

Princeton Public Schools - ISD 477
Tuesday, November 1, 2016 at 7:00 PM
Regular School Board Meeting
District Office Board Room located at City Hall

Our vision

Princeton is an innovative leader in instruction, developing in EVERY learner the ability to succeed in an ever-changing world.

our mission

Princeton will equip every student to be career and college ready through personalized instruction, community partnerships and collaboration.

1. PROCEDURAL ITEMS

2. Call to Order and Pledge of Allegiance
3. Roll Call
4. Citizen Comments

5. REPORTS

- a. Board Members Committee Reports
- b. Student Council Report
- c. Superintendent Report

6. APPROVE AGENDA

7. DISCUSS and ACT on PREVIOUS BOARD MEETING MINUTES 3

8. CONSENT AGENDA

The consent agenda consists of non-controversial items that the Board adopts routinely without debate. Any single member may remove an item from consent agenda by requesting removal at the time the consent agenda is moved for adoption. The full text of items approved by consent may be found at the conclusion of the agenda.

- a. Personnel 6
- b. Fundraisers 7
- c. Gifts 8
- d. Construction change order 10

9. INFORMATIONAL ITEMS

- a. Audit Presentation-Bergen KDV-Presented by CPA Audit Manager, Caroline Stutsman 11

- b. Referendum Summary-Presented by Ryan Hoffman 123
- c. World's Best Workforce Update-Presented by Director of Teaching and Learning, Julie Williams 141
- d. Princeton/Milaca American Indian Coordinator Joint Agreement-Presented by Director of Human Resources, Stacie Vos 169
- e. Spanish Immersion Liaison-Presented by Director of Human Resources, Stacie Vos 173
- f. Rum River Coop Joint Powers Agreement-Presented by Superintendent Julia Espe 178
- g. 1st reading of Policies-#203.5, 701, 701.2, 702, 703, 704, 705, 706, 708, 709, 710, 711, 712, 714, 720 and 902-Presented by Superintendent Julia Espe 192

10. ACTION

- a. Acceptance of Audit-Presented by Director of Business Services, Michelle Czech
I move to accept the 2015-2016 Audit that was prepared by Bergen KDV

11. FUTURE MEETING(s) INFORMATION

12. ADDITIONS TO AGENDA

13. ADJOURN -

Call to order and Pledge of Allegiance

The regular meeting of the School Board of District #477 was called to order by Chair Jeremy Miller on the **18th day of October, at 7:00 p.m.** in the District Office Board Room.

Roll Call: Members Present: Jeremy Miller, Howard Vaillancourt, Chad Young, Deb Ulm, Craig Johnson, Eric Minks, Chuck Nagle

Members Absent: None

Others present: Superintendent Julia Espe, Director of Business Services Michelle Czech, Director of Human Resources Stacie Vos, Director of Community Education Gwen Anderson

Student Council Representative: Lacey Broding

Citizen Comments: None

REPORTS

Board committee meeting(s) and School Events each Board member attended.

Howard Vaillancourt: Policy Committee meeting, High School Grand Opening, School Board Candidate Workshop
Craig Johnson: High School Grand Opening
Chad Young: Project Oversight Committee meeting
Jeremy Miller: Policy Committee meeting, Agenda Planning meeting, Family Center Open House
Deb Ulm: High School Grand Opening, Family Center Open House, Project Oversight Committee meeting

Student Council Representative: Homecoming week was a success.

Superintendent Report:
*Julia Espe would like to thank the board members that were able to attend the grand openings.
*The district, recently received two grants. One grant will be spread out over six years and will cover half of a counselor's salary. We also received a broadband grant. This grant will be used to purchase "hotspots". These hotspots can be checked out for students that do not have wifi access.
*We had a good turn out for the school board candidate workshop. Julia Espe went through MSBA information and the Strategic Plan and answered any questions that the candidates had.
*The official entrance on 7th Avenue is open for the District

Center.

*The Learning and Living Committee/World's Best Workforce meeting will be held on October 25th at 7:00 am. It will be held at the Primary School in the computer lab by the media center.

