surplus commodities received from the federal government. Purchased food inventory is recorded at cost on a first-in, first-out basis. Surplus commodities are stated at standardized costs, as determined by the U.S. Department of Agriculture.

J. Property Taxes

The majority of the District's revenue in the General Fund is determined annually by statutory funding formulas. The total revenue allowed by these formulas is allocated between property taxes and state aids by the Legislature based on education funding priorities.

Generally, property taxes are recognized as revenue by the District in the fiscal year that begins midway through the calendar year in which the tax levy is collectible. To help balance the state budget, the Minnesota Legislature utilizes a tool referred to as the "tax shift," which periodically changes the District's recognition of property tax revenue. The tax shift advance recognizes cash collected for the subsequent year's levy as current year revenue, allowing the state to reduce the amount of aid paid to the District. Currently, the mandated tax shift recognizes \$527,242 of the property tax levy collectible in 2023 as revenue to the District in fiscal year 2022–2023. The remaining portion of the taxes collectible in 2023 is recorded as a deferred inflow of resources (property taxes levied for subsequent year).

Property tax levies are certified to 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.

Taxes that remain unpaid are classified as delinquent taxes receivable. Revenue from these delinquent property taxes that is not collected within 60 days of year-end is reported as a deferred inflow of resources (unavailable revenue) in the fund financial statements because it is not known to be available to finance the operations of the District.

K. Subscription-Based Information Technology Arrangements (SBITAs)

A SBITA is a contract that conveys control of the right to use another party's information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. The District has entered into certain SBITAs for education, evaluation tracking, and other purposes. Capital assets associated with SBITAs are presented separately from other capital assets in Note 3 and are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT assets. When applicable, a subscription liability is reported in Note 4 to include the terms and related disclosures associated with any subscription liability.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Capital Assets

Capital assets that are purchased or constructed by the District are recorded at historical cost. Donated capital assets are recorded at their estimated acquisition value at the date of donation. SBITA capital assets are recorded based on the measurement of any subscription liability plus the payments due to a SBITA vendor at the commencement of the subscription term, including any applicable initial implementation costs as defined in the standard. The District defines capital assets as those with an initial, individual cost of \$3,000 or more, which benefit more than one fiscal year. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are recorded in the government-wide financial statements, but are not reported in the governmental fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are generally sold for an immaterial amount or scrapped when declared as no longer fit or needed for public school purposes by the District, no salvage value is considered for depreciation purposes. Useful lives vary from 20 to 50 years for buildings and building improvements, and 5 to 20 years for furniture and equipment. SBITAs are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT assets. Land is not depreciated.

The District does not possess material amounts of infrastructure capital assets, such as sidewalks or parking lots. Such items are considered to be part of the cost of buildings or other improvable property.

M. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. If material, bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period as other financing sources or uses, respectively. The face amount of debt issued is reported as other financing sources.

N. Compensated Absences

Under the terms of collectively bargained contracts, eligible employees accrue vacation and sick leave at varying rates, portions of which may be carried over to future years. Employees are reimbursed for unused, accrued vacation to the limit specified in their labor contract or School Board policy upon termination. Unused sick leave enters into the calculation of severance benefits for some employees upon termination. Compensated absences are accrued when earned in the government-wide financial statements. Compensated absences are accrued in the governmental fund financial statements only to the extent they have been used or otherwise matured prior to year-end, due to employee termination or similar circumstances.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. State-Wide Pension Plans

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

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

P. Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, statements of financial position or balance sheets will sometimes report separate sections for deferred outflows or inflows of resources. These separate financial statement elements represent a consumption or acquisition of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) or an inflow of financial resources (revenue) until then.

The District reports deferred outflows and inflows of resources related to pensions and OPEB plans reported in the government-wide Statement of Net Position. These deferred outflows and inflows result from differences between expected and actual economic experience, changes in actuarial assumptions, net collective difference between projected and actual investment earnings, changes in proportion, and contributions to the plan subsequent to the measurement date and before the end of the reporting period. These amounts are deferred and amortized as required under pension and OPEB standards.

Property taxes levied for subsequent years, which represents property taxes received or reported as a receivable before the period for which the taxes are levied, are reported as a deferred inflow of resources in both the government-wide Statement of Net Position and the governmental funds Balance Sheet. Property taxes levied for subsequent years are deferred and recognized as an inflow of resources in the government-wide financial statements in the year for which they are levied, and in the governmental fund financial statements during the year for which they are levied, if available.

Unavailable revenue from property taxes arises under a modified accrual basis of accounting and is reported only in the governmental funds Balance Sheet. Delinquent property taxes not collected within 60 days of year-end are deferred and recognized as an inflow of resources in the governmental funds in the period the amounts become available.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Net Position

In the government-wide and proprietary (internal service) fund financial statements, net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position is displayed in three components:

- **Net Investment in Capital Assets** – Consists of capital assets, net of accumulated depreciation/amortization, reduced by any outstanding debt attributable to acquire capital assets.
- **Restricted Net Position** – Consists of net position restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- **Unrestricted Net Position** – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

The District applies restricted resources first when an expense is incurred for which both restricted and unrestricted resources are available.

R. Fund Balance Classifications

In the fund financial statements, governmental funds report fund balance in classifications that disclose constraints for which amounts in those funds can be spent. These classifications are as follows:

- **Nonspendable** – Consists of amounts that are not in spendable form, such as prepaid items, inventory, and other long-term assets.
- **Restricted** – Consists of amounts related to externally imposed constraints established by creditors, grantors, or contributors; or constraints imposed by state statutory provisions.
- **Committed** – Consists of internally imposed constraints that are established by resolution of the School Board. Those committed amounts cannot be used for any other purpose unless the School Board removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.
- **Assigned** – Consists of internally imposed constraints. These constraints consist of amounts intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, assigned amounts represent intended uses established by the governing body itself or by an official to which the governing body delegates the authority. Pursuant to School Board resolution, the District’s superintendent of schools is authorized to establish assignments of fund balance.
- **Unassigned** – The residual classification for the General Fund, which also reflects negative residual amounts in other funds.

When both restricted and unrestricted resources are available for use, it is the District’s policy to first use restricted resources, then use unrestricted resources as they are needed.

When committed, assigned, or unassigned resources are available for use, it is the District’s policy to use resources in the following order: 1) committed, 2) assigned, and 3) unassigned. The District’s policy includes an exception to defer spending out of other categories and spend unassigned resources first if fund balances need to be preserved to facilitate future expenditure plans.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. Risk Management and Self-Insurance

1. **General Insurance** – The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and workers’ compensation for which the District carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. As part of the insurance renewal process and available coverage limits for cyber and privacy liability there was a reduction in this one area of the District’s insurance coverage in the current fiscal year.
2. **Self-Insurance** – The District has established two internal service funds to account for and finance its self-insured risk of loss for respective employee dental and health insurance plans. Under these plans, the internal service funds provide coverage to participating employees and their dependents for various dental and healthcare costs as described in the plans.

The District makes premium payments that include both employer and employee contributions to the internal service funds on behalf of program participants based on rates determined by insurance company estimates of monthly claims paid for each coverage class, plus the stop-loss health insurance premium costs and administrative service charges.

District claim liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred, but not reported. Because actual claim liabilities depend on complex factors, such as inflation, changes in legal doctrines, and damage awards, the process used in computing a claim liability does not necessarily result in an exact amount. Claim liabilities are evaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors.

Changes in the balance of dental claim liabilities for the past two years were as follows:

	Balance – Beginning of Year	Charges and Changes in Estimates	Claim Payments	Balance – End of Year
2022	\$ 10,367	\$ 270,948	\$ 268,945	\$ 12,370
2023	\$ 12,370	\$ 289,434	\$ 290,051	\$ 11,753

Changes in the balance of health claim liabilities for the past two years were as follows:

	Balance – Beginning of Year	Charges and Changes in Estimates	Claim Payments	Balance – End of Year
2022	\$ 348,703	\$ 5,187,546	\$ 5,254,675	\$ 281,574
2023	\$ 281,574	\$ 5,499,654	\$ 5,376,315	\$ 404,913

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

T. Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements during the reporting period. Actual results could differ from those estimates.

U. Prior Period Comparative Financial Information/Reclassification

The basic financial statements include certain prior year partial comparative information in total, but not at the level of detail required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the prior year, from which the summarized information was derived. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

V. Deficit Net Position

As of June 30, 2023, the District has a net position deficit of \$4,381,554 in its Other Post-Employment Benefits Internal Service Fund. This deficit will be eliminated through contributions and investment earnings.

W. Change in Accounting Principle

During the year ended June 30, 2023, the District implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITAs). This statement provides guidance on the accounting and financial reporting for SBITAs for government end users. A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) IT software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. Under this statement, a government generally should recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. Certain amounts necessary to fully restate fiscal year 2022 financial information are not determinable; therefore, prior year comparative amounts have not been restated. The implementation of this new GASB statement in the current year resulted in the District reporting new capital assets for technology subscriptions, increasing beginning net position by \$111,265 in the government-wide financial statements in the current year. See Note 3 for additional details on this change in the current year.

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Deposits

In accordance with applicable Minnesota Statutes, the District maintains deposits at depository banks authorized by the School Board, including checking accounts, savings accounts, and nonnegotiable certificates of deposit.

The following is considered the most significant risk associated with deposits:

Custodial Credit Risk – In the case of deposits, this is the risk that in the event of a bank failure, the District’s deposits may be lost.

Minnesota Statutes require that all deposits be protected by federal deposit insurance, corporate surety bond, or collateral. The market value of collateral pledged must equal 110 percent of the deposits not covered by federal deposit insurance or corporate surety bonds. Authorized collateral includes treasury bills, notes, and bonds; issues of U.S. government agencies; general obligations rated “A” or better; revenue obligations rated “AA” or better; irrevocable standard letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota Statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral. The District’s deposit policies do not further limit depository choices.

At year-end, the carrying amount of the District’s deposits was \$273,386, while the balance on the bank records was \$277,754. At June 30, 2023, all deposits were fully covered by federal deposit insurance, surety bonds, or by collateral held by the District’s agent in the District’s name.

B. Investments

Investments are subject to various risks, the following of which are considered the most significant:

Custodial Credit Risk – For investments, this is the risk that in the event of a failure of the counterparty to an investment transaction (typically a broker-dealer) the District would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments in investment pools and money markets are not evidenced by securities that exist in physical or book entry form and, therefore, are not subject to custodial credit risk disclosures. Although the District’s investment policies do not directly address custodial credit risk, it typically limits its exposure by purchasing insured or registered investments, or by the control of who holds the securities.

Concentration Risk – This is the risk associated with investing a significant portion of the District’s investments (considered 5 percent or more) in the securities of a single issuer, excluding U.S. guaranteed investments (such as treasuries), investment pools, and mutual funds. The District’s investment policies do not address concentration risk.

Interest Rate Risk – This is the risk of potential variability in the fair value of fixed rate investments resulting from changes in interest rates (the longer the period for which an interest rate is fixed, the greater the risk). The District’s investment policies do not limit the maturities of investments; however, when purchasing investments, the District considers such things as interest rates and cash flow needs.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

Credit Risk – This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Minnesota Statutes limit the District’s investments to direct obligations or obligations guaranteed by the United States or its agencies; shares of investment companies registered under the Federal Investment Company Act of 1940 that receive the highest credit rating, are rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of 13 months or less; general obligations rated “A” or better; revenue obligations rated “AA” or better; general obligations of the Minnesota Housing Finance Agency rated “A” or better; bankers’ acceptances of United States banks eligible for purchase by the Federal Reserve System; commercial paper issued by United States corporations or their Canadian subsidiaries, rated of the highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less; Guaranteed Investment Contracts guaranteed by a United States commercial bank, domestic branch of a foreign bank, or a United States insurance company, and with a credit quality in one of the top two highest categories; repurchase or reverse purchase agreements and securities lending agreements with financial institutions qualified as a “depository” by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000; that are a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York; or certain Minnesota securities broker-dealers. For assets held in the District’s revocable OPEB trust accounted for in its OPEB Internal Service Fund, the investment options available to the District are expanded to include the investment types specified in Minnesota Statutes § 356A.06, Subd. 7. The District’s investment policies do not further restrict investing in specific financial instruments.

The following table presents the District’s deposit and investment balances, and information relating to potential investment risks:

Investment Type	Credit Risk		Fair Value Measurements	Interest Risk – Maturity Duration in Years				Total
	Rating	Agency		Less Than 1	1 to 5	5 to 10	Over 10	
U.S. treasury note	N/A	N/A	Level 1	\$ –	\$ 207,318	\$ 207,873	\$ 204,691	\$ 619,882
U.S. agency security	AA	S&P	Level 1	\$ –	\$ 23,121	\$ –	\$ –	23,121
Corporate obligations	AA	S&P	Level 1	\$ –	\$ 63,358	\$ 55,631	\$ 23,195	142,184
Corporate obligations	A	S&P	Level 1	\$ –	\$ 114,784	\$ 123,826	\$ 41,186	279,796
Corporate obligations	BBB	S&P	Level 1	\$ –	\$ 159,803	\$ 211,598	\$ –	371,401
Corporate obligations	BAA	Moody’s	Level 1	\$ –	\$ 28,517	\$ –	\$ –	28,517
Equities	N/R	N/R	Level 1	N/A	N/A	N/A	N/A	1,575,435
Investment pools/mutual funds								
OPEB mutual funds	N/R	N/R	Level 1	N/A	N/A	N/A	N/A	1,371,583
Real estate investment trust	N/R	N/R	Level 2	N/A	N/A	N/A	N/A	22,050
Real asset funds	N/R	N/R	Level 2	N/A	N/A	N/A	N/A	283,908
Minnesota School District								
Liquid Asset Fund (MSDLAF)								
Liquid Class	AAA	S&P	Amortized cost	N/A	N/A	N/A	N/A	19,974,395
MAX Class	AAA	S&P	Amortized cost	N/A	N/A	N/A	N/A	7,086,087
Total investments								31,778,359
Total deposits								273,386
Total deposits and investments								<u>\$ 32,051,745</u>

N/A – Not Applicable

N/R – Not Rated

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

The MSDLAF is regulated by Minnesota Statutes and is an external investment pool, which is not registered with the Securities and Exchange Commission (SEC) that follows the same regulatory rules of the SEC. The District’s investment in this pool is measured at the net asset value per share provided by the pool, which is based on an amortized cost method that approximates fair value. There are no restrictions or limitations on withdrawals from the MSDLAF Liquid Class investment pool. Investments in the MSDLAF MAX Class must be deposited for a minimum of 14 calendar days with the exception of direct investments of funds distributed by the state of Minnesota. Withdrawals prior to the 14-day restriction period may be subject to a penalty and there is a 24-hour hold on all requests for redemptions.

Deposits and investments are included on the basic financial statements as follows:

Statement of Net Position	
Cash and temporary investments	\$ 27,333,868
Restricted assets	
Cash and investments for OPEB	<u>4,717,877</u>
Total deposits and investments	<u><u>\$ 32,051,745</u></u>

NOTE 3 – CAPITAL ASSETS

Capital assets activity for the current year ended is as follows:

	Balance – Beginning of Year	Change in Accounting Principle*	Additions	Deletions	Balance – End of Year
Capital assets, not depreciated/amortized					
Land	\$ 1,646,893	\$ –	\$ –	\$ –	\$ 1,646,893
Capital assets, depreciated/amortized					
Buildings	56,096,093	–	78,422	–	56,174,515
Building improvements	6,360,654	–	–	–	6,360,654
Furniture and equipment	5,551,879	–	101,507	–	5,653,386
Technology subscriptions	–	111,265	131,164	–	242,429
Total capital assets, depreciated/amortized	<u>68,008,626</u>	<u>111,265</u>	<u>311,093</u>	<u>–</u>	<u>68,430,984</u>
Less accumulated depreciation/amortization for					
Buildings	(22,245,023)	–	(930,711)	–	(23,175,734)
Building improvements	(3,343,245)	–	(246,558)	–	(3,589,803)
Furniture and equipment	(3,318,554)	–	(252,625)	–	(3,571,179)
Technology subscriptions	–	–	(48,486)	–	(48,486)
Total accumulated depreciation/amortization	<u>(28,906,822)</u>	<u>–</u>	<u>(1,478,380)</u>	<u>–</u>	<u>(30,385,202)</u>
Net capital assets, depreciated/amortized	<u>39,101,804</u>	<u>111,265</u>	<u>(1,167,287)</u>	<u>–</u>	<u>38,045,782</u>
Total capital assets, net	<u><u>\$ 40,748,697</u></u>	<u><u>\$ 111,265</u></u>	<u><u>\$ (1,167,287)</u></u>	<u><u>\$ –</u></u>	<u><u>\$ 39,692,675</u></u>

*The change in accounting principle was for new subscription-based information technology arrangement standard requirements in the current year.

Capital assets of the District are used by multiple functions; therefore, depreciation and amortization expense for the year is reported as “depreciation/amortization not allocated to other functions” in the Statement of Activities.

NOTE 4 – LONG-TERM LIABILITIES

A. General Obligation Bonds Payable

The District currently has the following general obligation bonds payable outstanding:

<u>Issue</u>	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Face/Par Value</u>	<u>Final Maturity</u>	<u>Principal Outstanding</u>
General obligation bonds payable					
Series 2015A – Capital Facilities	04/09/2015	2.00%	\$ 1,520,000	02/01/2025	\$ 325,000
Series 2021A – Refunding	12/02/2021	5.00%	\$ 12,610,000	02/01/2029	10,915,000
Series 2022A – Refunding	11/17/2022	4.00–5.00%	\$ 9,365,000	02/01/2033	<u>9,365,000</u>
Total general obligation bonds payable					<u>\$ 20,605,000</u>

These bonds were issued to finance acquisition, construction, and/or improvements of capital facilities, or to finance the retirement (refunding) of prior bond issues. Assets of the Debt Service Fund, together with scheduled future ad valorem tax levies, are dedicated for the retirement of these bonds. The annual future debt service levies authorized are equal 105 percent of the principal and interest due each year. These levies are subject to reduction if fund balance amounts exceed limitations imposed by Minnesota law.

In November 2022, the District issued \$9,365,000 of General Obligation Refunding Bonds, Series 2022A. In February 2023, the proceeds of this issue, including debt issue premium, were used to refund, in advance of their stated maturities, the remaining maturities of the District’s 2014B General Obligation School Building Bonds totaling \$9,920,000. This refunding reduced the District’s total future debt service payments by \$661,493 and resulted in a present value savings of \$99,371.

B. Certificates of Participation Payable

The District currently has the following certificates of participation outstanding:

<u>Issue</u>	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Face/Par Value</u>	<u>Final Maturity</u>	<u>Principal Outstanding</u>
2019A Certificates of Participation	12/30/2019	2.00–4.00%	\$ 5,265,000	04/01/2035	<u>\$ 4,450,000</u>

The certificates of participation were issued to finance the acquisition and renovation of a building for educational programming purposes. Scheduled future ad valorem lease obligation tax levies will be made to finance the retirement of principal and interest payments on the certificates. The certificates of participation are being paid by the General Fund.

C. Financed Purchase Payable

The District has one financed purchase outstanding at year-end for computers. The agreement has a five-year term, bears an interest rate of 3.40 percent, and has a final maturity of February 2024. This obligation will be repaid by the General Fund. The District did not capitalize the computers as the cost of each individual computer did not meet the capitalization threshold policy.

D. Other Long-Term Liabilities

The District offers a number of benefits to its employees, including: compensated absences, pensions, and OPEB. The details of these various benefit liabilities are discussed elsewhere in these notes. Such benefits are financed primarily from the General Fund. The District has also established an Internal Service Fund to finance OPEB obligations.

NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

District employees participate in two state-wide, cost-sharing, multiple-employer defined benefit pension plans, administered by the PERA and the TRA. The following is a summary of the net pension liabilities, deferred outflows and inflows of resources, and pension expense reported for these plans as of and for the year ended June 30, 2023:

Pension Plans	Net Pension Liabilities	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
PERA	\$ 7,389,391	\$ 2,616,851	\$ 734,768	\$ 756,536
TRA	25,719,997	6,918,901	8,226,674	(6,984,440)
Total	<u>\$ 33,109,388</u>	<u>\$ 9,535,752</u>	<u>\$ 8,961,442</u>	<u>\$ (6,227,904)</u>

E. Minimum Debt Payments

Minimum annual principal and interest payments to maturity for general obligation bonds payable, certificates of participation, and the financed purchase payable are as follows:

Year Ending June 30,	General Obligation Bonds Payable		Certificates of Participation		Financed Purchase Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 2,300,000	\$ 1,073,110	\$ 305,000	\$ 126,394	\$ 85,201	\$ 2,234
2025	2,345,000	874,100	320,000	114,194	–	–
2026	2,655,000	761,800	335,000	101,394	–	–
2027	2,690,000	629,050	345,000	87,994	–	–
2028	1,810,000	494,550	360,000	74,194	–	–
2029–2033	8,805,000	1,160,500	1,945,000	221,200	–	–
2034–2035	–	–	840,000	28,462	–	–
	<u>\$ 20,605,000</u>	<u>\$ 4,993,110</u>	<u>\$ 4,450,000</u>	<u>\$ 753,832</u>	<u>\$ 85,201</u>	<u>\$ 2,234</u>

F. Changes in Long-Term Liabilities

	Balance – Beginning of Year	Additions	Deletions	Balance – End of Year	Due Within One Year
General obligation bonds payable	\$ 23,015,000	\$ 9,365,000	\$ 11,775,000	\$ 20,605,000	\$ 2,300,000
Certificates of participation	4,745,000	–	295,000	4,450,000	305,000
Unamortized premium/discount	2,343,561	630,187	427,030	2,546,718	–
Financed purchase payable	169,446	–	84,245	85,201	85,201
Compensated absences payable	149,525	481,170	453,269	177,426	177,426
Net pension liability	18,499,627	17,389,545	2,779,784	33,109,388	–
Total OPEB liability	<u>7,239,019</u>	<u>397,255</u>	<u>2,200,466</u>	<u>5,435,808</u>	<u>514,183</u>
	<u>\$ 56,161,178</u>	<u>\$ 28,263,157</u>	<u>\$ 18,014,794</u>	<u>\$ 66,409,541</u>	<u>\$ 3,381,810</u>

NOTE 5 – FUND BALANCES

The following is a breakdown of equity components of governmental funds, which are defined earlier in the report. When applicable, certain restrictions, which have an accumulated deficit balance at June 30 are included in unassigned fund balance in the District’s financial statements in accordance with accounting principles generally accepted in the United States of America. A description of these deficit balance restrictions is included herein since the District has specific authority to future resources for such deficits.

