

NORTHFIELD PUBLIC SCHOOLS
Office of the Superintendent
Memorandum

TO: Board of Education
FROM: Matt Hillmann Ed.D., Superintendent
RE: Table File Items for November 27, 2023 Regular School Board Meeting

5. Items for Discussion and Reports
 - a. FY2023 Audit Results and Presentation. The FY2023 Executive Audit Summary is attached.
7. Consent Agenda
 - d. Personnel Items
 - i. Appointments
 4. Jeffrey Anderson, Event Worker at the High School, beginning 11/30/2023. \$45/\$77/event(s)
 5. Kari Engle, 1.0 FTE Office Specialist Class III at Greenvale Park, beginning 12/8/2023. Class III, step 2 - \$22.21/hour
 6. Natalie Morales, Child Nutrition Associate I for 3.25 hours/day at Spring Creek, beginning 11/30/2023. \$20.84/hr.
 - ii. Increase/Decrease/Change in Assignment
 3. Mallory Nystuen, Special Ed EA PCA at Bridgewater, change to Special Ed EA PCA at Spring Creek, effective 11/27/2023.
 4. Christina Smith Lee, Special Ed EA PCA for 3.375 hours/day at the High School, change to Special Ed EA PCA for 6.75 hours/day at Bridgewater, effective 1/2/2024.
 - iii. Leave of Absence
 2. Sarah Bloom, Grade 6 Teacher at the Middle School, FMLA leave of absence beginning 11/20/2023-TBD.
 3. Mara Hessian, Special Ed EA at Bridgewater, FMLA leave of absence beginning 11/27/2023 and continue for up to 60 work days.
 - iv. Retirements/Resignations/Terminations
 1. Elizabeth Acheson, Track and Field Coach at the High School, resignation effective 11/21/2023.
 2. Sean O'Brien, Track and Field Coach at the High School, resignation effective 11/21/2023.
 - e. Grant Application. Director of Instructional Services Hope Langston and Superintendent Matt Hillmann are requesting school board approval for \$100,000 from the Ciresi Walburn Foundation for a TNTP Partnership to Strengthen Tier I Instruction grant from 02.01.2024 - 06.30.2025. We will engage in a one year partnership with TNTP to support our district as we enhance and extend staff knowledge and competencies related to Tier 1 classroom instruction for the purpose of reducing the number of students needing intervention and/or special education services.

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659**

EXECUTIVE AUDIT SUMMARY (EAS)

JUNE 30, 2023



CliftonLarsonAllen LLP
CLAAconnect.com

November 22, 2023

Board of Education
Independent School District No. 659
Northfield, Minnesota

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

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

CliftonLarsonAllen LLP

Craig Popenhagen, CPA
Principal

**NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 659
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JUNE 30, 2023**

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**EXECUTIVE AUDIT SUMMARY (EAS) FOR
INDEPENDENT SCHOOL DISTRICT NO. 659
YEAR ENDED JUNE 30, 2023**

We prepared this Executive Audit Summary and Management Report in conjunction with our audit of the District's financial records for the year ended June 30, 2023.

Audit Opinion

The financial statements are fairly stated. We issued what is known as a "clean" audit report.

Internal Control Over Financial Reporting

No findings in internal controls were reported.

Yellow Book Compliance Findings

No compliance issues were reported in our review of laws, regulations, contracts, and grants that could have significant financial implications to the District.

Single Audit Opinion

There were no compliance or internal control over compliance findings reported related to Single Audit compliance.

Minnesota Legal Compliance

No findings related to Minnesota Legal Compliance were reported.

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FORMAL REQUIRED COMMUNICATIONS

Board of Education
Independent School District No. 659
Northfield, Minnesota

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Independent School District No. 659 (the District) as of and for the year ended June 30, 2023, and have issued our report thereon dated November 22, 2023. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as well as certain information related to the planned scope and timing of our audit in our engagement agreement dated July 6, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings or issues

Qualitative aspects of accounting practices

Accounting policies

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

The District changed accounting policies related to information technology subscriptions by adopting Governmental Accounting Standards Board (GASB) Statement No. 96, Subscription Based Information Technology Agreements (SBITA), effective July 1, 2022. There was no material impact on the District's net position/fund balance and changes in net position/fund balance as a result of the adoption of this accounting standard.