APPROVE AGENDA

Motion made by Howard Vaillancourt seconded by Craig Johnson *to approve the agenda as presented.*
Motion passed unanimously.

DISCUSS and ACT on PREVIOUS BOARD MEETING MINUTES

Motion made by Chad Young and seconded by Howard Vaillancourt, to approve the October 4th, 2016 Regular Board and Closed Board meeting minutes and as presented. Motion passed unanimously.

CONSENT AGENDA

Motion made by Deb Ulm, seconded by Eric Minks *to approve the consent agenda as presented.*
Personnel, Board Checks, Wire Transfers, Treasurer's Report, Fundraisers, Gifts, Open Enrollment, Furniture and Blinds, Construction Change. Motion passed unanimously.

INFORMATION

Code of Ethics Policy- Jeremy Miller spoke briefly on the School Board Code of Ethics Policy. The policy can be located on Boardbook.

Transportation Report- Transportation report, presented by Tim Wilhelm, Manager of Palmer Bus Company for the Princeton School District. He discussed the pickup and drop off times for the district. This information can be located on Boardbook.

School Readiness Teachers- Presentation was given by Stacie Vos on our School Readiness instructors. Currently we have six employees as school readiness teachers. The state does not require these school readiness instructors to have a teaching license. We have been hiring school readiness teachers with an early childhood license. The School Readiness Instructors are currently on at-will contracts. They would like to be included on the teachers contract.

ACTION ITEMS

Advanced Refunding 2008A and 2008B- A motion *to accept the resolution providing for the sale of general obligation refunding bonds, series 2016A; and covenanting and obligating the district to be bound by and to use the provision of Minnesota statutes, section 126c.55 to guarantee the payment of the principal and interest on these bonds was made by Eric Minks and seconded by Craig Johnson. Upon roll call the following voted for: Howard Vaillancourt, Craig Johnson, Chad Young, Jeremy Miller, Chuck Nagle, Eric Minks, Deb Ulm.* Motion passed unanimously.

Personnel Contracts- A motion to accept the personnel contracts as proposed was made by Eric Minks and seconded by Craig Johnson. Upon roll call the following voted for: Deb Ulm, Howard Vaillancourt, Craig Johnson, Chad Young, Jeremy Miller, Eric Minks. Opposed: Chuck Nagle. Motion passed 6:1.

Future Meetings

1. 10.25.16-Learning and Living Committee Meeting/World's Best Workforce @ 7:00 Primary school media center computer lab.
2. 10.27.17-Project Oversight Committee meeting @ 4:00
3. 11.1.16-Finance meeting @ 5:00
4. 11.3.16-Teaching and Learning Committee meeting @ 4:30

ADJOURN - Motion to adjourn the meeting made by Chad Young, seconded by Eric Minks. Meeting was adjourned at 7:44 p.m.

Chair Jeremy Miller

Clerk Eric Minks

Recorder-Kari Plafcan

11.01.16

Name	Status	Job Title	Group	Replacing	Effective Date	Wage
Holmquist, Andrew	Extra Duty	9th Gr. Girls Basketball Coach		Hannah Oliverius	11.16-3.17	\$3,006.00
Holman, Kandy	New Hire	MS-Year Book advisor		Kelly Lemm	10.16.16	\$1,503.00
Springman, Jackie	New Hire	Title One Para	Para	Lisa Gross	10.19.16	\$15.75/hr

