



Lake of the Woods School ISD #390

February 26, 2024 @ 6:00 PM

Working Session - ITV Room

Working Session:

1. Citizen's Forum

2. Reports:

- a. Board Committees
- b. Superintendent (Jeff Nelson)
 - i. Buildings & Grounds
 - 1. Weight room update (Kyle Abendroth)
- c. Elementary & High School Principal (Mary Merchant)
- d. Business Office (Shena Brandt)
- e. Activities Director/Community Ed. (Sam Lyon)
- f. Food Services (Jackie Pearson & Harley Poppitz)
- g. Transportation (John Batko)

3. Adjourn



Lake of the Woods, ISD 390

School Board Work Session

February 26, 2024

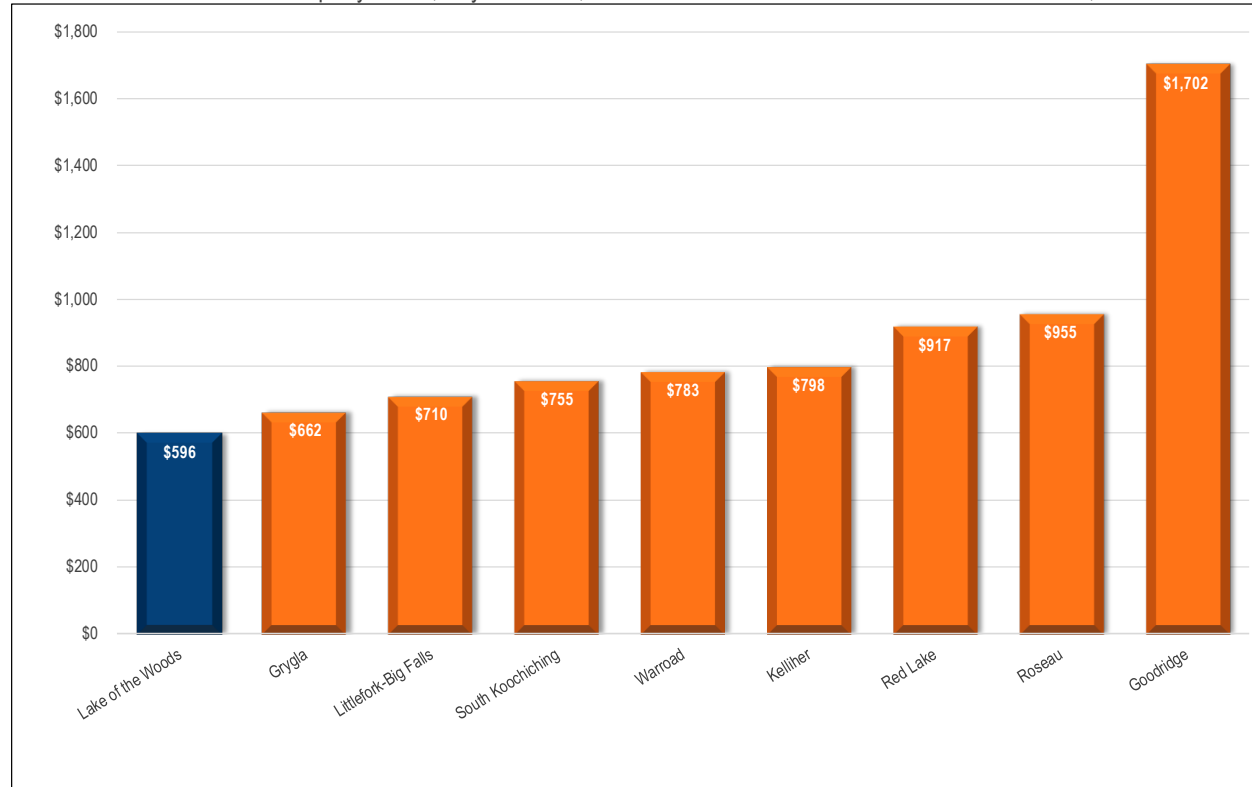
Property Tax Base & Levy

Assessment Year 2022 (Taxes Payable 2023) Tax Base by Property Type

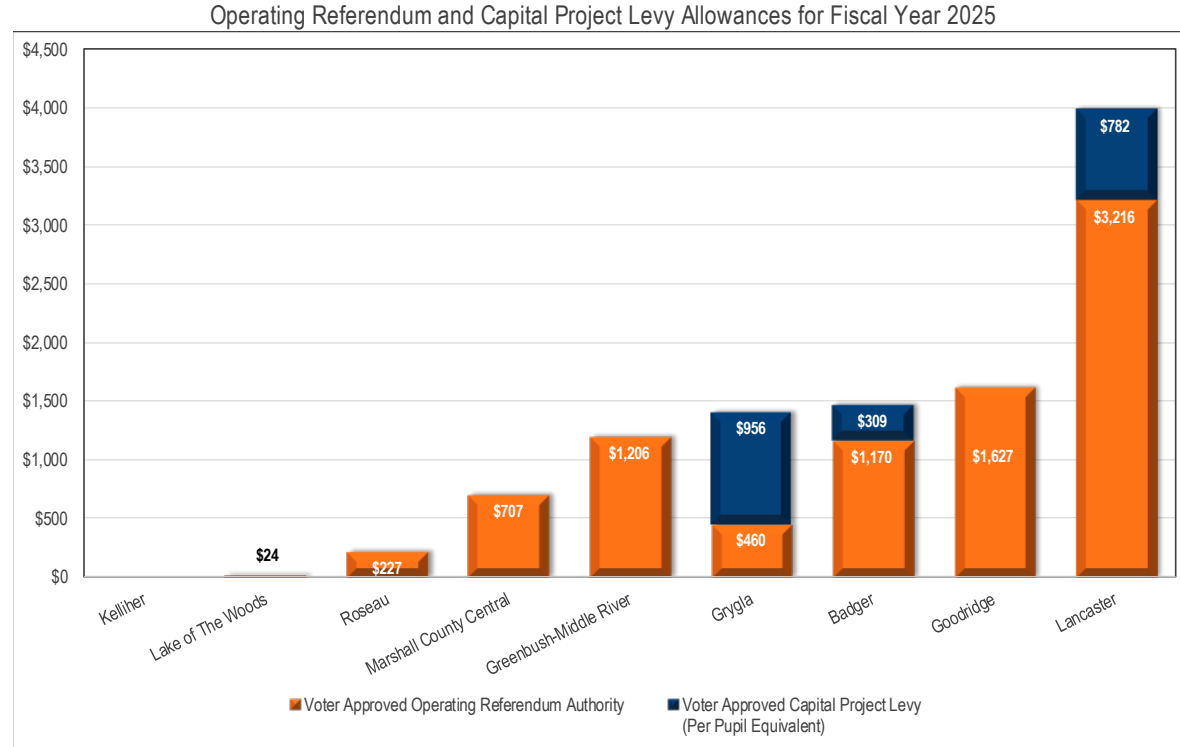
	Market Value	Percent of Total	Referendum Market Value	Percent of Total	Net Tax Capacity*	Percent of Total
Totals	727,090,246	100.0%	350,633,390	100.0%	7,388,180	100.0%
Residential Homestead	194,792,980	26.8%	190,798,604	54.4%	1,709,907	23.1%
Other Residential	38,197,975	5.3%	37,935,950	10.8%	405,911	5.5%
Commercial / Industrial	84,389,263	11.6%	84,389,263	24.1%	1,587,514	21.5%
Non Qualifying Agricultural	20,915,588	2.9%	20,424,123	5.8%	169,033	2.3%
Qualifying Agriculture	191,167,940	26.3%	-	0.0%	1,598,106	21.6%
Seasonal Recreational	197,626,500	27.2%	17,085,450	4.9%	1,954,661	26.5%
TIF & FD					-36,951	-0.5%
*Totals include TIF & Fiscal Disparities adjustments			- Operating Referendum - Local Optional Revenue - and Equity 19% of Total Levy		All other school taxes including building bonds 81% of Total Levy	

Tax Comparisons

Total School Property Taxes, Payable 2023, on a Home with an Estimated Market Value of \$185,000



Operating Referendum & Capital Project Levy Comparisons



Source: Taxes Payable 2024 Levy Certification Reports

Operating Referendum Revenue Allowances

Election Year	Taxes Payable	Fiscal Year	Board Approved	Voter Approved		Board Renewal*	
			Local Optional Revenue	Operating Referendum	Renewal Years for Expiring Authorities	First Date	Deadline
2017	2018	2019	424.00	324.24			
2018	2019	2020	424.00	324.24			
2019	2020	2021	724.00	24.24			
2020	2021	2022	724.00	24.24			
2021	2022	2023	724.00	24.24			
2022	2023	2024	724.00	24.24			
2023	2024	2025	724.00	24.24			
2024	2025	2026	724.00	24.24			
2025	2026	2027	724.00	24.24			
2026	2027	2028	724.00	24.24	**	July 1,2025	June 15,2027
2027	2028	2029	724.00	0.00	***		
2028	2029	2030	724.00	0.00			

Estimated Revenue for Fiscal Year 2024

Operating Referendum \$ 10,593

Notes:

- * Minnesota Statute, Section 126c.17 allows school boards to renew an existing operating referendum one-time for the same term and same amount
- ** First year voters or Board can renew expiring voter approved referendum authority
- *** Last year voters or Board can renew expiring voter approved referendum authority

Current LOTW Operating Referendum

- Authority was renewed by voters in November 2016
 - ✓ Authority of \$324.24 per pupil
 - ✓ Started with taxes payable in 2018 for ten years
 - ✓ Starting in taxes payable 2020 \$300 of voter authority was moved to Local Optional Revenue (No net change in revenue)
 - ✓ Generates about \$10,500 in annual revenue for FY 2024

Operating Referendum

November election ballot question, stated per pupil, estimated cap for Taxes Payable 2024 / Fiscal Year 2024-25 is \$2,202.89
(no cap for sparsity districts)

Allows districts to generate additional general education revenue

Revenue can be a combination of local property tax levies & state aid

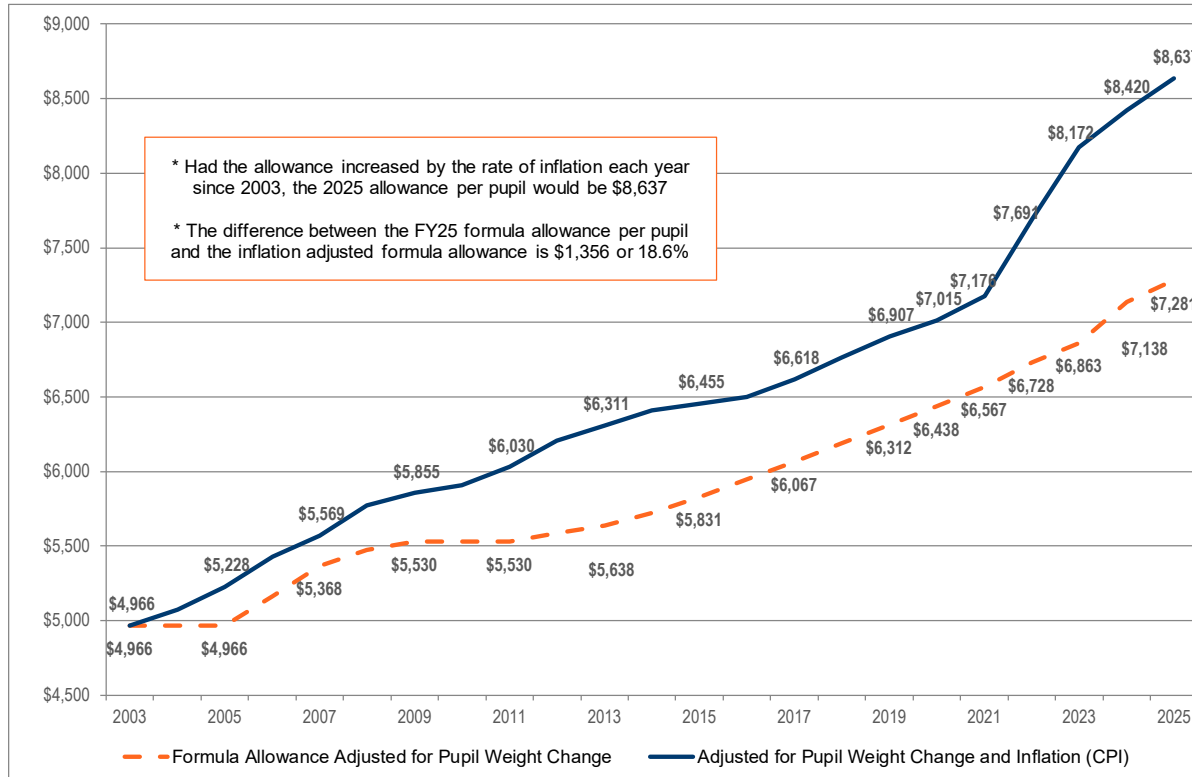
Annual levy, maximum length of 10 years
Can be renewed once by School Board

Taxes spread on Referendum Market Value
(most property types pay same taxes per dollar of property value)

Revenue may be used for any operating or capital expenses
(e.g. staff salaries & benefits, utilities, supplies, technology)

General Education Formula Allowance, 2003-2025

Adjusted for Pupil Weight Change and Inflation (CPI)



Source: MDE June 2023 Inflation Estimates and Minnesota Laws 2023

Reliance on Referendums

- Other funding sources (e.g., special education) also have not kept pace with inflation or costs of providing services
- Only options for districts to bridge funding gap are to cut budgets or request operating referendum and/or capital project levy revenue authority from voters; most districts have done both



Capital Project Levy Referendum

Election ballot question,
stated tax rate

Allows districts to generate
additional revenue for
technology and capital
projects

Revenue provided through
local property tax levies

Annual levy, maximum
length of 10 years

Taxes spread on Net Tax
Capacity
(All taxpayers pay, but may pay
different amounts based on the type
of property)

Revenue may be used for
items consistent with the
ballot language

Operating Referendum & Capital Project Levy

	Operating Referendum	Capital Project Levy
Tax Levy Based On	Referendum Market Value	Net Tax Capacity
Funding Source	Tax Levy / State Aid	Tax Levy
Authority	Per Pupil	Tax Rate
Inflationary Factor	Optional / CPI	No / Changes with Tax Base
Maximum Amount	\$2,203 per pupil	No maximum
Allowable Uses	Any Operating Expenditure	Tech / Capital Expenditures
Election Dates	November	Feb, Apr, May, Aug, Nov
Maximum Length	10 years	10 years

Operating Referendum & Capital Project Levy

	Capital Project Levy	Operating Referendum Revenue	Total
Additional Revenue	\$300,000	\$300,000	\$0

Type of Property	Estimated Market Value	Estimated Annual Tax Impact *		
Residential Homestead	\$100,000	\$24	\$77	-\$53
	125,000	34	96	-62
	150,000	44	115	-71
	175,000	54	134	-80
	200,000	65	154	-89
	225,000	75	173	-98
	250,000	85	192	-107
	300,000	106	230	-124
	350,000	127	269	-142
	400,000	147	307	-160
	500,000	188	384	-196
Commercial/ Industrial	\$100,000	\$57	\$77	-\$20
	250,000	161	192	-31
	500,000	349	384	-35
	1,000,000	727	768	-41
Agricultural Homestead** (average value per acre of land & buildings)	\$1,500	\$0.28	\$0	\$0.28
	2,000	0.38	0	0.38
	2,500	0.47	0	0.47
	3,000	0.57	0	0.57
	4,000	0.76	0	0.76
Agricultural Non-Homestead** (average value per acre of land & buildings)	\$1,500	\$0.57	\$0	\$0.57
	2,000	0.76	0	0.76
	2,500	0.94	0	0.94
	3,000	1.13	0	1.13
	4,000	1.51	0	1.51
Seasonal Recreational Residential	\$100,000	\$38	\$0	\$38
	200,000	76	0	76
	300,000	113	0	113
	400,000	151	0	151
	500,000	189	0	189