A. Classifications

At year-end, a summary of the District’s governmental fund balance classifications are as follows:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Nonspendable				
Inventory	\$ –	\$ –	\$ 13,875	\$ 13,875
Restricted				
Student activities	260,569	–	–	260,569
Staff development	161,344	–	–	161,344
Capital projects levy	299,870	–	–	299,870
Operating capital	1,140,270	–	–	1,140,270
Gifted and talented	112,803	–	–	112,803
Safe schools levy	216,711	–	–	216,711
Long-term facilities maintenance	428,932	–	–	428,932
Medical Assistance	91,711	–	–	91,711
Debt reduction	251,503	–	–	251,503
Flexible benefits	44,021	–	–	44,021
Debt service	–	841,031	–	841,031
Food service	–	–	851,068	851,068
Community education programs	–	–	544,783	544,783
Early childhood family education programs	–	–	116,798	116,798
School readiness	–	–	13,332	13,332
Adult basic education	–	–	53,155	53,155
Total restricted	<u>3,007,734</u>	<u>841,031</u>	<u>1,579,136</u>	<u>5,427,901</u>
Assigned				
Alternative Teacher Performance Pay System	39,872	–	–	39,872
Curriculum	1,000,000	–	–	1,000,000
Staff development	75,000	–	–	75,000
Construction	200,000	–	–	200,000
Building maintenance	100,000	–	–	100,000
Technology replacement	400,000	–	–	400,000
Total assigned	<u>1,814,872</u>	<u>–</u>	<u>–</u>	<u>1,814,872</u>
Unassigned	<u>4,866,864</u>	<u>–</u>	<u>–</u>	<u>4,866,864</u>
Total	<u>\$ 9,689,470</u>	<u>\$ 841,031</u>	<u>\$ 1,593,011</u>	<u>\$ 12,123,512</u>

NOTE 5 – FUND BALANCES (CONTINUED)

B. Minimum Fund Balance Policy

The School Board has formally adopted a fund balance policy regarding the minimum unassigned fund balance for the General Fund. The policy establishes that the District will strive to maintain a minimum unassigned General Fund balance of 8.0 percent of the annual budget. At June 30, 2023, the unassigned fund balance of the General Fund was 10.6 percent of fiscal 2023 actual expenditures.

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

A. Plan Descriptions

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

1. General Employees Retirement Fund (GERF)

The PERA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356.

Certain full-time and part-time employees of the District other than teachers are covered by the GERF. GERF members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

2. Teachers Retirement Association (TRA)

The 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. The TRA is a separate statutory entity, administered by a Board of Trustees. The Board of Trustees 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 Public Schools or Minnesota State Colleges and Universities (MnSCU)). Educators first hired by MnSCU may elect either TRA coverage or coverage through the Defined Contribution Plan administered by Minnesota State.

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

B. Benefits Provided

The PERA and the TRA provide retirement, disability, and death benefits. Benefit provisions are established by state statutes and can only be modified by the State Legislature.

The benefit provisions stated in the following paragraphs of this section are current provisions and apply to active plan participants. 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.

1. GERF Benefits

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 the 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 Plan 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 Plan 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 age 66.

Benefit increases are provided to benefit recipients each January. The post-retirement increase is equal to 50.0 percent of the cost of living adjustment announced by the Social Security Administration, with a minimum increase of at least 1.0 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. For 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.

2. TRA Benefits

The 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 Statutes 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 the 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.

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

Tier I Benefits

Step-Rate Formula	Percentage per Year
Basic Plan	
First 10 years of service	2.2 %
All years after	2.7 %
Coordinated Plan	
First 10 years if service years are up to July 1, 2006	1.2 %
First 10 years if service years are July 1, 2006 or after	1.4 %
All other years of service if service years are up to July 1, 2006	1.7 %
All other years of service if service years are July 1, 2006 or after	1.9 %

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) Three 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).

Tier II Benefits

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

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.

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.

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

C. Contributions

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

1. GERF Contributions

Minnesota Statutes, Chapter 353 sets the rates for employer and employee contributions. Coordinated Plan members were required to contribute 6.5 percent of their annual covered salary in fiscal year 2023 and the District was required to contribute 7.5 percent for Coordinated Plan members. The District’s contributions to the GERF for the year ended June 30, 2023, were \$557,792. The District’s contributions were equal to the required contributions as set by state statutes.

2. TRA Contributions

Minnesota Statutes, Chapter 354 sets the rates for employer and employee contributions. Rates for each fiscal year were:

	Year Ended June 30,					
	2021		2022		2023	
	Employee	Employer	Employee	Employer	Employee	Employer
Basic Plan	11.00 %	12.13 %	11.00 %	12.34 %	11.00 %	12.55 %
Coordinated Plan	7.50 %	8.13 %	7.50 %	8.34 %	7.50 %	8.55 %

The District’s contributions to the TRA for the plan’s fiscal year ended June 30, 2023, were \$1,668,048. The District’s contributions were equal to the required contributions for each year as set by state statutes.

The following is a reconciliation of employer contributions in the TRA’s Annual Comprehensive Financial Report Statement of Changes in Fiduciary Net Position to the employer contributions used in the Schedule of Employer and Nonemployer Pension Allocations:

	<i>in thousands</i>
Employer contributions reported in the TRA’s Annual Comprehensive Financial Report Statement of Changes in Fiduciary Net Position	\$ 482,679
Add employer contributions not related to future contribution efforts	(2,178)
Deduct the TRA’s contributions not included in allocation	<u>(572)</u>
Total employer contributions	479,929
Total nonemployer contributions	<u>35,590</u>
Total contributions reported in the Schedule of Employer and Nonemployer Allocations	<u><u>\$ 515,519</u></u>

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

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

D. Pension Costs

1. GERF Pension Costs

At June 30, 2023, the District reported a liability of \$7,389,391 for its proportionate share of the General Employees Fund’s net pension liability. The District’s net pension liability reflected a reduction due to the state of Minnesota’s contribution of \$16 million. The state of Minnesota is considered a nonemployer contributing entity and the state’s contribution meets the definition of a special funding situation. The state of Minnesota’s proportionate share of the net pension liability associated with the District totaled \$216,555. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportionate share of the net pension liability was based on the District’s contributions received by the PERA during the measurement period for employer payroll paid dates from July 1, 2021 through June 30, 2022, relative to the total employer contributions received from all of the PERA’s participating employers. The District’s proportionate share was 0.0933 percent at the end of the measurement period and 0.0900 percent for the beginning of the period.

District’s proportionate share of the net pension liability	\$	7,389,391
State’s proportionate share of the net pension liability associated with the District	\$	216,555

For the year ended June 30, 2023, the District recognized pension expense of \$724,178 for its proportionate share of the GERF’s pension expense. In addition, the District recognized an additional \$32,358 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota’s contribution of \$16 million to the GERF.

At June 30, 2023, the District reported its proportionate share of the GERF’s deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 61,722	\$ 77,619
Changes in actuarial assumptions	1,614,989	35,273
Net collective difference between projected and actual investment earnings	276,654	–
Changes in proportion	105,694	621,876
District’s contributions to the GERF subsequent to the measurement date	<u>557,792</u>	<u>–</u>
Total	<u><u>\$ 2,616,851</u></u>	<u><u>\$ 734,768</u></u>

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

The \$557,792 reported as deferred outflows of resources related to pensions resulting from district contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2024	\$ 376,060
2025	\$ 446,935
2026	\$ (166,964)
2027	\$ 668,260

2. TRA Pension Costs

At June 30, 2023, the District reported a liability of \$25,719,997 for its proportionate share of the TRA's net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to the TRA in relation to total system contributions, including direct aid from the state of Minnesota, City of Minneapolis, and Minneapolis School District. The District's proportionate share was 0.3212 percent at the end of the measurement period and 0.3349 percent for the beginning of the period.

The pension liability amount reflected a reduction due to direct aid provided to the 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 the net pension liability	\$ 25,719,997
State's proportionate share of the net pension liability associated with the District	\$ 1,907,256

For the year ended June 30, 2023, the District recognized a negative pension expense of \$7,246,693. It also recognized \$262,253 as an increase to pension expense for the support provided by direct aid.

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 403,857	\$ 240,994
Changes in actuarial assumptions	4,296,599	5,912,255
Net collective difference between projected and actual investment earnings on pension plan investments	401,748	–
Changes in proportion	148,649	2,073,425
District’s contributions to the TRA subsequent to the measurement date	<u>1,668,048</u>	<u>–</u>
Total	<u>\$ 6,918,901</u>	<u>\$ 8,226,674</u>

A total of \$1,668,048 reported as deferred outflows of resources related to pensions resulting from district contributions to the TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2024	\$ (6,130,362)
2025	\$ 349,009
2026	\$ (202,207)
2027	\$ 3,089,530
2028	\$ (81,791)

E. Long-Term Expected Return on Investment

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	33.50 %	5.10 %
International equity	16.50	5.30 %
Private markets	25.00	5.90 %
Fixed income	<u>25.00</u>	0.75 %
Total	<u>100.00 %</u>	

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

F. Actuarial Methods and Assumptions

The total pension liability in the June 30, 2022 actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

Assumptions	GERF	TRA
Inflation	2.25%	2.50%
Wage growth rate		2.85% before July 1, 2028, and 3.25% thereafter
Projected salary increase	3.00%	2.85% to 8.85% before July 1, 2028, and 3.25% to 9.25% thereafter
Investment rate of return	6.50%	7.00%

1. GERF

The long-term rate of return on pension plan investments used in the determination of the total liability is 6.50 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 6.50 percent was deemed to be within that range of reasonableness for financial reporting purposes.

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

Salary growth assumptions in the GERF Plan range in annual increments from 10.25 percent after one year of service to 3.00 percent after 27 years of service.

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

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

2. TRA

Salary increases were based on a service-related table.

Mortality Assumptions Used in Valuation of Total Pension Liability	
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 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.

Cost of living benefit increases after retirement for retirees are assumed to be 1.00 percent for January 2019 through January 2023, then increasing by 0.10 percent each year, up to 1.50 percent annually.

Actuarial assumptions for the TRA Plan were based on the results of actuarial experience studies. The most recent experience study in the TRA Plan was completed in 2019, with economic assumptions updated in 2019.

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

The following changes in actuarial assumptions occurred in 2022:

1. GERF

CHANGES IN ACTUARIAL ASSUMPTIONS

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

2. TRA

CHANGES IN ACTUARIAL ASSUMPTIONS

- None.

G. Discount Rate

1. GERF

The discount rate used to measure the total pension liability in 2022 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 GERF 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.

2. TRA

The discount rate used to measure the total pension liability was 7.00 percent. There was no change in the discount rate since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year 2022 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was not projected to be depleted and, as a result, the Municipal Bond Index Rate was not used in the determination of the Single Equivalent Interest Rate.

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

H. Pension Liability Sensitivity

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

	<u>1% Decrease in Discount Rate</u>	<u>Current Discount Rate</u>	<u>1% Increase in Discount Rate</u>
GERF discount rate	5.50%	6.50%	7.50%
District's proportionate share of the GERF net pension liability	\$ 11,671,930	\$ 7,389,391	\$ 3,877,048
TRA discount rate	6.00%	7.00%	8.00%
District's proportionate share of the TRA net pension liability	\$ 40,546,175	\$ 25,719,997	\$ 13,567,154

I. Pension Plan Fiduciary Net Position

Detailed information about the 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.

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, by writing to the TRA at 60 Empire Drive, Suite 400, St. Paul, MN, 55103-4000; or by calling 651-296-2409 or 800-657-3669.

NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN

A. Plan Description

The District provides post-employment benefits to certain eligible employees through the OPEB Plan, a single-employer defined benefit plan administered by the District. Management of the plan is vested with the School Board of the District. All post-employment benefits are based on contractual agreements with employee groups. Eligibility for these benefits is based on years of service and/or minimum age requirements. These contractual agreements do not include any specific contribution or funding requirements. The plan does not issue a separate financial report.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

B. Benefits Provided

All retirees of the District upon retirement have the option under state law to continue their medical insurance coverage through the District. For members of certain employee groups, the District pays for all or part of the eligible retiree's premiums for medical and/or dental insurance from the time of retirement until the employee reaches the age of eligibility for Medicare. Benefits paid by the District differ by bargaining unit, with some contracts specifying a certain dollar amount per month, and some covering premium costs as defined within each collective bargaining agreement. Retirees not eligible for these district-paid premium benefits must pay the full district premium rate for their coverage.

The District is legally required to include any retirees for whom it provides health insurance coverage in the same insurance pool as its active employees until the retiree reaches Medicare eligibility, whether the premiums are paid by the District or the retiree. Consequently, participating retirees are considered to receive a secondary benefit known as an "implicit rate subsidy." This benefit relates to the assumption that the retiree is receiving a more favorable premium rate than they would otherwise be able to obtain if purchasing insurance on their own, due to being included in the same pool with the District's younger and statistically healthier active employees.

C. Contributions

The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined periodically by the District. The District's contributions in the current year totaled \$213,167 as required on a pay-as-you-go basis to finance current year benefits as described in the previous section. The District has established a separate Internal Service Fund to finance these OPEB obligations.

D. Membership

Membership in the plan consisted of the following as of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	89
Active plan members	<u>401</u>
Total members	<u><u>490</u></u>

E. Total OPEB Liability of the District

The District's total OPEB liability of \$5,435,808 as of year-end was measured as of July 1, 2022 and was determined by an actuarial valuation as of July 1, 2022.

NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

F. Actuarial Methods and Assumptions

The total OPEB liability was determined by an actuarial study using the entry-age method, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	3.80%
20-year municipal bond yield	3.80%
Inflation rate	2.50%
Salary increases	Service graded table
Medical trend rate	6.50% grading to 5.00% over 6 years, and then 4.00% over the next 48 years

Since the plan is not funded by an irrevocable trust, the discount rate is equal to the 20-year municipal bond yield.

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

The retirement and withdrawal assumptions used to value GASB Statement No. 75 liabilities are similar to those used to value pension liabilities for Minnesota school district employees. The rates are based on the TRA of Minnesota actuarial experience study for the period July 1, 2014 through June 30, 2018.

The actuarial assumptions used in the latest valuation were based on those used to value pension liabilities for Minnesota school district employees. The state pension plans base their assumptions on periodic experience studies.

G. Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Beginning balance	\$ 7,239,019
Changes for the year	
Service cost	242,657
Interest	154,598
Assumption changes	(475,233)
Differences between expected and actual experience	(1,484,247)
Benefit payments	(240,986)
Total net changes	<u>(1,803,211)</u>
Ending balance	<u>\$ 5,435,808</u>

Assumption changes since the prior measurement date include the following:

- The healthcare trend rates, mortality tables, salary increase rates for nonteachers, and withdrawal rates were updated.
- The discount rate was changed from 2.10 percent to 3.80 percent.

NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

H. Total OPEB Liability Sensitivity to Discount and Healthcare Cost Trend Rate Changes

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 or 1 percentage point higher than the current discount rate:

	<u>1% Decrease in Discount Rate</u>	<u>Current Discount Rate</u>	<u>1% Increase in Discount Rate</u>
OPEB discount rate	2.80%	3.80%	4.80%
Total OPEB liability	\$ 5,743,867	\$ 5,435,808	\$ 5,142,818

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 or 1 percentage point higher than the current healthcare cost trend rates:

	<u>1% Decrease in Healthcare Cost Trend Rate</u>	<u>Healthcare Cost Trend Rate</u>	<u>1% Increase in Healthcare Cost Trend Rate</u>
Healthcare trend rate	5.50% grading to 4.00%, then 3.00%	6.50% grading to 5.00%, then 4.00%	7.50% grading to 6.00%, then 5.00%
Total OPEB liability	\$ 5,168,454	\$ 5,435,808	\$ 5,746,427

I. OPEB Expense and Related Deferred Outflows of Resources and Deferred Inflows of Resources

For the current year ended, the District recognized a negative OPEB expense of (\$179,088). As of year-end, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ –	\$ 3,040,215
Changes in actuarial assumptions	205,532	1,042,107
District’s contributions subsequent to the measurement date	213,167	–
Total	<u>\$ 418,699</u>	<u>\$ 4,082,322</u>

NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

A total of \$213,167 reported as deferred outflows of resources related to OPEB contributions, subsequent to the measurement date, will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	OPEB Expense Amount
2024	\$ (576,343)
2025	\$ (576,343)
2026	\$ (576,343)
2027	\$ (576,343)
2028	\$ (576,343)
Thereafter	\$ (995,075)

NOTE 8 – FLEXIBLE BENEFIT PLAN

The District has a flexible benefit plan, which is classified as a cafeteria plan (the Plan) under § 125 of the IRC. All employee groups of the District are eligible if and when the collective bargaining agreement or contract with their group allows eligibility. Eligible employees can elect to participate by contributing pretax dollars withheld from payroll checks to the Plan for healthcare and dependent care benefits. Payments are made from the Plan to participating employees upon submitting a request for reimbursement of eligible expenses actually incurred by the participant.

Before the beginning of the plan year, which is from January 1 to December 31, each participant designates a total amount of pretax dollars to be contributed to the Plan during the year. At June 30, the District is contingently liable for claims against the total amount of participants' annual contributions to the Plan, whether or not such contributions have been made.

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

Amounts withheld for medical reimbursement and dependent care are accounted for by a district employee who serves as the plan administrator. Payments are made to participating employees upon submitting a request for reimbursement of eligible expenses actually incurred by the employee. The medical reimbursement and dependent care activity are included in the General Fund.

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

NOTE 9 – COMMITMENTS AND CONTINGENCIES

A. Federal and State Programs

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

B. Legal Claims

The District had the usual and customary types of miscellaneous legal claims pending at year-end, mostly of a minor nature and usually covered by insurance carried for that purpose. Although the outcomes of these lawsuits are not presently determinable, the District believes that the resolution of these matters will not have a material adverse effect on its financial position.

C. Purchase Power Commitment

Solar Gardens

During fiscal year 2021, the District entered into a solar power purchase agreement with IPS Solar DG Solar A, LLC. The District is committed to purchasing all of the annual delivered energy generated by the system for a period of 20 years and additional 3 terms of 5 years from the commercial operation date and continues for the duration of the initial term and any additional terms. In return, the District will receive bill credits associated with the energy production.

