



LAKE OF THE WOODS
School

Lake of the Woods School ISD #390

March 24, 2025 @ 6:00 PM

Finance Workshop & Working Session - ITV Room

Working Session:

- 1. Citizen's Forum**
- 2. Finance Review Workshop**
- 3. Reports:**
 - a. Board Committees
 - i. Superintendent Search Workshop (full board)
 - ii. PreK Workshop (full board)
 - iii. Facilities & Transportation Committee (B. Johnson, Haack, Severs)
 - iv. School Forest Committee (Haack, Severs)
 - v. Meet & Confer (Haack, Hayes)
 - b. Superintendent (Jeff Nelson)
 - c. PreK-12 Principal (Mary Merchant)
 - d. Athletic Director/Community Ed (Sam Lyon)
- 4. Adjourn**

Lake of the Woods School District

Finance Committee Meeting

March 24, 2025

Monthly Budget Report

Revenue:

- YTD revenues by source:
 - State Revenue is 53% received
 - Federal revenues 25% received
 - Local revenues are 55% received
- YTD revenues by site
 - Food Service 51% received
 - Community Service 16% received
 - Debt Redemption 14% received
- Grants for 2024-2025
 - Title 401 \$120,726.50
 - Quarter 1 Expenses \$9,845.31
 - Quarter 2 Expenses \$33,533.68

Expenditures

- YTD expenses by object:
 - Salaries and Wages are 54% expended.
 - Employee Benefits are 49% expended.
 - Purchased Services are 68% expended.
 - Supplies/Materials are 44% expended.
 - Capital (Equipment) is 12% expended
- YTD expenditures by site
 - Food Service 61% expended
 - Community Education 50% expended
 - Debt Redemption \$100%

Summary all Funds (Ufars.Exp/Rev Summary)

- Revenue 48% \$4,485,823.72
- Expenditure 59% \$5,228,692.67
- FYT Spending Variance Deficit of \$742,868.95

Student Activity

- Student Activity Balance Report and Student Activity Transaction Report are attached.

Business Office Update

- Five Year Plan is attached

Lake of the Woods School
Board Report
Jeff Nelson, Superintendent & Building/Grounds
March 24, 2025

1.0 Enrollment on March 3rd, 2025:

- 1.1 422 total enrollment for K-12 (down 2 students from last month)
 - 1.1.1 Elementary K-5 Total 197: K @ 35, 1st @ 26 -1, 2nd @ 40, 3rd @ 38, 4th @ 25, 5th @ 33 (1st grader's family moved out of town)
 - 1.1.2 Sr. & Jr. High School 6-12 Total: 225 6th @ 36, 7th @ 32 -1, 8th @ 35, 9th @ 27, 10th @ 28, 11th @ 32, 12th @ 35

2.0 Referendum Proposal and Timeline for election on November 4, 2025

- 2.1 Capital Projects Levy & Building Bonds Referendum Proposal
 - 2.1.1 See Executive Summary Capital Projects Levy (IT and Transportation needs)
 - 2.1.2 See Executive Summary - Buildings & Facility Needs
- 2.2 Proposed Timeline
 - 2.2.1 **April 14th, Special Board Workshop on at 4:00 PM in the ITV Room**
 - Purpose:
 - Time:
 - Location:
 - 2.2.2 **April 28th, Regular School Board Meeting**
 - Finalize scope for CPL and Bond Referendum
 - 2.2.3 **May 19th, Regular School Board Meeting**
 - Approval of Review & Comment
 - 2.2.4 **May 20th, Review & Comment submitted to MDE (June 17 MDE Deadline)**

3.0 S & P Downgrade

- 3.1 A recent rating review by S&P Global Ratings has lowered our underlying rating from 'A+' to 'A-' with a negative outlook. This adjustment primarily reflects S&P's reassessment of our significant decrease in the district's financial reserves. According to S&P, this reserve position could potentially create liquidity challenges if we experience unexpected budget variances.
- 3.2 While this downgrade is not the news we had hoped for, I want to emphasize several important positive considerations:
 - 3.2.1 We have maintained an "A" rating
 - 3.2.2 This rating change does not impact any of our existing debt obligations or their terms
 - 3.2.3 Should we propose a future bond measure, S&P will conduct another comprehensive review of our financial position. If our fund balance demonstrates meaningful improvement by that time, we have the opportunity to address the "negative" outlook designation
 - 3.2.4 Our projection model shows that we will continue to slowly build our unassigned fund balance as a result of implemented budget reductions and avoiding any unbudgeted expenses in the next fiscal year.
 - 3.2.5 Passage of a Capital Projects Levy or Operating Levy would expedite the process of rebuilding our unassigned fund balance.