Available Financing Tools for Capital Projects

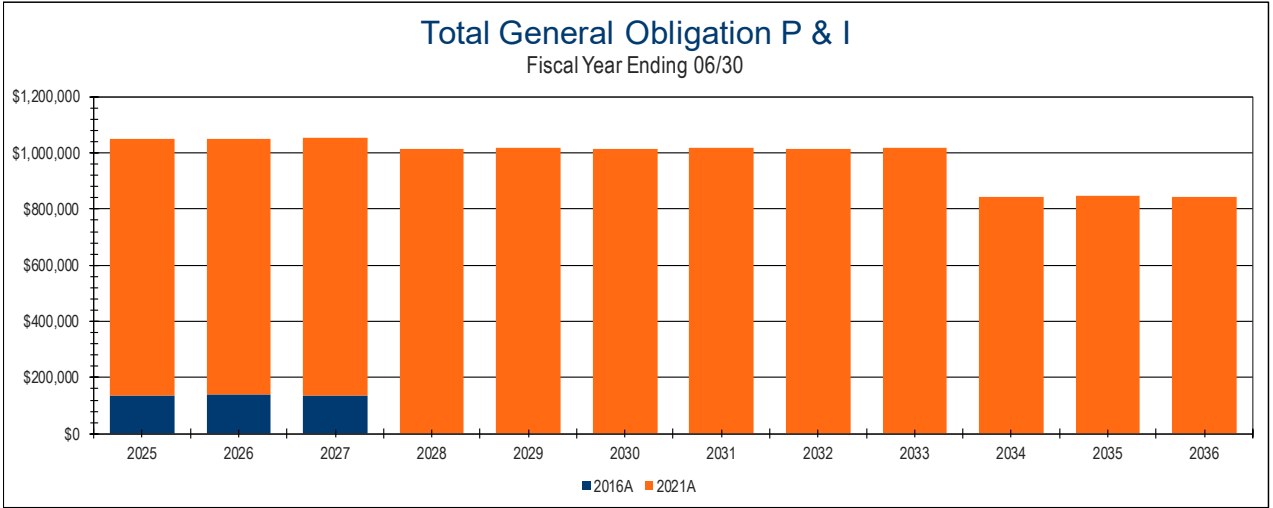
PROJECT TYPES

	New Buildings/ Bldg. Purchase	Building Additions	Building Renovations	Site Improvements	Deferred Maintenance	Health/Safety Projects	Parking Lots	Energy Improvements	Security Improvements	Furnishings/ Equipment	Voter Approval Required	Property Tax Impact	Ag Bond Credit	Limitations	Maximum Borrowing	Other Notes
Building Bonds	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Y	Y	Y	None	Statutory debt limit	State Review & Comment required
Operating Referendum	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Y	Y		Annual revenue; not all up-front	No borrowing State maximum revenue/ pupil	Annual revenue can be used to make payments on debt issue (lease purchase, capital facilities bonds, capital notes)
Capital Project Levy	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Y	Y		Annual revenue; not all up-front	No borrowing	



Current Outstanding Debt

	Original Par Amount	Current Outstanding	Final Maturity	Optional Redemption	Callable Coupon Range	Callable Amount	Paying Agent
General Obligation							
General Obligation Facilities Maintenance and School Building Refunding Bonds, Series 2016A	\$ 1,200,000	\$ 400,000	02/01/2027		===== Non-callable =====		Bond Trust Services Corporation
General Obligation School Building Refunding Bonds, Series 2021A	\$ 10,935,000	\$ 9,640,000	02/01/2036	02/01/2029	2.000% - 3.000%	\$ 6,065,000	Bond Trust Services Corporation
Subtotal		\$ 10,040,000					
Total Outstanding		\$ 10,040,000					

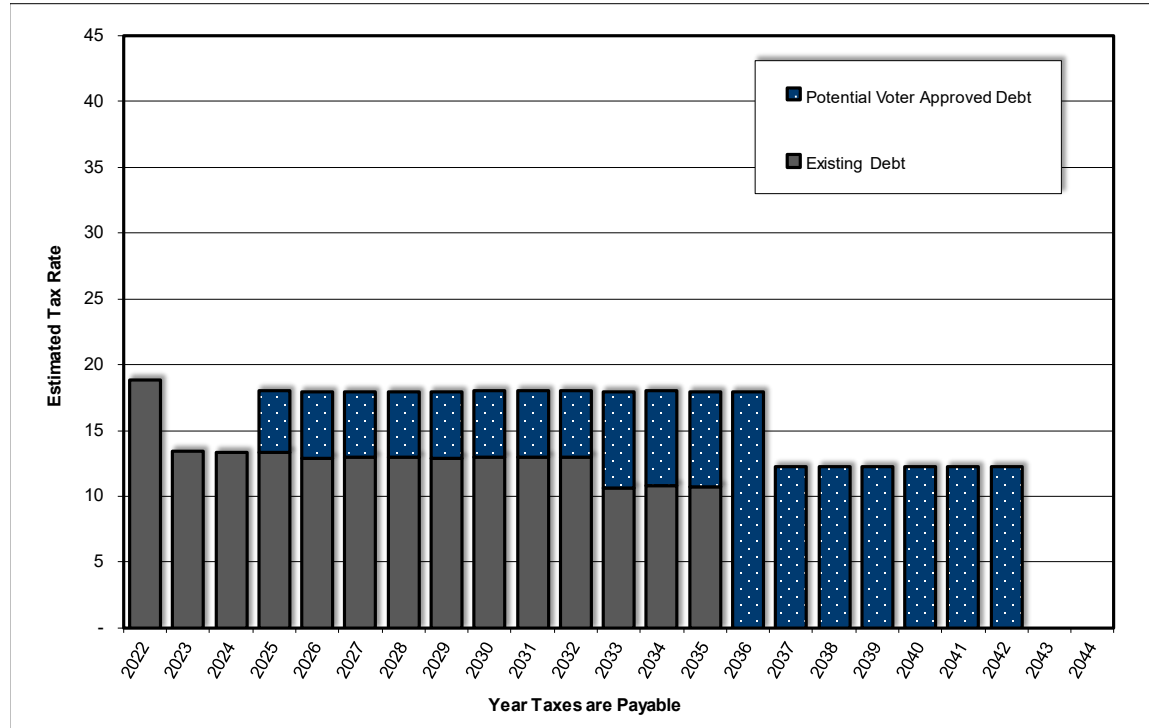




Potential School Building Bonds - \$7,000,000

Lake of the Woods School District No. 390
Estimated Tax Rates for Capital and Debt Service Levies
Existing Commitments and Proposed New Debt
Potential November 2024 Election

\$7,000,000 Bond Issue
18 Tax Levies
Wrapped Around Existing Debt





Potential School Building Bonds - \$7,000,000 Tax Impact

Bond Issue Amount	\$7,000,000
Average Interest Rate	5.00%
Number of Years	18 Tax Levies

Type of Property	Estimated Market Value	Estimated Impact on Annual Taxes Payable in 2025*
Residential Homestead	\$50,000	\$14
	75,000	21
	100,000	29
	125,000	42
	150,000	54
	175,000	67
	200,000	80
	250,000	105
	300,000	130
	400,000	181
	500,000	232
Commercial/ Industrial	\$50,000	\$35
	100,000	70
	250,000	198
	500,000	430
	1,000,000	895
Agricultural Homestead** (average value per acre of land & buildings)	\$1,500	\$0.10
	2,000	0.14
	2,500	0.17
	3,000	0.21
	3,500	0.24
	4,000	0.28
Agricultural Non-Homestead** (average value per acre of land & buildings)	\$1,500	\$0.21
	2,000	0.28
	2,500	0.35
	3,000	0.42
	3,500	0.49
	4,000	0.56
Seasonal Recreational Residential	\$100,000	\$47
	200,000	93
	300,000	140
	400,000	186
	500,000	233
	750,000	378

PROJECT TYPES

Available Financing Tools for Capital Projects	PROJECT TYPES													Limitations	Maximum Borrowing	Other Notes
	New Buildings/ Bldg. Purchase	Building Additions	Building Renovations	Site Improvements	Deferred Maintenance	Health/Safety Projects	Parking Lots	Energy Improvements	Security Improvements	Furnishings/ Equipment	Voter Approval Required	Property Tax Impact	Ag Bond Credit			
Facilities Maintenance Bonds (All except old Alt. Fac. Districts)					✓								Y	Payments financed from LTFM revenue	Statutory debt limit	State approval required
			1			✓						Y	Y	HVAC, fire suppression, asbestos over \$100k or remodeling for Pre-K	Statutory debt limit	State approval required
Facilities Maintenance Bonds (Old Alt. Fac. Districts)			1		✓	✓						Y	Y	None	Statutory debt limit	State approval required

1. Facilities Maintenance Bonds can be used to finance building remodeling required to accommodate state-funded voluntary pre-kindergarten programs.

Facilities Maintenance Bonds

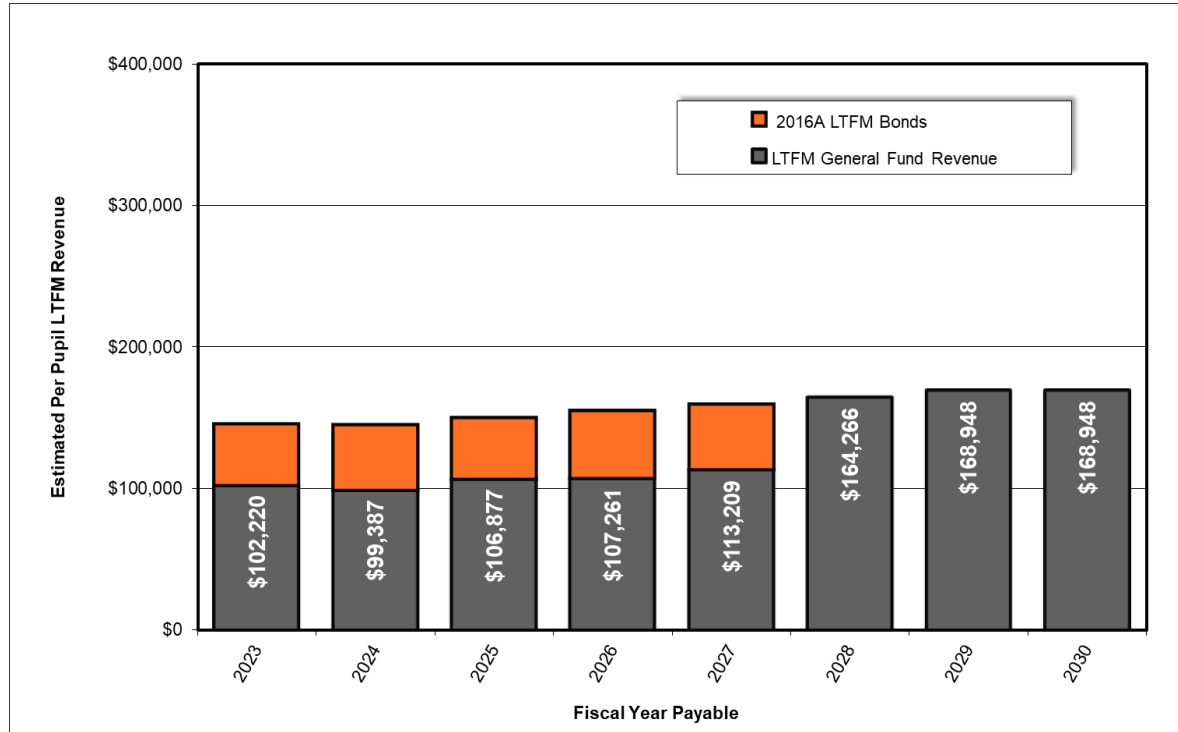
- 2016A Facilities Maintenance Bonds
 - ✓ \$360,000 deferred maintenance portion
 - ✓ Bonded against long term facilities maintenance revenue
 - ✓ Receive 70% Ag Bond Credit

Facilities Maintenance Bonds – Deferred Maintenance

Lake of the Woods School District No. 390

Estimated Per Pupil Long-Term Facilities Maintenance Revenue

Estimates of LTFM Revenue and Bond Payments



Available Financing Tools for Capital Projects

PROJECT TYPES

	New Buildings/ Bldg. Purchase	Building Additions	Building Renovations	Site Improvements	Deferred Maintenance	Health/Safety Projects	Parking Lots	Energy Improvements	Security Improvements	Furnishings/ Equipment	Voter Approval Required	Property Tax Impact	Ag Bond Credit	Limitations	Maximum Borrowing	Other Notes
Capital Facilities Bonds			✓	✓		✓	✓	✓	✓				Y	Payments financed from general fund revenue	Annual pmts. can't exceed operating capital revenue	State approval required
Capital Notes										✓			Y	Payments financed from general fund revenue	Annual pmts. can't exceed operating capital revenue	State approval required

Available Financing Tools for Capital Projects	PROJECT TYPES													Limitations	Maximum Borrowing	Other Notes
	New Buildings/ Bldg. Purchase	Building Additions	Building Renovations	Site Improvements	Deferred Maintenance	Health/Safety Projects	Parking Lots	Energy Improvements	Security Improvements	Furnishings/ Equipment	Voter Approval Required	Property Tax Impact	Ag Bond Credit			
Lease Purchase without Levy	✓	✓		✓			✓			✓				Payments financed from general fund revenue		
Lease Purchase with Levy	2	✓		3								Y		Instructional & school storage use only Additions limited to 20% of existing building space	Annual lease levy limited to \$212/pupil	Annual state approval required with upfront capital lease approval prior to financing

- Lease levy can be used for new buildings, building purchases, or building additions under 20% of existing building, but only if the facilities are used for instruction or school storage, and not for "regular elementary or secondary instruction." Permitted examples would include buildings used for early childhood education, special education, alternative learning centers or adult education.
- Lease levy can be used for site improvements for cocurricular or other instructional uses, e.g., athletic fields and tracks.

Lease Levy

Lease Purchase Financing

- ✓ Existing Lease for Ice Arena
\$68,000 annual payment

Pay 24 Lease Levy Limits	
Pupil Units	437.00
Max per Pupil Unit	212.00
Maximum Lease Levy	92,644.00
Existing Lease Levy	68,000.00
Available Capacity	24,644.00

Available Financing Tools for Capital Projects

PROJECT TYPES

	New Buildings/ Bldg. Purchase	Building Additions	Building Renovations	Site Improvements	Deferred Maintenance	Health/Safety Projects	Parking Lots	Energy Improvements	Security Improvements	Furnishings/ Equipment	Voter Approval Required	Property Tax Impact	Ag Bond Credit	Limitations	Maximum Borrowing	Other Notes
Abatement Bonds							✓					Y	Y	Permitted uses limited to parking construction & improvements	Annual debt service limited to 10% of NTC	Public hearing required



**Lake of the Woods School
Board Report
Jeff Nelson, Superintendent & Building/Grounds
February 26, 2024**

- 1. Enrollment Update for February 2024** > 434 total enrollment for K-12 (no change).
Elementary K-5 Total 201 School Readiness & VPK @ 32, K @ 28, 1st @ 39, 2nd @ 36, 3rd @ 24, 4th @ 37, 5th @ 37
Sr. & Jr. High School 6-12 Total: 232 6th @ 29, 7th @ 33, 8th @ 24, 9th @ 39, 10th @ 34, 11th @ 37, 12th @ 36
- 2. District Cabinet Committee Meeting Report**
 - 2.1. Agenda/Minutes (attachement)
 - 2.2. Revenue/Expenditure Charts (attachement)
 - 2.3. Recommended Budget Reductions for FY25 (attachement)
 - 2.4. Budget Analysis with proposed reductions (attachement)
- 3. Timeline for Budget Reductions**
 - 3.1. February 26th > Superintendent's initial proposal for reductions (no board action)
 - 3.2. March (dates to be determined) > public input meeting(s)
 - 3.3. March 25th > formal Board action on staff reductions
- 4. Buildings & Grounds Update**
 - 4.1. B & G Committee Meeting Update
 - 4.2. FEMA Appeal on Track Repairs
 - 4.3. BLB Consulting Services Agreement
- 5. Weight Room Update (Kyle Abendoth)**



**District Cabinet Committee Meeting
February 21, 2024 @ 3:30 PM - ITV Room
Meeting Minutes**

Present: John Batko, Diane Laine, Jill Olson, Seth Putz, Bill Chambers, Bobby Jo Castle, Liz Tange, Nicole Fiala, Mary Merchant, Sam Lyon, Robyn Sonstegard, Dale Fuller, Jeff Nelson, Shena Brandt, Kyle Abendroth, Woody Fiala, Boyd Johnson