FUNDRAISING APPROVAL FORM

Date of fundraiser: <i>Nov 3</i>	Projected profit: <i>\$1500</i>	Amount earned:	
Group or organization proposing the fundraiser: <i>Princeton Wrestling Booster Club</i>		Item(s) being sold: <i>Calendars</i>	
Company/organization supplying items to be sold: <i>Minuteman Press</i>			
The money raised will be used for: <i>Busing, Coaching, Meals, Lodging, Camps</i>			
The school board recognizes a desire and a need for fundraising to support district programs or student activities. The school board also recognizes a need for some constraint to prevent fundraising activities from becoming too numerous and overly demanding on employees, students, and the general public.		Place a checkmark beside each box to indicate whether the criteria for fundraising are met.	
Pupils may engage in raising funds, under the control of the school, for certain approved activities and for a limited number of charities, subject to the following conditions:			
		Yes	No
1.	Individual student participation is optional. Students will not be pressured to sell products or solicit funds and will not be required to meet a sales quota to participate in an activity or field trip.	<input checked="" type="checkbox"/>	
2.	The charity involved has been selected by the student body as one in which they wish to participate (if applicable).	<input checked="" type="checkbox"/>	
3.	Addressed envelopes are available to people who prefer to donate directly rather than purchase a product.	<input checked="" type="checkbox"/>	
4.	The raising of funds shall not be done during normal class time. Students will be informed that they are not to fundraise during class time.	<input checked="" type="checkbox"/>	
5.	Information is going home with the students to the parents explaining the district's fundraising policy.	<input checked="" type="checkbox"/>	
6.	I have discussed this fundraiser with the administrator and have identified the purpose of the fundraiser.	<input checked="" type="checkbox"/>	
7.	The students participating in the fundraiser have been informed that they are representing the school, the student organization and the community in a responsible manner. All rules pertaining to student conduct and discipline extend to student fundraising activities.	<input checked="" type="checkbox"/>	
8.	Door-to-door sales are discouraged, but if approved, students may be allowed to sell door-to-door according to the following standards: <ul style="list-style-type: none"> • K-8: Only allowed if a parent or guardian is with the student • 9-12: Groups of two or more students working together. 	<input checked="" type="checkbox"/>	
I have reviewed Policy #511 Fundraising and agree to its provisions:			
Date: <i>10/15/16</i>	Teacher/Sponsor Signature: <i>Brian Miller</i>		
As administrator, I understand that approval of this fundraiser means that all provisions of the above policy have been complied with to my satisfaction. <input checked="" type="checkbox"/> APPROVED <input type="checkbox"/> NOT APPROVED			
Date: <i>10/17/16</i>	Administrator Signature: <i>Dennis Hawks</i>		
Date: <i>10/20/16</i>	Superintendent Signature: <i>Julia Espe</i>		
Date:	School Board Chair Signature:		

~~Approved by the School Board on 10/20/16~~

PRINCETON PUBLIC SCHOOLS

ACCEPTANCE OF GIFTS FORM

In compliance with school district **Policy 706 (Acceptance of Gifts)**, this form must be completed for approval by the School Board before the district receives the gift or donation.

Please obtain Principal's signature prior to sending to board for approval.

Donor name: See attached.

Description of gift: See attached

Purpose of gift: Donations from local businesses to support the middle school Heggies fundraisers. These will be used for our smaller

How this gift specifically relates to the building curriculum: incentive drawings. Thank you cards will be sent to each business. All the money earned goes back to the student's activity account.

This gift meets all requirements of Policy 706 (on reverse side).