4.0 Superintendent's Schedule

- 4.1 Medical Appointments:

4.1.1 Monday, March 24 – Family medical appointment in Bemidji (I plan to return in time for the Board meeting that evening)

4.1.2 March 25 to March 28 – Family medical appointments at Mayo Clinic

4.2 Vacation:

4.2.1 Dates: April 15 through April 24

4.2.2 Availability: I will be accessible by cell phone and email in case of emergencies

EXECUTIVE SUMMARY

Building and Facilities Needs

Lake of the Woods School District

INTRODUCTION

The Lake of the Woods School District has maintained its facilities well over the past 30+ years, but after three decades, the building now shows signs of wear requiring significant attention. Following the November 2023 facility assessment conducted by Widseth, several critical maintenance and improvement needs have been identified totaling approximately \$7.4 million. Working off this original assessment, I would like to propose the following for your consideration.

Priority Projects

Based on the facility assessment, discussions with consultants, and school board working sessions, the following projects have been identified as top priorities due to their impact on building integrity, safety, and accessibility:

1. Roof System Replacements – \$758,000

- Multiple areas showing blistering, cracking, and deterioration
- Sections E, F, G, H, I, J, K, L, and M require attention
- Critical for building envelope integrity
- Some districts have lost insurance coverage due to poor roof conditions

2. Exterior Masonry Maintenance – \$133,000

- Deterioration of mortar joints in concrete block walls, window sills
- Tuckpointing needed to prevent moisture penetration
- Sealant joint renovation required to prevent freeze-thaw damage

3. Window Replacement – \$908,000

- Original metal-clad windows (31+ years old) show significant deterioration
- Issues include inoperative hardware, weathering damage, deformation
- Half of east-facing windows either stuck shut or unable to close properly

4. Flooring Replacement – \$233,000

- VCT flooring exceeding 30 years of service life
- Wear surface deterioration exposing adhesive patterns
- Cracking and widening joints due to building movement

5. Walking Surface Improvements – \$625,000

- Hazardous sidewalk deterioration with cracking and uneven panels
- Water collection areas creating ice hazards in winter
- Additional sidewalks needed for improved accessibility

6. Traffic Flow & Safety Improvements – \$852,000

- Unsafe parent drop-off/pick-up areas not originally designed for current use
- Need for separated traffic lanes and pedestrian walkways
- Crossing hazards between bus lane and parking areas

Total Priority Projects: \$3,509,000

Recommendation

To address these priority needs, the district should consider running a Building Bond Referendum to cover the estimated project costs of \$3,500,000 (additional consideration for inflation cost increases should be examined before making a final total cost estimate).

EXECUTIVE SUMMARY

Technology and Transportation Needs (2025-2030)

Lake of the Woods School District

INTRODUCTION

Lake of the Woods School District stands at a pivotal moment in evaluating its future technology and transportation needs—as well as the financial strategies necessary to meet them. As part of our broader capital planning, District leadership strongly recommends that the School Board consider implementing a capital projects levy that would:

- Address our short- and long-term technology requirements
- Fund a yearly bus replacement to maintain a safe, reliable fleet
- Free up general fund revenues for student-centered initiatives

PROJECTED CAPITAL NEEDS

1. Technology Infrastructure: \$1,602,100

- **Hardware & Software:** \$1,372,500 over five years
- **End-of-Life Systems:** \$229,600 for critical replacements
 - Phone System
 - Mass-Notification Audio System
 - Security Camera System
 - Clock System
 - Master Bell System

Technology Cost Projections (2025-2030)

Fiscal Year	Hardware	Software/Services	Annual Total
2025–2026	\$139,800	\$114,700	\$254,500
2026–2027	\$149,800	\$112,700	\$262,500
2027–2028	\$142,800	\$112,700	\$255,500
2028–2029	\$182,800	\$110,700	\$293,500
2029–2030	\$195,800	\$110,700	\$306,500
5-Year Total	\$811,000	\$561,500	\$1,372,500

2. Transportation Fleet: \$750,000

- **Annual Bus Replacement:** \$150,000 per year
- Current fleet includes multiple buses exceeding 100,000 miles
- Several buses with over 175,000 miles require immediate attention

Current Bus Fleet Status (as of February 2025)