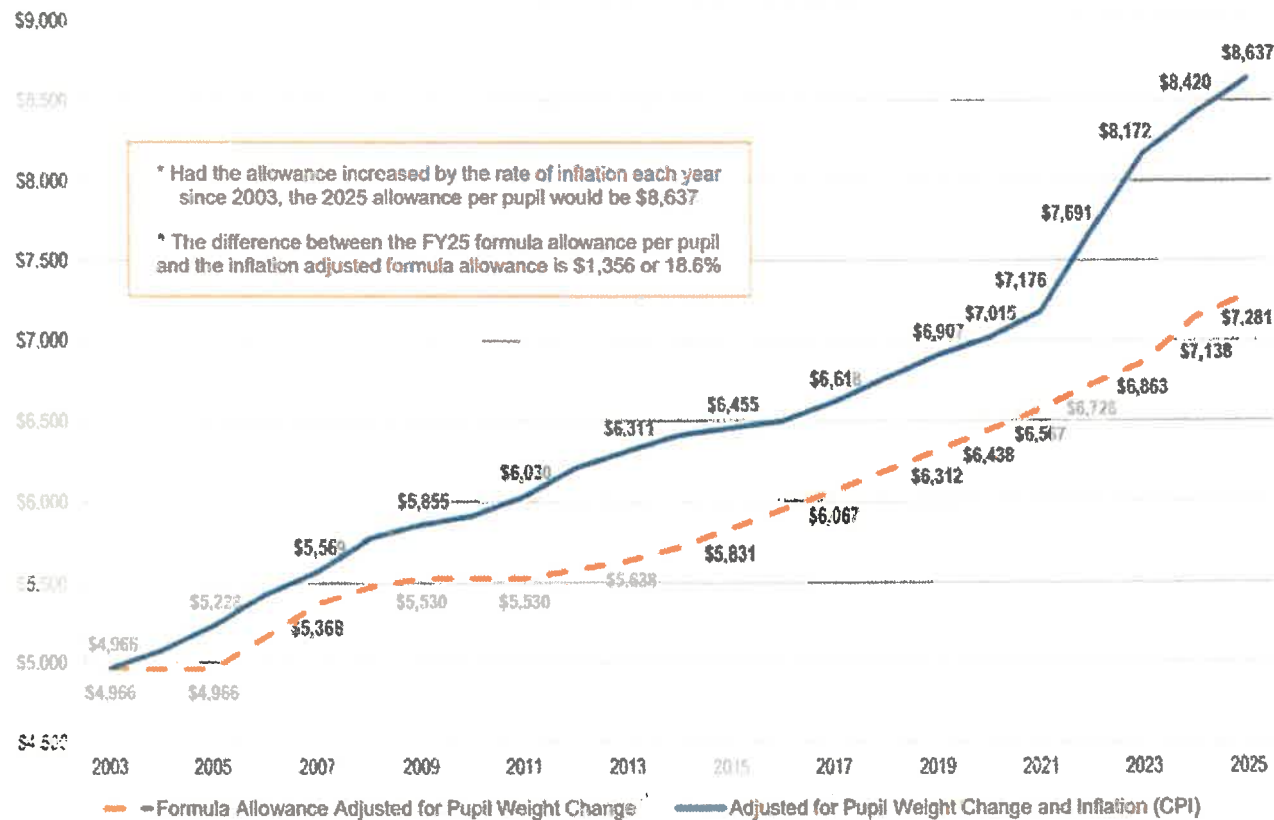
Meeting Items and Notes:

1. Background Info on Gen. Ed. revenues, student enrollment, and breakdown of expenditures by area
 - a. General Education Formula Allowance, 2003-2025 (FY24 Truth in Taxation Hearing)
 - i. This chart shows that state funding trails inflation increases and the gap continues to widen.
 - b. General Fund 2023 Sources of Revenue (FY23 Audit Report)
 - i. Shows that state revenues makes up about 70% of our funding with Local property tax levies 20% and other revenues (such as federal Title/REAP) at 10%
 - c. Revenues and Expenditures Per Student (FY23 Audit Report)
 - i. Comparison of revenues per student compared to state-wide average
 - ii. Smaller districts require more revenue per pupil compared to larger districts
 1. Per pupil revenue in 2022 was \$15,836 with per pupil expenditure at \$16,396
 2. Per pupil revenue in 2022 was \$15,421 with per pupil expenditures at \$17,232
 - d. Average Daily Membership and Pupil Units (FY23 Audit Report)
 - i. Shows the average, weighted daily members for K-12 students
 - ii. Enrollment trend from 2019-2023 shows a decline of 31 pupils and a significant decline (\$465,000) in state revenues
 - iii. **For demonstration purposes only.**
 1. Impact of student increase/decrease are calculated using \$15,000 as a rough, conservative estimate
 2. Declining Enrollment Revenue formula is used to dampen the immediate impact when there is a drop in enrollment. The district does not get hit with all of the loss in revenue in that year, it is spread over several years.
 - e. General Fund 2023 Expenditures (FY23 Audit Report)
 - i. Classroom instruction - Regular, Vocational, Special Education, and Instructional Support Services comprise about 74% of the district's expenditures
 - ii. District Administration, and support services (not directly related to "classrooms") makes up about 15% of the district's expenditures
 - iii. Buildings, equipment and debt services are about 11%
2. Review Options for Budget Reductions for FY25
 - a. Questions, Feedback and Recommendations

- b. Target reduction of \$750,000
 - c. See Jeff's print out
- 3. Timeline
 - a. February 26th > School Board Working Session
 - i. Matt Hammer, Ehlers - presentation
 - 1. Options for asking voters to increase operating revenue via Operating Referendum VS Capital Projects Levy
 - 2. Facilities projects options
 - ii. Superintendent's initial proposal for reductions (no board action)
 - b. March (dates to be determined) - public input meeting(s)
 - c. March 25th > formal Board action on staff reductions
- 4. Next steps
 - a. Continue work on refining reductions and staff realignment
 - i. Buildings & Grounds
 - 1. Team meeting on Wednesday, Feb 14th
 - 2. B & G Committee Meeting on Thursday, Feb 15th
 - 3. Budget Meeting w Shena
 - ii. Administrative Realignment Meetings
 - 1. PreK-12 Principal
 - 2. Dean/AD & Com. Ed
 - 3. District & Main Office
 - iii. Budget Meetings by Department
 - b. Explore additional Revenue Sources
 - i. Rental agreements
 - 1. County Extension
 - 2. Northland Counseling
 - 3. Daycares
 - 4. Paul Bunyan transit

General Education Formula Allowance, 2003-2025

Adjusted for Pupil Weight Change and Inflation (CPI)



Source: MDE June 2023 Inflation Estimates and Minnesota Laws 2023

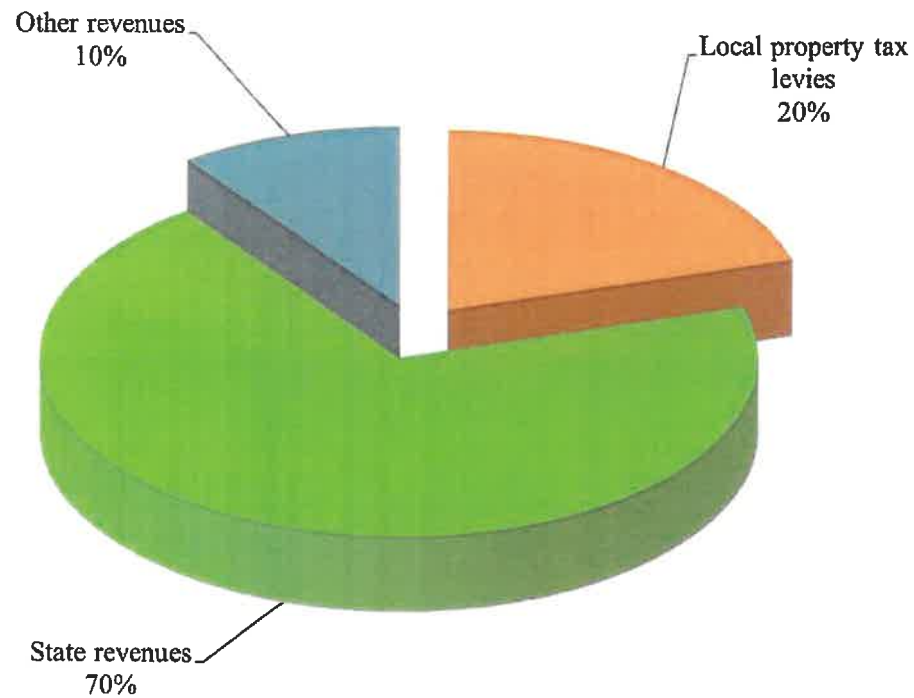


Funding will trail inflation by **\$1,282 per pupil** in FY24 and **\$1,356 per pupil** in FY25



General Fund

2023 Sources of Revenue



Revenues Per Student

Lake of the Woods	2019*	2020*	2021*	2022*	2023**
Property taxes	\$ 1,676	\$ 1,685	\$ 2,025	\$ 1,847	\$ 3,148
Other local sources	1,297	1,285	2,193	2,162	548
State aid	11,190	11,410	12,093	10,060	10,718
Federal aid	270	319	891	1,767	1,007
Total	\$ 14,433	\$ 14,699	\$ 17,202	\$ 15,836	\$ 15,421

State-Wide	2019*	2020*	2021*	2022*	2023**
Property taxes	\$ 1,996	\$ 2,180	\$ 2,381	\$ 2,443	N/A
Other local sources	547	528	432	558	N/A
State aid	10,118	10,393	10,758	10,782	N/A
Federal aid	486	527	1,041	1,383	N/A
Total	\$ 13,147	\$ 13,628	\$ 14,612	\$ 15,166	N/A

Average Daily Membership and Pupil Units – Adjusted WADM/PUN

	Pupil Units Weighting					
	Pre-Kindergarten	Handicapped Kindergarten	Half/Full Kindergarten	Elementary Grades 1-3	Elementary Grades 4-6	Secondary
Year 2019-2023	1.000	1.000	1.000	1.000	1.000	1.200

Adjusted WADM/PUN	2019	2020	2021	2022	2023*
Resident PUN	503	515	483	502	483
Nonresident PUN	36	33	27	24	27
Resident loss	(37)	(35)	(40)	(39)	(39)
Total Adjusted WADM/PUN	502	513	470	487	471

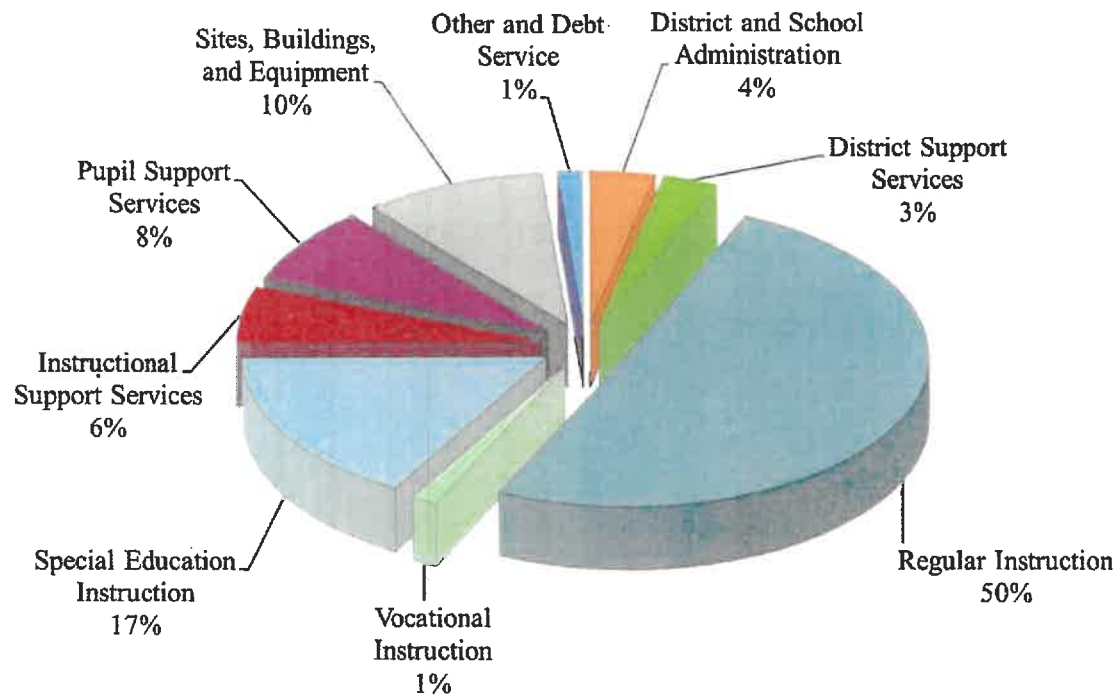
+11	-43	+17	-16
x \$15,000	x \$15,000	x \$15,000	x \$15,000
\$165,000	-\$645,000	\$255,000	-\$240,000

*2019 to 2023

$$\begin{array}{r}
 -31 \\
 \times \$15,000 \\
 \hline
 \textcircled{+} -\$465,000 \text{ (Net)}
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General Fund

2023 Expenditures



Recommended Budget Reductions for FY25
Estimated Total Savings: \$750,000

Administration Reductions and Realignment **Estimated Savings: \$210,000 (28%)**

Superintendent

Estimated Savings \$30,000

0.80 FTE with additional B & G Supervisor duties

Additional duties: Conduct weekly/bi-weekly staff meeting with Lead custodians and Maintenance staff; Chairs district safety/crisis committee; Reviews and oversees Health and Safety; Supervision and evaluation of maintenance and custodial staff, Assign and adjust workload of staff; Schedule and direct maintenance department hours and daily work assignments, vacation requests and sick leave using SchoolDude HR program; Conduct monthly building and grounds inspections of school facilities with appropriate staff; Work with contractors and staff on construction projects; Plan, develop, and monitor long-term facilities maintenance (LTFM) plan, ten year capital plan and annual budget; Oversee all safety and environmental programs; Oversee and administer agreements with outside parties for property insurance and liability insurance,

Buildings & Grounds Supervisor

Estimated Savings: \$60,000

Absorbed by Superintendent and current maintenance and custodial staff

**additional salary/stipend costs are not included in estimated savings listed above -
estimated cost: \$TBD*

K-12 Principal

Combine elementary and high school principal with support from a combined Dean/AD & Com Ed Director.

**negotiations in progress, additional costs TBD*

Dean/AD & Com. Ed Director

Estimated Savings: 50,000

Duties would include assisting the principal with student discipline (primarily high school students), career and college planning with students, high school class schedule and scheduling students, Oversight of all student and community ed activities (with assistance of an assistant AD). Director of community ed with some reassignment of specific duties TBD

Assistant AD Position

(Estimated Cost: \$TBD)

**additional cost is not included in estimated savings listed above*

Food Service/HR Coordinator

Estimated Savings: \$50,000

HR duties will be picked up by Business Manager and Administrative Assistant. Food Service duties will be reassigned to Main office staff. DAC/Student Systems Coordinator will take over accounting, reporting duties including CLICS and will cover POS duties with assistance from the Main Office secretary.

IT/Help Desk Assistant

Estimated Savings: \$20,000

Eliminate position FY25. With a freeze on new technology purchases, there will be less need for this position during the 2024-2025 school year.

Other Recommended Staff Reductions

Total Estimated Savings \$250,000 (33%)

High School Science Position

Estimated Savings: \$60,000

Absorb resignation. We have a fully licensed teacher currently on staff. This would also require combining next years 4th grade class (24 students) into one section and reassigning a teacher

Special Ed Teacher

Estimated Savings: \$45,000

Absorb resignation. We have been consulting with our BRIC Director, and based on caseload numbers, it is feasible to reduce one FTE sped teacher for the 2024-2025 school year. We would be at the same number of Sped teaching staff that we had in 2022-2023

School Social Worker

Estimated Savings: \$70,000

The district's first School Social Worker (SSW) was hired in the fall of 1997. In 1996-1997 we had 859 students. Several years later the district was experiencing declining enrollment with changes at Solvay, and this position was under consideration to be eliminated. A number of outside agencies saw the value of the position and additional resources were provided to offset some of the cost (I believe some of this funding was through the county collaborative, but have not been able to confirm). In 2005-2006 a second (SSW) position was added. This position was under a grant through CHI and may have been partially funded by the local collaborative, as well. In 2006-2007 we had 588 students. The account activity report for the Children & Families Collaborative that is hosted by the County, has payment information that goes back to 2007. Over the years the total amount received has ranged from as low as \$15,000 in 2007 to as high as 40,000 that was fairly consistent for many years. In 2022 we received 31,000 and this year we received \$26,000. The last time we hired a SSW was in 2012-2013. We had 471 students. Our current enrollment K-12 is currently at 429 students.