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REQUIRED SUPPLEMENTARY INFORMATION

SPECIAL SCHOOL DISTRICT NO. 6

Public Employees Retirement Association Pension Benefits Plan
 Schedule of District's and Nonemployer Proportionate Share of Net Pension Liability
 Year Ended June 30, 2023

District Fiscal Year-End Date	PERA Fiscal Year-End Date (Measurement Date)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2015	06/30/2014	0.1107%	\$ 5,200,131	\$ -	\$ 5,200,131	\$ 5,796,603	89.71%	78.70%
06/30/2016	06/30/2015	0.1091%	\$ 5,654,128	\$ -	\$ 5,654,128	\$ 6,430,677	87.92%	78.20%
06/30/2017	06/30/2016	0.1074%	\$ 8,720,346	\$ 113,888	\$ 8,834,234	\$ 6,666,940	130.80%	68.90%
06/30/2018	06/30/2017	0.1108%	\$ 7,073,396	\$ 88,931	\$ 7,162,327	\$ 7,141,483	99.05%	75.90%
06/30/2019	06/30/2018	0.1093%	\$ 6,063,516	\$ 198,744	\$ 6,262,260	\$ 7,332,178	82.70%	79.50%
06/30/2020	06/30/2019	0.1122%	\$ 6,203,286	\$ 192,825	\$ 6,396,111	\$ 7,939,979	78.13%	80.20%
06/30/2021	06/30/2020	0.1095%	\$ 6,565,025	\$ 202,484	\$ 6,767,509	\$ 7,816,070	83.99%	79.10%
06/30/2022	06/30/2021	0.0900%	\$ 3,843,402	\$ 117,435	\$ 3,960,837	\$ 6,488,932	59.23%	87.00%
06/30/2023	06/30/2022	0.0933%	\$ 7,389,391	\$ 216,555	\$ 7,605,946	\$ 6,989,076	105.73%	76.70%

Public Employees Retirement Association Pension Benefits Plan
 Schedule of District Contributions
 Year Ended June 30, 2023

District Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
06/30/2015	\$ 474,641	\$ 474,641	\$ -	\$ 6,430,677	7.38%
06/30/2016	\$ 499,908	\$ 499,908	\$ -	\$ 6,666,940	7.50%
06/30/2017	\$ 535,497	\$ 535,497	\$ -	\$ 7,141,483	7.50%
06/30/2018	\$ 549,688	\$ 549,688	\$ -	\$ 7,332,178	7.50%
06/30/2019	\$ 595,495	\$ 595,495	\$ -	\$ 7,939,979	7.50%
06/30/2020	\$ 585,902	\$ 585,902	\$ -	\$ 7,816,070	7.50%
06/30/2021	\$ 486,506	\$ 486,506	\$ -	\$ 6,488,932	7.50%
06/30/2022	\$ 524,137	\$ 524,137	\$ -	\$ 6,989,076	7.50%
06/30/2023	\$ 557,792	\$ 557,792	\$ -	\$ 7,437,227	7.50%

Note: The District implemented GASB Statement No. 68 in fiscal 2015 (using a June 30, 2014 measurement date). This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

SPECIAL SCHOOL DISTRICT NO. 6

Teachers Retirement Association Pension Benefits Plan
 Schedule of District's and Nonemployer Proportionate Share of Net Pension Liability
 Year Ended June 30, 2023

District Fiscal Year-End Date	TRA Fiscal Year-End Date (Measurement Date)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2015	06/30/2014	0.3819%	\$ 17,597,677	\$ 1,238,076	\$ 18,835,753	\$ 17,434,323	100.94%	81.50%
06/30/2016	06/30/2015	0.3716%	\$ 22,987,135	\$ 2,819,725	\$ 25,806,860	\$ 18,878,949	121.76%	76.80%
06/30/2017	06/30/2016	0.3670%	\$ 87,538,256	\$ 8,785,747	\$ 96,324,003	\$ 19,304,901	453.45%	44.88%
06/30/2018	06/30/2017	0.3669%	\$ 73,239,894	\$ 7,080,446	\$ 80,320,340	\$ 19,744,761	370.93%	51.57%
06/30/2019	06/30/2018	0.3489%	\$ 21,914,186	\$ 2,059,012	\$ 23,973,198	\$ 19,279,005	113.67%	78.07%
06/30/2020	06/30/2019	0.3560%	\$ 22,691,515	\$ 2,008,105	\$ 24,699,620	\$ 20,206,696	112.30%	78.21%
06/30/2021	06/30/2020	0.3523%	\$ 26,028,396	\$ 2,181,119	\$ 28,209,515	\$ 20,470,746	127.15%	75.48%
06/30/2022	06/30/2021	0.3349%	\$ 14,656,225	\$ 1,235,935	\$ 15,892,160	\$ 20,040,978	73.13%	86.63%
06/30/2023	06/30/2022	0.3212%	\$ 25,719,997	\$ 1,907,256	\$ 27,627,253	\$ 19,851,392	129.56%	76.17%

Teachers Retirement Association Pension Benefits Plan
 Schedule of District Contributions
 Year Ended June 30, 2023

District Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
06/30/2015	\$ 1,415,929	\$ 1,415,929	\$ -	\$ 18,878,949	7.50%
06/30/2016	\$ 1,448,037	\$ 1,448,037	\$ -	\$ 19,304,901	7.50%
06/30/2017	\$ 1,481,077	\$ 1,481,077	\$ -	\$ 19,744,761	7.50%
06/30/2018	\$ 1,445,979	\$ 1,445,979	\$ -	\$ 19,279,005	7.50%
06/30/2019	\$ 1,557,835	\$ 1,557,835	\$ -	\$ 20,206,696	7.71%
06/30/2020	\$ 1,621,284	\$ 1,621,284	\$ -	\$ 20,470,746	7.92%
06/30/2021	\$ 1,629,325	\$ 1,629,325	\$ -	\$ 20,040,978	8.13%
06/30/2022	\$ 1,655,615	\$ 1,655,615	\$ -	\$ 19,851,392	8.34%
06/30/2023	\$ 1,668,048	\$ 1,668,048	\$ -	\$ 19,509,333	8.55%

Note: The District implemented GASB Statement No. 68 in fiscal 2015 (using a June 30, 2014 measurement date). This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

SPECIAL SCHOOL DISTRICT NO. 6

Other Post-Employment Benefits Plan
 Schedule of Changes in the District's Total
 OPEB Liability and Related Ratios
 Year Ended June 30, 2023

	District Fiscal Year-End Date					
	2018	2019	2020	2021	2022	2023
Total OPEB liability						
Service cost	\$ 442,920	\$ 444,251	\$ 489,454	\$ 403,634	\$ 435,373	\$ 242,657
Interest	311,019	316,347	292,396	274,215	170,032	154,598
Assumption changes	–	(218,512)	193,824	(724,418)	102,740	(475,233)
Plan changes	–	337,912	–	–	–	–
Differences between expected and actual experience	–	(1,402,059)	–	(1,395,345)	–	(1,484,247)
Benefit payments	(586,475)	(610,891)	(333,430)	(464,018)	(235,442)	(240,986)
Net change in total OPEB liability	167,464	(1,132,952)	642,244	(1,905,932)	472,703	(1,803,211)
Total OPEB liability – beginning balance	8,995,492	9,162,956	8,030,004	8,672,248	6,766,316	7,239,019
Total OPEB liability – ending balance	\$ 9,162,956	\$ 8,030,004	\$ 8,672,248	\$ 6,766,316	\$ 7,239,019	\$ 5,435,808
Covered-employee payroll	\$24,641,269	\$24,372,096	\$25,103,259	\$24,421,664	\$25,154,314	\$24,398,605
Total OPEB liability as a percentage of covered-employee payroll	37.19%	32.95%	34.55%	27.71%	28.78%	22.28%

Note 1: The District has not established a trust fund to finance GASB Statement No. 75 related benefits.

Note 2: The District implemented GASB Statement No. 75 in fiscal 2018. This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

SPECIAL SCHOOL DISTRICT NO. 6

Notes to Required Supplementary Information
June 30, 2023

PERA – GENERAL EMPLOYEES RETIREMENT FUND

2022 CHANGES IN ACTUARIAL ASSUMPTIONS

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

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.

2020 CHANGES IN PLAN PROVISIONS

- Augmentation for current privatized members was reduced to 2.00 percent for the period July 1, 2020 through December 31, 2023, and zero percent thereafter. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

- The price inflation assumption was decreased from 2.50 percent to 2.25 percent.
- The payroll growth assumption was decreased from 3.25 percent to 3.00 percent.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25 percent less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years two through five, and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 Table to the Pub-2010 General Mortality Table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 Disabled Annuitant Mortality Table to the Pub-2010 General/Teacher Disabled Annuitant Mortality Table, with adjustments.
- The mortality improvement scale was changed from MP-2018 to MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100.00 percent joint and survivor option changed from 35.00 percent to 45.00 percent. The assumed number of married female new retirees electing the 100.00 percent joint and survivor option changed from 15.00 percent to 30.00 percent. The corresponding number of married new retirees electing the life annuity option was adjusted accordingly.

SPECIAL SCHOOL DISTRICT NO. 6

Notes to Required Supplementary Information (continued)
June 30, 2023

PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

2019 CHANGES IN PLAN PROVISIONS

- The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The state's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2018 CHANGES IN PLAN PROVISIONS

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to zero percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Post-retirement benefit increases were changed from 1.00 percent per year, with a provision to increase to 2.50 percent upon attainment of 90.00 percent funding ratio, to 50.00 percent of the Social Security Cost of Living Adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age. Does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.00 percent per year through 2044, and 2.50 percent per year thereafter, to 1.25 percent per year.

SPECIAL SCHOOL DISTRICT NO. 6

Notes to Required Supplementary Information (continued)
June 30, 2023

PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

2017 CHANGES IN PLAN PROVISIONS

- The state's contribution for the Minneapolis Employees Retirement Fund equals \$16.0 million in 2017 and 2018, and \$6.0 million thereafter.
- The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21.0 million to \$31.0 million in calendar years 2019 to 2031. The state's contribution changed from \$16.0 million to \$6.0 million in calendar years 2019 to 2031.

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

- The Combined Service Annuity (CSA) loads were changed from 0.80 percent for active members and 60.00 percent for vested and nonvested deferred members. The revised CSA loads are now zero percent for active member liability, 15.00 percent for vested deferred member liability, and 3.00 percent for nonvested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year for all years, to 1.00 percent per year through 2044, and 2.50 percent per year thereafter.

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2035, and 2.50 percent per year thereafter, to 1.00 percent per year for all years.
- The assumed investment return was changed from 7.90 percent to 7.50 percent. The single discount rate was changed from 7.90 percent to 7.50 percent.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth, and 2.50 percent for inflation.

2015 CHANGES IN PLAN PROVISIONS

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Retirement Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892.0 million. Upon consolidation, state and employer contributions were revised; the state's contribution of \$6.0 million, which meets the special funding situation definition, was due September 2015.

2015 CHANGES IN ACTUARIAL ASSUMPTIONS

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2030, and 2.50 percent per year thereafter, to 1.00 percent per year through 2035, and 2.50 percent per year thereafter.

SPECIAL SCHOOL DISTRICT NO. 6

Notes to Required Supplementary Information (continued)
June 30, 2023

TEACHERS RETIREMENT ASSOCIATION (TRA)

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2018 CHANGES IN PLAN PROVISIONS

- The cost of living adjustment (COLA) was reduced from 2.00 percent each January 1 to 1.00 percent, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.10 percent each year until reaching the ultimate rate of 1.50 percent on January 1, 2028.
- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit, are exempt.
- The COLA trigger provision, which would have increased the COLA to 2.50 percent if the funded ratio was at least 90.00 percent for two consecutive years, was eliminated.
- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019 and ending June 30, 2024 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt.
- Augmentation on deferred benefits will be reduced to zero percent beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.00 percent to 3.00 percent, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.50 percent to 7.50 percent, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next six years, (7.71 percent in 2018, 7.92 percent in 2019, 8.13 percent in 2020, 8.34 percent in 2021, 8.55 percent in 2022, and 8.75 percent in 2023). In addition, the employee contribution rate will increase from 7.50 percent to 7.75 percent on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The investment return assumption was changed from 8.50 percent to 7.50 percent.
- The single discount rate changed from 5.12 percent to 7.50 percent.

SPECIAL SCHOOL DISTRICT NO. 6

Notes to Required Supplementary Information (continued)
June 30, 2023

TEACHERS RETIREMENT ASSOCIATION (TRA) (CONTINUED)

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

- The COLA was assumed to increase from 2.00 percent annually to 2.50 percent annually on July 1, 2045.
- The COLA was not assumed to increase to 2.50 percent, but remain at 2.00 percent for all future years.
- Adjustments were made to the CSA loads. The active load was reduced from 1.40 percent to zero percent, the vested inactive load increased from 4.00 percent to 7.00 percent, and the nonvested inactive load increased from 4.00 percent to 9.00 percent.
- The investment return assumption was changed from 8.00 percent to 7.50 percent.
- The price inflation assumption was lowered from 2.75 percent to 2.50 percent.
- The payroll growth assumption was lowered from 3.50 percent to 3.00 percent.
- The general wage growth assumption was lowered from 3.50 percent to 2.85 percent for 10 years, followed by 3.25 percent thereafter.
- The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.
- The single discount rate changed from 4.66 percent to 5.12 percent.

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

- The single discount rate was changed from 8.00 percent to 4.66 percent.

2015 CHANGES IN PLAN PROVISIONS

- The Duluth Teachers Retirement Fund Association was merged into the TRA on June 30, 2015.

2015 CHANGES IN ACTUARIAL ASSUMPTIONS

- The annual COLA for the June 30, 2015 valuation assumed 2.00 percent. The prior year valuation used 2.00 percent, with an increase to 2.50 percent commencing in 2034.
- The discount rate used to measure the total pension liability was 8.00 percent. This is a decrease from the discount rate at the prior measurement date of 8.25 percent.

SPECIAL SCHOOL DISTRICT NO. 6

Notes to Required Supplementary Information (continued)
June 30, 2023

OTHER POST-EMPLOYMENT BENEFITS PLAN

2022 CHANGES IN ACTUARIAL ASSUMPTIONS

- The healthcare trend rates, mortality tables, salary increase rates for nonteachers, and withdrawal rates were updated.
- The discount rate was changed from 2.10 percent to 3.80 percent.

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 2.40 percent to 2.10 percent.

2020 CHANGES IN PLAN PROVISIONS

- The post-employment medical subsidy for meet and confer nonunion employees hired after July 1, 2020 changed to \$150 per month payable to the earlier of 10 years or Medicare eligibility and \$100 per month for the subsequent 5 years.
- The post-employment medical subsidy for principals and directors hired after January 1, 2020 changed to \$7,500 (no increase post-employment) payable to the earlier of 5 years or Medicare eligibility.
- Since these changes only impact new hires, the impact on the accrued liability as of the valuation date is \$0.

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

- The healthcare trend rates, mortality tables, salary increase rates, and percentage of future retirees eligible for a subsidy who are assumed to continue on one of the District's medical plans post-employment were updated.
- The discount rate was changed from 3.10 percent to 2.40 percent.

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 3.50 percent to 3.10 percent.

2018 CHANGES IN PLAN PROVISIONS

- An early retirement incentive of \$5,000 per year paid to a healthcare savings plan, payable until the earlier of five years or Medicare eligibility (or a one-time payment of \$5,000 if already eligible for Medicare), was elected by nine teachers who retired by June 30, 2019. The retirement rates for these nine teachers were adjusted to assume all retire on July 1, 2019.
- The director of community education now has the same post-employment subsidies as other directors. Her eligibility start date for these post-employment subsidies is July 1, 2017.
- The post-employment subsidies for principals hired after July 1, 2004 are no longer frozen at retirement.

SPECIAL SCHOOL DISTRICT NO. 6

Notes to Required Supplementary Information (continued)
June 30, 2023

OTHER POST-EMPLOYMENT BENEFITS PLAN (CONTINUED)

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The healthcare trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale to the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale.
- The discount rate was changed from 3.40 percent to 3.50 percent.
- The percentage of future retired custodians, meet and confer nonunion employees without special agreements, office professional employees, and support staff eligible for a subsidy who are assumed to continue on one of the District's medical plans post-employment, was changed from 100 percent to 75 percent.

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 3.50 percent to 3.40 percent.

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SUPPLEMENTARY INFORMATION

SPECIAL SCHOOL DISTRICT NO. 6

Nonmajor Governmental Funds
 Combining Balance Sheet
 as of June 30, 2023

	Special Revenue Funds		Total
	Food Service	Community Service	
Assets			
Cash and temporary investments	\$ 958,156	\$ 1,019,226	\$ 1,977,382
Receivables			
Current taxes	-	249,368	249,368
Delinquent taxes	-	7,613	7,613
Accounts and interest	4,581	14,354	18,935
Due from other governmental units	72,642	118,060	190,702
Inventory	13,875	-	13,875
Total assets	\$ 1,049,254	\$ 1,408,621	\$ 2,457,875
Liabilities			
Salaries payable	\$ 3,965	\$ 55,373	\$ 59,338
Accounts and contracts payable	22,819	20,042	42,861
Due to other governmental units	132,188	177,577	309,765
Unearned revenue	25,339	-	25,339
Total liabilities	184,311	252,992	437,303
Deferred inflows of resources			
Unavailable revenue – delinquent taxes	-	4,930	4,930
Property taxes levied for subsequent year	-	422,631	422,631
Total deferred inflows of resources	-	427,561	427,561
Fund balances			
Nonspendable	13,875	-	13,875
Restricted	851,068	728,068	1,579,136
Total fund balances	864,943	728,068	1,593,011
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,049,254	\$ 1,408,621	\$ 2,457,875

SPECIAL SCHOOL DISTRICT NO. 6

Nonmajor Governmental Funds
 Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
 Year Ended June 30, 2023

	Special Revenue Funds		Total
	Food Service	Community Service	
Revenue			
Local sources			
Property taxes	\$ -	\$ 514,776	\$ 514,776
Investment earnings	25,704	28,693	54,397
Other	364,689	819,414	1,184,103
State sources	114,995	915,611	1,030,606
Federal sources	1,586,214	114,520	1,700,734
Total revenue	<u>2,091,602</u>	<u>2,393,014</u>	<u>4,484,616</u>
Expenditures			
Current			
Food service	2,044,708	-	2,044,708
Community service	-	2,200,791	2,200,791
Capital outlay	4,260	13,368	17,628
Total expenditures	<u>2,048,968</u>	<u>2,214,159</u>	<u>4,263,127</u>
Net change in fund balances	42,634	178,855	221,489
Fund balances			
Beginning of year	<u>822,309</u>	<u>549,213</u>	<u>1,371,522</u>
End of year	<u>\$ 864,943</u>	<u>\$ 728,068</u>	<u>\$ 1,593,011</u>

SPECIAL SCHOOL DISTRICT NO. 6

General Fund
Comparative Balance Sheet
as of June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Cash and temporary investments	\$ 12,888,468	\$ 9,915,658
Receivables		
Current taxes	6,374,533	4,609,032
Delinquent taxes	103,488	93,208
Accounts and interest	10,579	35,989
Due from other governmental units	<u>5,292,268</u>	<u>5,085,386</u>
Total assets	<u><u>\$ 24,669,336</u></u>	<u><u>\$ 19,739,273</u></u>
Liabilities		
Salaries payable	\$ 2,614,781	\$ 2,769,518
Accounts and contracts payable	930,221	977,631
Due to other governmental units	191,277	193,435
Unearned revenue	<u>211,653</u>	<u>360,806</u>
Total liabilities	3,947,932	4,301,390
Deferred inflows of resources		
Unavailable revenue – delinquent taxes	65,090	59,512
Property taxes levied for subsequent year	<u>10,966,844</u>	<u>7,109,775</u>
Total deferred inflows of resources	11,031,934	7,169,287
Fund balances		
Restricted for student activities	260,569	239,317
Restricted for staff development	161,344	106,017
Restricted for capital projects levy	299,870	61,918
Restricted for operating capital	1,140,270	1,080,235
Restricted for gifted and talented	112,803	125,540
Restricted for safe schools levy	216,711	232,460
Restricted for long-term facilities maintenance	428,932	132,737
Restricted for Medical Assistance	91,711	153,852
Restricted for debt reduction	251,503	223,171
Restricted for flexible benefits	44,021	35,282
Assigned for ATPPS program	39,872	87,952
Assigned for separation benefits	–	335,000
Assigned for curriculum	1,000,000	250,000
Assigned for staff development	75,000	75,000
Assigned for construction	200,000	200,000
Assigned for building maintenance	100,000	100,000
Assigned for technology replacement	400,000	–
Unassigned	<u>4,866,864</u>	<u>4,830,115</u>
Total fund balances	<u><u>9,689,470</u></u>	<u><u>8,268,596</u></u>
Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 24,669,336</u></u>	<u><u>\$ 19,739,273</u></u>

SPECIAL SCHOOL DISTRICT NO. 6

General Fund
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual
 Year Ended June 30, 2023
 (With Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023		Over (Under) Budget	2022
	Budget	Actual		Actual
Revenue				
Local sources				
Property taxes	\$ 7,713,579	\$ 7,905,472	\$ 191,893	\$ 7,756,124
Investment earnings	–	344,998	344,998	14,000
Other	720,332	1,197,719	477,387	1,000,983
State sources	33,895,157	33,952,732	57,575	33,603,981
Federal sources	4,166,381	3,931,927	(234,454)	4,330,057
Total revenue	<u>46,495,449</u>	<u>47,332,848</u>	<u>837,399</u>	<u>46,705,145</u>
Expenditures				
Current				
Administration	1,430,176	1,459,459	29,283	1,604,709
District support services	2,785,806	2,457,096	(328,710)	2,381,164
Elementary and secondary regular instruction	20,133,099	19,985,908	(147,191)	20,350,908
Vocational education instruction	183,313	201,508	18,195	178,954
Special education instruction	9,008,203	9,306,173	297,970	8,683,754
Instructional support services	3,466,731	3,392,309	(74,422)	3,520,581
Pupil support services	3,280,176	3,379,409	99,233	3,242,525
Sites and buildings	4,869,932	4,912,021	42,089	4,849,740
Fiscal and other fixed cost programs	457,000	296,544	(160,456)	268,937
Debt service				
Principal	379,245	379,245	–	365,533
Interest and fiscal charges	142,303	142,302	(1)	157,415
Total expenditures	<u>46,135,984</u>	<u>45,911,974</u>	<u>(224,010)</u>	<u>45,604,220</u>
Excess of revenue over expenditures	359,465	1,420,874	1,061,409	1,100,925
Other financing sources				
Insurance recovery	–	–	–	32,359
Sale of capital assets	–	–	–	994,889
Total other financing sources	<u>–</u>	<u>–</u>	<u>–</u>	<u>1,027,248</u>
Net change in fund balances	<u>\$ 359,465</u>	<u>1,420,874</u>	<u>\$ 1,061,409</u>	<u>2,128,173</u>
Fund balances				
Beginning of year		<u>8,268,596</u>		<u>6,140,423</u>
End of year		<u>\$ 9,689,470</u>		<u>\$ 8,268,596</u>