Accepted Not Accepted

[Signature]
Principal

Date: 10/19/16

Accepted Not Accepted

[Signature]
Superintendent

Date: 10.25.16

Accepted Not Accepted

School Board Chairperson

Date: _____

2016 Princeton MS Fundraiser Donations

AmericInn- Free 4 hour pool party

Shopko- \$20 gift card

Caseys- various free pizza or free cookie coupons

Subway- various free cookie coupons

Ossells- free sweatshirt and mittens

Dairy Queen- various free blizzards, cones, sundae coupons

Pizza Hut- various free large pizza coupons

Taco Johns- various \$5 coupons

Walmart- \$20 gift card

McDonalds- various free ice cream coupons

CONSTRUCTION CHANGE ORDERS

11.01.16			
	ADD	Description	Project
West Branch Construction Co	\$13,051.72	Dugout modifications	Youth ball fields
Gopher Contractors, Inc.	\$5,537.84	Furred out walls in the Family Center	Family Center, Transitions and District Center
Gopher Contractors, Inc.	\$6,287.93	Smartboard locations	Family Center, Transitions and District Center
Gopher Contractors, Inc.	\$1,977.74	Hot water and Cold water in Room C162	Family Center, Transitions and District Center
Gopher Contractors, Inc.	\$3,527.63	New Ceilings-Area C	Family Center, Transitions and District Center
Gopher Contractors, Inc.	-\$715.00	Delete carpet in rm C111; leave lights and ceiling as is in rooms C146A and C172	Family Center, Transitions and District Center
Rachel Contracting, Inc.	-\$160.00	Silt fence Removal	South Elementary Building Demo
Rachel Contracting, Inc.	-\$570.00	Portable demo	South Elementary Building Demo
Rachel Contracting, Inc.	\$16,016.00	Water main abandonment	South Elementary Building Demo
Rachel Contracting, Inc.	\$11,399.00	Lot Lighting	South Elementary Building Demo
Rachel Contracting, Inc.	\$1,800.00	Additional bollards	South Elementary Building Demo
Rachel Contracting, Inc.	\$1,363.95	Additional patching	South Elementary Building Demo
W. Gohman Construction Co.	-\$439.00	Delete a portion of the continuous footing	New Primary School
W. Gohman Construction Co.	\$6,391.00	Change in joist and plank and deletion of beams	New Primary School

**Independent School District No. 477
Princeton, Minnesota**

Communications Letter

June 30, 2016



Independent School District No. 477
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**Report on Matters Identified as a Result of
the Audit of the Financial Statements**

To the School Board and Management
Independent School District No. 477
Princeton, Minnesota

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 477, Princeton, Minnesota as of and for the year ended June 30, 2016, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error, or fraud may occur and not be detected by such controls. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a significant deficiency

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected, on a timely basis. The material weakness identified is stated within this letter.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. The significant deficiency identified is stated within this letter.

The accompanying memorandum also includes financial analysis provided as a basis for discussion. The matters discussed herein were considered by us during our audit and they do not modify the opinion expressed in our Independent Auditor's Report dated October 13, 2016, on such statements.

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

BerganKDV, Ltd.

St. Cloud, Minnesota
October 13, 2016

Independent School District No. 477
Material Weakness

MATERIAL AUDIT ADJUSTMENT

During the course of our engagement, we proposed a material audit adjustment that would not have been identified as a result of the District's existing internal controls and, therefore, could have resulted in a material misstatement of the District's financial statements.

In order to ensure financial statements were free from material misstatement, an audit adjustment was required to properly include federal tuition adjustments.

We recommend the District ensure all entries are prepared and posted prior to the audit.

Independent School District No. 477
Significant Deficiency

PREPARATION OF FINANCIAL STATEMENTS AND RELATED NOTE DISCLOSURES

As a function of the audit process, auditors are required to gain an understanding of the District's internal control, including the financial reporting process.

The District does not have an internal control system designed to provide for the preparation of the financial statements and related note disclosures in accordance with accounting principles generally accepted in the United States of America. As auditors, we were requested to draft the financial statements and accompanying notes to financial statements. This circumstance is not unusual in a district of your size.

This condition increases the risk that errors could occur which would not be prevented, or detected and corrected, in a timely basis. Even though all management decisions related to financial reporting are made by the District's management and approval of the financial statements and accompanying note disclosures lies with management, it is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Independent School District No. 477
Required Communication

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of and for the year ended June 30, 2016. Professional standards require that we provide you with the following information related to our audit.

OUR RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA AND *GOVERNMENT AUDITING STANDARDS AND THE UNIFORM GUIDANCE*

As stated in our engagement letter, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance.

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also in accordance with the Uniform Guidance, we examined, on a test basis, evidence about the District's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement applicable to each of its major federal programs for the purpose of expressing an opinion on the District's compliance with those requirements. While our audit provided a reasonable basis for our opinion, it did not provide a legal determination on the District's compliance with those requirements.

Generally accepted accounting principles provide for certain required supplementary information (RSI) to supplement the basic financial statements. Our responsibility with respect to the RSI, which supplement(s) the basic audit financial statements, is to apply certain limited procedures in accordance with generally accepted auditing standards. However, the RSI was not audited and, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance, we do not express an opinion or provide any assurance on the RSI.

Our responsibility for the supplementary information accompanying the financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

**Independent School District No. 477
Required Communication**

PLANNED SCOPE AND TIMING OF THE AUDIT

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit involved judgment about the number of transactions to be examined and the areas to be tested.