In the elementary there are 41 students that receive services from the SSW. Services vary by student and include individual sessions, check & connect, and group/class sessions. The number of sessions and duration is based on student need and their schedules. The elementary SSW also participates in attendance contract meetings, PBIS, and coordinates 504 plans and assists with MTSS and the STAR program. She also attends monthly Child Protection and Salvation Army meetings: —

In the high school there are currently 28 students who are scheduled to attend sessions during one class period each week (approximately 50 minutes). The high school SSW also facilitates two small groups of 6th graders. There are also random check-ins that last about 10-15 minutes. She attends monthly Child Protection meetings and Community Suicide Prevention and Awareness meetings.

We have done a lot of work on bringing in Social & Emotional Learning (SEL) into the classrooms. We have also brought in counseling services and Children's Therapeutic Services and Support (CTSS). We are currently in the process of implementing the HelpMe/StopIT App that provides a reporting tool that connects students to school administrators and other local resources and crisis counselors. This was made available to the district through a 2 year grant awarded through the NWSC. As mentioned above,

recently a grant was written to bring in "Calming Kits" that can be used in each classroom. In addition, a \$10,000 grant from Northwest MN Foundation was approved last year. This grant was used to contract for SEL coaching and instructional services. Moving forward, we have also approached the Lake of the Woods Coalition. Their current grant will be ending in the next year and they are looking to expand to future grants that would expand services in the area of mental health. Mrs. Merchant has also indicated that next year's PLC focus for early-out-Wednesdays will focus on mental health and SEL awareness and programming.

While it would be ideal to continue with two school social workers, we are unique among small rural schools to have two school social workers. Based on our current enrollment and caseloads, I am recommending that we consider reducing one SSW position for FY25. I believe we can meet the needs of our students in a more efficient and cost-effective manner. With only one SSW. We would need to prioritize services and would have to reassign some duties such as 504 Plans and attendance review that is currently being done. We can cover one SSW position with our general ed and collaborative funding. We will continue to pursue outside resources and grants to expand our mental health services and find creative ways to meet the needs of our students. We would need to secure additional outside funding to continue operating with two School Social Workers.

Paraprofessional (3 positions)

Estimated Savings: \$75,000

We currently have two paraprofessionals assigned to the school readiness classroom. We are planning to cap the student count to 15 students (which is the number of seats that we receive VPK funding for). This will allow us to reduce one para from this program. We are also planning on having only one paraprofessional in the media center. Mary will work to select one or two periods that will be dedicated to elementary library sessions. We may also need to assign some study halls to classroom teachers as supervisory periods. In addition, we had a student on an IEP who had a one-to-one para who has left the district.

Additional Reductions

Total Estimated Savings: \$290,000 (39%)

Subscription Services

Estimated Savings: \$35,900

Frontline Budgeting Tool	\$10,000.00
TPT Subscription	\$2,500.00
Schoology (elementary)	\$3,795.00
AR & STAR	\$3,960.00
CIPA obsolete Filter	\$3,100.00
IXL (reading, math, science)	\$5,000.00
Go Guardian	\$2,500.00
Scholastic News	\$900.00
Swank	\$500.00

Kami	\$2,700.00
SmartNotebook	\$700.00
Zoom	\$200.00

Copier and paper usage

Estimated Savings: \$25,000

Staff Development 2% set-aside

Estimated Savings \$60,000

*requires a majority vote of the teachers group, unless the district is in SOD.

Reductions by Department

Estimated Savings: \$169,100

Reduced or deferred expenditures (supplies, technology, equipment, programs, activities, ect.),

*** This will need to be adjusted according to additional stipends and final salary negotiations (lead maintenance/custodial, Assistant AD, and principal)**

Active List of Additional Reductions

02/15/24

Ed Plus - eliminate separate editions and pay to send out in NLR (\$1,200). Each edition we publish print and mail out costs --\$1454

Paperless Accounts Payable - cost savings TBD

Attendance Letters/Immunization Letters - move to electronic/email --estimated cost for this spring \$1,000; \$3,000 to \$5,000 for FY25

Reduce Cell phone lines (x4) - \$2,229

SMS Proposed contract -

Lake of the Woods - ISD 390

GENERAL FUND - Budget Analysis (Updated FY25 Reflects Proposed Budget Reductions)

As of February 12, 2024

REVENUE	FY23 Final	FY24 Revised	FY25 Preliminary	FY25 Updated	FY25 Updated vs. Prelim.
STATE	4,773,858	5,107,152	5,057,509	5,004,122	(53,387)
FEDERAL	448,705	158,000	143,000	145,000	2,000
PROPERTY TAXES	1,402,266	1,752,005	1,520,817	1,570,817	50,000
LOCAL (FEES, INTEREST, ETC.)	299,659	252,781	245,781	252,781	7,000
SUBTOTAL - REVENUE	6,924,489	7,269,938	6,967,107	6,972,720	5,613
EXPENDITURES	FY23 Final	FY24 Revised	FY25 Preliminary	FY25 Updated	FY25 Updated vs. Prelim.
SALARIES & WAGES	4,168,427	4,022,455	4,093,038	3,760,268	(332,770)
EMPLOYEE BENEFITS	1,292,104	1,240,076	1,257,013	1,165,436	(91,577)
PURCHASED SERVICES	1,082,821	952,448	968,714	908,620	(60,094)
SUPPLIES	660,660	447,761	484,226	375,683	(108,543)
EQUIPMENT	412,917	307,651	243,163	135,605	(107,558)
DEBT SERVICE	-	-	-	-	-
OTHER EXPENDITURES	504,584	495,192	254,922	246,326	(8,596)
SUBTOTAL - EXPENDITURES	8,121,513	7,465,583	7,301,076	6,591,938	(709,138)
SPENDING VARIANCE	(1,197,024)	(195,645)	(333,969)	380,782	714,751
FUND BALANCES	FY23 Final	FY24 Revised	FY25 Preliminary	FY25 Updated	FY25 Updated vs. Prelim.
UNASSIGNED	(131,557)	(112,914)	(295,010)	271,608	566,618
UNASSIGNED %	-1.62%	-1.51%	-4.04%	4.12%	
S.O.D.?	NO	NO	YES	NO	
RESTRICTED	748,379	534,091	392,904	530,351	137,447
COMMITTED	170,000	170,000	170,000	170,000	-
ASSIGNED	31,772	31,772	31,772	31,772	-
NON SPENDABLE	18,454	18,454	18,454	18,454	-
TOTAL FUND BALANCE	837,048	641,403	318,120	1,022,185	704,065

****Preliminary FY25 Budget does not reflect Budget Reductions. Updated FY25 does reflect proposed reductions***

Budget Reduction Target - Recommendation	(750,000)
<i>*Will allow for balancing the budget and begin building an Unassigned Fund Balance reserve.</i>	

Lake of the Woods School
Board Report
Mary Merchant, Elementary & High School Principal
February 26, 2024

1.0 High School and Elementary

- 1.1 Snow Days Dress Up February 5-9
- 1.2 6th Grade Skiing Buena Vista February 16
- 1.3 Julisa Matthias Triple A Award Recognition in Mahnomen
- 1.4 Career and College Support
 - 1.4.1 Career Fair February 15th in Warroad for grades 9-12
 - 1.4.2 Polaris visit to LOW February 21st ITV Room for 11-12 graders
 - 1.4.3 Contact with Kassi Couture from ANI, she will arrange a time to meet with juniors and seniors in ITV room to share work opportunities at ANI
 - 1.4.4 Scholarship information sent to seniors weekly
 - 1.4.5 Anne Wittenborg | Director, Employer Marketing & Employee Experience, Marvin to share opportunities for graduates
- 1.5 Elementary Skating and Open Gym PBIS Activity instead of sledding February 16th

2.0 MASSP Conference

- 2.1 READ Act for Secondary
- 2.2 Northern Division Networking
- 2.3 No Phones in Schools - Improving School Culture and Engagement
- 2.4 Strategizing Education in the Age of Artificial Intelligence
- 2.5 Keynote Speakers:
 - 2.5.1 Chris Singleton, Unity in Our Schools
 - 2.5.2 Dr. Robyn Jackson, You Cannot Achieve 100% Success with and 80% Culture

3.0 BRIC Legal Seminar

- 3.1 Updates and guidance for Special Education and 504's



LAKE OF THE WOODS PUBLIC SCHOOL DISTRICT

ISD 390

PROPOSAL FOR AUDIT SERVICES



LAKE OF THE WOODS
School

bergankdv

CONTACT: NANCY SCHULZETENBERG
nancy.schulzetenberg@bergankdv.com

EMPOWERING PEOPLE and CREATING A WOW EXPERIENCE FOR OUR CLIENTS.

TABLE OF CONTENTS

Executive Summary.....2

Who is BerganKDV?.....4

Value-Added Services Beyond the Audit.....7

Certifications and Independence.....9

Qualifications - Dedicated Service Team..... 10

Audit Approach and Timeline 14

Fees 18

Client References..... 20

PlainSight..... 22

Peer Review..... 23

Response Form – Firm Information..... 25

Response Form – Proposed Fees..... 27

EXECUTIVE SUMMARY

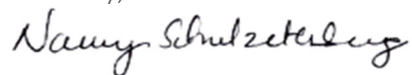
Thank you for the opportunity to serve as a partner to Lake of the Woods Public Schools ISD 390. It is our understanding that you are seeking competitive proposals from independent public accounting firms to provide professional financial audit for years ending June 30, 2023, with the option for each of the three subsequent fiscal years. We appreciate the time you took to speak with us regarding your needs and expectations.

Here are a few benefits of working with BerganKDV:

- **A Responsive Firm Who is there for You.** We will work to develop a partnership relationship with your District. We believe we're your auditors not just at year-end but throughout the year. This means being there for you when issues arise, available when you need us and being responsive to your requests. We demonstrate this through same-day callbacks and in-depth research to get to the heart of your questions. We take a collaborative approach in all our interactions with you.
- **Effective Communication.** BerganKDV has set high internal standards for responding and communicating with our clients. Providing support exactly when and where you need it is the value our team brings. Your time is valuable; we will be clear and efficient in our communications, work to eliminate surprises and meet agreed-upon deadlines. We have a proven track record of performing client's requests based on their preferred timetable and delivering reports to our clients in advance of deadlines.
- **Minnesota School Finance Expertise.** Your audit firm needs to understand how Districts operate and how the environment in which they function is regulated. BerganKDV audit professionals are dedicated to their industry and never need to be trained by their clients. With Nancy Schulzetenberg on the Minnesota Department of Education Advisory Committee on Financial Management, Accounting and Reporting, you will have a connection to the latest guidance and activity at MDE.
- **Respect Your Time.** We have the resources to perform your audit and meet with your board to ensure you receive information in a timely manner. We are clear with you on things we need for the audit including timing and deadlines. In addition, at BerganKDV, we strive for a three-week turnaround, from fieldwork to meeting-ready documents. You will have a draft copy of your financial statements and communication letter within this timeframe.
- **Commitment to Staff Continuity and Training.** To keep continuity and efficiencies high, we believe that consistent team members are advantageous for both our firm and your District. We pride ourselves on maintaining the right balance of continuity on each of our engagements in order to ensure a "fresh" look at the annual audit process. Rotation of senior level staff only occurs after the merits of such rotation have been discussed and approved by your District.
- **Innovative thinking and solutions driven.** When working with BerganKDV, clients find that we focus on earning their trust by being actively involved and focused on helping them be successful in all they do. We solve problems. Whether that problem is technology, financial or operations related, we will find a way to help.

If there are any matters not adequately covered in this proposal, please feel free to contact us. Thank you for the opportunity to respond to your proposal request.

Sincerely,

A handwritten signature in black ink that reads "Nancy Schulzetenberg". The script is cursive and fluid.

Nancy Schulzetenberg

St. Cloud, MN // 320.650.0219 // nancy.schulzetenberg@bergankdv.com



WHO IS BERGANKDV? WE'RE GLAD YOU ASKED!

We have an extensive background in working with clients through a strategic approach in all aspects; we don't just keep pace with the trends; we stay ahead of the curve. We explore new ways to reduce costs and operate more efficiently.

THE BACKSTORY

The history of our firm began in 1945, and since the beginning, BergankDV has been firmly rooted in community. Today we are a Top 100 Firm, we operate in multiple states in nine different offices, employ over 450 experts, and service clients across the country. As we continue to grow, we acknowledge that we are not in the business to provide one-size-fits-all solutions. Every client is different – from business problems to personal preferences. We invest the time to understand your needs and customize our services and solutions to meet them. Our playbook consists of business advisory, tax, assurance and accounting, workforce management, technology, wealth management and turnaround management services. Sure, we offer a robust and competitive service portfolio and notable processes but what really makes us different?

OUR PEOPLE

Relationships are at the core of everything we do, and our products and services are designed to meet the specific needs of our clients. When working with BergankDV, clients find that we focus on earning their trust by being actively involved and focused on helping them be successful in all they do.

PERSONALIZED SERVICE

Our philosophy is to provide timely, quality services that exceed the expectations of our clients. Outstanding client service requires a successful team effort within our firm and with our clients. Providing outstanding service involves enthusiastic, dependable and knowledgeable personnel who are responsible for knowing, understanding and caring about our clients. Our firm believes that outstanding service is a continual process that is refined and enhanced with each client contact.

ENGAGE® | OUR PROVEN VALUE CREATION PROCESS

We have aligned our team around our core values and are driven in our commitment to help clients and team members achieve their potential. We help clients reach their goals by utilizing our value creation process. Results of this process have led to more robust client relationships – deeper trust, enhanced communication and minimization of time for all. This process is a key component of our strategy in supporting and helping our clients further their organizations.



OUR BUSINESS LINES

BergankDV has a strong bench of resources and expertise available based on needs of the client. This ensures the most effective and efficient results are delivered!



COMMUNITY SUPPORT

At BerganKDV, we believe in giving back. We support the organizations our people and clients are actively involved with. On average, we support multiple events a week in our communities. This year we supported over 35 civic, 15 health and wellness, 10 youth and four arts organizations. BerganKDV's culture promotes community involvement by providing employees with paid volunteer time off.

VISION AND VALUES

We are powered by people who do business the Midwest way delivering comprehensive business, financial and technology solutions. Our firm consists of highly talented individuals that put relationships before business deals and clients before profits. Our values drive our decisions.



OUR FOCUS AND OUR PROMISE

Empowering people and creating a wow experience for our clients.
We go beyond so you can **DO MORE.**

We continue to align BerganKDV team member core values and sense of purpose with our firm core values and mission. We hire towards our core values and manage performance through real time feedback corresponding to our core values. We've found that this work results in more open conversations at BerganKDV which impacts employee engagement and client care.

VALUE-ADDED SERVICES BEYOND THE AUDIT

Our goal is to be your first call when you experience organizational challenges. We believe this can occur only when a relationship is developed and nurtured through strong communication and a thorough understanding of your mission, programs and operations. We are unwavering in our commitment to our clients and make it our mission to ask the right questions, listen actively, understand your expectations and deliver results. You can expect a partnership with professionals who value trust, integrity and relationships.

Collectively our core client solutions are unique in our industry. However, we recognize that in order to achieve our goal of wow experiences we need to offer clients more. We have executed on a strategy to seek out best-of-class providers to help when clients are stuck on a matter in finance, operations, marketing, technical tax and other areas.

Over the past several years we have had over 1,000 situations where we helped clients with introductions to our network to save them time and help increase confidence with a plan or strategy. We have an ability to make a greater difference in your District with experience in a variety of services, some of which are listed below [for a full listing of our solutions catalog, please visit bergankdv.com].

Extensive Governmental Auditing and Consulting Experience

With over **50 years of experience** serving the government community, we have a great appreciation for the unique issues and complexities that you face. We currently work with over 150 governmental entities, including colleges and universities, charter schools, school districts, cities, and other governmental entities, providing a wide array of services including accounting, auditing and consulting services.

We are dedicated to **keeping informed** of significant developments in the government community and the impact of those developments on our clients. We accomplish this through formal training, including annual seminars, workshops and professional sponsored classes on governmental accounting, auditing and reporting requirements. We are a member of the Governmental Audit Quality Center of the American Institute of Certified Public Accountants. The Center maintains standards for quality control in governmental audits for CPA firms nationwide.