Bus ID	Mileage
1	84,850
2	113,076
3	118,780
4	114,935
5	108,871
6	118,257
7	38,275
8	20,662
9	51,559
10	27,800
23	112,957
25	105,837
29	177,320
32	185,884
33	179,115

3. Total Five-Year Capital Requirements: \$2,352,100

Five-Year Capital Needs Breakdown	Category	Cost	% of Total
	Hardware & Software	\$1,372,500	58.4%
	EOL System Replacements	\$229,600	9.7%
	Bus Replacements (5 buses)	\$750,000	31.9%
	Total	\$2,352,100	100%

FINANCIAL RECOMMENDATION

To effectively manage these expenditures, we recommend a capital projects levy generating approximately **\$470,000-\$475,000 annually**. This approach would:

- Provide stable, predictable funding for essential infrastructure

- Allow for strategic planning without emergency expenditures
- Preserve the general fund for educational priorities

ADDITIONAL CONSIDERATIONS

The projected figures do not include:

- IT staffing costs
- Electronic curriculum and subscription-based resources

These additional expenses will require further planning and may increase overall funding needs.

BENEFITS TO OUR DISTRICT

Implementing this capital projects levy would enable Lake of the Woods School District to:

- **Modernize Infrastructure:** Maintain current technology and transportation systems
- **Enhance Safety:** Ensure reliable bus fleet across our large geographical area
- **Protect Educational Quality:** Maintain smaller class sizes and retain highly qualified educators
- **Support Student Success:** Direct more general fund resources toward instructional excellence

CONCLUSION

By adopting this strategic approach to our capital needs, Lake of the Woods School District can continue providing a safe, modern, and high-quality learning environment that meets the evolving needs of our students, staff, and community.

Note: This executive summary reflects best-available estimates. Actual costs may vary based on vendor pricing, enrollment changes, or shifts in District priorities.

**Lake of the Woods School
Board Report
Mary Merchant, Pre K-12 Principal
March 24, 2025**

1.0 MIEA (Minnesota Indian Education Association) Conference

1.1 March 19-21

1.2 Attending: Jeni Krause, Erin Schwenzfeier, Sam Longseth, Muriel Crandall, Mary Merchant

2.0 Elementary Bowling at the Kenny Lanes

2.1 March 26th

3.0 Elementary and High School Showcase

3.1 April 3rd, 3:30 - 7:00 p.m.

3.2 BINGO sponsored by Suicide Awareness Prevention Coalition, 4:30 - 6:00

3.3 Book Fair, 3:30 - 7:00 p.m.

4.0 Kindergarten Round-Up

4.1 April 8th, 4:30 p.m.

5.0 MCA Testing

5.1 April 8-30

6.0 ACT

6.1 April 10th

7.0 Course Registration for 2024-25

7.1 Begins with 11th graders week of April 31st

5.0 Prom

1.1 April 26th, Grand March in the Auditorium, Dance in the Commons Area

**Lake of the Woods School
Board Report
Samantha Lyon, Activities Director/Community Ed.
March 24, 2025**

1.0 PreK Plan for 2025-2026

VPK/School Readiness Classroom Proposal for 2025-2026

- 1) Establish a \$100/month charge per student participating in the VPK spot.
- 2) Adopt this sliding fee scale for families who do not qualify for Voluntary PreKindergarten funding (these figures would include the \$100/month charge as well).

Median Income	Per Month	Per Year
67% or lower	no charge	no charge
68-75%	\$435.20	\$3,916.80
76-100%	\$480.00	\$4,320.00
100-125%	\$640.00	\$5,760.00
126%+	\$768.00	\$6,912.00

- 3) Adopt schedule for VPK/School Readiness Classroom as follows:
 - a) Follows the K-12 District School Calendar
 - b) Students attend 5 days per week receiving instruction from a licensed teacher
 - c) Students receive 5 days of physical education class from Elementary Phy Ed teacher
 - d) Students receive 4 days of music class from Elementary music teacher
 - e) Students receive weekly library class from Elementary Media Specialist
 - f) Students receive monthly American Indian Education lesson from Elementary Media Specialist
 - g) Students participate in PBIS (Positive Behavioral Interventions and Supports)
 - h) Students will receive Parent Aware approved reading curriculum compatible with Read Act for elementary students

Daycare Lease Agreement

THIS AGREEMENT, made on _____ by and between Independent School District #390, hereinafter called the "LESSOR", and _____, hereinafter called the "TENANT".