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

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:

- Due from Minnesota Department of Education
- Due from Federal through the Minnesota Department of Education
- Estimated useful lives of depreciable capital assets

Board of Education
Independent School District No. 659

- Estimated severance benefits payable
- Other postemployment benefits payable
- Net Pension Liability
- Incurred but not reported claims (IBNR) related to self-insurance

Management's estimate of the due from Minnesota Department of Education is based on amounts anticipated to be received from the state for various aid entitlements for fiscal 2022-2023. The most significant of these is the aid portion of general education revenue. 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 statewide 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 fiscal year 2022-2023 is not finalized until well into the next fiscal year. Management expects any differences between estimated and actual data will be insignificant.

Management's estimate of due from Federal through the Minnesota Department of Education is based on amounts anticipated to be received through the state for various federal aid entitlements for fiscal 2022-2023. Many federal entitlements require that supporting financial reporting information be provided both in the Uniform Financial Accounting and Reporting Standards (UFARS) accounting system and also the SERVUS reporting system. To the extent that these two separate systems are not in agreement and reported in a timely manner, the estimated aid entitlement may be adversely affected. Management expects any differences between estimated and actual data will be insignificant.

Management's estimate of the useful lives for depreciable capital assets is based on guidance recommended by the Minnesota Department of Education and other sources. The useful life of a depreciable capital asset determines the amount of depreciation that will be recorded in any given reporting period as well as the amount of accumulated depreciation that is reported at the end of a reporting period.

Management's estimate of severance payable is based on assumptions made by the District as required by GASB 16 and the results of an actuarial study. A liability has been recorded in long-term debt for accumulated sick leave convertible to early retirement pay for which it is probable the employees will be compensated. The "vesting method" used by the District to calculate this liability is based on assumptions involving the probability of employees becoming eligible to receive the benefits (vesting), and the potential use of accumulated sick leave prior to termination.

Management's estimate of other postemployment benefits payable is based on an actuarially determined calculation, less actual payments incurred on behalf of retirees and an actuarially determined estimate of implicit rate subsidy, which is the estimated increased cost of premiums due to inclusion of retirees in the same plan as the District's active employees.

Management's estimate of the net pension liability is based on an actuarially determined calculation of the District's proportionate share of the net pension liability of cost-sharing multiple-employer pension plans sponsored by the Teachers Retirement Association and the Public Employees Retirement Association of Minnesota, in which the District participates.

Management's estimate of IBNR is based on claims history and guidance provided by the District's health insurance consultants.

We reviewed and tested management's procedures and underlying supporting documentation in the areas discussed above and evaluated the key factors and assumptions used to develop the estimates noted above in determining that they are reasonable in relation to the financial statements taken as a whole. We concluded that the accounting estimates and management judgments appeared to consider all significant factors and resulted in appropriate accounting recognition.

Financial statement disclosures

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

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

Difficulties encountered in performing the audit

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

Uncorrected misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management did not identify and we did not notify them of any uncorrected financial statement misstatements.

Corrected misstatements

Management did not identify, and we did not notify them of any financial statement misstatements detected as a result of audit procedures.

Disagreements with management

For purposes of this communication, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

Management representations

We have requested certain representations from management that are included in the management representation letter dated November 22, 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 auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Significant issues discussed with management prior to engagement

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

Other audit findings or issues

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

Our audit report includes an emphasis-of-a-matter paragraph to highlight the change in accounting principle related to the adoption of new accounting guidance for leases as follows:

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 1 to the financial statements, effective July 1, 2022, the District adopted new accounting guidance for subscription-based information technology agreements. The guidance requires the District to recognize a right-to-use asset and corresponding liability for all software subscriptions with terms greater than twelve months. Our opinion is not modified with respect to this matter.

Required supplementary information

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

Supplementary information in relation to the financial statements as a whole

With respect to the Schedule of Expenditures of Federal Awards (SEFA) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the SEFA to determine that the SEFA complies with the requirements of the Uniform Guidance, the method of preparing it has not changed from the prior period or the reasons for such changes, and the SEFA is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the SEFA to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated November 22, 2023.

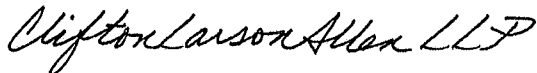
With respect to the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Debt Service Fund, the Schedule of Changes in Fund Equities, and the Uniform Financial Accounting and Reporting Standards Compliance Table (collectively, the supplementary information) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period or the reasons for such changes, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated November 22, 2023.

Other information included in annual reports

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

* * *

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



CliftonLarsonAllen LLP

Rochester, Minnesota
November 22, 2023

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APPENDIX A

FINANCIAL TRENDS OF YOUR DISTRICT

The following graphs reflect financial trends of Independent School District No. 659. Information related to fund balances were obtained from current and prior year audit reports.