In addition, many employees of our firm are members and have participated as instructors and speakers at seminars. These presentations have included the following topics:

- GASB Statement Nos. 34, 40, 45, 54, 63, 65, 68, 74, 75, 84 and 87 implementations
- Auditing standards updates, include independence and risk suite
- Internal controls, segregation of duties and corrective action plans
- Single Audit
- Budget issues
- Accounting and finance policies and procedures
- Overview of investing and related legal compliance
- Capital assets
- Fraud

VALUE-ADDED SERVICES BEYOND THE AUDIT (CONTINUED)

Peer Review

Our firm is a member of the Private Companies Section of the AICPA Division for CPA Firms. This Division was founded in 1977 by the AICPA to promote CPA excellence and to provide a voluntary, objective means of monitoring adherence to professional standards. Each member firm is required to periodically subject its audit and accounting practice to a comprehensive quality review by specially trained outside CPAs. Our last such review was just performed recently, and we received a clean report on our practices and methods. A copy of our last peer review report is included on page 23.

Keeping You Current

We continue to stay abreast of new GASB regulations and innovatively consider all solutions for our clients. Our involvement in government entities has been recognized in the community as well. Nancy Schulzetenberg was appointed by the Commissioner of Education to serve as a member of the Minnesota Department of Education Advisory Committee on Financial Management, Accounting, and Reporting and was recently appointed to serve a fifth term. MDE has also named a subcommittee to address future GASB implementations. Nancy Schulzetenberg is on this committee.

Historically, we have viewed time spent to keep our clients current with recent technical changes as part of the audit and not billed separately. We also have the capacity to provide you with additional accounting resources and inform you of any necessary changes or updates that may affect you. You can be confident that we are current and have the capacity to keep you updated.

Assistance with Certificate of Achievement

One of our government audit managers is one of only five professional reviewers throughout the United States for the National Association of School Business Officials Certificate of Excellence program. Our firm is very familiar with the requirements necessary to obtain the Certificate of Achievement. We currently assist several of our audit clients (ie. Farmington Public Schools, MN; Columbia Height Public School, MN; Shakopee Public Schools, MN; and Waterloo Public Schools, IA) with preparation of their comprehensive annual financial report to meet the criteria for ASBO's Certificate of Achievement for Excellence in Financial Reporting. We assisted three of these clients with their initial application, and all three were successful on their initial and all subsequent submissions.

CERTIFICATIONS AND INDEPENDENCE

We recognize when we audit a governmental entity, we are required to be familiar with certain rules, regulations and requirements and also, as a firm we are required to meet certain requirements. In that regard, we make the following affirmations:

- Our firm and all assigned key professional staff meet the independence requirements relating to the District defined by auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States.
- Our firm and all assigned key professional staff are properly licensed to practice in the State of Minnesota.
- Our firm is a member of the American Institute of Certified Public Accountants.
- Our firm has never had a report rejected or classified as substandard by any state or federal agency, the Association of School Business Officials or by the Government Finance Officers Association.
- Our firm has never had and currently does not have any pending disciplinary actions or investigations for alleged improper, fraudulent, disreputable, or unfair activities against our firm with state regulatory bodies or professional organizations.
- We accept the professional obligation concerning the American Institute of Certified Public Accountants Interpretation 501-3 "Failure to Follow Standards and/or Procedures or Other Requirements in Governmental Audits."
- Our professional personnel have received adequate continuing education to be in compliance with *Government Auditing Standards* and have received adequate continuing professional education over the past two years.
- Our firm is an equal opportunity employer and does not discriminate in employment of persons upon the basis of race, color, creed, national origin, sex, age, or physical handicap, and have an affirmative action plan in place.
- We do not expect any potential audit problems and are not aware of any conflicts of interest with regard to any work performed by the firm for the District.
- We acknowledge and have adequate personnel to comply with the audit schedule provided in the request for proposals.

QUALIFICATIONS – DEDICATED SERVICE TEAM

BerganKDV has a personalized team of professionals to meet your unique needs. Your BerganKDV team has extensive experience working with governmental organizations. This translates into a greater ability to understand your unique organization.

ENGAGEMENT TEAM

Below are resumes of the partners and manager that will be assigned to your engagement. Your engagement team will consist of two Partners, an Audit Manager, an in-charge auditor and one to two additional staff auditors.



NANCY SCHULZETENBERG, CPA, PARTNER

Education: Bachelor of Science in Accounting from Mankato State University, graduated Summa Cum Laude

Experience, Professional and Civic Activities:

- Twenty-five+ years of experience in auditing governmental and nonprofit entities
- Member of the Quality Control Committee for our firm
- Appointed by the Commissioner of Education to serve as a member of the Minnesota Department of Education's Advisory Committee on Financial Management, Accounting and Reporting
- Member of the Special Review Committee of the Government Finance Officers Association whose purpose is to review Comprehensive Annual Financial Reports to determine eligibility for the Certificate of Achievement for Excellence in Financial Reporting
- Presenter at the Minnesota Association of School Business Officials Annual Conference, the Central Minnesota Educational Research & Development Council's Annual Conference, the MN Government Finance Officer's Association's Annual Conference, and BerganKDV sponsored seminars
- Instructor at the Minnesota Association of School Business Officials Institute and the Minnesota Association of School Business Officials Certification Program
- Member of Minnesota Society of Certified Public Accountants, American Institute of Certified Public Accountants, Minnesota Association of School Business Officials, and Government Finance Officers Association
- Member of the GASB subcommittee at the Minnesota Department of Education

QUALIFICATIONS – DEDICATED SERVICE TEAM (CONTINUED)



ANDREW GRICE, CPA, CONCURRING PARTNER

Education: Bachelor of Science in accounting from St. Cloud State University, graduated Cum Laude

Experience, Professional and Civic Activities:

- Fourteen years of experience with financial reporting in accordance with GAAP, ACFR requirements, analysis of internal control, performing audits of financial statements and single audits in accordance with OMB Circulars and Uniform Guidance.
- Responsible for the planning, fieldwork and reports for numerous audits of cities, school districts, charter schools, and other government entities.
- Attends continuing education, workshops and conferences on city and school district accounting and reporting requirements on an annual basis that qualifies as “yellow book” continuing professional education and on governmental and single audit accounting, auditing and reporting
- Extensive use of computer and software applications to assist in the preparation and performance of the audit process.
- Presents audit reports, financial statements, and communications letters to management, school boards and city councils.
- Instructor for the Minnesota Municipal Clerks Institute Fund Accounting and Budgeting course.
- Instructor for the Government Finance Officers Association Intermediate Governmental Accounting course.
- Develops internal training for BergankDV government auditors.
- Certified Public Accountant, licensed to practice in the State of Minnesota
- Minnesota Society of Certified Public Accountants
- American Society of Certified Public Accountants
- Minnesota Association of School Business Officials
- Government Finance Officers Association

DEDICATED SERVICE TEAM (CONTINUED)



CAROLINE STUTSMAN, CPA, AUDIT DIRECTOR

Education: Bachelor of Science Degree in accounting from Gustavus Adolphus College, graduated Cum Laude

Experience, Professional and Civic Activities: Professional

- Twenty-three years of experience with reporting in accordance with GAAP, ACFR requirements, analysis of internal control, performing audits of financial statements and single audits in accordance with OMB Circulars and Uniform Guidance
- Member of the Special Review Committee of the Government Finance Officers Association whose purpose is to review Comprehensive Annual Financial Reports to determine eligibility for the Certificate of Achievement for Excellence in Financial Reporting
- Professional reviewer for the National Association of School Business Officials whose purpose is to review Comprehensive Annual Financial Reports to determine eligibility for the Certificate of Achievement for Excellence in Financial Reporting
- Presenter at the Minnesota Association of School Business Official's Institute of School Business Management, Minnesota Association of School Business Official's first Certification Program class, the Minnesota Society of CPAs School District Audits Conference and KDV sponsored seminars
- Attends workshops on school district, city and non-profit governmental accounting and reporting requirements on an annual basis that qualifies as "yellow book" continuing professional education
- Provide consultative guidance on local government account process
- Assist with internal training of KDV government auditors
- Present audit financial statements and communications letters to management, school boards and city councils
- Certified Public Accountant, licensed to practice in the State of Minnesota
- Minnesota Society of Certified Public Accountants
- American Institute of Certified Public Accountants
- Minnesota Association of School Business Officials
- National Association of School Business Officials
- Government Finance Officers Association
- Sartell-St. Stephen Education Foundation Treasurer

QUALIFICATIONS – DEDICATED SERVICE TEAM (CONTINUED)

Commitment to Staff Continuity and Training

To keep continuity and efficiencies high, we believe that consistent team members are advantageous for both our firm and your organization. We pride ourselves on maintaining the right balance of continuity on each of our engagements in order to ensure a “fresh” look at the annual audit process. Rotation of senior level staff only occurs after the merits of such rotation have been discussed and approved by your organization.

Independence

Our firm has no conflict of interest regarding any other work performed by our firm for your organization. Our firm meets the independence requirements relating to your organization as defined by auditing standards generally accepted in the United States of America. We annually review independence related to all our client relationships as part of our internal control compliance process.

Government Audit Team

Our government audit team is located across all of our offices. We have 20 staff members that work exclusively on government audits as one team/department. Your team members will be members of the government audit team.



AUDIT APPROACH AND TIMELINE

OUR GOAL FOR YOU IS TO CREATE VALUE AND TO MINIMIZE SURPRISES. We do this through a specific, well planned audit. What makes BerganKDV unique from other firms is that we continually improve our audit process beyond what is expected by our profession. A few of the BerganKDV advantages:

- **Collaborative Audit Process.** We see the audit process as a joint effort with you and BerganKDV. We want to work together to make it as painless as possible.
- **A comprehensive view of the District's financial health.** Through our extensive government experiences, we understand a District's health is not only about the finances. The vision, mission and programming provide the blueprint for the District's direction. We review this information in relation to the financial statements and provide our observations based on a comprehensive view of the District's health.
- **Technology resource on internal controls.** Technology experts from the BerganKDV Technology Group are able to assist in evaluating your technology controls. Their expert advice has proven to be a valuable resource as they answer technical questions and offer specific recommendations.
- **Review of the work papers during fieldwork.** We complete the majority of our work in the field and provide a comprehensive exit conference. The exit conference includes a review of the draft financial statement numbers, any internal control, compliance and state statute findings.
- **Managers and partners on-site.** The involvement of our managers and partners in the field is essential to being a trusted partner and delivering an exceptional client experience. We believe it is important to be on-site and available to answer questions. This also allows our managers and partners to review documentation throughout the process.
- **Meeting communications.** Our presentations are designed to capture information that is useful and meaningful. Our presentations are focused on audit results, trends and other information relevant to your District, not details of the financial statement amounts.
- **Remote Audit Capabilities.** During a pandemic, our audit process needed to adapt to changing working conditions to ensure the safety of employees and clients. We've implemented remote auditing tools that are secure, are user friendly, and allow for seamless communication and transfer of files. We continue to be flexible in our approach to ensure our client's unique needs are being met. Details of the process will be discussed with you as we get closer to the audit dates.

Beyond Expectations

BerganKDV takes a four-phased audit approach that gets results by:

- Leveraging what is working well.
- Focusing on pre audit planning, collaboration and communication.
- Staying accountable to a schedule.
- Meeting with you and your team to ensure every detail has been finalized and the audit is complete.
- Exchanging information regarding our performance, opportunities to enhance experiences and future strategic opportunities.

AUDIT APPROACH AND TIMELINE (CONTINUED)

Our audits are designed to focus our energy and our audit tests on the areas of your operations that contain the most risk. This equates to a better product for the School District. We anticipate 4-5 days of fieldwork to complete the audit. We will work with your team to develop a timeline that meets your requirements as outlined in your RFP for audit services.

PHASE ONE – INITIAL PLANNING AND PROGRAM DEVELOPMENT

Our main objective is to get to know the District as a resident or employee would. We want to understand not only your finances, but also your operational goals and objectives. What makes you District unique? How can that knowledge help us perform the best audit possible? When those questions are answered, we know we achieved our goal for Phase One.

During this phase, we gather the information we need to create an effective audit program and make preliminary judgments of materiality. Highlights include:

- Reviewing your internal control documents and interviewing your key employees and representatives to gain operational information.
- Discussing your goals, objectives, and the current challenges facing your operations; those are then shared across your BerganKDV team and incorporated into our audit plan.
- Obtaining population sizes ranging from 25-60 for certain transactions-based finance systems and selecting which transactions we will test for internal control and compliance testing. Selections will be based on our data analysis results, analyzing transactions on a risk-based level.
- Obtaining your current financial reports and budgets and perform overall analytical review procedures.
- Obtaining applicable District organizational charts, policies, bond documents, leases and other legal contracts.
- Reviewing with your staff our audit documentation requests. **We audit and request information that is used internally by your staff to manage operations, we do not require specific templates to be used.**

We will work with the management team to determine the preferred means of communication. In addition, we utilize Suralink, a workflow management software that improves efficiency by streamlining our audit request process. The simple interface includes team assignments and deadlines, so there are no misunderstandings on expectations.

Our audit process incorporates automated audit tools (Knowledge Coach) and work papers to provide our clients with timely information and effective and efficient audits. In addition, we use CCH's TeamMate Analytics, an Excel add-on used to extract and analyze data quickly and efficiently. We also subscribe to various benchmarking and data analysis providers.

Your Expected Role: Provide BerganKDV with policies, internal control documents and a preliminary trial balance; provide contact information for all board members and staff so we may set up appointments/interviews with selected representatives; begin to gather documentation for fieldwork.

AUDIT APPROACH AND TIMELINE (CONTINUED)

PHASE TWO – AUDIT PROGRAM EXECUTION

Project execution is performing the procedures outlined in your audit plan as developed in Phase One. Our audit procedures will include examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. We will discuss potential ideas and best practices with your personnel relating to our recommendations for improving internal control, procedures and compliance with laws and regulations. Any issues identified, proposed audit adjustments, or other recommendations will be discussed with management throughout the execution of our audit procedures. We perform test work with as little disruption as possible to District staff's regular duties.

Highlights of this phase include:

- Auditing year-end account balances, testing internal control, assessing compliance to determine if your systems and controls are functioning as designed.
- Using sampling techniques to test areas including transactions, internal controls and legal compliance using the scope mandated by the Office of the State Auditor. Sample sizes range from 25-60 based on our risk assessment.
- Using IDEAS data mining software, we look for trends and anomalies in your payroll, vendor payment, and cash receipts process.

Your Expected Role: *Be available to answer questions during scheduled audit fieldwork, provide audit workpapers or reconciliations with documentation that is reasonable and reviewed during Phase One.*

PHASE THREE – POST-AUDIT CRITIQUE AND EXIT CONFERENCE

This phase of the audit includes preparing and reviewing all the components of the financial statements and preparing the communications letter and relevant financial trend data for the Board presentation. Finally, opinions on the financial statements, Minnesota Legal Compliance, Government Auditing Standards and Single Audit, if required, will be prepared.

We will then present this information to management allowing you time to review the financial statement reporting package including the draft financial statements and any internal control findings or recommendations that arise during the audit. This phase allows you time to assess, discuss and develop a corrective action plan, if needed.

Your Expected Role: *Review preliminary financial statements and reports to provide BergankDV with input and feedback.*

AUDIT APPROACH AND TIMELINE (CONTINUED)

PHASE FOUR – PRESENTATION OF AUDIT REPORT

The final phase of the process is the presentation of the reports to the Board's Finance Committee and/or Board. The presentation provides the governing body with information about the year's financial activity compared to past trends and expected results. We also provide other relevant and interesting observations relating to your financial statistics that will help provide the governing board with a deeper understanding of your operations. We understand all organizations have individual needs and we look forward to getting your feedback on graphs and statistics.

Professional standards require that we provide you with information regarding the auditor's responsibility under generally accepted auditing standards, significant accounting policies, accounting estimates and management judgments, significant audit adjustments, other information in documents containing audited financial statements, disagreements with management, consultation with other auditors, major issues discussed with management prior to retention as auditors and difficulties encountered in performing the audit. We will provide this information in written form via the communications letter and will discuss with administration during the review of the preliminary audit report.

***Your Expected Role:** Provide BergankDV with information and feedback for presentation preferences.*

FEES

Our fees for the aforementioned services are based on the amount of time and the level of experience of the individuals who perform the services. In addition, we assume that the District's accounting personnel will provide the appropriate workpapers, documents, schedules, and clerical assistance, we will not encounter any significant or unusual circumstances which will affect the scope of our engagement, and no significant changes to the Organization's operations will occur. However, if situations arise which affect the scope of the engagement, we will discuss them with you prior to incurring the additional cost. **At no time will we bill the District for extra time or charges unless we have verbal communication regarding the issues, your options and an agreement for additional fees.**

Following is a description of the services we will provide under this agreement for the year ended June 30, 2023 with the option of auditing its financial statements for each of the three subsequent fiscal years:

- Performing an audit of the District, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*; and Uniform Guidance, when applicable;
- Providing an opinion on the basic financial statements and an “in-relation to” report on the supplementary information;
- Providing separate reports required under *Government Auditing Standards*, Federal Awards as required under Uniform Guidance, as applicable;
- Drafting the financial statements;
- Presenting the financial statements and communication letter to the Board of Education; and
- Providing any necessary “comfort letters” and/or “consent and citation of expertise”.