SPECIAL SCHOOL DISTRICT NO. 6

Food Service Special Revenue Fund
 Comparative Balance Sheet
 as of June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Cash and temporary investments	\$ 958,156	\$ 738,861
Receivables		
Accounts and interest	4,581	15
Due from other governmental units	72,642	85,809
Inventory	<u>13,875</u>	<u>25,793</u>
Total assets	<u>\$ 1,049,254</u>	<u>\$ 850,478</u>
Liabilities		
Salaries payable	\$ 3,965	\$ 6,698
Accounts and contracts payable	22,819	10,104
Due to other governmental units	132,188	-
Unearned revenue	<u>25,339</u>	<u>11,367</u>
Total liabilities	184,311	28,169
Fund balances		
Nonspendable for inventory	13,875	25,793
Restricted for food service	<u>851,068</u>	<u>796,516</u>
Total fund balances	<u>864,943</u>	<u>822,309</u>
Total liabilities and fund balances	<u>\$ 1,049,254</u>	<u>\$ 850,478</u>

SPECIAL SCHOOL DISTRICT NO. 6

Food Service Special Revenue Fund
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual
 Year Ended June 30, 2023
 (With Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023		2022	
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Investment earnings	\$ -	\$ 25,704	\$ 25,704	\$ 1,152
Other – primarily meal sales	435,734	364,689	(71,045)	39,043
State sources	117,320	114,995	(2,325)	67,019
Federal sources	1,293,942	1,586,214	292,272	2,304,007
Total revenue	<u>1,846,996</u>	<u>2,091,602</u>	<u>244,606</u>	<u>2,411,221</u>
Expenditures				
Current				
Salaries	492,538	525,749	33,211	563,779
Employee benefits	178,972	193,245	14,273	225,773
Purchased services	187,741	170,330	(17,411)	188,220
Supplies and materials	828,151	1,054,507	226,356	974,040
Other expenditures	142,130	100,877	(41,253)	135,080
Capital outlay	25,000	4,260	(20,740)	25,354
Total expenditures	<u>1,854,532</u>	<u>2,048,968</u>	<u>194,436</u>	<u>2,112,246</u>
Net change in fund balances	<u>\$ (7,536)</u>	42,634	<u>\$ 50,170</u>	298,975
Fund balances				
Beginning of year		<u>822,309</u>		<u>523,334</u>
End of year		<u>\$ 864,943</u>		<u>\$ 822,309</u>

SPECIAL SCHOOL DISTRICT NO. 6

Community Service Special Revenue Fund
 Comparative Balance Sheet
 as of June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Cash and temporary investments	\$ 1,019,226	\$ 900,522
Receivables		
Current taxes	249,368	305,593
Delinquent taxes	7,613	7,456
Accounts and interest	14,354	13,535
Due from other governmental units	<u>118,060</u>	<u>132,344</u>
Total assets	<u>\$ 1,408,621</u>	<u>\$ 1,359,450</u>
Liabilities		
Salaries payable	\$ 55,373	\$ 45,956
Accounts and contracts payable	20,042	16,072
Due to other governmental units	177,577	181,805
Unearned revenue	<u>–</u>	<u>48,528</u>
Total liabilities	252,992	292,361
Deferred inflows of resources		
Unavailable revenue – delinquent taxes	4,930	4,723
Property taxes levied for subsequent year	<u>422,631</u>	<u>513,153</u>
Total deferred inflows of resources	427,561	517,876
Fund balances		
Restricted for community education programs	544,783	396,476
Restricted for early childhood family education programs	116,798	52,840
Restricted for school readiness	13,332	37,146
Restricted for adult basic education	<u>53,155</u>	<u>62,751</u>
Total fund balances	<u>728,068</u>	<u>549,213</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,408,621</u>	<u>\$ 1,359,450</u>

SPECIAL SCHOOL DISTRICT NO. 6

Community Service Special Revenue Fund
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual
 Year Ended June 30, 2023
 (With Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023			2022
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	\$ 513,150	\$ 514,776	\$ 1,626	\$ 597,737
Investment earnings	—	28,693	28,693	1,763
Other – primarily tuition and fees	646,316	819,414	173,098	685,307
State sources	929,648	915,611	(14,037)	920,525
Federal sources	17,300	114,520	97,220	152,585
Total revenue	<u>2,106,414</u>	<u>2,393,014</u>	<u>286,600</u>	<u>2,357,917</u>
Expenditures				
Current				
Salaries	1,239,864	1,364,246	124,382	1,316,241
Employee benefits	460,711	517,982	57,271	512,976
Purchased services	136,194	222,245	86,051	190,571
Supplies and materials	57,850	94,920	37,070	91,844
Other expenditures	1,270	1,398	128	1,120
Capital outlay	1,125	13,368	12,243	17,741
Total expenditures	<u>1,897,014</u>	<u>2,214,159</u>	<u>317,145</u>	<u>2,130,493</u>
Net change in fund balances	<u>\$ 209,400</u>	178,855	<u>\$ (30,545)</u>	227,424
Fund balances				
Beginning of year		<u>549,213</u>		<u>321,789</u>
End of year		<u>\$ 728,068</u>		<u>\$ 549,213</u>

SPECIAL SCHOOL DISTRICT NO. 6

Debt Service Fund
 Comparative Balance Sheet
 as of June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Cash and temporary investments	\$ 2,158,386	\$ 1,940,842
Receivables		
Current taxes	1,919,029	1,794,300
Delinquent taxes	<u>44,026</u>	<u>41,204</u>
Total assets	<u>\$ 4,121,441</u>	<u>\$ 3,776,346</u>
Deferred inflows of resources		
Unavailable revenue – delinquent taxes	\$ 27,998	\$ 27,035
Property taxes levied for subsequent year	<u>3,252,412</u>	<u>3,013,090</u>
Total deferred inflows of resources	3,280,410	3,040,125
Fund balances		
Restricted for debt service	<u>841,031</u>	<u>736,221</u>
Total deferred inflows of resources and fund balances	<u>\$ 4,121,441</u>	<u>\$ 3,776,346</u>

SPECIAL SCHOOL DISTRICT NO. 6

Debt Service Fund
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual
 Year Ended June 30, 2023
 (With Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023		Over (Under) Budget	2022
	Budget	Actual		Actual
Revenue				
Local sources				
Property taxes	\$ 3,012,550	\$ 3,021,065	\$ 8,515	\$ 2,997,174
Investment earnings	76,500	136,534	60,034	4,867
Total revenue	<u>3,089,050</u>	<u>3,157,599</u>	<u>68,549</u>	<u>3,002,041</u>
Expenditures				
Debt service				
Principal	1,855,000	1,855,000	–	1,975,000
Interest	1,115,532	1,115,532	–	1,010,338
Fiscal charges and other	157,687	157,444	(243)	107,861
Total expenditures	<u>3,128,219</u>	<u>3,127,976</u>	<u>(243)</u>	<u>3,093,199</u>
Excess (deficiency) of revenue over expenditures	(39,169)	29,623	68,792	(91,158)
Other financing sources (uses)				
Refunding debt issued	9,365,000	9,365,000	–	12,610,000
Premium on issuance of debt	630,187	630,187	–	2,177,044
Payments to refunded bond escrow agent	(9,920,000)	(9,920,000)	–	(14,685,000)
Total other financing sources (uses)	<u>75,187</u>	<u>75,187</u>	<u>–</u>	<u>102,044</u>
Net change in fund balances	<u>\$ 36,018</u>	104,810	<u>\$ 68,792</u>	10,886
Fund balances				
Beginning of year		<u>736,221</u>		<u>725,335</u>
End of year		<u>\$ 841,031</u>		<u>\$ 736,221</u>

SPECIAL SCHOOL DISTRICT NO. 6

Internal Service Funds
 Combining Statement of Net Position
 as of June 30, 2023
 (With Comparative Totals as of June 30, 2022)

	Dental	Medical	Other	Totals	
	Self-Insurance	Self-Insurance	Post-Employment Benefits	2023	2022
Assets					
Current assets					
Cash and temporary investments	\$ 291,182	\$ 10,018,450	\$ -	\$ 10,309,632	\$ 8,506,389
Receivables					
Accounts and interest	3,402	83,113	-	86,515	114,394
Total current assets	<u>294,584</u>	<u>10,101,563</u>	<u>-</u>	<u>10,396,147</u>	<u>8,620,783</u>
Non-current assets					
Restricted assets					
Investments	-	-	4,717,877	4,717,877	4,573,387
Total assets	294,584	10,101,563	4,717,877	15,114,024	13,194,170
Deferred outflows of resources					
OPEB plan deferments	-	-	418,699	418,699	474,413
Liabilities					
Current liabilities					
Unearned revenue	924	668,894	-	669,818	691,477
Claims incurred, but not reported	11,753	404,913	-	416,666	293,944
Total OPEB liability	-	-	514,183	514,183	508,224
Total current liabilities	<u>12,677</u>	<u>1,073,807</u>	<u>514,183</u>	<u>1,600,667</u>	<u>1,493,645</u>
Noncurrent liabilities					
Total OPEB liability (net of current portion)	-	-	4,921,625	4,921,625	6,730,795
Total liabilities	12,677	1,073,807	5,435,808	6,522,292	8,224,440
Deferred inflows of resources					
OPEB plan deferments	-	-	4,082,322	4,082,322	2,727,080
Net position					
Unrestricted	<u>\$ 281,907</u>	<u>\$ 9,027,756</u>	<u>\$ (4,381,554)</u>	<u>\$ 4,928,109</u>	<u>\$ 2,717,063</u>

SPECIAL SCHOOL DISTRICT NO. 6

Internal Service Funds
 Combining Statement of Revenue, Expenses, and Changes in Net Position
 Year Ended June 30, 2023
 (With Comparative Totals for the Year Ended June 30, 2022)

	Dental	Medical	Other	Totals	
	Self-Insurance	Self-Insurance	Post-Employment Benefits	2023	2022
Operating revenue					
Contributions from governmental funds	\$ 321,598	\$ 6,865,068	\$ 213,167	\$ 7,399,833	\$ 7,435,671
Operating expenses					
Dental benefit claims	289,434	—	—	289,434	270,948
Medical benefit claims	—	5,499,654	—	5,499,654	5,187,546
OPEB	—	—	(179,088)	(179,088)	273,998
Total operating expenses	<u>289,434</u>	<u>5,499,654</u>	<u>(179,088)</u>	<u>5,610,000</u>	<u>5,732,492</u>
Operating income	32,164	1,365,414	392,255	1,789,833	1,703,179
Nonoperating revenue					
Investment earnings (charges)	<u>7,987</u>	<u>268,736</u>	<u>144,490</u>	<u>421,213</u>	<u>(313,420)</u>
Change in net position	40,151	1,634,150	536,745	2,211,046	1,389,759
Net position					
Beginning of year	<u>241,756</u>	<u>7,393,606</u>	<u>(4,918,299)</u>	<u>2,717,063</u>	<u>1,327,304</u>
End of year	<u>\$ 281,907</u>	<u>\$ 9,027,756</u>	<u>\$ (4,381,554)</u>	<u>\$ 4,928,109</u>	<u>\$ 2,717,063</u>

SPECIAL SCHOOL DISTRICT NO. 6

Internal Service Funds
Combining Statement of Cash Flows
Year Ended June 30, 2023
(With Comparative Totals for the Year Ended June 30, 2022)

	Dental	Medical	Other	Total	
	Self-Insurance	Self-Insurance	Post-Employment Benefits	2023	2022
Cash flows from operating activities					
Received from assessments made to other funds	\$ 321,354	\$ 6,871,532	\$ 213,167	\$ 7,406,053	\$ 7,287,705
Payment for dental claims	(290,051)	–	–	(290,051)	(266,926)
Payment for medical claims	–	(5,376,315)	–	(5,376,315)	(5,196,262)
Post-employment benefit payments	–	–	(213,167)	(213,167)	(240,986)
Net cash flows from operating activities	31,303	1,495,217	–	1,526,520	1,583,531
Cash flows from noncapital financing activities					
Cash received from other funds	–	–	–	–	164,558
Cash flows from investing activities					
Purchase of investments	–	–	(144,490)	(144,490)	(357,212)
Sale of investments	–	–	–	–	269,134
Interest on investments	7,987	268,736	144,490	421,213	99,564
Net cash flows from investing activities	7,987	268,736	–	276,723	11,486
Net change in cash and cash equivalents	39,290	1,763,953	–	1,803,243	1,759,575
Cash and cash equivalents					
Beginning of year	251,892	8,254,497	–	8,506,389	6,746,814
End of year	\$ 291,182	\$ 10,018,450	\$ –	\$ 10,309,632	\$ 8,506,389
Reconciliation of operating income to net cash flows from operating activities					
Operating income	\$ 32,164	\$ 1,365,414	\$ 392,255	\$ 1,789,833	\$ 1,703,179
Adjustments to reconcile operating income to net cash flows from operating activities					
Changes in assets, liabilities, and deferred outflows/inflows					
Accounts receivable	(101)	27,980	–	27,879	(50,897)
Prepaid items	–	–	–	–	60,432
Deferred outflows – OPEB plan deferments	–	–	55,714	55,714	(80,389)
Unearned revenue	(143)	(21,516)	–	(21,659)	(97,069)
Claims incurred, but not reported	(617)	123,339	–	122,722	(65,126)
Total OPEB liability	–	–	(1,803,211)	(1,803,211)	472,703
Deferred inflows – OPEB plan deferments	–	–	1,355,242	1,355,242	(359,302)
Net cash flows from operating activities	\$ 31,303	\$ 1,495,217	\$ –	\$ 1,526,520	\$ 1,583,531

OTHER DISTRICT INFORMATION

(UNAUDITED)

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SPECIAL SCHOOL DISTRICT NO. 6

Government-Wide Revenue by Type
Last Ten Fiscal Years

Year Ended June 30,	Program Revenues		General Revenues			Total
	Charges for Services	Operating Grants and Contributions	Property Taxes	General Grants and Aids	Investment Earnings and Other	
2014	\$ 2,502,597 6%	\$ 6,428,553 15%	\$ 5,660,896 13%	\$ 28,358,725 65%	\$ 745,221 1%	\$ 43,695,992 100%
2015	2,668,863 5%	6,909,688 15%	8,617,083 18%	28,799,116 61%	314,619 1%	47,309,369 100%
2016	2,679,050 5%	7,276,738 15%	8,644,541 18%	30,313,012 62%	120,499 –	49,033,840 100%
2017	2,593,395 5%	7,945,568 15%	9,068,563 18%	31,866,738 61%	641,089 1%	52,115,353 100%
2018	2,252,264 4%	8,030,824 16%	8,923,410 18%	31,301,712 61%	702,894 1%	51,211,104 100%
2019	2,056,463 4%	8,013,083 15%	10,221,464 20%	30,218,525 59%	903,820 2%	51,413,355 100%
2020	1,524,857 3%	8,560,643 16%	10,075,483 19%	31,125,163 59%	1,263,102 3%	52,549,248 100%
2021	656,790 1%	8,398,875 16%	10,671,559 21%	30,333,393 60%	937,358 2%	50,997,975 100%
2022	1,344,383 2%	9,972,164 18%	11,350,714 21%	31,249,407 58%	293,120 1%	54,209,788 100%
2023	1,935,859 3%	9,511,041 17%	11,448,061 21%	31,261,422 56%	1,403,105 3%	55,559,488 100%

Note: The change in “tax shift,” as approved in legislation, impacted the amount of tax revenue recognized in fiscal year 2014. Changes in the amount of revenue recognized, due to the tax shift, are offset by an adjustment to state aid payments by an equal amount.

SPECIAL SCHOOL DISTRICT NO. 6

Government-Wide Expenses by Function
Last Ten Fiscal Years

Year Ended June 30,	Administration	District Support Services	Elementary and Secondary Regular Instruction	Vocational Education Instruction	Special Education Instruction	Instructional Support Services	Pupil Support Services
2014	\$ 870,834 2%	\$ 1,216,403 3%	\$ 18,349,953 42%	\$ 236,672 1%	\$ 6,816,750 16%	\$ 3,012,807 7%	\$ 1,806,707 4%
2015	1,033,622 2%	1,360,462 3%	19,102,239 40%	245,692 1%	7,330,447 16%	3,573,162 8%	2,093,948 4%
2016	1,153,014 2%	1,612,075 3%	20,230,015 41%	150,444 –	7,934,604 16%	3,743,950 8%	2,624,337 5%
2017	1,493,074 2%	1,788,939 3%	28,839,252 46%	251,888 1%	10,463,569 17%	4,493,422 7%	3,007,484 5%
2018	1,460,342 2%	1,803,755 3%	27,957,766 46%	252,554 1%	9,984,693 17%	4,517,900 7%	2,930,048 5%
2019	827,315 2%	1,816,877 5%	13,714,316 35%	107,757 –	5,586,492 14%	2,997,694 8%	2,640,535 7%
2020	1,225,243 2%	1,857,405 3%	22,905,668 42%	167,804 –	8,740,605 16%	4,233,607 8%	3,378,207 6%
2021	1,405,254 3%	1,961,638 4%	20,245,354 41%	165,690 –	8,710,089 17%	3,818,764 8%	2,654,632 5%
2022	1,260,499 3%	2,170,865 5%	18,216,885 39%	157,676 –	7,677,928 16%	3,136,782 7%	3,100,032 7%
2023	1,118,524 3%	2,399,481 6%	13,719,694 33%	139,854 –	6,964,002 17%	2,623,095 6%	3,034,585 7%

Sites and Buildings	Fiscal and Other Fixed Cost Programs	Food Service	Community Service	Depreciation/Amortization Not Allocated to Other Functions	Interest and Fiscal Charges	Total
\$ 4,465,638 10%	\$ 130,887 -	\$ 1,720,704 4%	\$ 2,432,466 5%	\$ 761,628 2%	\$ 1,604,152 4%	\$ 43,425,601 100%
5,899,085 12%	139,313 -	1,784,294 4%	2,547,479 5%	907,695 2%	1,343,443 3%	47,360,881 100%
5,130,866 10%	145,114 -	1,868,409 4%	2,278,869 5%	1,349,560 3%	1,277,194 3%	49,498,451 100%
4,803,238 8%	155,560 -	2,081,770 3%	2,759,987 4%	1,342,250 2%	1,219,318 2%	62,699,751 100%
4,527,741 8%	182,420 -	1,985,158 3%	2,693,355 4%	1,427,210 2%	1,197,044 2%	60,919,986 100%
4,912,325 12%	173,521 -	2,108,072 5%	2,118,791 5%	1,459,823 4%	1,054,808 3%	39,518,326 100%
4,741,466 9%	250,147 1%	2,267,479 4%	2,191,682 4%	1,460,300 3%	1,228,246 2%	54,647,859 100%
5,036,344 10%	267,833 1%	1,468,286 3%	1,696,144 3%	1,446,479 3%	1,120,550 2%	49,997,057 100%
4,435,491 9%	268,937 1%	1,999,919 4%	1,928,293 4%	1,439,096 3%	988,717 2%	46,781,120 100%
4,722,976 11%	296,544 1%	2,041,581 5%	1,918,753 5%	1,478,380 4%	960,391 2%	41,417,860 100%

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SPECIAL SCHOOL DISTRICT NO. 6

General Fund Revenue by Source
Last Ten Fiscal Years

Year Ended June 30,	Local Property Taxes	State	Federal	Other Local	Total
2014	\$ 3,444,981 10%	\$ 31,513,967 85%	\$ 1,221,561 3%	\$ 854,343 2%	\$ 37,034,852 100%
2015	5,398,296 14%	32,342,678 81%	1,218,316 3%	916,987 2%	39,876,277 100%
2016	5,064,027 12%	34,259,165 83%	1,257,276 3%	844,992 2%	41,425,460 100%
2017	5,452,392 13%	35,121,981 82%	1,325,739 3%	1,007,095 2%	42,907,207 100%
2018	5,177,387 12%	35,710,305 82%	1,333,323 3%	1,139,108 3%	43,360,123 100%
2019	6,637,567 15%	35,976,601 79%	1,384,129 3%	1,209,319 3%	45,207,616 100%
2020	6,592,421 15%	35,626,546 79%	1,378,700 3%	1,193,262 3%	44,790,929 100%
2021	7,284,368 16%	34,077,775 77%	2,171,606 5%	888,058 2%	44,421,807 100%
2022	7,756,124 17%	33,603,981 72%	4,330,057 9%	1,014,983 2%	46,705,145 100%
2023	7,905,472 17%	33,952,732 72%	3,931,927 8%	1,542,717 3%	47,332,848 100%

Note: The change in “tax shift,” as approved in legislation, impacted the amount of tax revenue recognized in fiscal year 2014. Changes in the amount of revenue recognized, due to the tax shift, are offset by an adjustment to state aid payments by an equal amount.