Our audit included obtaining an understanding of the District and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the District or to acts by management or employees acting on behalf of the District.

QUALITATIVE ASPECTS OF ACCOUNTING PRACTICES

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in the notes to financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2016. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the proper period.

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

Depreciation – The District is currently depreciating its capital assets over their estimated useful lives, as determined by management, using the straight-line method.

General Education and Special Education Aid – General Education Aid is an estimate until average daily membership (ADM) values are final. Since this is normally not done until after the reporting deadline, this Aid is an estimate. Special Education Aid is also dependent upon ADM value; however, in addition to those, this Aid is dependent on the availability of monies and complex formulas that are finalized after reporting deadlines.

Net Other Post Employment Benefits (OPEB) Obligation and Net Pension Obligation – These liabilities are based on actuarial studies of future obligations of the District for post employment and pension benefits.

Net Pension Liability, Deferred Outflows of Resources Related to Pension Activity and Deferred Inflows of Resources Related to Pension Activity – These balances are based on an allocation by the pension plans using estimates based on contributions.

**Independent School District No. 477
Required Communication**

We evaluated the key factors and assumptions used to develop the accounting estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

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

DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

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

CORRECTED AND UNCORRECTED MISSTATEMENTS

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

- Property taxes receivable
- State receivables
- Unavailable revenue related to delinquent property taxes

The following material misstatement detected as a result of audit procedures was corrected by management.

- Federal tuition billing

DISAGREEMENTS WITH MANAGEMENT

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

MANAGEMENT REPRESENTATIONS

We requested certain representations from management that are included in the management representation letter.

MANAGEMENT CONSULTATIONS WITH OTHER INDEPENDENT ACCOUNTANTS

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

**Independent School District No. 477
Required Communication**

OTHER AUDIT FINDINGS OR ISSUES

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

OTHER MATTERS

We applied certain limited procedures to the RSI that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content and methods of preparing the information to determine that the information complies with accounting principles generally accepted in United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

**Independent School District No. 477
Financial Analysis**

The following pages provide graphic representation of select data pertaining to the financial position and operations of the District for the past five years. Our analysis of each graph is presented to provide a basis for discussion of past performance and how implementing certain changes may enhance future performance. We suggest you view each graph and document if our analysis is consistent with yours.

AVERAGE DAILY MEMBERSHIP AND PUPIL UNITS

The largest single funding source for Minnesota school districts is basic General Education Aid. Each year, the State Legislature sets a basic formula allowance. Total basic general education revenue is calculated by multiplying the formula allowance by the number of pupil units for which a district is entitled to aid. Pupil units are calculated using a legislatively determined weighting system applied to ADM. Over the years, various modifications have been made to this calculation, including changes in weighting and special consideration for declining enrollment districts.

<u>Year</u>	<u>General Education Aid Formula Allowance</u>	
	<u>Amount</u>	<u>Percent Increase</u>
2005	\$ 4,601	0.0%
2006	4,782	4.0%
2007	4,974	4.0%
2008	5,074	2.0%
2009	5,124	1.0%
2010	5,124	0.0%
2011	5,124	0.0%
2012	5,174	1.0%
2013	5,224	1.0%
2014	5,302	1.5%
2015*	5,831	1.9%
2016	5,948	2.0%
2017	6,067	2.0%