Billing and Collection Expectations

Our fees are due as services progress and are generally billed at the completion of each phase of the audit. These invoices are payable on presentation. Invoices are delinquent if not paid within 60 days.

Off-season Communication

We encourage questions throughout the year, so we can stay abreast of their operations, and identify/resolve any issues prior to year-end. We will not invoice additional amounts unless substantial research or work is required, in which case, we will discuss the scope of any additional work and proceed only after we have reached a mutually agreeable fee arrangement.

FEES (CONTINUED)

Out of Scope Professional Services

We do not surprise bill. If during our engagement you request additional services which require more than a minimum amount of time, we will provide an engagement letter with the fees and services specified, only after we have verbal communication and agreement. Additional special projects and consulting requested during the year will be billed at an hourly rate commensurate with the level of experience required.

BerganKDV Commitment for Future Year Increases

We continually review our pricing practices to ensure we are competitive with the market and provide value to our clients for the services and products we offer. We strive to come to an agreement with our continuing clients on a fee that is reasonable, fair and competitive. You can be assured that we will communicate with you regarding our pricing process. We take pride in our long client relationships, which are founded on principles of trust and mutual respect.

CLIENT REFERENCES AND EXPERIENCE

We believe our experience with numerous types of governmental entities will provide you with the expertise you need for an effective and efficient audit. We encourage you to speak with our clients and hear the benefit and value they realize as a result of working with BerganKDV. Below we provide three similar engagements to also be used as reference clients. In addition, we provide Rochester Public Schools as a reference as ease of transition to BerganKDV.

CLIENT	PRINCIPAL CONTACT	PHONE	ENGAGEMENT PARTNERS	HOURS
Sartell – St. Stephen ISD 748	Joe Prom	320.656.3721	Nancy Schulzetenberg	225
Crosby-Ironton School District	Bill Tollefson	218.545.8811	Nancy Schulzetenberg	200
Grand Rapids Public Schools	Kara Lundin	218.327.5703	Nancy Schulzetenberg	200

"I've had the pleasure of working with BerganKDV for over a decade. During that time, they have provided invaluable advice, consistent and dependable support and a great deal of integrity. Our school district anticipates a continued, wonderful, long-term relationship and we will not hesitate to refer BerganKDV to friends and other business affiliates."

*– Carol J. Peterson
Retired Director of Business Services
Princeton Public Schools*

CLIENT REFERENCES AND EXPERIENCE (CONTINUED)

Below is a list of our school district and charter schools audit and consulting clients.

Recipients of a certificate of Achievement for Excellence in Financial Reporting are marked with an asterisk (*).

Minnesota School District and Charter Schools

ADMs (0-500)

Aspen Academy
Bdote Learning Center
Carlton
Cook County
Da Vinci Academy of Arts and Science
Excel Academy
Hill City
Face to Face Academy
Lincoln International High School
Loveworks Academy for Visual and Performing Arts
Metro Schools
Northern Lights Academy
Northland Community Schools
Pine Point
Prodeo Academy
St. Paul District School
Star of the North Academy
Wright Technical Center

ADMs (501-1,000)

Atwater-Cosmos-Grove City
Barnum
Belgrade-Brooten-Elrosa
Central Public Schools
Deer River
East Central
Eden Valley-Watkins
Holdingford
Isle
Kimball
Lester Prairie
Long Prairie - Grey Eagle
Moose Lake
Nashwauk-Keewatin
Ogilvie
Royalton
Sauk Centre
Yinghua Academy

ADMs (1,001-2,500)

Annandale
Crosby-Ironton
Foley
Hinckley-Finlayson
Howard Lake-Waverly-Winsted
Little Falls
Milaca
Mora
Pequot Lakes
Pierz
Rockville-Cold Spring-Richmond
Westonka
Mount Vernon, IA

ADMs (2,501<)

Becker
Big Lake
Bloomington
Buffalo-Hanover-Montrose
Cloquet
Delano
Detroit Lakes
Farmington*
Fridley
Grand Rapids
Minneapolis Public Schools
Princeton
Rochester
Sartell-St. Stephen
Sauk Rapids-Rice
Shakopee*
St. Cloud Area Schools
Waterloo Community Schools*





With BerganKDV's PlainSight, you can empower your employees to speak up when they witness fraudulent activity through an easily accessible and completely anonymous hotline system. Based on the tip criteria, our certified team of fraud professionals is available to investigate and report back with next steps if fraudulent evidence is discovered.

One year subscription complimentary for first year audit engagements

A TIP COULD BE ALL IT TAKES

You can rest assured as a business leader that your employees are equipped with a powerful and safe tool to protect your company against those who wish to harm it.

OUR PROMISE TO YOU

We will work directly with you to establish an implementation and use strategy that fits your needs and coordinate with you when tips become viable signs of potential fraudulent activity. Safety and anonymity are our main priority for your business. Our goal is to highly encourage hotline usage and promote the idea that no tip is too small to make a difference.

It is estimated that organizations lose 5% of revenue each year due to fraud with average losses being around \$1.5 million. **Don't foot the bill to fraudsters.**

MORE THAN A PHONE LINE

WHAT OTHER SERVICES ARE INCLUDED WHEN YOU UTILIZE PLAINSIGHT FOR YOUR FRAUD DETECTING NEEDS?

- Easy to use web submission tool
- Communication packages to educate and inform your employees
- On-demand employee training for how to use and signs of fraud
- Admin level access to review items and communicate with our Forensic team

Let our team of experts grant you peace of mind and educate your employees to make the call today that may save you tomorrow.

FIND YOUR PEACE OF MIND



bergankdv.com | connect@bergankdv.com | #startthere

bergankdv

PEER REVIEW



Report on the Firm's System of Quality Control

March 12, 2021

To the Partners of BergankDV, LLC
and the Peer Review Committee of the Minnesota Society of CPAs.

We have reviewed the system of quality control for the accounting and auditing practice of BergankDV, LLC (the firm) in effect for the year ended March 31, 2020. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitation of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included an engagement performed under *Government Auditing Standards*, including compliance under the Single Audit Act, and audits of employee benefit plans.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Fort Smith | Little Rock | Rogers | Russellville | LandmarkCPAs.com
Accounting. Consulting. Insights.

PEER REVIEW [CONTINUED]

The Partners of BergankDV, LLC
and the Peer Review Committee of the Minnesota Society of CPAs
Page Two

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of BergankDV, LLC in effect for the year ended March 31, 2020, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency (ies)*, or *fail*. BergankDV, LLC has received a peer review rating of *pass*.


Certified Public Accountants

Little Rock, Arkansas

LAKE OF THE WOODS PUBLIC SCHOOLS
Independent School District No. 390
Baudette, Minnesota

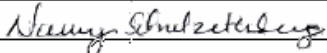
Response Form – Firm Information

Please answer the following questions and include with your quotation:

1. Name of Firm BerganKDV
Address 220 Park Avenue South, P.O. Box 1304
St. Cloud, MN 56302-3713

Telephone No. 320-251-7010
Fax No. 320-251-1784
Contact Person Nancy Schulzetenberg
Contact's E-mail nancy.schulzetenberg@berganKDV.com
2. How many years has the firm been providing audit services to public school districts in Minnesota?
We have been auditing school districts for more than 40 years.
3. What is the experience of owners and officers in the company?
Please see pages 10 and 11 for the experience of the Shareholders assigned to your District.
4. How many audit professionals does your firm employ?
We employ more than 100 audit professionals.
5. What is the minimum number of years of auditing experience of the in-charge auditor that would be on location if your firm is chosen?
Our in-charge auditors have a minimum of three years of experience.
6. List, by position, the number of staff anticipated to be assigned to this audit.
Please see pages 10 through 12.
7. Please attach a current list of the Minnesota school districts you have audited. See page 21
8. Please list three Minnesota school district references.
Please see page 20.

9. Please submit the firm's most recent copy of the external quality control Peer Review Report.
See page 23
10. The undersigned, having carefully examined the specifications for Annual Audit Services, do hereby propose to enter into contract with Lake of the Woods Public Schools #390 in compliance with the information, requests, and timelines contained in this quotation.

Name of Firm: BerganKDV
Authorized By: Nancy Schulzetenberg
Signature: 
Date: April 5, 2023

LAKE OF THE WOODS PUBLIC SCHOOLS
Independent School District No. 390
Baudette, Minnesota

Response Form – Proposed Fees

Please include with your quotation:

Proposed Audit Engagement Fees:

2022-2023 Audit	<u>\$20,000</u>
2023-2024 Audit	<u>\$21,000</u>
2024-2025 Audit	<u>\$22,000</u>
2025-2026 Audit	<u>\$23,000</u>

*Single audit fees, in addition to the above, will be \$3,000 to \$5,000 per major program.

Additional Services Hourly Rate:

2022-2023 Audit	<u>\$165</u>
2023-2024 Audit	<u>\$175</u>
2024-2025 Audit	<u>\$185</u>
2025-2026 Audit	<u>\$195</u>

THANK YOU.

BERGANKDV.COM | 320.650.0219 | INFO@BERGANKDV.COM





DO
MORE.

LAKE OF THE WOODS PUBLIC SCHOOL DISTRICT

ISD 390

PROPOSAL FOR AUDIT SERVICES



LAKE OF THE WOODS
School

bergankDV

CONTACT: NANCY SCHULZETENBERG
nancy.schulzetenberg@bergankdv.com

EMPOWERING PEOPLE and CREATING A WOW EXPERIENCE FOR OUR CLIENTS.

TABLE OF CONTENTS

Executive Summary.....2

Who is BerganKDV?.....4

Value-Added Services Beyond the Audit.....7

Certifications and Independence.....9

Qualifications - Dedicated Service Team..... 10

Audit Approach and Timeline 14

Fees 18

Client References..... 20

PlainSight..... 22

Peer Review..... 23

Response Form – Firm Information..... 25

Response Form – Proposed Fees..... 27

EXECUTIVE SUMMARY

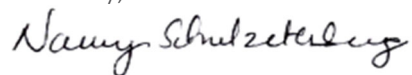
Thank you for the opportunity to serve as a partner to Lake of the Woods Public Schools ISD 390. It is our understanding that you are seeking competitive proposals from independent public accounting firms to provide professional financial audit for years ending June 30, 2023, with the option for each of the three subsequent fiscal years. We appreciate the time you took to speak with us regarding your needs and expectations.

Here are a few benefits of working with BerganKDV:

- **A Responsive Firm Who is there for You.** We will work to develop a partnership relationship with your District. We believe we're your auditors not just at year-end but throughout the year. This means being there for you when issues arise, available when you need us and being responsive to your requests. We demonstrate this through same-day callbacks and in-depth research to get to the heart of your questions. We take a collaborative approach in all our interactions with you.
- **Effective Communication.** BerganKDV has set high internal standards for responding and communicating with our clients. Providing support exactly when and where you need it is the value our team brings. Your time is valuable; we will be clear and efficient in our communications, work to eliminate surprises and meet agreed-upon deadlines. We have a proven track record of performing client's requests based on their preferred timetable and delivering reports to our clients in advance of deadlines.
- **Minnesota School Finance Expertise.** Your audit firm needs to understand how Districts operate and how the environment in which they function is regulated. BerganKDV audit professionals are dedicated to their industry and never need to be trained by their clients. With Nancy Schulzetenberg on the Minnesota Department of Education Advisory Committee on Financial Management, Accounting and Reporting, you will have a connection to the latest guidance and activity at MDE.
- **Respect Your Time.** We have the resources to perform your audit and meet with your board to ensure you receive information in a timely manner. We are clear with you on things we need for the audit including timing and deadlines. In addition, at BerganKDV, we strive for a three-week turnaround, from fieldwork to meeting-ready documents. You will have a draft copy of your financial statements and communication letter within this timeframe.
- **Commitment to Staff Continuity and Training.** To keep continuity and efficiencies high, we believe that consistent team members are advantageous for both our firm and your District. We pride ourselves on maintaining the right balance of continuity on each of our engagements in order to ensure a "fresh" look at the annual audit process. Rotation of senior level staff only occurs after the merits of such rotation have been discussed and approved by your District.
- **Innovative thinking and solutions driven.** When working with BerganKDV, clients find that we focus on earning their trust by being actively involved and focused on helping them be successful in all they do. We solve problems. Whether that problem is technology, financial or operations related, we will find a way to help.

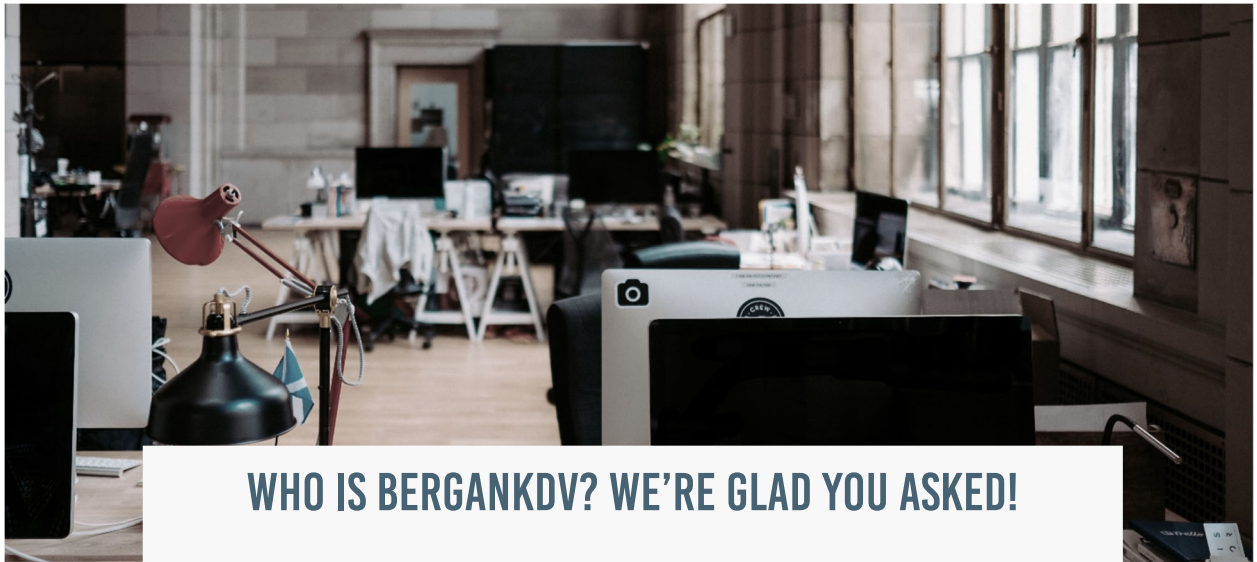
If there are any matters not adequately covered in this proposal, please feel free to contact us. Thank you for the opportunity to respond to your proposal request.

Sincerely,

A handwritten signature in black ink that reads "Nancy Schulzetenberg". The script is cursive and fluid.

Nancy Schulzetenberg

St. Cloud, MN // 320.650.0219 // nancy.schulzetenberg@bergankdv.com



WHO IS BERGANKDV? WE'RE GLAD YOU ASKED!

We have an extensive background in working with clients through a strategic approach in all aspects; we don't just keep pace with the trends; we stay ahead of the curve. We explore new ways to reduce costs and operate more efficiently.

THE BACKSTORY

The history of our firm began in 1945, and since the beginning, BergankDV has been firmly rooted in community. Today we are a Top 100 Firm, we operate in multiple states in nine different offices, employ over 450 experts, and service clients across the country. As we continue to grow, we acknowledge that we are not in the business to provide one-size-fits-all solutions. Every client is different – from business problems to personal preferences. We invest the time to understand your needs and customize our services and solutions to meet them. Our playbook consists of business advisory, tax, assurance and accounting, workforce management, technology, wealth management and turnaround management services. Sure, we offer a robust and competitive service portfolio and notable processes but what really makes us different?

OUR PEOPLE

Relationships are at the core of everything we do, and our products and services are designed to meet the specific needs of our clients. When working with BergankDV, clients find that we focus on earning their trust by being actively involved and focused on helping them be successful in all they do.