SPECIAL SCHOOL DISTRICT NO. 6

General Fund Expenditures by Function
Last Ten Fiscal Years

Year Ended June 30,	Administration	District Support Services	Elementary and Secondary Regular Instruction	Vocational Education Instruction	Special Education Instruction
2014	\$ 916,594 2%	\$ 1,191,400 3%	\$ 17,833,876 49%	\$ 229,287 1%	\$ 6,603,735 18%
2015	995,335 2%	1,355,193 3%	19,001,794 46%	244,040 1%	7,278,906 18%
2016	1,079,698 2%	1,593,886 4%	19,997,954 48%	147,844 -	7,832,449 19%
2017	1,072,918 2%	1,704,901 4%	20,410,135 48%	187,501 -	7,751,666 18%
2018	1,127,343 3%	1,764,843 4%	20,746,253 48%	180,445 -	7,737,139 18%
2019	1,161,013 3%	1,891,938 4%	21,225,940 47%	180,823 -	8,066,259 18%
2020	1,183,514 2%	1,882,854 4%	21,927,804 47%	160,800 -	8,541,448 18%
2021	1,394,814 3%	2,038,010 5%	19,715,733 45%	164,582 -	8,680,368 20%
2022	1,604,709 3%	2,381,164 5%	20,350,908 45%	178,954 -	8,683,754 19%
2023	1,459,459 3%	2,457,096 5%	19,985,908 44%	201,508 -	9,306,173 20%

<u>Instructional Support Services</u>	<u>Pupil Support Services</u>	<u>Sites and Buildings</u>	<u>Other Programs</u>	<u>Total</u>
\$ 2,961,199 8%	\$ 1,783,217 5%	\$ 4,640,689 13%	\$ 321,762 1%	\$ 36,481,759 100%
3,596,957 9%	2,093,077 5%	6,107,057 15%	267,150 1%	40,939,509 100%
3,707,592 9%	2,609,229 6%	4,649,362 11%	262,554 1%	41,880,568 100%
3,492,275 8%	2,689,663 6%	5,461,050 13%	220,708 1%	42,990,817 100%
3,677,803 8%	2,663,758 6%	5,565,648 13%	182,420 –	43,645,652 100%
3,950,967 9%	3,009,831 7%	5,576,373 12%	173,521 –	45,236,665 100%
4,137,689 9%	3,353,482 7%	5,613,410 12%	338,500 1%	47,139,501 100%
3,764,591 8%	2,630,715 6%	5,079,931 11%	790,371 2%	44,259,115 100%
3,520,581 8%	3,242,525 7%	4,849,740 11%	791,885 2%	45,604,220 100%
3,392,309 8%	3,379,409 7%	4,912,021 11%	818,091 2%	45,911,974 100%

SPECIAL SCHOOL DISTRICT NO. 6

School Tax Levies and Tax Rates by Fund
Last Ten Fiscal Years

Year Collectible	General Fund	Community Service Special Revenue Fund	Debt Service Fund	Total All Funds
Levies				
2014	\$ 5,360,648	\$ 313,666	\$ 2,916,376	\$ 8,590,690
2015	5,018,970	446,220	3,101,405	8,566,595
2016	5,072,061	499,299	3,176,475	8,747,835
2017	4,971,240	511,504	3,247,353	8,730,097
2018	6,489,708	431,979	3,114,579	10,036,266
2019	6,426,941	417,739	3,086,030	9,930,710
2020	7,117,919	547,781	2,844,122	10,509,822
2021	7,491,084	596,118	2,986,027	11,073,229
2022	7,693,497	513,156	3,013,106	11,219,759
2023	11,494,127	422,632	3,252,423	15,169,182
Tax capacity rates				
2014	20.025	2.379	22.118	44.522
2015	13.836	2.773	19.272	35.881
2016	12.591	3.278	20.850	36.719
2017	12.815	3.137	19.916	35.868
2018	11.991	2.360	17.016	31.367
2019	11.229	2.193	16.200	29.622
2020	12.730	2.608	13.540	28.878
2021	13.355	2.815	14.100	30.270
2022	13.654	2.250	13.212	29.116
2023	11.567	1.617	12.444	25.628
Market value rates				
2014	0.14862	—	—	0.14862
2015	0.16295	—	—	0.16295
2016	0.18667	—	—	0.18667
2017	0.14734	—	—	0.14734
2018	0.23734	—	—	0.23734
2019	0.19630	—	—	0.19630
2020	0.19271	—	—	0.19271
2021	0.20054	—	—	0.20054
2022	0.17989	—	—	0.17989
2023	0.33651	—	—	0.33651

Note: A tax rate based on market value is used primarily for the District's referendum levy.

Source: State of Minnesota School Tax Report

SPECIAL SCHOOL DISTRICT NO. 6

Tax Capacities and Market Values
Last Ten Fiscal Years

Taxes Collectible	Tax Capacity Valuation					Market Value
	Agricultural and Nonagricultural	Net Fiscal Disparities Distribution	Tax Increment	Total Taxable		
2014	\$ 12,885,732	\$ 2,606,084	\$ (1,556,699)	\$ 13,935,117	\$ 1,199,668,500	
2015	14,232,820	2,550,076	(1,568,940)	15,213,956	1,322,540,825	
2016	14,486,492	2,491,955	(1,661,773)	15,316,674	1,333,685,325	
2017	15,213,174	2,736,665	(1,732,491)	16,217,348	1,394,111,550	
2018	16,741,700	2,801,054	(1,816,971)	17,725,783	1,526,948,025	
2019	17,887,397	2,881,747	(1,971,353)	18,797,791	1,617,423,625	
2020	19,647,746	3,182,514	(1,948,178)	20,882,082	1,784,759,825	
2021	20,621,225	3,096,995	(2,338,526)	21,379,694	1,851,551,800	
2022	21,628,982	3,327,641	(2,350,284)	22,606,339	1,944,313,925	
2023	25,090,595	3,061,421	(2,653,142)	25,498,874	2,243,349,825	

Source: State of Minnesota School Tax Report

SPECIAL SCHOOL DISTRICT NO. 6

Property Tax Levies and Receivables
Last Ten Fiscal Years

<u>Taxes Collectible</u>	<u>Original Levy</u>		
	<u>Local Spread</u>	<u>Fiscal Disparities</u>	<u>Total Spread</u>
2014	\$ 6,346,937	\$ 2,243,753	\$ 8,590,690
2015	6,306,926	2,259,669	8,566,595
2016	6,791,300	1,956,535	8,747,835
2017	6,468,534	2,261,563	8,730,097
2018	7,923,706	2,112,560	10,036,266
2019	7,499,706	2,431,004	9,930,710
2020	8,139,687	2,370,135	10,509,822
2021	8,828,211	2,245,018	11,073,229
2022	8,647,634	2,572,125	11,219,759
2023	12,894,478	2,274,704	15,169,182

Note: Delinquent taxes are written off after seven years.

Source: State of Minnesota School Tax Report

Uncollected Taxes Receivable as of June 30, 2023

Delinquent		Current	
Amount	Percent	Amount	Percent
\$ -	- %	\$ -	- %
-	-	-	-
-	-	-	-
14,869	0.17	-	-
3,135	0.03	-	-
9,216	0.09	-	-
18,754	0.18	-	-
25,877	0.23	-	-
83,276	0.74	-	-
-	-	8,542,930	56.32
<u>\$ 155,127</u>		<u>\$ 8,542,930</u>	

SPECIAL SCHOOL DISTRICT NO. 6

Students Served
Last Ten Fiscal Years

Year Ended June 30,	Average Daily Membership (ADM) (Including Enrollment Option)					Total Pupil Units
	Pre-Kindergarten and Handicapped Kindergarten	Kindergarten	Elementary	Secondary	Total	
2014	67.30	251.99	1,621.44	1,477.92	3,418.65	3,917.20
2015	55.54	251.13	1,657.25	1,503.79	3,467.71	3,768.45
2016	70.67	230.04	1,681.05	1,526.21	3,507.97	3,813.22
2017	119.07	198.26	1,654.38	1,553.52	3,525.23	3,835.94
2018	162.21	194.39	1,558.43	1,571.45	3,486.48	3,800.76
2019	182.30	189.49	1,526.59	1,520.91	3,419.29	3,723.48
2020	181.39	190.59	1,427.23	1,489.81	3,289.02	3,586.98
2021	135.65	172.56	1,316.40	1,477.72	3,102.33	3,397.87
2022	141.98	167.84	1,252.54	1,466.84	3,029.20	3,322.60
2023	135.01	154.82	1,189.09	1,449.30	2,928.22	3,218.09

Note 1: Student enrollment numbers are estimated for the most recent fiscal year.

Note 2: ADM is weighted as follows in computing pupil units:

	Pre-Kindergarten	Handicapped Kindergarten	Half-Day Kindergarten	Full-Day Kindergarten	Elementary 1-3	Elementary 4-6
Fiscal 2014	1.250	1.000	0.612	0.612	1.115	1.060
Fiscal 2015 through 2023	1.000	1.000	0.550	1.000	1.000	1.000

Source: Minnesota Department of Education student reporting system

SINGLE AUDIT AND OTHER REQUIRED REPORTS

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SPECIAL SCHOOL DISTRICT NO. 6

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Federal ALN	Federal Expenditures	
U.S. Department of Agriculture			
Passed through Minnesota Department of Education			
Child nutrition cluster			
National School Lunch Program	10.555	\$ 1,191,769	
School Breakfast Program	10.553	341,021	
Summer Food Service Program for Children	10.559	<u>50,387</u>	
Total child nutrition cluster			\$ 1,583,177
COVID-19 – Pandemic EBT Administrative Costs	10.649		3,135
U.S. Department of the Treasury			
Passed through Minnesota Department of Education			
COVID-19 – Coronavirus State and Local Fiscal Recovery Funds	21.027		236,196
U.S. Department of Education			
Passed through Minnesota Department of Education			
Special education cluster			
Special Education Grants to States	84.027	\$ 703,126	
COVID-19 – Special Education Grants to States	84.027	<u>170,157</u>	
Total ALN 84.027			873,283
Special Education Preschool Grants	84.173	23,250	
COVID-19 – Special Education Preschool Grants	84.173	<u>6,871</u>	
Total ALN 84.173			<u>30,121</u>
Total special education cluster			903,404
Adult Education – Basic Grants to States	84.002		17,407
Title I Grants to Local Educational Agencies	84.010		520,340
Special Education – Grants for Infants and Families	84.181		25,812
English Language Acquisition State Grants	84.365		30,492
Supporting Effective Instruction State Grants	84.367		80,357
Education Stabilization Fund			
COVID-19 – Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D		179,599
COVID-19 – American Rescue Plan – Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U		2,065,271
COVID-19 – American Rescue Plan – Elementary and Secondary School Emergency Relief – Homeless Children and Youth Fund	84.425W		<u>8,357</u>
Total ALN 84.425			2,253,227
Passed through Intermediate District No. 917			
Career and Technical Education – Basic Grants to States	84.048		3,023
U.S. Department of Health and Human Services			
Passed through Minnesota Department of Education			
COVID-19 – Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323		58,234
Passed through Minnesota Department of Human Services			
Child Care and Development Fund cluster			
COVID-19 – Child Care and Development Block Grant	93.575		<u>68,712</u>
Total federal awards			<u>\$ 5,783,516</u>

Note 1: The Schedule of Expenditures of Federal Awards is prepared on the accrual basis of accounting. The information in this schedule is presented in accordance with the OMB's *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from the amounts presented in, or used in the preparation of, the District's basic financial statements.

Note 2: The pass-through entities listed above use the same federal Assistance Listing Numbers (ALN) as the federal grantors to identify these grants, and have not assigned any additional identifying numbers.

Note 3: The District did not elect to use the 10 percent de minimis indirect cost rate.

Note 4: The District had \$32,821 transferred into Title I federal ALN 84.010 from other Title programs.

Note 5: The District had \$159,228 of noncash assistance included in the National School Lunch Program, federal ALN 10.555.

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INDEPENDENT AUDITOR'S 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 School Board and Management of
Special School District No. 6
South St. Paul, 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 Special School District No. 6 (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 4, 2023.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified one deficiency in internal control, as described in the accompanying Schedule of Findings and Questioned Costs as finding 2023-001 that we consider to be a material weakness.

(continued)

REPORT ON COMPLIANCE AND OTHER MATTERS

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

DISTRICT'S RESPONSE TO FINDING

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

PURPOSE OF THIS REPORT

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

Malloy, Montague, Karnowski, Radosevich & Co., P. A.

Minneapolis, Minnesota

October 4, 2023



PRINCIPALS

Thomas A. Karnowski, CPA
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INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL
CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the School Board and Management of
Special School District No. 6
South St. Paul, Minnesota

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

QUALIFIED AND UNMODIFIED OPINIONS

We have audited Special School District No. 6’s (the District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget *Compliance Supplement* that could have a direct and material effect on each of the District’s major federal programs for the year ended June 30, 2023. The District’s major federal programs are identified in the Summary of Audit Results section of the accompanying Schedule of Findings and Questioned Costs.

QUALIFIED OPINION ON SPECIAL EDUCATION CLUSTER (INCLUDING COVID-19 FUNDING) – FEDERAL ALN 84.027 AND 84.173

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Special Education Cluster (Including COVID-19 Funding) – Federal ALN 84.027 and 84.173 for the year ended June 30, 2023.

UNMODIFIED OPINION ON EACH OF THE OTHER MAJOR FEDERAL PROGRAMS

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the Summary of Audit Results section of the accompanying Schedule of Findings and Questioned Costs for the year ended June 30, 2023.

BASIS FOR QUALIFIED AND UNMODIFIED OPINIONS

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 Auditor’s Responsibilities for the Audit of Compliance section of our report.

(continued)

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

MATTER(S) GIVING RISE TO QUALIFIED OPINION ON SPECIAL EDUCATION CLUSTER (INCLUDING COVID-19 FUNDING) – FEDERAL ALN 84.027 AND 84.173

As described in the accompanying Schedule of Findings and Questioned Costs in finding 2023-002, the District did not comply with requirements regarding allowable costs for the Special Education Cluster (Including COVID-19 Funding) – Federal ALN 84.027 and 84.173.

Compliance with such requirements is necessary, in our opinion, for the District to comply with requirements applicable to that program.

RESPONSIBILITIES OF MANAGEMENT FOR COMPLIANCE

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF COMPLIANCE

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to on the previous page occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance, but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with 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 on the previous page is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with 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 the District's compliance with the compliance requirements referred to on the previous page and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

(continued)

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

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section on the previous page, and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a deficiency in internal control over compliance that we consider to be a material weakness.

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

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as finding 2023-002 to be a material weaknesses.

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

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the internal control over compliance finding identified in our compliance audit described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Malloy, Montague, Karnowski, Radosevich & Co., P.A.

Minneapolis, Minnesota
October 4, 2023

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INDEPENDENT AUDITOR'S REPORT
ON MINNESOTA LEGAL COMPLIANCE

To the School Board and Management of
Special School District No. 6
South St. Paul, 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 Special School District No. 6 (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 4, 2023.

MINNESOTA LEGAL COMPLIANCE

In connection with our audit, nothing came to our attention that caused us to believe that the District failed to comply with the provisions of the contracting – bid laws, depositories of public funds and public investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and uniform financial accounting and reporting standards sections of the *Minnesota Legal Compliance Audit Guide for School Districts*, promulgated by the State Auditor pursuant to Minnesota Statutes § 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.

PURPOSE OF THIS REPORT

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 report is not suitable for any other purpose.

Malloy, Montague, Karnowski, Radosevich & Co., P.A.

Minneapolis, Minnesota
October 4, 2023

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SPECIAL SCHOOL DISTRICT NO. 6

Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

A. SUMMARY OF AUDIT RESULTS

This summary is formatted to provide federal granting agencies and pass-through agencies answers to specific questions regarding the audit of federal awards.

Financial Statements

What type of auditor’s report is issued?	<input checked="" type="checkbox"/>	Unmodified
	<input type="checkbox"/>	Qualified
	<input type="checkbox"/>	Adverse
	<input type="checkbox"/>	Disclaimer
Internal control over financial reporting:		
Material weakness(es) identified?	<input checked="" type="checkbox"/>	Yes <input type="checkbox"/> No
Significant deficiency(ies) identified?	<input type="checkbox"/>	Yes <input checked="" type="checkbox"/> None reported
Noncompliance material to the financial statements noted?	<input type="checkbox"/>	Yes <input checked="" type="checkbox"/> No

Federal Awards

Internal controls over major federal award programs:		
Material weakness(es) identified?	<input checked="" type="checkbox"/>	Yes <input type="checkbox"/> No
Significant deficiency(ies) identified?	<input type="checkbox"/>	Yes <input checked="" type="checkbox"/> None reported
Type of auditor’s report issued on compliance for major programs?		
U.S. Department of the Treasury – COVID-19 – Coronavirus State and Local Fiscal Recovery Funds		Unmodified
U.S. Department of Education – Special education cluster		Qualified
U.S. Department of Education – Education Stabilization Fund		Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<input checked="" type="checkbox"/>	Yes <input type="checkbox"/> No

Programs tested as major programs:

Program or Cluster	ALN No.
U.S. Department of the Treasury –	
– COVID-19 – Coronavirus State and Local Fiscal Recovery Funds	21.027
U.S. Department of Education – Special education cluster consisting of:	
– Special Education Grants to States	84.027
– COVID-19 – Special Education Grants to States	84.027
– Special Education Preschool Grants	84.173
– COVID-19 – Special Education Preschool Grants	84.173
U.S. Department of Education – Education Stabilization Fund consisting of:	
– COVID-19 – Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D
– COVID-19 – American Rescue Plan – Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U
– COVID-19 – American Rescue Plan – Elementary and Secondary School Emergency Relief – Homeless Children and Youth Fund	84.425W

Threshold for distinguishing type A and B programs.

\$ 750,000

Does the auditee qualify as a low-risk auditee?	<input type="checkbox"/>	Yes <input checked="" type="checkbox"/> No
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SPECIAL SCHOOL DISTRICT NO. 6

Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2023

B. FINANCIAL STATEMENT FINDINGS IN INTERNAL CONTROL OVER FINANCIAL REPORTING

MATERIAL WEAKNESS

2023-001 Segregation of Duties

Criteria – Internal control over financial reporting.

Condition – Special School District No. 6 (the District) has limited segregation of duties in several areas, including the processing of receipts, payroll transactions, journal entries, and certain computer controls.

Questioned Costs – Not applicable.

Context – The condition applies to multiple areas as noted above.

Repeat Finding – This is a current year and prior year finding.

Cause – The limited segregation of duties is primarily caused by the limited size of the District's business office staff.

Effect – One important element of internal accounting controls is an adequate segregation of duties such that no one individual has responsibility to execute a transaction, have physical access to the related assets, and have responsibility or authority to record the transaction. A lack of segregation of duties subjects the District to a higher risk that errors or fraud could occur and not be detected and corrected in a timely manner in the normal course of business.

Recommendation – We recommend that the District continue its efforts to segregate duties as best it can within the limits of what the District considers to be cost-beneficial.

View of Responsible Official and Planned Corrective Actions – The District agrees with the finding. The District intends to review policies, procedures, and transaction cycles, and work with the District's financial auditors to review specific weaknesses identified during the annual audit and actions needed to eliminate or mitigate this internal control weakness. The District has separately issued a Corrective Action Plan related to this finding.

SPECIAL SCHOOL DISTRICT NO. 6

Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2023

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

MATERIAL WEAKNESS IN INTERNAL CONTROL OVER COMPLIANCE AND MATERIAL NONCOMPLIANCE – U.S. DEPARTMENT OF EDUCATION, PASSED THROUGH MINNESOTA DEPARTMENT OF EDUCATION, SPECIAL EDUCATION CLUSTER (INCLUDING COVID-19 FUNDING) – FEDERAL ALN 84.027 AND 84.173

2023-002 Internal Control Over Compliance and Material Noncompliance With Federal Allowable Costs Requirements

Criteria – 2 CFR § 200.405 specifies a cost is allocable to a particular federal award if the goods or services involved are chargeable or assignable to that federal award in accordance with relative benefits received. This standard is met if the cost is incurred specifically for the award, can be distributed in proportions that may be approximated using reasonable methods, and is necessary to the overall operation of the District and is assignable in part to the federal award in accordance with the principles in 2 CFR 200 Subpart E – Cost Principles.

Condition – During our audit, we noted that the District did not have adequate internal controls in place to ensure all salary costs charged to the federal special education cluster programs met the standard for an allowable or allocable cost as defined by the U.S. Office of Management and Budget’s *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) allowable costs standards, which resulted in a reportable instance of noncompliance.

Questioned Costs – \$250,383.

Context – For four of four employees tested, the District had charged portions of the individuals’ salaries to the program, but did not have sufficient time and effort documentation to support the amount of cost allocated to the programs. This was not a statistically valid sample.

Repeat Finding – This is a current year finding.

Cause – This was an oversight by district personnel.

Effect – This is a potential violation of the award agreement.

Recommendation – We recommend that the District review its internal control procedures relating to allowable costs for its federal special education cluster programs.