IT IS MUTUALLY AGREED AS FOLLOWS:

1. That the said LESSOR, in consideration of this lease agreement, hereinafter mentioned, do hereby lease and let the said TENANT use for day care practices and services. The room that is leased is described as Room E168, located at 236 15th Ave SW, Baudette, MN. 56623.
2. That the said TENANT shall pay the said LESSOR AS RENTAL, the sum of \$275 per month, said rent to be paid as per the terms of this lease. The rental space will include the area identified above. Tenants will also have access to common areas such as commons and restrooms. This lease covers the period of July 1, 2025 through June 30, 2026. All rental payments shall be paid by the 25th of the month to the LESSOR's business office located at 236 15th Ave SW, PO Box 310, Baudette, MN 56623.
3. That TENANT hereby agrees with the LESSOR that they will pay the rent herein at the times, in the amount and in the matter specified. Rental shall include heat, lights, internet access, building maintenance repair. That the LESSOR will bill the TENANT for any additional cleaning at the rate of \$25.00 per hour and that the TENANT shall pay the LESSOR for any intentional or excessive damage due to the negligence of any of its occupants.
4. Tenants electing to use laundry equipment will be charged an additional \$15.00 per month per month to cover energy usage, wear and tear on equipment, and an additional \$5.00 for soap that will be provided by the LESSOR.
 - ☐ Yes, I elect to use Lessor's laundry facilities for \$15.00/month
 - ☐ Yes, I elect to use Lessor's laundry soap for \$5.00/month
 - ☐ No, I will not be using the Lessor's laundry facilities or soap
5. Tenants electing to take part in lunch services provided by the Lake of the Woods School Kitchen will be billed for meals at the end of each month. Schedule for lunch time will be determined by the kitchen and communicated before the start of the school year.
6. That the said TENANT FAIL TO MAKE MENTIONED PAYMENTS as herein specified, or to pay the rent when due or to fulfill any of the covenants herein contained, then and in that case it shall be lawful for the said LESSOR to re-enter and take possession of the said rented premises, and to hold and enjoy the same without such re-entering working of a forfeiture of the rents to be paid and the covenants to be performed by the TENANT for the full term of the lease.
7. TENANT shall be liable for, and TENANT agree to indemnify LESSOR, hold LESSOR harmless and defend LESSOR from, any damage to property or injury to persons due to any act of negligence of TENANT, its agents, employees, contractors, invitees or anyone acting under TENANT's direction or control, arising out of the use of or presence on the Premises.

Any defense provided by the TENANT on behalf of LESSOR pursuant to this paragraph shall be made using attorneys and other professionals selected by the LESSOR in its sole discretion.

8. TENANT may use the said Premises for and in connection with the operations of child center services and for no other purpose without the prior written consent of LESSOR. TENANT agrees that it will keep the Premises in good condition; reasonable wear and tear expected, and will do nothing at the Premises that will increase the rate of insurance or overload the floors or permit any use that will amount to or create a nuisance.
9. The TENANT agrees to be closed on those days when custodial services are not available on the following holidays: Independence Day, Labor Day, Thanksgiving Day, Day after Thanksgiving, Christmas Eve Day, Christmas Day, New Year's Day, Presidents Day, Good Friday, Easter Monday, Memorial Day and Juneteenth.
10. Excluding late starts and early-release days, the TENANT agrees to follow the school closure policy and will be closed on those days that the school is closed due to inclement weather, emergency situations, or other extenuating circumstances.
11. The TENANT will not sublet or assign this lease or any part thereof, without the written consent of the LESSOR.
12. TENANT will provide written proof of insurance with the LESSOR being listed as an "Additional Insured" on a "Primary Non-Contributory Basis" under the TENANT's General Liability insurance policy and a certificate of insurance document will be provided to the district with the holder on the certificate of insurance being: Lake of the Woods ISD 390, PO Box 310, Baudette, MN 56623.
13. That, notwithstanding anything herein which may appear to the contrary, TENANT may terminate this lease and vacate the Premises by giving the LESSOR 30 days prior written notice of the TENANT's intention to vacate Premises and terminate lease; and likewise, the LESSOR may terminate this lease and remove TENANT from the Premises by giving TENANT 30 days written notice of LESSOR's intent to terminate lease and remove TENANT from Premises.
14. This Agreement shall continue on a year to year basis after the initial term until terminated by either party.

IN TESTIMONY WHEREOF, both parties have hereto set their hands and seals as of the day and year acknowledged.

LESSOR

Signature

Date

TENANT

Signature

Date