PERSONALIZED SERVICE

Our philosophy is to provide timely, quality services that exceed the expectations of our clients. Outstanding client service requires a successful team effort within our firm and with our clients. Providing outstanding service involves enthusiastic, dependable and knowledgeable personnel who are responsible for knowing, understanding and caring about our clients. Our firm believes that outstanding service is a continual process that is refined and enhanced with each client contact.

ENGAGE® | OUR PROVEN VALUE CREATION PROCESS

We have aligned our team around our core values and are driven in our commitment to help clients and team members achieve their potential. We help clients reach their goals by utilizing our value creation process. Results of this process have led to more robust client relationships – deeper trust, enhanced communication and minimization of time for all. This process is a key component of our strategy in supporting and helping our clients further their organizations.



OUR BUSINESS LINES

BergankDV has a strong bench of resources and expertise available based on needs of the client. This ensures the most effective and efficient results are delivered!



COMMUNITY SUPPORT

At BerganKDV, we believe in giving back. We support the organizations our people and clients are actively involved with. On average, we support multiple events a week in our communities. This year we supported over 35 civic, 15 health and wellness, 10 youth and four arts organizations. BerganKDV's culture promotes community involvement by providing employees with paid volunteer time off.

VISION AND VALUES

We are powered by people who do business the Midwest way delivering comprehensive business, financial and technology solutions. Our firm consists of highly talented individuals that put relationships before business deals and clients before profits. Our values drive our decisions.



OUR FOCUS AND OUR PROMISE

Empowering people and creating a wow experience for our clients.
We go beyond so you can **DO MORE.**

We continue to align BerganKDV team member core values and sense of purpose with our firm core values and mission. We hire towards our core values and manage performance through real time feedback corresponding to our core values. We've found that this work results in more open conversations at BerganKDV which impacts employee engagement and client care.

VALUE-ADDED SERVICES BEYOND THE AUDIT

Our goal is to be your first call when you experience organizational challenges. We believe this can occur only when a relationship is developed and nurtured through strong communication and a thorough understanding of your mission, programs and operations. We are unwavering in our commitment to our clients and make it our mission to ask the right questions, listen actively, understand your expectations and deliver results. You can expect a partnership with professionals who value trust, integrity and relationships.

Collectively our core client solutions are unique in our industry. However, we recognize that in order to achieve our goal of wow experiences we need to offer clients more. We have executed on a strategy to seek out best-of-class providers to help when clients are stuck on a matter in finance, operations, marketing, technical tax and other areas.

Over the past several years we have had over 1,000 situations where we helped clients with introductions to our network to save them time and help increase confidence with a plan or strategy. We have an ability to make a greater difference in your District with experience in a variety of services, some of which are listed below [for a full listing of our solutions catalog, please visit bergankdv.com].

Extensive Governmental Auditing and Consulting Experience

With over **50 years of experience** serving the government community, we have a great appreciation for the unique issues and complexities that you face. We currently work with over 150 governmental entities, including colleges and universities, charter schools, school districts, cities, and other governmental entities, providing a wide array of services including accounting, auditing and consulting services.

We are dedicated to **keeping informed** of significant developments in the government community and the impact of those developments on our clients. We accomplish this through formal training, including annual seminars, workshops and professional sponsored classes on governmental accounting, auditing and reporting requirements. We are a member of the Governmental Audit Quality Center of the American Institute of Certified Public Accountants. The Center maintains standards for quality control in governmental audits for CPA firms nationwide.

In addition, many employees of our firm are members and have participated as instructors and speakers at seminars. These presentations have included the following topics:

- GASB Statement Nos. 34, 40, 45, 54, 63, 65, 68, 74, 75, 84 and 87 implementations
- Auditing standards updates, include independence and risk suite
- Internal controls, segregation of duties and corrective action plans
- Single Audit
- Budget issues
- Accounting and finance policies and procedures
- Overview of investing and related legal compliance
- Capital assets
- Fraud

VALUE-ADDED SERVICES BEYOND THE AUDIT (CONTINUED)

Peer Review

Our firm is a member of the Private Companies Section of the AICPA Division for CPA Firms. This Division was founded in 1977 by the AICPA to promote CPA excellence and to provide a voluntary, objective means of monitoring adherence to professional standards. Each member firm is required to periodically subject its audit and accounting practice to a comprehensive quality review by specially trained outside CPAs. Our last such review was just performed recently, and we received a clean report on our practices and methods. A copy of our last peer review report is included on page 23.

Keeping You Current

We continue to stay abreast of new GASB regulations and innovatively consider all solutions for our clients. Our involvement in government entities has been recognized in the community as well. Nancy Schulzetenberg was appointed by the Commissioner of Education to serve as a member of the Minnesota Department of Education Advisory Committee on Financial Management, Accounting, and Reporting and was recently appointed to serve a fifth term. MDE has also named a subcommittee to address future GASB implementations. Nancy Schulzetenberg is on this committee.

Historically, we have viewed time spent to keep our clients current with recent technical changes as part of the audit and not billed separately. We also have the capacity to provide you with additional accounting resources and inform you of any necessary changes or updates that may affect you. You can be confident that we are current and have the capacity to keep you updated.

Assistance with Certificate of Achievement

One of our government audit managers is one of only five professional reviewers throughout the United States for the National Association of School Business Officials Certificate of Excellence program. Our firm is very familiar with the requirements necessary to obtain the Certificate of Achievement. We currently assist several of our audit clients (ie. Farmington Public Schools, MN; Columbia Height Public School, MN; Shakopee Public Schools, MN; and Waterloo Public Schools, IA) with preparation of their comprehensive annual financial report to meet the criteria for ASBO's Certificate of Achievement for Excellence in Financial Reporting. We assisted three of these clients with their initial application, and all three were successful on their initial and all subsequent submissions.

CERTIFICATIONS AND INDEPENDENCE

We recognize when we audit a governmental entity, we are required to be familiar with certain rules, regulations and requirements and also, as a firm we are required to meet certain requirements. In that regard, we make the following affirmations:

- Our firm and all assigned key professional staff meet the independence requirements relating to the District defined by auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States.
- Our firm and all assigned key professional staff are properly licensed to practice in the State of Minnesota.
- Our firm is a member of the American Institute of Certified Public Accountants.
- Our firm has never had a report rejected or classified as substandard by any state or federal agency, the Association of School Business Officials or by the Government Finance Officers Association.
- Our firm has never had and currently does not have any pending disciplinary actions or investigations for alleged improper, fraudulent, disreputable, or unfair activities against our firm with state regulatory bodies or professional organizations.
- We accept the professional obligation concerning the American Institute of Certified Public Accountants Interpretation 501-3 "Failure to Follow Standards and/or Procedures or Other Requirements in Governmental Audits."
- Our professional personnel have received adequate continuing education to be in compliance with *Government Auditing Standards* and have received adequate continuing professional education over the past two years.
- Our firm is an equal opportunity employer and does not discriminate in employment of persons upon the basis of race, color, creed, national origin, sex, age, or physical handicap, and have an affirmative action plan in place.
- We do not expect any potential audit problems and are not aware of any conflicts of interest with regard to any work performed by the firm for the District.
- We acknowledge and have adequate personnel to comply with the audit schedule provided in the request for proposals.

QUALIFICATIONS – DEDICATED SERVICE TEAM

BerganKDV has a personalized team of professionals to meet your unique needs. Your BerganKDV team has extensive experience working with governmental organizations. This translates into a greater ability to understand your unique organization.

ENGAGEMENT TEAM

Below are resumes of the partners and manager that will be assigned to your engagement. Your engagement team will consist of two Partners, an Audit Manager, an in-charge auditor and one to two additional staff auditors.



NANCY SCHULZETENBERG, CPA, PARTNER

Education: Bachelor of Science in Accounting from Mankato State University, graduated Summa Cum Laude

Experience, Professional and Civic Activities:

- Twenty-five+ years of experience in auditing governmental and nonprofit entities
- Member of the Quality Control Committee for our firm
- Appointed by the Commissioner of Education to serve as a member of the Minnesota Department of Education's Advisory Committee on Financial Management, Accounting and Reporting
- Member of the Special Review Committee of the Government Finance Officers Association whose purpose is to review Comprehensive Annual Financial Reports to determine eligibility for the Certificate of Achievement for Excellence in Financial Reporting
- Presenter at the Minnesota Association of School Business Officials Annual Conference, the Central Minnesota Educational Research & Development Council's Annual Conference, the MN Government Finance Officer's Association's Annual Conference, and BerganKDV sponsored seminars
- Instructor at the Minnesota Association of School Business Officials Institute and the Minnesota Association of School Business Officials Certification Program
- Member of Minnesota Society of Certified Public Accountants, American Institute of Certified Public Accountants, Minnesota Association of School Business Officials, and Government Finance Officers Association
- Member of the GASB subcommittee at the Minnesota Department of Education

QUALIFICATIONS – DEDICATED SERVICE TEAM (CONTINUED)



ANDREW GRICE, CPA, CONCURRING PARTNER

Education: Bachelor of Science in accounting from St. Cloud State University, graduated Cum Laude

Experience, Professional and Civic Activities:

- Fourteen years of experience with financial reporting in accordance with GAAP, ACFR requirements, analysis of internal control, performing audits of financial statements and single audits in accordance with OMB Circulars and Uniform Guidance.
- Responsible for the planning, fieldwork and reports for numerous audits of cities, school districts, charter schools, and other government entities.
- Attends continuing education, workshops and conferences on city and school district accounting and reporting requirements on an annual basis that qualifies as “yellow book” continuing professional education and on governmental and single audit accounting, auditing and reporting
- Extensive use of computer and software applications to assist in the preparation and performance of the audit process.
- Presents audit reports, financial statements, and communications letters to management, school boards and city councils.
- Instructor for the Minnesota Municipal Clerks Institute Fund Accounting and Budgeting course.
- Instructor for the Government Finance Officers Association Intermediate Governmental Accounting course.
- Develops internal training for BergankDV government auditors.
- Certified Public Accountant, licensed to practice in the State of Minnesota
- Minnesota Society of Certified Public Accountants
- American Society of Certified Public Accountants
- Minnesota Association of School Business Officials
- Government Finance Officers Association

DEDICATED SERVICE TEAM (CONTINUED)



CAROLINE STUTSMAN, CPA, AUDIT DIRECTOR

Education: Bachelor of Science Degree in accounting from Gustavus Adolphus College, graduated Cum Laude

Experience, Professional and Civic Activities: Professional

- Twenty-three years of experience with reporting in accordance with GAAP, ACFR requirements, analysis of internal control, performing audits of financial statements and single audits in accordance with OMB Circulars and Uniform Guidance
- Member of the Special Review Committee of the Government Finance Officers Association whose purpose is to review Comprehensive Annual Financial Reports to determine eligibility for the Certificate of Achievement for Excellence in Financial Reporting
- Professional reviewer for the National Association of School Business Officials whose purpose is to review Comprehensive Annual Financial Reports to determine eligibility for the Certificate of Achievement for Excellence in Financial Reporting
- Presenter at the Minnesota Association of School Business Official's Institute of School Business Management, Minnesota Association of School Business Official's first Certification Program class, the Minnesota Society of CPAs School District Audits Conference and KDV sponsored seminars
- Attends workshops on school district, city and non-profit governmental accounting and reporting requirements on an annual basis that qualifies as "yellow book" continuing professional education
- Provide consultative guidance on local government account process
- Assist with internal training of KDV government auditors
- Present audit financial statements and communications letters to management, school boards and city councils
- Certified Public Accountant, licensed to practice in the State of Minnesota
- Minnesota Society of Certified Public Accountants
- American Institute of Certified Public Accountants
- Minnesota Association of School Business Officials
- National Association of School Business Officials
- Government Finance Officers Association
- Sartell-St. Stephen Education Foundation Treasurer

QUALIFICATIONS – DEDICATED SERVICE TEAM (CONTINUED)

Commitment to Staff Continuity and Training

To keep continuity and efficiencies high, we believe that consistent team members are advantageous for both our firm and your organization. We pride ourselves on maintaining the right balance of continuity on each of our engagements in order to ensure a “fresh” look at the annual audit process. Rotation of senior level staff only occurs after the merits of such rotation have been discussed and approved by your organization.

Independence

Our firm has no conflict of interest regarding any other work performed by our firm for your organization. Our firm meets the independence requirements relating to your organization as defined by auditing standards generally accepted in the United States of America. We annually review independence related to all our client relationships as part of our internal control compliance process.

Government Audit Team

Our government audit team is located across all of our offices. We have 20 staff members that work exclusively on government audits as one team/department. Your team members will be members of the government audit team.



AUDIT APPROACH AND TIMELINE

OUR GOAL FOR YOU IS TO CREATE VALUE AND TO MINIMIZE SURPRISES. We do this through a specific, well planned audit. What makes BerganKDV unique from other firms is that we continually improve our audit process beyond what is expected by our profession. A few of the BerganKDV advantages:

- **Collaborative Audit Process.** We see the audit process as a joint effort with you and BerganKDV. We want to work together to make it as painless as possible.
- **A comprehensive view of the District's financial health.** Through our extensive government experiences, we understand a District's health is not only about the finances. The vision, mission and programming provide the blueprint for the District's direction. We review this information in relation to the financial statements and provide our observations based on a comprehensive view of the District's health.
- **Technology resource on internal controls.** Technology experts from the BerganKDV Technology Group are able to assist in evaluating your technology controls. Their expert advice has proven to be a valuable resource as they answer technical questions and offer specific recommendations.
- **Review of the work papers during fieldwork.** We complete the majority of our work in the field and provide a comprehensive exit conference. The exit conference includes a review of the draft financial statement numbers, any internal control, compliance and state statute findings.
- **Managers and partners on-site.** The involvement of our managers and partners in the field is essential to being a trusted partner and delivering an exceptional client experience. We believe it is important to be on-site and available to answer questions. This also allows our managers and partners to review documentation throughout the process.
- **Meeting communications.** Our presentations are designed to capture information that is useful and meaningful. Our presentations are focused on audit results, trends and other information relevant to your District, not details of the financial statement amounts.
- **Remote Audit Capabilities.** During a pandemic, our audit process needed to adapt to changing working conditions to ensure the safety of employees and clients. We've implemented remote auditing tools that are secure, are user friendly, and allow for seamless communication and transfer of files. We continue to be flexible in our approach to ensure our client's unique needs are being met. Details of the process will be discussed with you as we get closer to the audit dates.

Beyond Expectations

BerganKDV takes a four-phased audit approach that gets results by:

- Leveraging what is working well.
- Focusing on pre audit planning, collaboration and communication.
- Staying accountable to a schedule.
- Meeting with you and your team to ensure every detail has been finalized and the audit is complete.
- Exchanging information regarding our performance, opportunities to enhance experiences and future strategic opportunities.

AUDIT APPROACH AND TIMELINE (CONTINUED)

Our audits are designed to focus our energy and our audit tests on the areas of your operations that contain the most risk. This equates to a better product for the School District. We anticipate 4-5 days of fieldwork to complete the audit. We will work with your team to develop a timeline that meets your requirements as outlined in your RFP for audit services.

PHASE ONE – INITIAL PLANNING AND PROGRAM DEVELOPMENT

Our main objective is to get to know the District as a resident or employee would. We want to understand not only your finances, but also your operational goals and objectives. What makes you District unique? How can that knowledge help us perform the best audit possible? When those questions are answered, we know we achieved our goal for Phase One.

During this phase, we gather the information we need to create an effective audit program and make preliminary judgments of materiality. Highlights include:

- Reviewing your internal control documents and interviewing your key employees and representatives to gain operational information.
- Discussing your goals, objectives, and the current challenges facing your operations; those are then shared across your BerganKDV team and incorporated into our audit plan.
- Obtaining population sizes ranging from 25-60 for certain transactions-based finance systems and selecting which transactions we will test for internal control and compliance testing. Selections will be based on our data analysis results, analyzing transactions on a risk-based level.
- Obtaining your current financial reports and budgets and perform overall analytical review procedures.
- Obtaining applicable District organizational charts, policies, bond documents, leases and other legal contracts.
- Reviewing with your staff our audit documentation requests. **We audit and request information that is used internally by your staff to manage operations, we do not require specific templates to be used.**

We will work with the management team to determine the preferred means of communication. In addition, we utilize Suralink, a workflow management software that improves efficiency by streamlining our audit request process. The simple interface includes team assignments and deadlines, so there are no misunderstandings on expectations.