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INDEPENDENT SCHOOL DISTRICT #659
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GENERAL FUND
YEAR ENDED JUNE 30, 2023

	Nonspendable Assigned & Unassigned	Non-Capital Restrictions	Capital Related Restriction			General Fund Total
			Operating Capital	Long Term Fac. Maint.	Total	
Revenues and Other Financing Sources	\$ 54,558,339	\$ 5,662,769	\$ 1,189,731	\$ 1,401,654	\$ 2,591,385	\$ 62,812,493
Expenditures	56,378,404	5,167,812	1,282,196	1,910,750	3,192,946	\$ 64,739,162
Excess (Deficit) Revenues Over Expenditures	(1,820,065)	494,957	(92,465)	(509,096)	(601,561)	(1,926,669)
Fund Balance June 30, 2022	13,357,143	503,957	256,739	1,075,377	1,332,116	\$ 15,193,216
Fund Balance June 30, 2023	\$ 11,537,078	\$ 998,914	\$ 164,274	\$ 566,281	\$ 730,555	\$ 13,266,547



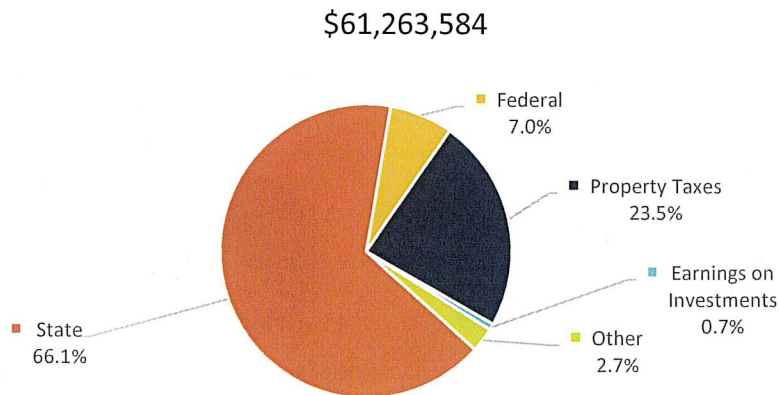
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General Fund Revenue by Source

Fiscal Year Ended June 30, 2023



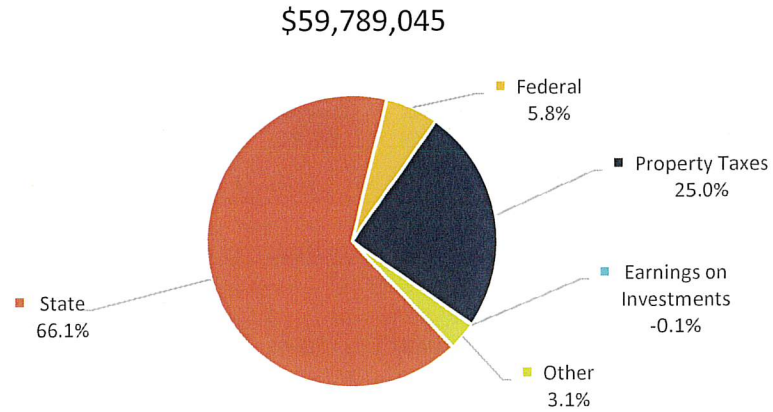
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General Fund Revenue by Source

Fiscal Year Ended June 30, 2022



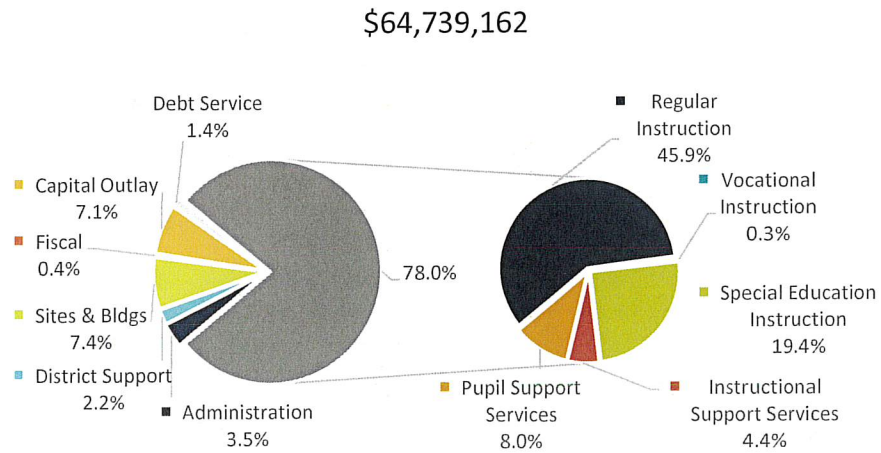
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General Fund Expenditures by Program