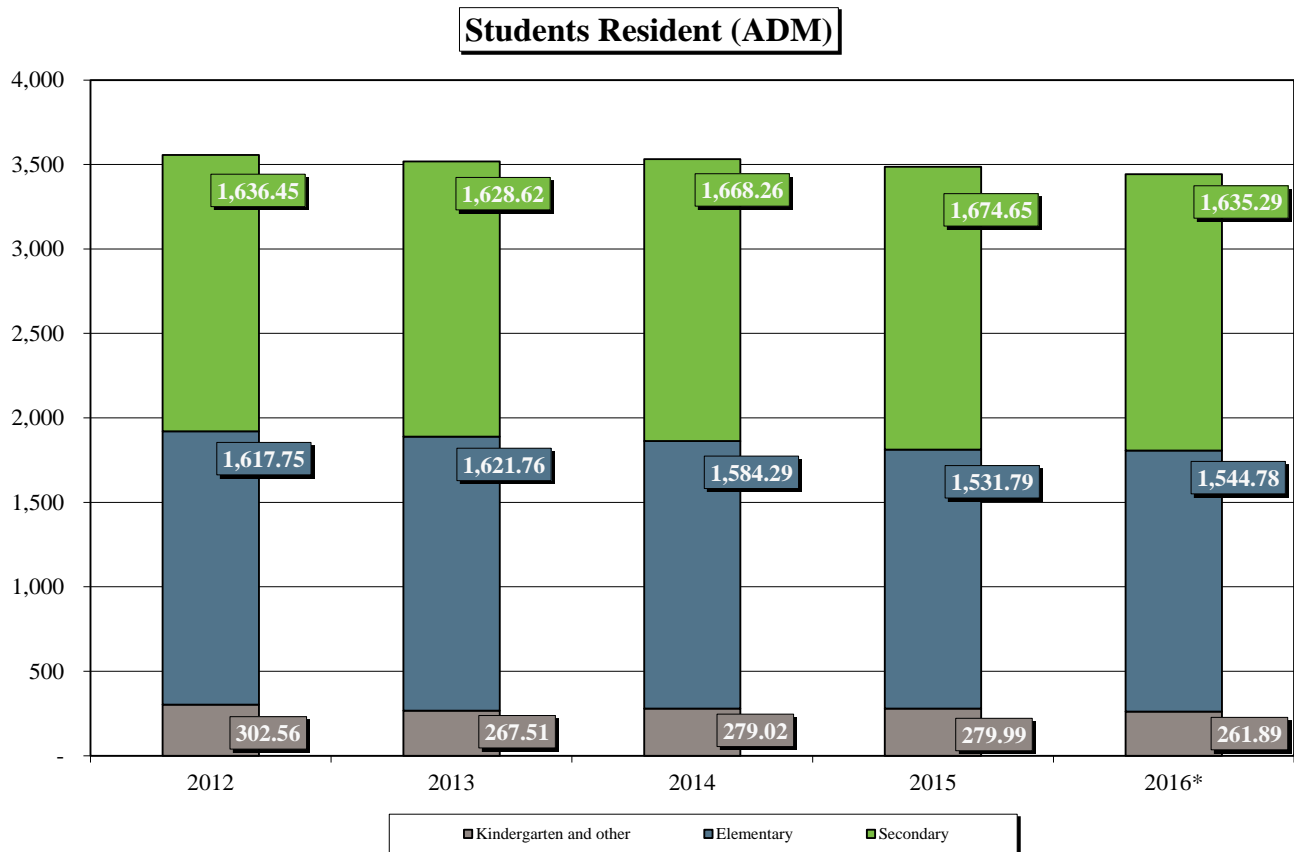
* General Education Aid - Of the \$529 increase over 2014, \$105 is for inflation at 1.9%; the remaining \$424 is a shifting of revenue to adjust for pupil weight changes, pension adjustments changes and other restructuring.

Independent School District No. 477 Financial Analysis

RESIDENT AVERAGE DAILY MEMBERSHIP

ADM	2012	2013	2014	2015	2016*
Kindergarten and other	302.56	267.51	279.02	279.99	261.89
Elementary	1,617.75	1,621.76	1,584.29	1,531.79	1,544.78
Secondary	1,636.45	1,628.62	1,668.26	1,674.65	1,635.29
Total Resident ADM	3,556.76	3,517.89	3,531.57	3,486.43	3,441.96

The following summarizes resident ADM of the District over the past five years ended June 30:



*Estimate as of September 14, 2016

The chart and graph above illustrate the decrease in resident ADM encountered by the District in the five years presented. Total resident ADM has decreased 3.2% since 2012 and decreased by 1.3% from 2015 to 2016.

To calculate a majority of the District's education aids, the ADM amounts are converted into pupil units by weighting, based on the student's grade level. These weighting factors are presented in the table on the following page.