Our audit process incorporates automated audit tools (Knowledge Coach) and work papers to provide our clients with timely information and effective and efficient audits. In addition, we use CCH's TeamMate Analytics, an Excel add-on used to extract and analyze data quickly and efficiently. We also subscribe to various benchmarking and data analysis providers.

Your Expected Role: *Provide BerganKDV with policies, internal control documents and a preliminary trial balance; provide contact information for all board members and staff so we may set up appointments/interviews with selected representatives; begin to gather documentation for fieldwork.*

AUDIT APPROACH AND TIMELINE (CONTINUED)

PHASE TWO – AUDIT PROGRAM EXECUTION

Project execution is performing the procedures outlined in your audit plan as developed in Phase One. Our audit procedures will include examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. We will discuss potential ideas and best practices with your personnel relating to our recommendations for improving internal control, procedures and compliance with laws and regulations. Any issues identified, proposed audit adjustments, or other recommendations will be discussed with management throughout the execution of our audit procedures. We perform test work with as little disruption as possible to District staff's regular duties.

Highlights of this phase include:

- Auditing year-end account balances, testing internal control, assessing compliance to determine if your systems and controls are functioning as designed.
- Using sampling techniques to test areas including transactions, internal controls and legal compliance using the scope mandated by the Office of the State Auditor. Sample sizes range from 25-60 based on our risk assessment.
- Using IDEAS data mining software, we look for trends and anomalies in your payroll, vendor payment, and cash receipts process.

Your Expected Role: *Be available to answer questions during scheduled audit fieldwork, provide audit workpapers or reconciliations with documentation that is reasonable and reviewed during Phase One.*

PHASE THREE – POST-AUDIT CRITIQUE AND EXIT CONFERENCE

This phase of the audit includes preparing and reviewing all the components of the financial statements and preparing the communications letter and relevant financial trend data for the Board presentation. Finally, opinions on the financial statements, Minnesota Legal Compliance, Government Auditing Standards and Single Audit, if required, will be prepared.

We will then present this information to management allowing you time to review the financial statement reporting package including the draft financial statements and any internal control findings or recommendations that arise during the audit. This phase allows you time to assess, discuss and develop a corrective action plan, if needed.

Your Expected Role: *Review preliminary financial statements and reports to provide BergankDV with input and feedback.*

AUDIT APPROACH AND TIMELINE (CONTINUED)

PHASE FOUR – PRESENTATION OF AUDIT REPORT

The final phase of the process is the presentation of the reports to the Board's Finance Committee and/or Board. The presentation provides the governing body with information about the year's financial activity compared to past trends and expected results. We also provide other relevant and interesting observations relating to your financial statistics that will help provide the governing board with a deeper understanding of your operations. We understand all organizations have individual needs and we look forward to getting your feedback on graphs and statistics.

Professional standards require that we provide you with information regarding the auditor's responsibility under generally accepted auditing standards, significant accounting policies, accounting estimates and management judgments, significant audit adjustments, other information in documents containing audited financial statements, disagreements with management, consultation with other auditors, major issues discussed with management prior to retention as auditors and difficulties encountered in performing the audit. We will provide this information in written form via the communications letter and will discuss with administration during the review of the preliminary audit report.

***Your Expected Role:** Provide BergankDV with information and feedback for presentation preferences.*

FEES

Our fees for the aforementioned services are based on the amount of time and the level of experience of the individuals who perform the services. In addition, we assume that the District's accounting personnel will provide the appropriate workpapers, documents, schedules, and clerical assistance, we will not encounter any significant or unusual circumstances which will affect the scope of our engagement, and no significant changes to the Organization's operations will occur. However, if situations arise which affect the scope of the engagement, we will discuss them with you prior to incurring the additional cost. **At no time will we bill the District for extra time or charges unless we have verbal communication regarding the issues, your options and an agreement for additional fees.**

Following is a description of the services we will provide under this agreement for the year ended June 30, 2023 with the option of auditing its financial statements for each of the three subsequent fiscal years:

- Performing an audit of the District, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*; and Uniform Guidance, when applicable;
- Providing an opinion on the basic financial statements and an "in-relation to" report on the supplementary information;
- Providing separate reports required under *Government Auditing Standards*, Federal Awards as required under Uniform Guidance, as applicable;
- Drafting the financial statements;
- Presenting the financial statements and communication letter to the Board of Education; and
- Providing any necessary "comfort letters" and/or "consent and citation of expertise".

Billing and Collection Expectations

Our fees are due as services progress and are generally billed at the completion of each phase of the audit. These invoices are payable on presentation. Invoices are delinquent if not paid within 60 days.

Off-season Communication

We encourage questions throughout the year, so we can stay abreast of their operations, and identify/resolve any issues prior to year-end. We will not invoice additional amounts unless substantial research or work is required, in which case, we will discuss the scope of any additional work and proceed only after we have reached a mutually agreeable fee arrangement.

FEES (CONTINUED)

Out of Scope Professional Services

We do not surprise bill. If during our engagement you request additional services which require more than a minimum amount of time, we will provide an engagement letter with the fees and services specified, only after we have verbal communication and agreement. Additional special projects and consulting requested during the year will be billed at an hourly rate commensurate with the level of experience required.

BerganKDV Commitment for Future Year Increases

We continually review our pricing practices to ensure we are competitive with the market and provide value to our clients for the services and products we offer. We strive to come to an agreement with our continuing clients on a fee that is reasonable, fair and competitive. You can be assured that we will communicate with you regarding our pricing process. We take pride in our long client relationships, which are founded on principles of trust and mutual respect.

CLIENT REFERENCES AND EXPERIENCE

We believe our experience with numerous types of governmental entities will provide you with the expertise you need for an effective and efficient audit. We encourage you to speak with our clients and hear the benefit and value they realize as a result of working with BerganKDV. Below we provide three similar engagements to also be used as reference clients. In addition, we provide Rochester Public Schools as a reference as ease of transition to BerganKDV.

CLIENT	PRINCIPAL CONTACT	PHONE	ENGAGEMENT PARTNERS	HOURS
Sartell – St. Stephen ISD 748	Joe Prom	320.656.3721	Nancy Schulzetenberg	225
Crosby-Ironton School District	Bill Tollefson	218.545.8811	Nancy Schulzetenberg	200
Grand Rapids Public Schools	Kara Lundin	218.327.5703	Nancy Schulzetenberg	200

"I've had the pleasure of working with BerganKDV for over a decade. During that time, they have provided invaluable advice, consistent and dependable support and a great deal of integrity. Our school district anticipates a continued, wonderful, long-term relationship and we will not hesitate to refer BerganKDV to friends and other business affiliates."

*– Carol J. Peterson
Retired Director of Business Services
Princeton Public Schools*

CLIENT REFERENCES AND EXPERIENCE (CONTINUED)

Below is a list of our school district and charter schools audit and consulting clients.

Recipients of a certificate of Achievement for Excellence in Financial Reporting are marked with an asterisk (*).

Minnesota School District and Charter Schools

ADMs (0-500)

Aspen Academy
Bdote Learning Center
Carlton
Cook County
Da Vinci Academy of Arts and Science
Excel Academy
Hill City
Face to Face Academy
Lincoln International High School
Loveworks Academy for Visual and Performing Arts
Metro Schools
Northern Lights Academy
Northland Community Schools
Pine Point
Prodeo Academy
St. Paul District School
Star of the North Academy
Wright Technical Center

ADMs (501-1,000)

Atwater-Cosmos-Grove City
Barnum
Belgrade-Brooten-Elrosa
Central Public Schools
Deer River
East Central
Eden Valley-Watkins
Holdingford
Isle
Kimball
Lester Prairie
Long Prairie - Grey Eagle
Moose Lake
Nashwauk-Keewatin
Ogilvie
Royalton
Sauk Centre
Yinghua Academy

ADMs (1,001-2,500)

Annandale
Crosby-Ironton
Foley
Hinckley-Finlayson
Howard Lake-Waverly-Winsted
Little Falls
Milaca
Mora
Pequot Lakes
Pierz
Rockville-Cold Spring-Richmond
Westonka
Mount Vernon, IA

ADMs (2,501<)

Becker
Big Lake
Bloomington
Buffalo-Hanover-Montrose
Cloquet
Delano
Detroit Lakes
Farmington*
Fridley
Grand Rapids
Minneapolis Public Schools
Princeton
Rochester
Sartell-St. Stephen
Sauk Rapids-Rice
Shakopee*
St. Cloud Area Schools
Waterloo Community Schools*





With BerganKDV's PlainSight, you can empower your employees to speak up when they witness fraudulent activity through an easily accessible and completely anonymous hotline system. Based on the tip criteria, our certified team of fraud professionals is available to investigate and report back with next steps if fraudulent evidence is discovered.

One year subscription complimentary for first year audit engagements

A TIP COULD BE ALL IT TAKES

You can rest assured as a business leader that your employees are equipped with a powerful and safe tool to protect your company against those who wish to harm it.

OUR PROMISE TO YOU

We will work directly with you to establish an implementation and use strategy that fits your needs and coordinate with you when tips become viable signs of potential fraudulent activity. Safety and anonymity are our main priority for your business. Our goal is to highly encourage hotline usage and promote the idea that no tip is too small to make a difference.

It is estimated that organizations lose 5% of revenue each year due to fraud with average losses being around \$1.5 million. **Don't foot the bill to fraudsters.**

MORE THAN A PHONE LINE

WHAT OTHER SERVICES ARE INCLUDED WHEN YOU UTILIZE PLAINSIGHT FOR YOUR FRAUD DETECTING NEEDS?

- Easy to use web submission tool
- Communication packages to educate and inform your employees
- On-demand employee training for how to use and signs of fraud
- Admin level access to review items and communicate with our Forensic team

Let our team of experts grant you peace of mind and educate your employees to make the call today that may save you tomorrow.

FIND YOUR PEACE OF MIND



bergankdv.com | connect@bergankdv.com | #startthere

bergankdv

PEER REVIEW



Report on the Firm's System of Quality Control

March 12, 2021

To the Partners of BergankDV, LLC
and the Peer Review Committee of the Minnesota Society of CPAs.

We have reviewed the system of quality control for the accounting and auditing practice of BergankDV, LLC (the firm) in effect for the year ended March 31, 2020. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitation of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included an engagement performed under *Government Auditing Standards*, including compliance under the Single Audit Act, and audits of employee benefit plans.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

PEER REVIEW [CONTINUED]

The Partners of BergankDV, LLC
and the Peer Review Committee of the Minnesota Society of CPAs
Page Two

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of BergankDV, LLC in effect for the year ended March 31, 2020, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency (ies)*, or *fail*. BergankDV, LLC has received a peer review rating of *pass*.


Certified Public Accountants

Little Rock, Arkansas

LAKE OF THE WOODS PUBLIC SCHOOLS
Independent School District No. 390
Baudette, Minnesota

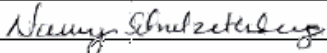
Response Form – Firm Information

Please answer the following questions and include with your quotation:

1. Name of Firm BerganKDV
Address 220 Park Avenue South, P.O. Box 1304
St. Cloud, MN 56302-3713

Telephone No. 320-251-7010
Fax No. 320-251-1784
Contact Person Nancy Schulzetenberg
Contact's E-mail nancy.schulzetenberg@berganKDV.com
2. How many years has the firm been providing audit services to public school districts in Minnesota?
We have been auditing school districts for more than 40 years.
3. What is the experience of owners and officers in the company?
Please see pages 10 and 11 for the experience of the Shareholders assigned to your District.
4. How many audit professionals does your firm employ?
We employ more than 100 audit professionals.
5. What is the minimum number of years of auditing experience of the in-charge auditor that would be on location if your firm is chosen?
Our in-charge auditors have a minimum of three years of experience.
6. List, by position, the number of staff anticipated to be assigned to this audit.
Please see pages 10 through 12.
7. Please attach a current list of the Minnesota school districts you have audited. See page 21
8. Please list three Minnesota school district references.
Please see page 20.

9. Please submit the firm's most recent copy of the external quality control Peer Review Report.
See page 23
10. The undersigned, having carefully examined the specifications for Annual Audit Services, do hereby propose to enter into contract with Lake of the Woods Public Schools #390 in compliance with the information, requests, and timelines contained in this quotation.

Name of Firm: BerganKDV
Authorized By: Nancy Schulzetenberg
Signature: 
Date: April 5, 2023

LAKE OF THE WOODS PUBLIC SCHOOLS
Independent School District No. 390
Baudette, Minnesota

Response Form – Proposed Fees

Please include with your quotation:

Proposed Audit Engagement Fees:

2022-2023 Audit	<u>\$20,000</u>
2023-2024 Audit	<u>\$21,000</u>
2024-2025 Audit	<u>\$22,000</u>
2025-2026 Audit	<u>\$23,000</u>

*Single audit fees, in addition to the above, will be \$3,000 to \$5,000 per major program.

Additional Services Hourly Rate:

2022-2023 Audit	<u>\$165</u>
2023-2024 Audit	<u>\$175</u>
2024-2025 Audit	<u>\$185</u>
2025-2026 Audit	<u>\$195</u>

THANK YOU.

BERGANKDV.COM | 320.650.0219 | INFO@BERGANKDV.COM



COMPARISON OF AUDIT SERVICES

Bergan KDV

Rate

2023-2024 \$21,000 Hourly \$175

2024-2025 \$22,000 Hourly \$185

2025-2026 \$23,000 Hourly \$195

2026-2027 Unknown

Audit Delivery

Remote

Auditor/CPA Assignment

Nancy Schulzetenberg-Manager and CPA 25+ Years

3 Fieldwork Associates will be assigned

Response Form is included in the proposal on page 25

Brady Martz

Rate

2023-2024 \$25,000 Hourly \$100-\$310

2024-2025 \$26,250 Hourly \$105-315

2025-2026 \$27,500 Hourly \$110-\$325

2026-2027 \$28,750 Hourly \$115-330

Audit Delivery

Combination Onsite and Remote Year 1

Auditor/CPA Assignment

Sara Niemela-Manager and CPA 12 Years

Amanda Scanson-CPA for 14 years

2 Fieldwork Associates will be assigned

Response Form is included in the proposal on page 29

Lake of the Woods School
Board Report
Sam Lyon, Activities Director/Community Ed.
February 26, 2024

1.0 Pool Update

- 1.1 Great attendance!
- 1.2 Update on Pool Safety Attendant position

2.0 Weight Room Equipment

- 2.1 From Sauk Rapids High School - Estimated used costs
 - 2 Planet Fitness Treadmills - \$2790.00
 - 2 Elliptical Stations - \$2798.00
 - 1 Stationary Pedal Bike - \$1399.00
 - Dumbbells ranging from 50#-110# (about 2200# in total) - \$2749.00
 - 2 New Adjustable Benches - \$498.00
 - Total: \$10,234.00

3.0 Spring Coaching Slate

- 3.1 Track - Curt Storbeck, JP Sweet, Nick Otto, Jen Otto
- 3.2 Baseball - TJ Frericks, Chuck Merchant, JH TBD
- 3.3 Softball - Katie Hasbargen, Varsity Asst/JH in the works
- 3.4 Golf - Mike Pepera, Sam Lyon, JH TBD

**Lake of the Woods School
Board Report
Food Services, Jackie Pearson & Harley Poppitz
February 26, 2024**

1.0 New Hire

1.1 Food services welcomes new part time employee Erin Olson.

**Lake of the Woods School
Board Report
John Batko, Transportation
February 26, 2024**

- 1.0 Transportation Update**
- 1.1 Transportation Mileage

VEHICLE ID	MILES DEC
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	1	84,718
	2	107,411
	3	110,390
	4	86,085
	5	77,813
	6	105,738
	7	28,094
	8	12,925
	9	36,000
	10	21,988
	23	111,576
	25	101,997
	29	161,152
	32	164,835
	33	157,301

IMPALA 2	173,137
ASTRO 4	178,206
NEW PICKUP	105,339
SUBURBAN1	91,022
SUBURBAN2	82,840
Suburban 3	22,946

TOTAL	1,998,567
INCREASE	16,029
YTD	81,109

SCHOOL BUS	67,004
TYPE III	17,008

BOBCAT	1,589
4600	5,021
1145	3,721

TOTAL HRS	10,331
INCREASE	2
YTD	190

4-WHEELER	2,818
1MEG GEN.	1,884

INCREASE	2
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side note: we picked up a vehicle in dec with 102,778 on it

Total Bus Mileage 1,386,877
 Average Bus Mileage ~~109,150~~
 Average Suburban Mileage 65,602

92,458