Fiscal Year Ended June 30, 2023



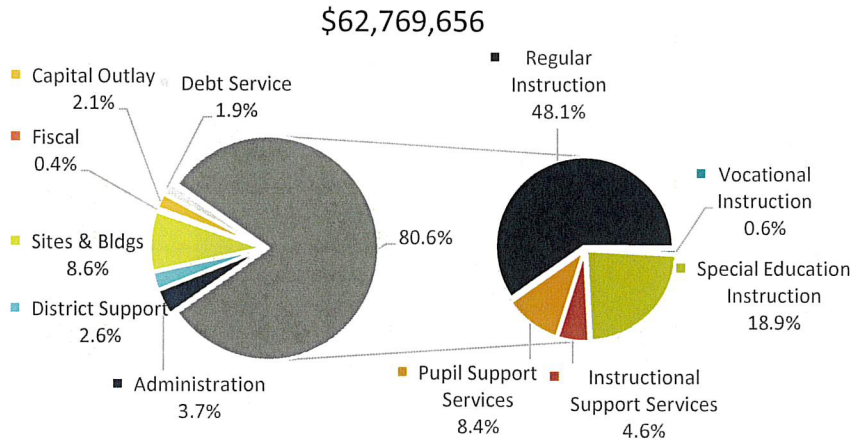
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General Fund Expenditures by Program