View of Responsible Official and Planned Corrective Actions – The District agrees with the finding. The District will review and update its policies and procedures relating to allowable costs for its federal programs to ensure compliance with the Uniform Guidance in the future. The District has separately issued a Corrective Action Plan related to this finding.

D. MINNESOTA LEGAL COMPLIANCE FINDINGS

None.

SPECIAL SCHOOL DISTRICT NO. 6

Uniform Financial Accounting and Reporting Standards
Compliance Table
June 30, 2023

		Audit	UFARS	Audit – UFARS
General Fund				
Total revenue		\$ 47,332,848	\$ 47,332,848	\$ –
Total expenditures		\$ 45,911,974	\$ 45,911,974	\$ –
Nonspendable				
460	Nonspendable fund balance	\$ –	\$ –	\$ –
Restricted				
401	Student activities	\$ 260,569	\$ 260,569	\$ –
402	Scholarships	\$ –	\$ –	\$ –
403	Staff development	\$ 161,344	\$ 161,344	\$ –
407	Capital projects levy	\$ 299,870	\$ 299,870	\$ –
408	Cooperative revenue	\$ –	\$ –	\$ –
413	Projects funded by COP	\$ –	\$ –	\$ –
414	Operating debt	\$ –	\$ –	\$ –
416	Levy reduction	\$ –	\$ –	\$ –
417	Taconite building maintenance	\$ –	\$ –	\$ –
424	Operating capital	\$ 1,140,270	\$ 1,140,270	\$ –
426	\$25 taconite	\$ –	\$ –	\$ –
427	Disabled accessibility	\$ –	\$ –	\$ –
428	Learning and development	\$ –	\$ –	\$ –
434	Area learning center	\$ –	\$ –	\$ –
435	Contracted alternative programs	\$ –	\$ –	\$ –
436	State approved alternative program	\$ –	\$ –	\$ –
438	Gifted and talented	\$ 112,803	\$ 112,803	\$ –
440	Teacher development and evaluation	\$ –	\$ –	\$ –
441	Basic skills programs	\$ –	\$ –	\$ –
448	Achievement and integration	\$ –	\$ –	\$ –
449	Safe schools levy	\$ 216,711	\$ 216,711	\$ –
451	QZAB payments	\$ –	\$ –	\$ –
452	OPEB liability not in trust	\$ –	\$ –	\$ –
453	Unfunded severance and retirement levy	\$ –	\$ –	\$ –
459	Basic skills extended time	\$ –	\$ –	\$ –
467	Long-term facilities maintenance	\$ 428,932	\$ 428,932	\$ –
472	Medical Assistance	\$ 91,711	\$ 91,711	\$ –
464	Restricted fund balance	\$ 295,524	\$ 295,524	\$ –
475	Title VII – Impact Aid	\$ –	\$ –	\$ –
476	PILT	\$ –	\$ –	\$ –
Committed				
418	Committed for separation	\$ –	\$ –	\$ –
461	Committed fund balance	\$ –	\$ –	\$ –
Assigned				
462	Assigned fund balance	\$ 1,814,872	\$ 1,814,872	\$ –
Unassigned				
422	Unassigned fund balance	\$ 4,866,864	\$ 4,866,864	\$ –
Food Service				
Total revenue		\$ 2,091,602	\$ 2,091,602	\$ –
Total expenditures		\$ 2,048,968	\$ 2,048,968	\$ –
Nonspendable				
460	Nonspendable fund balance	\$ 13,875	\$ 13,875	\$ –
Restricted				
452	OPEB liability not in trust	\$ –	\$ –	\$ –
464	Restricted fund balance	\$ 851,068	\$ 851,068	\$ –
Unassigned				
463	Unassigned fund balance	\$ –	\$ –	\$ –
Community Service				
Total revenue		\$ 2,393,014	\$ 2,393,014	\$ –
Total expenditures		\$ 2,214,159	\$ 2,214,159	\$ –
Nonspendable				
460	Nonspendable fund balance	\$ –	\$ –	\$ –
Restricted				
426	\$25 taconite	\$ –	\$ –	\$ –
431	Community education	\$ 544,783	\$ 544,783	\$ –
432	ECFE	\$ 116,798	\$ 116,798	\$ –
440	Teacher development and evaluation	\$ –	\$ –	\$ –
444	School readiness	\$ 13,332	\$ 13,332	\$ –
447	Adult basic education	\$ 53,155	\$ 53,155	\$ –
452	OPEB liability not in trust	\$ –	\$ –	\$ –
464	Restricted fund balance	\$ –	\$ –	\$ –
Unassigned				
463	Unassigned fund balance	\$ –	\$ –	\$ –

SPECIAL SCHOOL DISTRICT NO. 6

Uniform Financial Accounting and Reporting Standards
 Compliance Table (continued)
 June 30, 2023

	Audit	UFARS	Audit – UFARS
Building Construction			
Total revenue	\$ –	\$ –	\$ –
Total expenditures	\$ –	\$ –	\$ –
Nonspendable			
460 Nonspendable fund balance	\$ –	\$ –	\$ –
Restricted			
407 Capital projects levy	\$ –	\$ –	\$ –
413 Projects funded by COP	\$ –	\$ –	\$ –
467 Long-term facilities maintenance	\$ –	\$ –	\$ –
464 Restricted fund balance	\$ –	\$ –	\$ –
Unassigned			
463 Unassigned fund balance	\$ –	\$ –	\$ –
Debt Service			
Total revenue	\$ 3,157,599	\$ 3,157,599	\$ –
Total expenditures	\$ 3,127,976	\$ 3,127,976	\$ –
Nonspendable			
460 Nonspendable fund balance	\$ –	\$ –	\$ –
Restricted			
425 Bond refundings	\$ –	\$ –	\$ –
433 Maximum effort loan	\$ –	\$ –	\$ –
451 QZAB payments	\$ –	\$ –	\$ –
467 Long-term facilities maintenance	\$ –	\$ –	\$ –
464 Restricted fund balance	\$ 841,031	\$ 841,031	\$ –
Unassigned			
463 Unassigned fund balance	\$ –	\$ –	\$ –
Trust			
Total revenue	\$ –	\$ –	\$ –
Total expenditures	\$ –	\$ –	\$ –
401 Student activities	\$ –	\$ –	\$ –
402 Scholarships	\$ –	\$ –	\$ –
422 Net position	\$ –	\$ –	\$ –
Custodial Fund			
Total revenue	\$ –	\$ –	\$ –
Total expenditures	\$ –	\$ –	\$ –
401 Student activities	\$ –	\$ –	\$ –
402 Scholarships	\$ –	\$ –	\$ –
448 Achievement and integration	\$ –	\$ –	\$ –
464 Restricted fund balance	\$ –	\$ –	\$ –
Internal Service			
Total revenue	\$ 7,463,389	\$ 7,463,388	\$ 1
Total expenditures	\$ 5,789,088	\$ 5,789,088	\$ –
422 Net position	\$ 9,309,663	\$ 9,309,663	\$ –
OPEB Revocable Trust Fund			
Total revenue	\$ 357,657	\$ 357,657	\$ –
Total expenditures	\$ (179,088)	\$ (179,088)	\$ –
422 Net position	\$ (4,381,554)	\$ (4,381,554)	\$ –
OPEB Irrevocable Trust Fund			
Total revenue	\$ –	\$ –	\$ –
Total expenditures	\$ –	\$ –	\$ –
422 Net position	\$ –	\$ –	\$ –
OPEB Debt Service Fund			
Total revenue	\$ –	\$ –	\$ –
Total expenditures	\$ –	\$ –	\$ –
Nonspendable			
460 Nonspendable fund balance	\$ –	\$ –	\$ –
Restricted			
425 Bond refundings	\$ –	\$ –	\$ –
464 Restricted fund balance	\$ –	\$ –	\$ –
Unassigned			
463 Unassigned fund balance	\$ –	\$ –	\$ –

Note: Statutory restricted deficits, if any, are reported in unassigned fund balances in the financial statements in accordance with accounting principles generally accepted in the United States of America.

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Management Report

for

Special School District No. 6
South St. Paul, Minnesota

June 30, 2023

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Kalen T. Karnowski, CPA

To the School Board and Management of
Special School District No. 6
South St. Paul, Minnesota

We have prepared this management report in conjunction with our audit of Special School District No. 6's (the District) financial statements for the year ended June 30, 2023. We have organized this report into the following sections:

- Audit Summary
- Financial Trends in Public Education in Minnesota
- Financial Trends of Your District
- Accounting and Auditing Updates

We would be pleased to further discuss any of the information contained in this report or any other concerns that you would like us to address. We would also like to express our thanks for the courtesy and assistance extended to us during the course of our audit.

The purpose of this report is solely to provide those charged with governance of the District, management, and those with responsibility for oversight of the District's financial reporting process comments resulting from our audit and information relevant to school district financing in Minnesota. Accordingly, this report is not suitable for any other purpose.

Malloy, Montague, Karnowski, Radosevich & Co., P.A.

Minneapolis, Minnesota
October 4, 2023

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AUDIT SUMMARY

The following is a summary of our audit work, key conclusions, and other information that we consider important or that is required to be communicated to the School Board, administration, or those charged with governance of the District.

OUR RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA, *GOVERNMENT AUDITING STANDARDS*, AND TITLE 2 U.S. CODE OF FEDERAL REGULATIONS PART 200, *UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS (UNIFORM GUIDANCE)*

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of and for the year ended June 30, 2023. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America, *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 to you verbally and in our audit engagement letter. Professional standards also require that we communicate to you the following information related to our audit.

PLANNED SCOPE AND TIMING OF THE AUDIT

We performed the audit according to the planned scope and timing previously discussed and coordinated in order to obtain sufficient audit evidence and complete an effective audit.

AUDIT OPINION AND FINDINGS

Based on our audit of the District's financial statements for the year ended June 30, 2023:

- We have issued unmodified opinions on the District's basic financial statements. Our report included a paragraph emphasizing the District's implementation of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, during the year. Our opinion was not modified with respect to this matter.
- In regard to the District's internal controls over financial reporting, we reported one deficiency that we consider to be a material weakness:
 - Due to the limited size of the District's office staff, the District has limited segregation of duties in several areas. An ideal system of internal accounting control contemplates an adequate segregation of duties so that no one individual handles a transaction from inception to completion. While we recognize that your organization may not be large enough to permit an adequate segregation of duties in all respects, it is important that you are aware of this condition.
- The results of our testing disclosed no instances of noncompliance required to be reported under *Government Auditing Standards*.
- We reported that the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements.

- Except as described below, the results of our tests indicate that the District has complied, in all material respects, with the types of compliance requirements that could have a direct and material effect on each of its major federal programs:
 - As described in the Schedule of Findings and Questioned Costs, the District did not comply with requirements regarding allowable costs for its federal special education cluster programs (including COVID-19 funding) – federal ALN 84.027 and 84.173.
- We reported one deficiency in the District’s internal controls over compliance that we considered to be a material weakness with the types of compliance requirements that could have a direct and material effect on each of its major federal programs:
 - During our audit, we noted that the District did not have adequate internal controls in place to ensure all salary costs charged to the federal special education cluster programs met the standard for an allowable or allocable cost as defined by the Uniform Guidance allowable costs standards, which resulted in a reportable instance of noncompliance.
- We reported no findings based on our testing of the District’s compliance with Minnesota laws and regulations.

OTHER OBSERVATIONS AND RECOMMENDATIONS

Budget-to-Actual Revenue and Expenditure Reports

During our audit, we noted that a review of budget-to-actual documentation for federal grants and monitoring takes place within the finance department. However, we noted there is a lack of information communicated directly with the individuals overseeing the relevant grant(s). This was not considered pervasive enough to warrant a significant deficiency in internal controls, but important enough to share as a best-practice recommendation.

Federal Cash Management Review and Approval

During our testing of federal awards, we noted that an appropriate review and approval of federal reimbursement requests was not being performed prior to completion of federal draws. We recommend that the District review these procedures for cash management over all federal reimbursement requests and ensure the process includes an appropriate review and documentation of approval prior to submitting reimbursement draw requests for federal grants.

SIGNIFICANT ACCOUNTING POLICIES

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

No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year ended June 30, 2023. However, the District implemented the following governmental accounting standard during the year:

As described in Note 1 of the notes to the basic financial statements, the District implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITAs), during fiscal year ended June 30, 2023. This standard changed the way SBITA transactions are reported by the District, which resulted in a restatement of \$111,265 to beginning net position in the current year.

We noted no transactions entered into by the District 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 AND MANAGEMENT JUDGMENTS

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:

General education revenue and certain other revenues are computed by applying an allowance per student to the number of students served by the District. Student attendance is accumulated in a state-wide database—MARSS. Because of the complexity of student accounting and because of certain enrollment options, student information is input by other school districts and the MARSS data for the current fiscal year is not finalized until after the District has closed its financial records. General education revenue and certain other revenues are computed using preliminary information on the number of students served in the resident district and also utilizing some estimates, particularly in the area of enrollment options.

Special education state aid includes an adjustment related to tuition billings to and from other school districts for special education services, which are computed using formulas derived by the Minnesota Department of Education (MDE). Because of the timing of the calculations, this adjustment for the current fiscal year is not finalized until after the District has closed its financial records. The impact of this adjustment on the receivable and revenue recorded for state special education aid is calculated using preliminary information available to the District.

The District has recorded activity for other post-employment benefits (OPEB) and pension benefits. These obligations are calculated using actuarial methodologies, primarily described in GASB Statement Nos. 68 and 75. These actuarial calculations include significant assumptions, including projected changes, healthcare insurance costs, investment returns, retirement ages, proportionate share, and employee turnover.

The depreciation and amortization of capital assets involves estimates pertaining to useful lives.

The District's self-insured activities require recording a liability for claims incurred, but not yet reported, which are based on estimates.

We evaluated the key factors and assumptions used by management to develop the estimates discussed on the previous page in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The disclosures included in the notes to the basic financial statements related to OPEB and pension benefits are particularly sensitive, due to the materiality of the liabilities, and the large and complex estimates involved in determining the disclosures.

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

DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

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

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. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

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 auditor's 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 October 4, 2023.

MANAGEMENT CONSULTATIONS WITH OTHER INDEPENDENT ACCOUNTANTS

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's 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 the District'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 (MD&A) and the pension and OPEB-related required supplementary information (RSI) that supplement 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 supplementary information, the Schedule of Expenditures of Federal Awards, and the Uniform Financial Accounting and Reporting Standards (UFARS) Compliance Table accompanying the financial statements, which 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 accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory section and other district information, which accompany the financial statements, but are 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.

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FINANCIAL TRENDS IN PUBLIC EDUCATION IN MINNESOTA

This section provides some state-wide funding and financial trends in public education in Minnesota.

BASIC GENERAL EDUCATION REVENUE

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

The table below presents a summary of the formula allowance for the past decade and as approved for the next two fiscal years. The 2023 Legislature approved per pupil increases of \$275 for fiscal 2024 and \$143 for fiscal 2025. The amount of the formula allowance and the percentage change from year-to-year excludes temporary funding changes, the “roll-in” of aids that were previously funded separately, and changes that may vary dependent on actions taken by individual districts. The \$529 increase in 2015 was offset by changes to pupil weightings and the general education aid formula that resulted in an increase equivalent to approximately \$105, or 2.00 percent, state-wide.

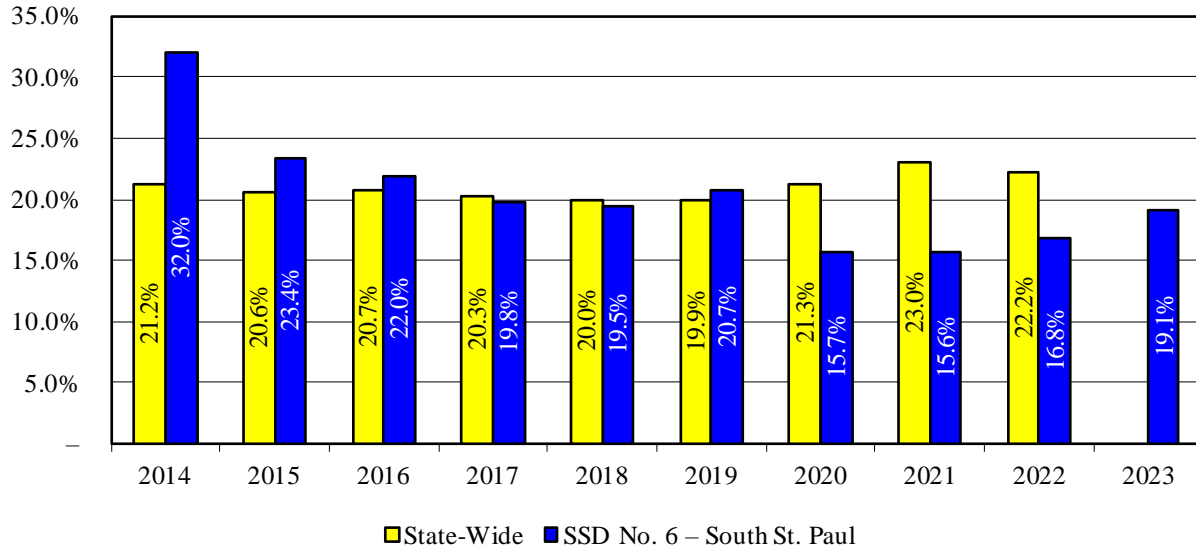
Fiscal Year Ended June 30,	Formula Allowance	
	Amount	Percent Increase
2014	\$ 5,302	1.50 %
2015	\$ 5,831	2.00 %
2016	\$ 5,948	2.00 %
2017	\$ 6,067	2.00 %
2018	\$ 6,188	2.00 %
2019	\$ 6,312	2.00 %
2020	\$ 6,438	2.00 %
2021	\$ 6,567	2.00 %
2022	\$ 6,728	2.45 %
2023	\$ 6,863	2.00 %
2024	\$ 7,138	4.00 %
2025	\$ 7,281	2.00 %

For fiscal 2026 and beyond, the actual increase will be equal to the Consumer Price Index – Urban (CPI-U), with a floor of 2 percent and a cap of 3 percent. CPI-U is determined based upon the prior two fourth-quarter totals. The inclusion of inflationary increases to this formula does not prevent future legislative increases from being approved.

STATE-WIDE SCHOOL DISTRICT FINANCIAL HEALTH

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

State-Wide Unrestricted Operating Fund Balance
as a Percentage of Operating Expenditures



Note: State-wide information is not available for fiscal 2023.

The calculation above reflects only the unrestricted fund balance of the General Fund, and the corresponding expenditures, which is the same method the state uses for the calculation of statutory operating debt. We have also included the comparable percentages for your district.

The average unrestricted fund balance as a percentage of operating expenditures maintained by Minnesota school districts decreased gradually from 21.2 percent at the end of fiscal 2014 to 19.9 percent at the end of fiscal 2019, a period of relative stability in the state's economic condition and school funding. This ratio began rising again during the fiscal years impacted by the COVID-19 pandemic, increasing to 23.0 percent at the end of fiscal 2021. In 2022 the state-wide ratio decreased to 22.2 percent as districts returned to more traditional learning models and program operations with the relaxation of pandemic restrictions.

The District's unrestricted operating fund balance as a percentage of operating expenditures was 19.1 percent at the end of the current year, as compared to 16.8 percent at June 30, 2022.

Having an appropriate fund balance is an important factor in assessing the District's financial health because a government, like any organization, requires a certain amount of equity to operate. It is important to review fund balance levels on an ongoing basis to ensure a sufficient equity reserve is available to support programs and cash flow of the District.

The table below shows a comparison of governmental fund revenue per ADM received by Minnesota school districts and your district. Revenues for all governmental funds are included, except for the Capital Projects – Building Construction and Post-Employment Benefits Debt Service Funds. Other financing sources, such as proceeds from sales of capital assets, insurance recoveries, bond sales, loans, and interfund transfers, are also excluded.

Governmental Funds Revenue per Student (ADM) Served								
	State-Wide		Metro Area		SSD No. 6 – South St. Paul			
	2021	2022	2021	2022	2021	2022	2023	
General Fund								
Property taxes	\$ 2,576	\$ 2,645	\$ 3,411	\$ 3,506	\$ 2,330	\$ 2,507	\$ 2,659	
Other local sources	438	571	323	446	284	328	519	
State	10,514	10,504	10,517	10,536	10,901	10,861	11,420	
Federal	992	1,335	956	1,397	695	1,400	1,323	
Total General Fund	<u>14,520</u>	<u>15,055</u>	<u>15,207</u>	<u>15,885</u>	<u>14,210</u>	<u>15,096</u>	<u>15,921</u>	
Special revenue funds								
Food Service	576	803	568	770	436	779	704	
Community Service	612	731	684	836	607	762	805	
Debt Service Fund	<u>1,512</u>	<u>1,508</u>	<u>1,549</u>	<u>1,537</u>	<u>698</u>	<u>970</u>	<u>1,062</u>	
Total revenue	<u>\$ 17,220</u>	<u>\$ 18,097</u>	<u>\$ 18,008</u>	<u>\$ 19,028</u>	<u>\$ 15,951</u>	<u>\$ 17,607</u>	<u>\$ 18,492</u>	
ADM served per MDE School District Profiles Report (current year estimated)					<u>3,126</u>	<u>3,094</u>	<u>2,973</u>	
Note: Excludes the Capital Projects – Building Construction and Post-Employment Benefits Debt Service Funds.								
Source of state-wide and metro area data: School District Profiles Report published by the MDE								

ADM used in the table above is based on enrollments consistent with those used in the MDE School District Profiles Report, which include extended time ADM, and may differ from ADM reported in other tables. Changes in enrollment also impact comparisons in the table above and on the next page when revenue and expenditures are based on fixed costs, such as debt levies and principal and interest on outstanding indebtedness.