**Independent School District No. 477
Financial Analysis**

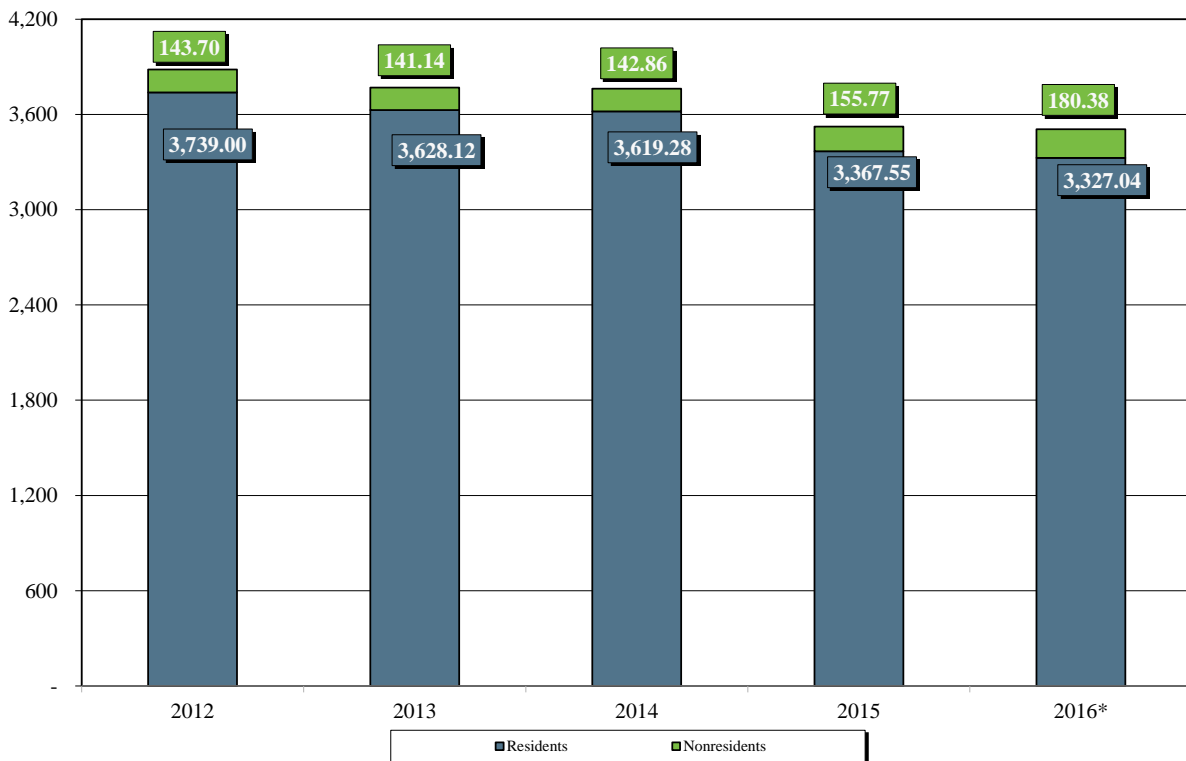
WEIGHTED AVERAGE DAILY MEMBERSHIP SERVED/PUPIL UNITS

Pupil Units Weighting						
	Pre-Kindergarten	Kindergarten Disabled	Kindergarten	Elementary Grades 1-3	Elementary Grades 4-6	Elementary Secondary
2012 through 2014	1.25	1.00	0.612	1.115	1.06	1.30
2015 through 2016	1.00	1.00	1.000	1.000	1.00	1.20

WADM/PUN	2012	2013	2014	2015	2016*
Residents	4,092.98	4,064.89	4,089.53	3,821.36	3,769.01
Resident WADM going elsewhere	(353.98)	(436.77)	(470.25)	(453.81)	(441.97)
Nonresident WADM coming in	143.70	141.14	142.86	155.77	180.38
Total WADM Served/PUN	3,882.70	3,769.26	3,762.14	3,523.32	3,507.42

The weighting factors changed in 2015 as noted above. As a result, the District's weighted student account appears to have decreased significantly from 2014 to 2015. The District's weighted student count would have decreased 32.30 or approximately 0.9% to 3,729.84 without considering the weighting factor changes. The weighted student count decreased 15.9 or 0.5% from 2015 to 2016.