Fiscal Year Ended June 30, 2022

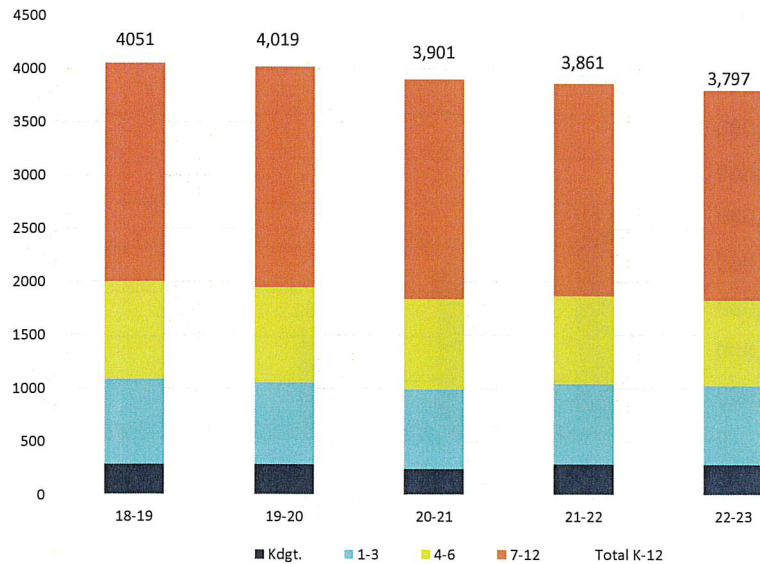


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Five-Year Enrollment Trend

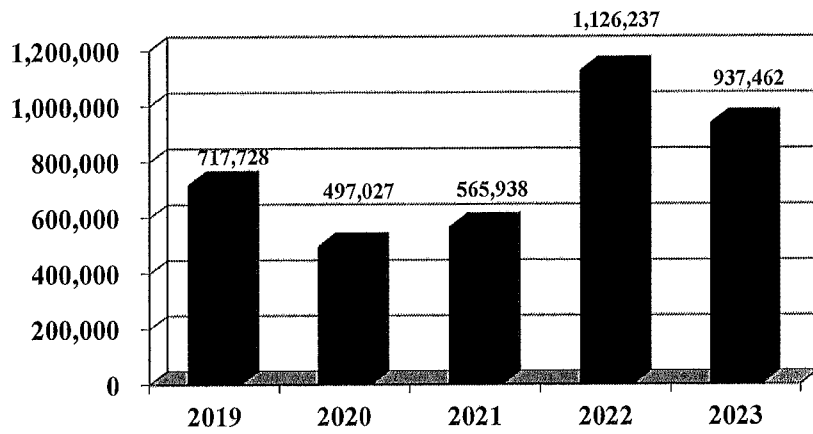


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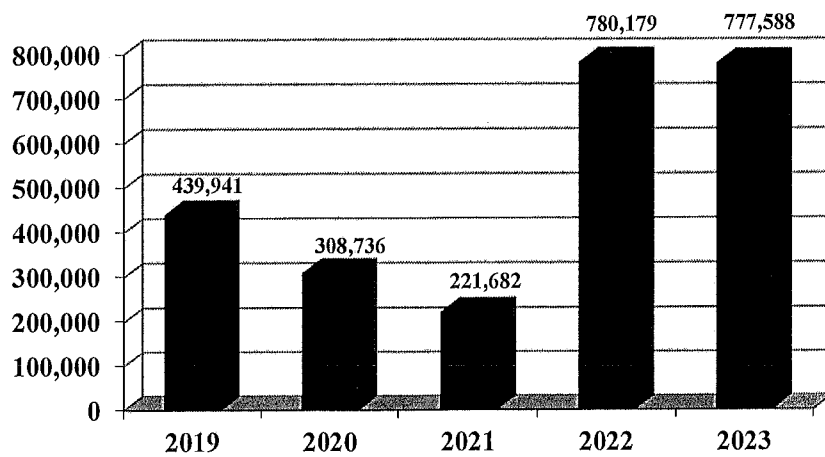


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ISD NO. 659 NORTHFIELD
Food Service Fund Balance



ISD NO. 659 NORTHFIELD
Community Education Fund Balance



APPENDIX B

ACCOUNTING UPDATE

GASB Statement No. 96 – Subscription-Based Information Technology Arrangements

This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor'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. Effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

GASB Statement No. 97 – Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans

This statement clarifies how the absence of a governing board should be considered in determining whether a primary government is financially accountable for purposes of evaluating potential component units. It also modifies the applicability of certain component unit criteria as they relate to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans. The statement also establishes accounting and financial reporting requirements for Section 457 plans that meet the definition of a pension plan and for benefits provided through those plans and modifies the investment valuation requirements for all Section 457 plans. The requirements related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. Requirements relating to the applicability of certain component unit criteria as they relate to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans are effective immediately.

GASB Statement No. 98 – The Annual Comprehensive Financial Report

This statement establishes the term *Annual Comprehensive Financial Report* and its acronym *ACFR* to replace the *Comprehensive Annual Financial Report* and its acronym *CAFR*.

GASB Statement No. 99 – Omnibus

The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

This Statement addresses a variety of topics and includes specific provisions about the following:

- Classification and reporting of derivative instruments within the scope of Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument

- Clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives
- Clarification of provisions in Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset
- Clarification of provisions in Statement No. 96, *Subscription-Based Information Technology Arrangements*, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability
- Extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt
- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP)
- Disclosures related to nonmonetary transactions
- Pledges of future revenues when resources are not received by the pledging government
- Clarification of provisions in Statement No. 34, *Basic Financial Statements— and Management's Discussion and Analysis—for State and Local Governments*, as amended, related to the focus of the government-wide financial statements

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

This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period.

GASB Statement No. 101 – Compensated Absences

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave.

Northfield School Board Grant Application Approval Form


Any proposal submitted to an external funding source that involves any entity within the Northfield Public Schools must be approved by the Director of Finance before the proposal is submitted. Proposals requesting \$15,000 or more also require School Board approval. This form will accompany all requests to the School Board and will be filed along with a copy of the completed grant proposal. All proposals must:

- Support the District's vision and strategic commitments.
- Be financially feasible and supported by all affected District departments or buildings.
- Demonstrate collaboration and commitment from the District, if required.

Grant Proposal Information	
Project Title	TNTP Partnership to Strengthen Tier I Instruction
Project Period	From: 2/1/24 To: 6/30/25
Funding Source	Ciresi Walburn Foundation
Application Deadline	11/15/23
List all Grant Applicants	Northfield Public Schools
School/Department	District
Contact Person	Hope Langston
Project Information	
Brief Proposal Description	We will engage in a one year partnership with TNTP to support our district as we enhance and extend staff knowledge and competencies related to Tier 1 classroom instruction. This partnership will include the following work: Comprehensive staff professional development sessions that are focused on strengthening Tier 1 instruction and accelerating learning in order to develop a shared vision for what rigorous, meaningful, and grade-appropriate instructional materials should look like. Evaluation of the level of student access to grade-level assignments, strong instruction, high quality curriculum, high expectations and deep engagement in every core classroom.
Project Goal (in one Sentence)	Strengthen Tier I classroom instruction so that we reduce the number of students needing intervention and/or Special Education services.
List All Personnel Involved in Application	Hope Langston Matt Hillmann
Budget Information	
Amount Requested	\$100,000
Matching Funds	<input type="checkbox"/> Are Required <input checked="" type="checkbox"/> Not Required
Source of Matching Funds	NA

Required Documents Attached: Completed Application Rough Draft Summary of Application


 Project Initiator Signature


 Building Principal or District Administrator Signature

School Board Approval: Yes No

Date 11/27/23