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

The District’s revenues per ADM have been below both the metro area and state-wide averages in recent years.

The District earned \$54,975,063 in the governmental funds reflected above in fiscal 2023, an increase of \$498,739 (0.9 percent) from the prior year. Total revenue per ADM served increased by \$885 (5.0 percent) per student, with declining enrollment. Property taxes were up as approved with the annual levy process. Other local sources increased over the prior year, largely due to more investment earnings. State sources were up with the increase in the basic formula allowance as discussed earlier, along more state compensatory funding, and improved funding for state special education. Federal sources in the General Fund were down with less pandemic-related funding entitlements recognized in the current year. Food service revenues were down with the end of the federal program providing free meals for all students in the current year. Increased programming and participation contributed to the per student revenue increase in the Community Service Special Revenue Fund. Debt Service Fund revenue per capita was up in the current year, due to a planned increase in the regular debt service levy.

The following table reflects similar comparative data available from the MDE for all governmental fund expenditures, excluding the Capital Projects – Building Construction and Post-Employment Benefits Debt Service Funds. Other financing uses, such as bond refundings and transfers, are also excluded.

Governmental Funds Expenditures per Student (ADM) Served							
	State-Wide		Metro Area		SSD No. 6 – South St. Paul		
	2021	2022	2021	2022	2021	2022	2023
General Fund							
Administration and district support	\$ 1,184	\$ 1,249	\$ 1,205	\$ 1,300	\$ 1,076	\$ 1,288	\$ 1,317
Elementary and secondary regular instruction	6,198	6,494	6,527	6,838	6,307	6,564	6,711
Vocational education instruction	197	210	179	191	53	58	67
Special education instruction	2,626	2,724	2,792	2,883	2,775	2,804	3,128
Instructional support services	812	816	917	939	1,204	1,120	1,135
Pupil support services	1,228	1,429	1,285	1,558	842	1,043	1,137
Sites, buildings, and other	1,083	1,113	1,052	1,076	1,373	1,432	1,547
Total General Fund – noncapital	13,328	14,035	13,957	14,785	13,630	14,309	15,042
General Fund capital expenditures	793	876	815	897	529	429	401
Total General Fund	14,121	14,911	14,772	15,682	14,159	14,738	15,443
Special revenue funds							
Food Service	532	670	522	659	479	683	689
Community Service	610	689	682	774	546	689	745
Debt Service Fund	1,576	1,599	1,609	1,561	772	1,000	1,052
Total expenditures	<u>\$ 16,839</u>	<u>\$ 17,869</u>	<u>\$ 17,585</u>	<u>\$ 18,676</u>	<u>\$ 15,956</u>	<u>\$ 17,110</u>	<u>\$ 17,929</u>
ADM served per MDE School District Profiles Report (current year estimated)					<u>3,126</u>	<u>3,094</u>	<u>2,973</u>
Note: Excludes the Capital Projects – Building Construction and Post-Employment Benefits Debt Service Funds.							
Source of state-wide and metro area data: School District Profiles Report published by the MDE							

Expenditure patterns also vary from district to district for various reasons. Factors affecting the comparison include the growth cycle or maturity of the District, average employee experience, availability of funding, population density, and even methods of allocating costs.

The District’s expenditures per ADM have also been below the averages presented above in recent years.

The District spent \$53,303,077 in the governmental funds reflected above in fiscal 2023, an increase of \$362,919 (0.7 percent) from the prior year. On a per student basis, this represents an increase of \$819 (4.8 percent) with declining enrollment. General Fund expenditures increased \$705 per student. The largest per ADM increases were in special education instruction (\$324) and elementary and secondary regular instruction (\$147). Food Service Special Revenue Fund spending per ADM was similar to the prior year, while Community Service Special Revenue Fund was up with more programming and participation as previously discussed. Debt Service Fund spending per student was also up in the current year, as supported by the increase in the related debt levy and investment earnings in the fund.

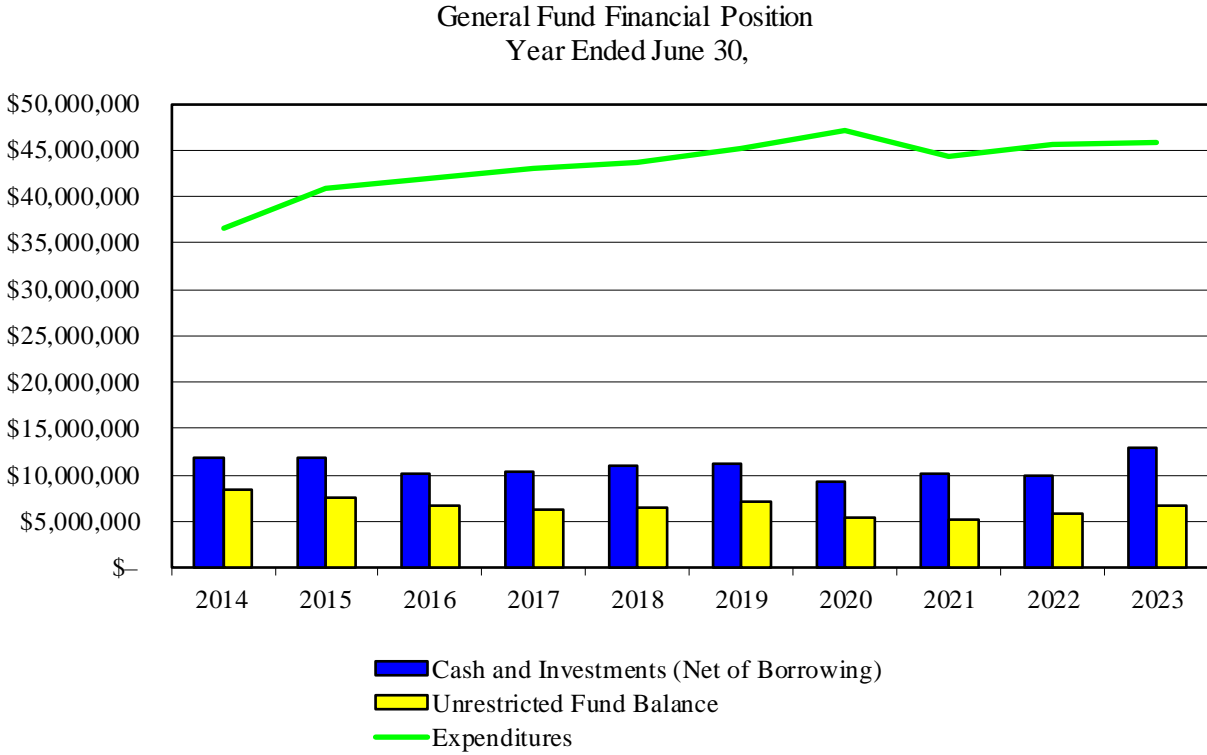
SUMMARY

The COVID-19 pandemic caused numerous financial and operational challenges for districts in recent years; creating instability in student populations, requiring numerous shifts in the delivery of educational services, and resulting in substantial new and unfamiliar federal revenue streams, to name a few. Challenges remain, with tight labor markets, inflationary increases, and the end of many federal pandemic-related funding programs. District school boards, administrators, and employees continue to manage these issues, as districts strive to provide a safe and effective learning experience for their students.

FINANCIAL TRENDS OF YOUR DISTRICT

GENERAL FUND FINANCIAL POSITION

The following graph displays the District’s General Fund trends of financial position and changes in the volume of financial activity. Unrestricted fund balance and cash balance are two indicators of financial health, while annual expenditures are often used to measure the size of the operation.



The District ended fiscal year 2023 with a General Fund cash and investments balance of \$12,888,468 (net of borrowing), an increase of \$2,972,810 from the previous year. Unrestricted fund balance (consisting of any assigned and unassigned fund balances) at year-end totaled \$6,681,736, an increase of \$803,669. Total fund balance of the General Fund increased by \$1,420,874, compared to an increase of \$359,465 approved in the final budget.

GENERAL FUND COMPONENTS OF FUND BALANCE

The following table presents the components of the General Fund balance for the past five years:

	June 30,				
	2019	2020	2021	2022	2023
Restricted fund balances (1)	\$ 1,288,366	\$ 505,727	\$ 870,719	\$ 2,390,529	\$ 3,007,734
Unrestricted fund balances					
Assigned	2,669,807	2,213,778	1,345,563	1,047,952	1,814,872
Unassigned	4,433,711	3,258,226	3,924,141	4,830,115	4,866,864
Total fund balances	\$ 8,391,884	\$ 5,977,731	\$ 6,140,423	\$ 8,268,596	\$ 9,689,470
Unrestricted fund balances as a percentage of total expenditures	<u>15.7%</u>	<u>11.6%</u>	<u>11.9%</u>	<u>12.9%</u>	<u>14.6%</u>
Unassigned fund balances as a percentage of total expenditures	<u>9.8%</u>	<u>6.9%</u>	<u>8.9%</u>	<u>10.6%</u>	<u>10.6%</u>
(1) Includes deficits in restricted fund balance accounts allowed to accumulate deficits under UFARS, which are part of unassigned fund balance on the accounting principles generally accepted in the United States of America-based financial statements.					

The table above reflects the total General Fund unrestricted fund balance and percentages, which differs from those used in the previous discussion of state-wide fund balances, which are based on a state formula.

The resources represented by this fund balance are critical to a district's ability to maintain adequate cash flow throughout the year, to retain its programs, and to cushion against the impact of unexpected costs or funding shortfalls.

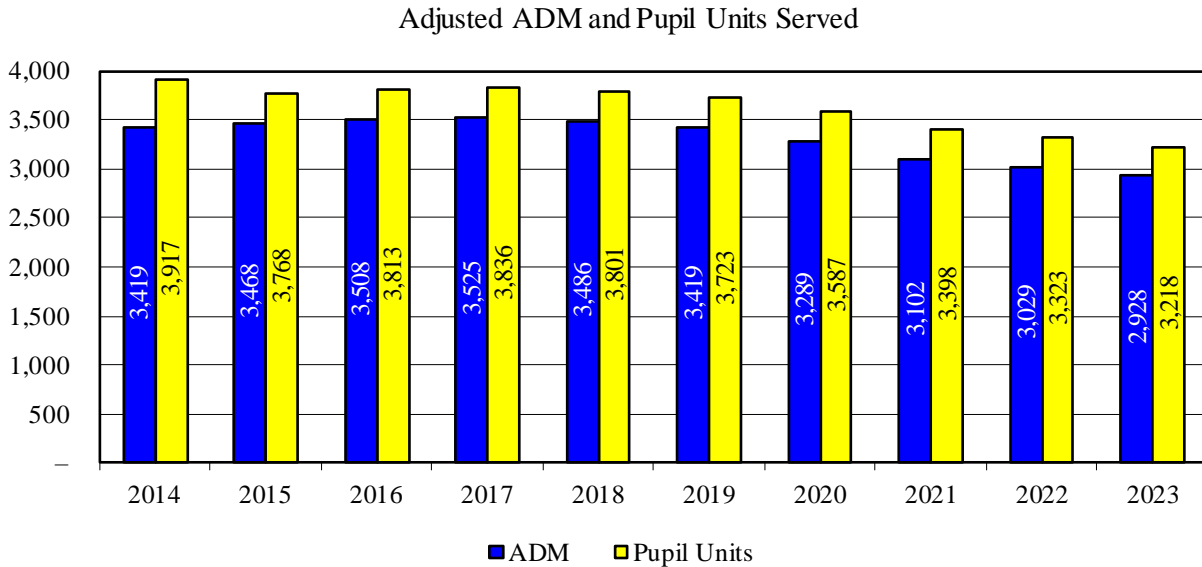
Minimum Fund Balance Policy

The School Board has formally adopted a fund balance policy regarding the minimum unassigned fund balance for the General Fund. The policy establishes that the District will strive to maintain a minimum unassigned General Fund balance of 8.0 percent of the annual budget.

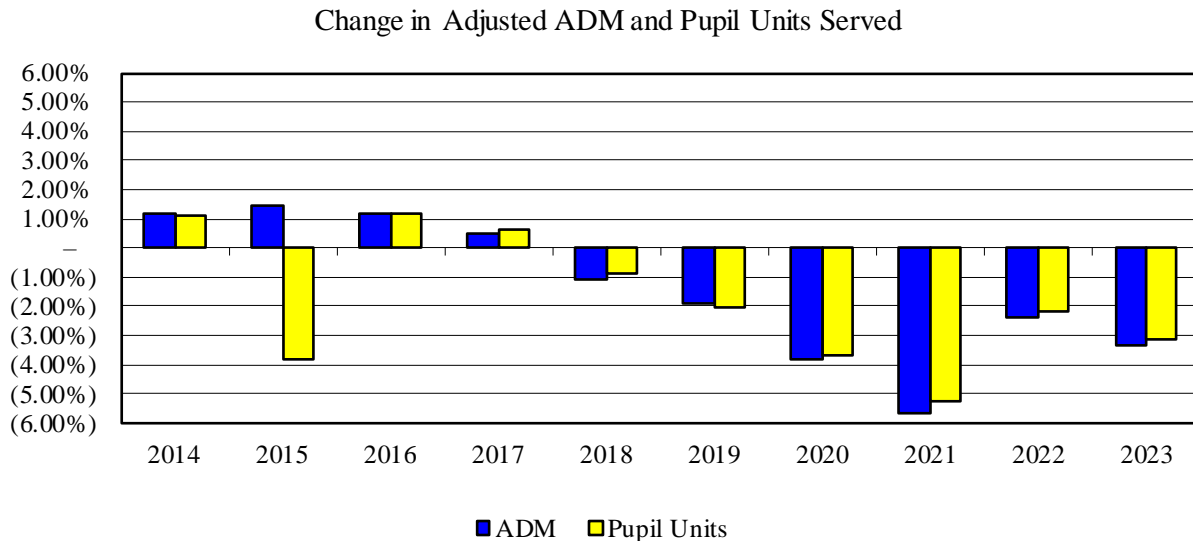
At June 30, 2023, unrestricted fund balance in the General Fund represented 14.6 percent of annual expenditures, or less than 8 weeks of operations, assuming level spending throughout the year.

AVERAGE DAILY MEMBERSHIP AND PUPIL UNITS

The following graph presents the District's ADM and resulting pupil units served for the past 10 years:



The following graph shows the rate of change in ADM served by the District from year-to-year, along with the change in the resulting pupil units:



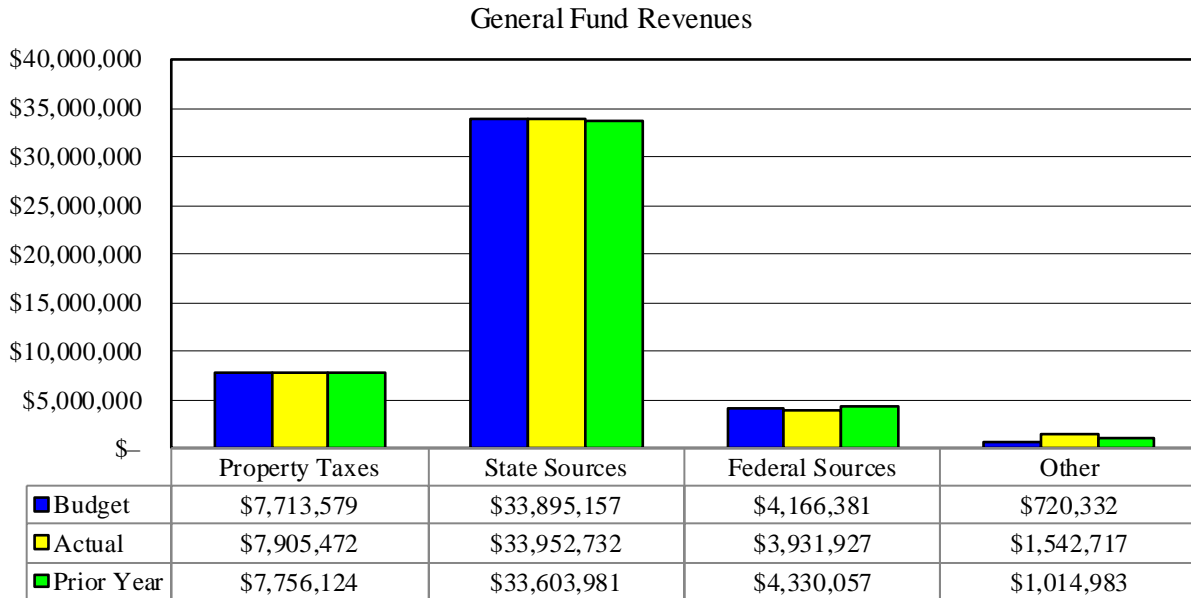
Note: The change in pupil units for 2015 includes the effect of legislative reductions to pupil units.

ADM is a measure of students attending class, which is then converted to pupil units (the base for determining revenue) using a statutory formula. Not only is the original budget based on ADM estimates, the final audited financial statements are based on updated, but still estimated ADM, since the counts are not finalized until around January of the following year. When viewing revenue budget variances, one needs to consider these ADM changes, the impact of the prior year final adjustments, which affect this year's revenue, and also the final adjustments caused by open enrollment gains and losses.

The District served an estimated ADM of 2,928 in 2023, a decrease of 101 ADM, or 3.3 percent, from the prior year. The number of pupil units served by the District for fiscal 2023 was 3,218, a decrease of 105 (3.2 percent) from the prior year.

GENERAL FUND REVENUES

The following graph presents the District's General Fund revenues for 2023:



Total General Fund revenues were \$47,332,848 for the year ended June 30, 2023, which was \$837,399 (1.8 percent) over the final budget, and \$627,703 (1.3 percent) more than the prior year.

Conservative budgeting practices contributed to the favorable revenue variances in property taxes (\$191,893), state sources (\$57,575), and other sources (\$822,385). Other sources include investment earnings, which was over budget due to improved investment returns, which was not anticipated in the final budget. Federal sources, were \$234,454 under budget, as the District did not spend its full entitlements in the current year that will carry over for use in fiscal 2024.

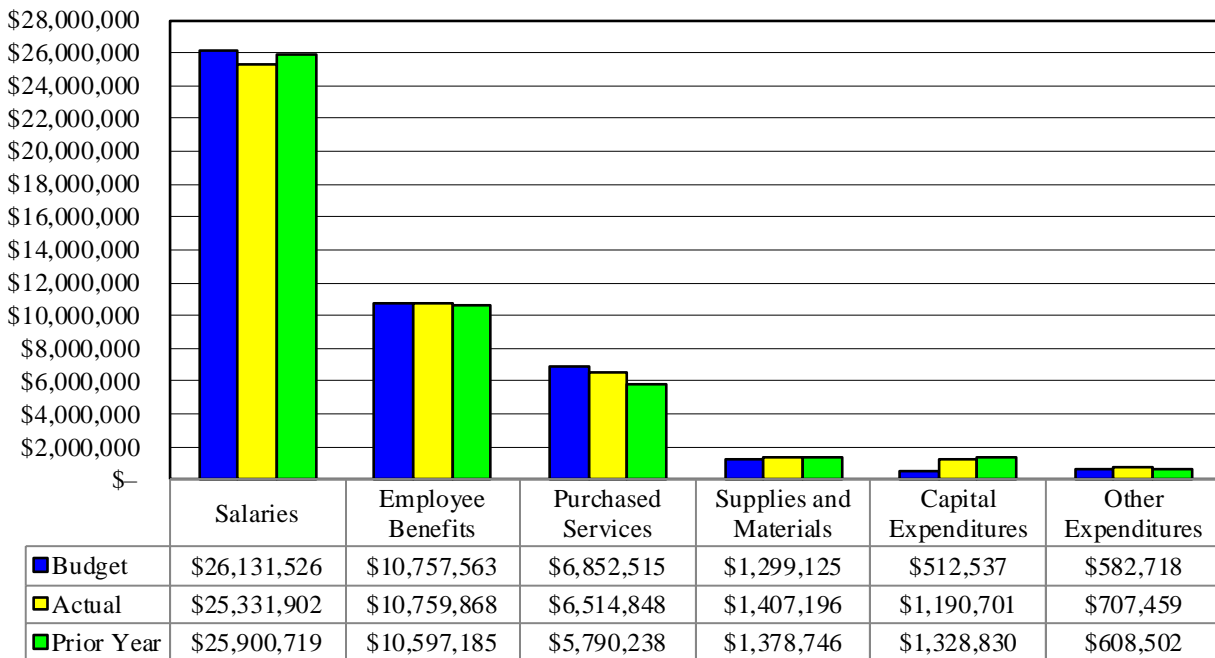
The District experienced increases over the prior year in the same sources that were over budget. Property taxes were up with the approved levy. State sources increased with improved funding for basic general education, compensatory, and special education funding. Other sources were up with the improved investment earnings generated for the District. Federal sources were less than the prior year with the District utilizing more pandemic-related education stabilization funds in the prior year.

The graph above reflects the concentration of state sources (71.7 percent), and property taxes (16.7 percent) that provide the majority of the revenue available to finance General Fund operations.

GENERAL FUND EXPENDITURES

The following graph presents the District's General Fund expenditures for 2023:

General Fund Expenditures



Total General Fund expenditures were \$45,911,974 for the year ended June 30, 2023, which was \$224,010 (0.5 percent) under the final budget and \$307,754 (0.7 percent) more than the prior year.

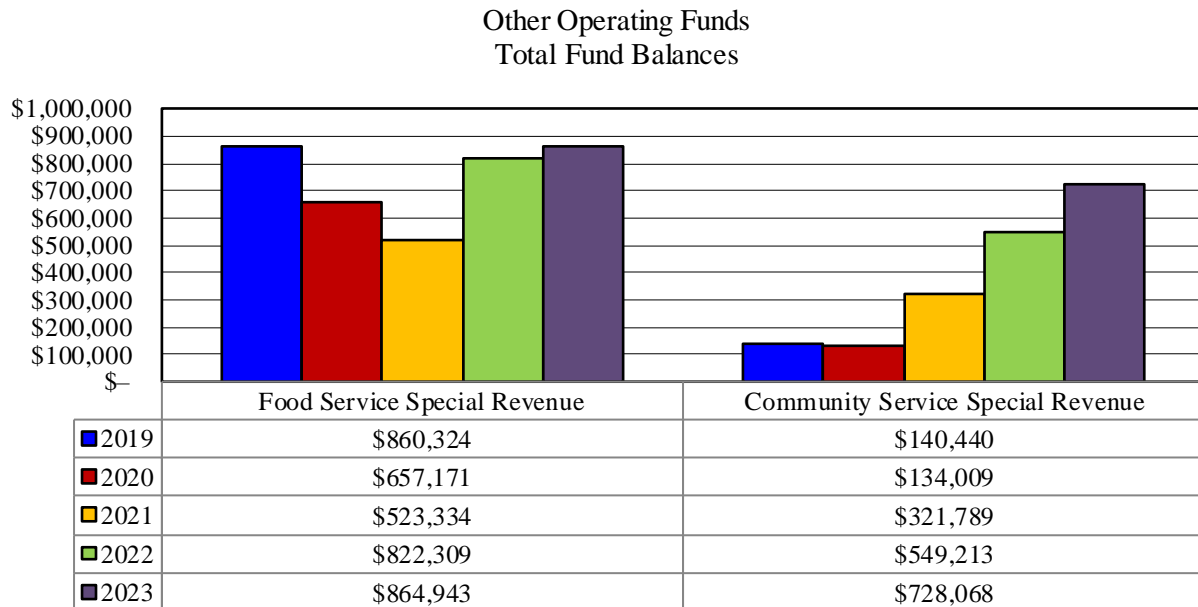
Salary and employee benefits, which account for 78.6 percent of General Fund spending, were \$406,134 (1.1 percent) less than the prior year and \$797,319 (2.2 percent) under budget, mainly due to difficulty filling open positions and declining enrollment.

As presented in the graph above, expenditures variances to budget were both favorable and unfavorable, and spread across all district programs. Spending in excess of budget for supplies and materials, capital, and other expenditures was offset by savings in salaries and purchased services. General Fund spending was close in total to budgeted appropriations.

The largest changes from the prior year occurred with an increase in purchased services in special education and pupil support services, partially offset by the decrease in personnel costs previously discussed.

OTHER FUNDS OF THE DISTRICT

The following graph shows what is referred to as the other operating funds. The remaining nonoperating funds are only included in narrative form below, since their level of fund balance can fluctuate significantly, due to such things as issuing and spending the proceeds of refunding or building bonds and, therefore, the trend of fund balance levels is not necessarily a key indicator of financial health. It does not mean that these funds cannot experience financial trouble or that their fund balances are unimportant.



Food Service Special Revenue Fund

The District's Food Service Special Revenue Fund ended the year with an increase in fund balance of \$42,634 in 2023, compared to a budgeted decrease of \$7,536. Revenues were \$244,606 over budget, while expenditures were over budget by \$194,436. The Food Service Special Revenue Fund had a year-end fund balance of \$864,943, representing 42.2 percent of annual expenditures, totaling \$2,048,968. Participation levels were difficult to anticipate with funding changes financing school lunch programs, contributing to the variances in revenues and expenditures compared to budget.

This operation has maintained a healthy fund balance for several years and has also been able to assist in funding a portion of several capital improvements to food service facilities in recent years. The District should continue reviewing upcoming capital needs of the operation and incorporate that information in establishing an optimal level of fund balance that is also within state and federal fund balance limits.

Community Service Special Revenue Fund

The District's Community Service Special Revenue Fund ended the year with an increase in fund balance of \$178,855, compared to a budgeted increase of \$209,400. Revenues were \$286,600 over budget, while expenditures were over budget by \$317,145. The Community Service Special Revenue Fund had a year-end fund balance of \$728,068, representing 32.9 percent of annual expenditures, totaling \$2,214,159. Program participation was greater than anticipated causing revenues and expenditures to exceed budget.

The Community Service Special Revenue Fund, like the Food Service Special Revenue Fund, needs to be self-sustaining. In addition to cost controls, financial analysis of the costs of providing programs, including overhead, is important. Fees and tuition charges should be sufficient to cover these costs, as well as potential funding shortfalls from state, federal, or property tax sources.

Debt Service Fund

The funding of debt service is controlled in accordance with each outstanding debt issue's financing plan. It is important to remember that resources of the Debt Service Fund are restricted to the payment of outstanding debt obligations of the District. As of June 30, 2023, the District has \$841,031 available for the payment of debt. During fiscal 2023, the District issued bonds, which were used to refund outstanding debt in advance of their original due date, in order to reduce future debt levies for district taxpayers.

Internal Service Funds

Dental Self-Insurance

The District established an internal service fund to account for the District's self-insured dental plan. As of June 30, 2023, net position totaled \$281,907, an increase of \$40,151 over the prior year.

Medical Self-Insurance

The District established an internal service fund to account for the District's self-insured medical plan. As of June 30, 2023, net position totaled \$9,027,756, an increase of \$1,634,150 over the prior year.

Other Post-Employment Benefits

In fiscal year 2010, the District established an internal service fund to finance the costs of retiree health OPEB as they accrue. The proceeds of the District's \$5.4 million OPEB bonds were contributed into this fund from the District's governmental funds. The assets in this fund are being held in a revocable trust account the District established to finance its OPEB liabilities, and can only be used to pay OPEB costs. However, because the District elected to make the trust revocable (meaning that under certain specific and very restrictive circumstances, the District may take the assets back out of the trust and use them for other purposes), these assets must be accounted for in the internal service funds, which are included in the District's government-wide financial statements.

The District's Other Post-Employment Benefits Internal Service Fund ended the year with cash and investments of \$4,717,877 available to pay future OPEB benefits. Net position improved from the prior year deficit balance of \$4,918,299, to a net position deficit of \$4,381,554 at the end of the current year. This is an increase of \$536,745 from current year activity.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The District's financial statements include fund-based information that focuses on budgetary compliance, and the sufficiency of the District's current assets to finance its current liabilities. The governmental reporting model also requires the inclusion of two government-wide financial statements designed to present a clear picture of the District as a single, unified entity. These government-wide financial statements provide information on the total cost of delivering educational services, including capital assets and long-term liabilities.

Theoretically, net position represents district resources available for providing services after its debts are settled. However, those resources are not always in expendable form, or there may be restrictions on how some of those resources can be used. Therefore, this statement divides net position into three components: net investment in capital assets, restricted, and unrestricted. The following table presents a summarized reconciliation of the District's governmental fund balances to net position, and the separate components of net position for the last two years:

	June 30,		Change
	2023	2022	
Net position – governmental activities			
Total fund balances – governmental funds	\$ 12,123,512	\$ 10,376,339	\$ 1,747,173
Total capital assets, net of depreciation/amortization	39,692,675	40,748,697	(1,056,022)
Bonds payable and certificates of participation (including unamortized premium)	(27,601,718)	(30,103,561)	2,501,843
Financed purchase payable	(85,201)	(169,446)	84,245
Pension adjustments	(32,535,078)	(41,292,982)	8,757,904
Other adjustments	4,331,749	2,113,999	2,217,750
Total net position – governmental activities	<u>\$ (4,074,061)</u>	<u>\$ (18,326,954)</u>	<u>\$ 14,252,893</u>
Net position			
Net investment in capital assets	\$ 12,090,957	\$ 10,645,136	\$ 1,445,821
Restricted	4,990,571	4,022,170	968,401
Unrestricted	<u>(21,155,589)</u>	<u>(32,994,260)</u>	<u>11,838,671</u>
Total net position	<u>\$ (4,074,061)</u>	<u>\$ (18,326,954)</u>	<u>\$ 14,252,893</u>

Some of the District's fund balances translate into restricted net position by virtue of external restrictions (statutory restrictions) or by the nature of the fund they are in (e.g., Food Service Special Revenue Fund balance can only be spent for food service program costs). The unrestricted net position category consists mainly of the General Fund unrestricted fund balances, offset against noncapital long-term obligations, such as vacation payable, net pension, and net OPEB liabilities.

Total net position increased by \$14,252,893 over fiscal year 2022. This variance includes an increase of \$111,265 for the change in accounting principle, as previously discussed. The District's net investment in capital assets increased \$1,445,821 this year. The change in this category of net position typically depends on the relationship between the rate at which the District is adding additional capital assets, the rate capital assets are being depreciated and amortized, and how that compares to the rate at which the District is repaying the debt issued to purchase or construct those assets.

The restricted portion of the District's net position increased in amounts restricted for capital asset acquisition, debt service, food service, community service, and for other state funding restrictions. The change in unrestricted net position includes changes in the District's proportionate share of the Public Employees Retirement Association and the Teachers Retirement Association pension plan liabilities and related deferments. The improved financial position of the General Fund and internal service funds overall also contributed to the increase in unrestricted net position.

ACCOUNTING AND AUDITING UPDATES

The following is a summary of Governmental Accounting Standards Board (GASB) standards expected to be implemented in the next few years.

GASB STATEMENT NO. 100, *ACCOUNTING CHANGES AND ERROR CORRECTIONS—AN AMENDMENT OF GASB STATEMENT NO. 62*

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

The requirements of this statement will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections.

The requirements of this statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

GASB STATEMENT NO. 101, *COMPENSATED ABSENCES*

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

This statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used, but not yet paid in cash, or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled.

This statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used. This statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used, but not yet paid or settled, should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities.

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

The requirements of this statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

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SOUTH ST. PAUL PUBLIC SCHOOLS

School Board Agenda Item

Meeting Date: November 13, 2023

Place on Agenda: Regular Agenda/Business Items

Action Requested: Approval

Attachment: Acceptance of Gifts Resolution

Topic: Acceptance of Gifts
Presenter(s): Brady Hoffman, Finance Director
Background: Per school board policy, the School Board may receive and accept, for the benefit of the school district, bequests, donations or gifts for any proper purpose. All gifts received by the District must comply with applicable fire codes, health guidelines, and safety regulations (i.e. furniture, technology, and appliances). Gifts may only be accepted by the adoption of a resolution approved by two-thirds of its members.
Recommendation: Administration recommends the approval of the Acceptance of Gifts Resolution
Alternatives: Do not approve the Acceptance of Gifts Resolution and direct administration with next steps.



**Special School District No. 6
(South St. Paul Public Schools)
State of Minnesota**

**ACCEPTANCE OF GIFTS
RESOLUTION**

Board Meeting Date: **November 13, 2023**

Member _____ introduced the following resolution and moved its adoption:

Be it Resolved, that the School Board of South St. Paul Public Schools, Special School District No 6, accept the following donations as indicated in the detailed background listed below:

MONETARY

Donation Amount	Designated To	Donation From	Purpose
\$100	High School	Bestway, Inc.	Senior All Night Party
\$200	High School	Cherokee Mfg.	Senior All Night Party
\$100	High School	City Auto Glass	Senior All Night Party
\$200	High School	Danner, Inc.	Senior All Night Party
\$2,000	High School	Kopp Family Foundation	Random Acts of Kindness
\$2,000	Kaposia	Kopp Family Foundation	Random Acts of Kindness
\$100	High School	Royal Star	Senior All Night Party
\$200	High School	South East Towing	Senior All Night Party
\$1,000	Lincoln Center	Lion's Club	Student Agendas
\$2,465.64	High School	SSP Open	Boys' Basketball Uniforms
\$337.50	High School	SSP Open	Boys' Basketball Hudl
\$2,807.51	High School	SSP Open	Choir Coach Salary
\$3,767.75	High School	SSP Open	Volleyball Coach Salary
\$100	High School	SSP Class of 1978	Senior All Night Party
\$250	High School	Volkswagen of IGH	Senior All Night Party

VALUE IN KIND

Donation Item	Designated To	Donation From	Purpose

The motion for the adoption of the foregoing resolution was duly seconded by Member _____ and upon vote being taken thereon, the following voted in favor thereof:

And the following voted against:

Whereupon said resolution was declared duly passed and adopted



SOUTH ST. PAUL PUBLIC SCHOOLS

School Board Agenda Item

Meeting Date: November 13, 2023

Place on Agenda: Regular Agenda Business Item

Action Requested: Approval

Attachment: 2023-24 Student Teacher Agreement - Hamline University

Topic: 2023-24 Student Teacher Agreement - Hamline University
Presenter(s): Joel Milteer, Human Resource Director
Background: A student teacher placement has been coordinated between Hamline University and South St. Paul School District. To finalize the student teacher placement, approval of the agreement is necessary. This agreement and placement align with South St. Paul Schools Student Teaching Policy #437.
Recommendation: Approval of the 2023-24 Student Teacher Agreement with Hamline University
Alternatives: Do not approve the student teacher agreement and direct administration with next steps.

**MUTUAL AGREEMENT FOR STUDENT TEACHING
BETWEEN
HAMLINE UNIVERSITY
ST. PAUL, MINNESOTA
AND
SOUTH ST. PAUL PUBLIC SCHOOLS
2023-2024**

This agreement is entered into between South St. Paul Public Schools, South St. Paul, Minnesota (the “District”) and Hamline University, St. Paul, Minnesota (the “College/University”). The purpose of this Agreement is to outline the terms of the training/student teaching experience for the student of the College/University and to identify the responsibilities of the College/University and the District.

The following conditions are made a part of the agreement:

The College/University agrees to:

1. Place at the District only student teachers who are eligible for such placement under state and College/University rules, and School Board regulations. All student teacher placements will be initiated through and approved by the District through its department of human resources.
2. Inform its faculty and students of the District’s policies and regulations that relate to the placement at the District.
3. Provide District with College/University student teaching expectations/requirements.
4. Pay stipend to the cooperating teacher of the District based on College/University policy for each student teacher placed, subject to timely receipt by College/University of properly completed Form W-9s from the District or cooperating teacher, as applicable.
5. Provide regular student teaching supervision by a qualified designee(s) of the College/University.
6. Cooperate with the District in the development and implementation of the District’s Student Teaching Program.
7. Notify the District in the event a student teacher placed at the District is no longer enrolled in the College/University’s program.

The District agrees to:

1. Supply to the student teacher so placed by College/University an opportunity to work in a teaching learning situation under the supervision of a practicing teacher who holds a continuing license and has at least three years total teaching experience.

2. Cooperate with College/University in the development and implementation of the District's Student Teaching Program.
3. Ensure that all student teachers placed at the District complete a criminal background check, at the expense of the student teacher or College/University, prior to the student teacher beginning at the District.
4. Provide appropriate supervision of the student teacher while at the District pursuant to rules promulgated by its Board. Such rules may not conflict with any minimum requirements established by the State or College/University with regard to the Student Teaching Program.
5. Immediately notify College/University if there is a change in the licensure status of any cooperating teacher providing supervision to any student teacher assigned hereunder.
6. Not replace any of its employees nor fill any vacancies normally filled by an employee with a student teacher assigned under this agreement. Therefore, a student teacher will not act as a substitute teacher.
7. Provide the College/University with copies of all policies and regulations applicable to student teachers.
8. Provide emergency medical care to the student teacher or College/University faculty member, at the District (if available) in case of injury or illness, or obtain other appropriate treatment as they choose. Any hospital or medical costs arising from such injury or illness will be the sole responsibility of the College/University faculty member or student teacher who received the treatment and not the District.
9. Reserve the right to deny a student teaching opportunity to an applicant and to terminate a student teaching assignment at any time, due to a lack of funding or for any other non-discriminatory reason. In addition, a student teacher's participation in the program may be terminated at any time (a) with the mutual consent of both parties, or (b) unilaterally by College/University for any non-discriminatory reason. District will consult with College/University prior to terminating a student teacher's participation in the program. College/University will promptly notify District of any termination of a student teacher's participation in the program.
10. Recognize that it is the policy of both the District and the College/University to prohibit discrimination and ensure equal opportunities in its educational programs, activities, and all aspects of employment for all individuals regardless of race, color, creed, religion, gender, national origin, sexual orientation, veteran's status, marital status, age, disability, status with regard to public assistance, or inclusion in any group or class against which discrimination is prohibited by federal, state, or local laws and regulations. The District agrees to adhere to this policy in implementing this agreement.

Liability:

Each party agrees that it will be responsible for its own acts and the results thereof to the extent authorized by law and will not be responsible for the acts of the other party and the results thereof. The District's liability will be governed by Minnesota Statutes Section 466.04, as amended.

Term of Agreement:

This agreement will commence on August 28, 2023, and end on June 30, 2024. This Agreement may be terminated by either party at any time upon 60 days' written notice to the other party. Termination by the District will not automatically become effective with respect to student teachers then participating in the learning experience program, and said student teachers may be allowed to continue at the sole option of the District.

General Provisions:

1. Neither the District nor the College/University will assign or transfer any rights or obligations under this agreement without the prior written consent of the other party.
2. Any amendments to this agreement will be in writing and signed by authorized representatives from each party.
3. The parties agree that in fulfilling the duties of this agreement, they are responsible for complying with the Americans with Disabilities Act, 42 U.S.C. Chapter 12101, et seq., and any regulations promulgated by the Act.
4. Student teachers are participants in an educational program, and for purposes of this agreement, shall not be considered employees of either the College/University or the District, except as provided for in Minnesota Statutes Section 122A.69. Student teachers shall not be entitled or eligible to participate in any benefits or privileges given or extended to employees of the College/University or the District, except as provided by Minnesota Statutes Section 122A.69.
5. Except as otherwise provided in law or College/University policy, data on students is private and may not be shared with any other party. If the District receives a request from a third party for any data provided to the District by the College/University, the District agrees to immediately notify the College/University. The parties additionally acknowledge that the Family Educational Rights and Privacy Act, 20 U.S.C. § 1232g and 34 C.F.R. § 99, apply to the use and disclosure of education records that are created or maintained under this agreement. Specifically, each party agrees that to the extent that it maintains Education Records of the other party's students (the "receiving party"), it shall maintain such Education Records in accordance with the requirements of the Family Educational Rights and Privacy Act, as amended ("FERPA"), and any other applicable U.S. or state laws, regulations or accrediting agency standards applicable to the privacy or confidentiality of such Education Records. Without limiting the foregoing, the receiving party agrees that with respect to such records, (a) the receiving party is subject to the requirements of 34 C.F.R. § 99.33(a) governing the use and redisclosure of personally identifiable information from Education Records of the other party's ("disclosing party") students; (b) it shall not disclose or allow access to personally identifiable

information from an Education Record of the disclosing party's students without the prior written consent of the eligible student (or parent/guardian, as the case may be) as defined in 34 C.F.R. § 99.3, except as permitted by law; and (c) to the extent that the disclosing party discloses personally identifiable information from Education Records to the receiving party, the receiving party's officers, employees and agents will use and have access to the information only for the purposes for which disclosure is made. Pursuant to FERPA requirements, all Education Records of College/University's student teachers, regardless of whether maintained directly by College/University, District or by other entities, remain the property of the disclosing party. The receiving party agrees to access and use Education Records of the disclosing party's students only for legitimate and lawful educational purposes, pursuant to the disclosing party's FERPA policy, and further agrees to return or destroy such Education Records immediately upon the written request of the disclosing party. As used herein, "Education Records" means all such records described by 34 C.F.R. § 99.3 maintained by, for or on behalf of the disclosing party, including without limitation, any record, file, data, or other information concerning any student's financial information protected under the Gramm-Leach-Bliley Act.

6. Student teachers assigned to the learning experience program at the District under this agreement will be required to sign a Student Teaching Program Agreement before the student teacher begins the Student Teaching Program at the District.

Approved:

Signed For: **Hamline University**

Name: _____ Name: _____

Title: _____ Title: _____

Signature: _____ Signature: _____

Date: _____ Date: _____

Signed For: **South St. Paul Public Schools**

Signature: _____
School Board Chair

Date: _____