Students Served (WADM/PUN)

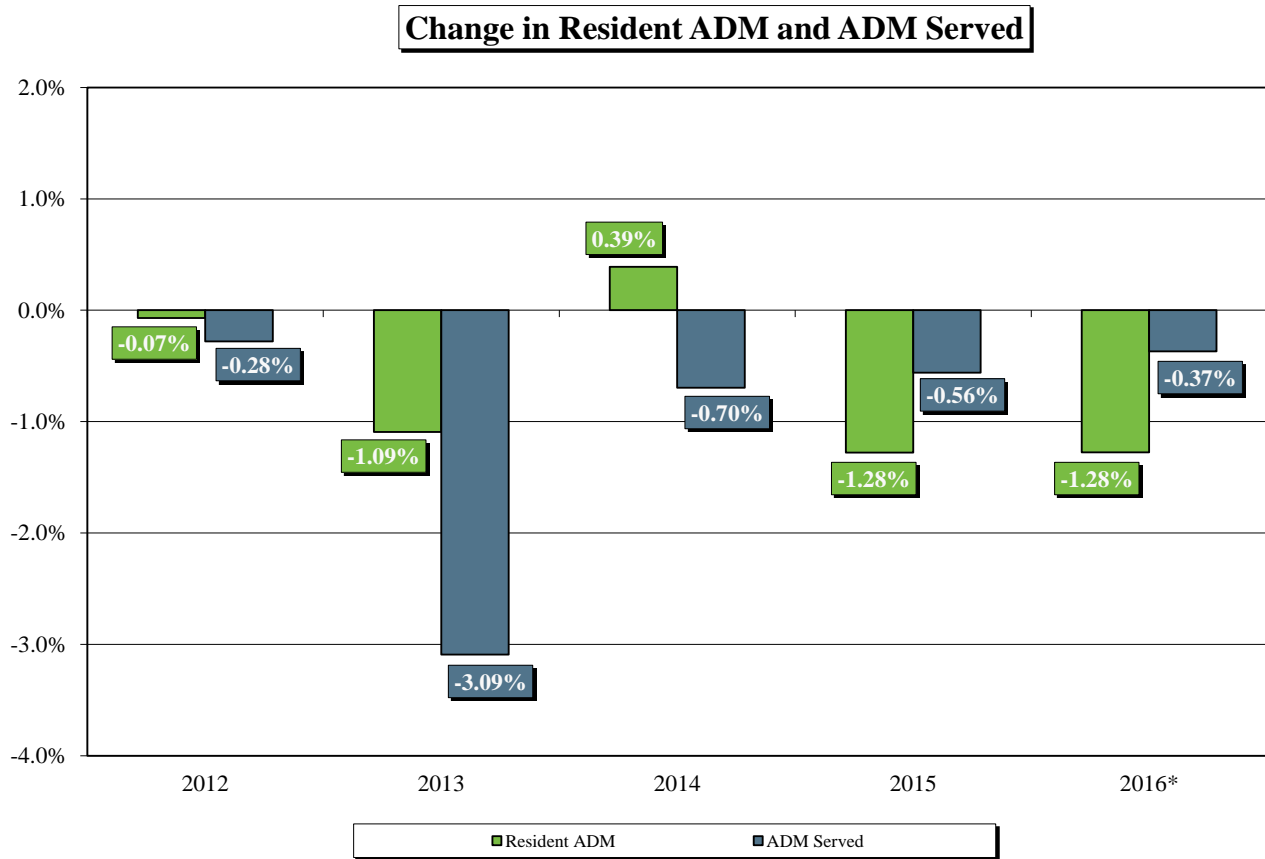


* Estimate as of September 14, 2016

**Independent School District No. 477
Financial Analysis**

RESIDENT AVERAGE DAILY MEMBERSHIP/AVERAGE DAILY MEMBERSHIP SERVED

The following graph illustrates the percent change in resident ADM and ADM served over the past five years.



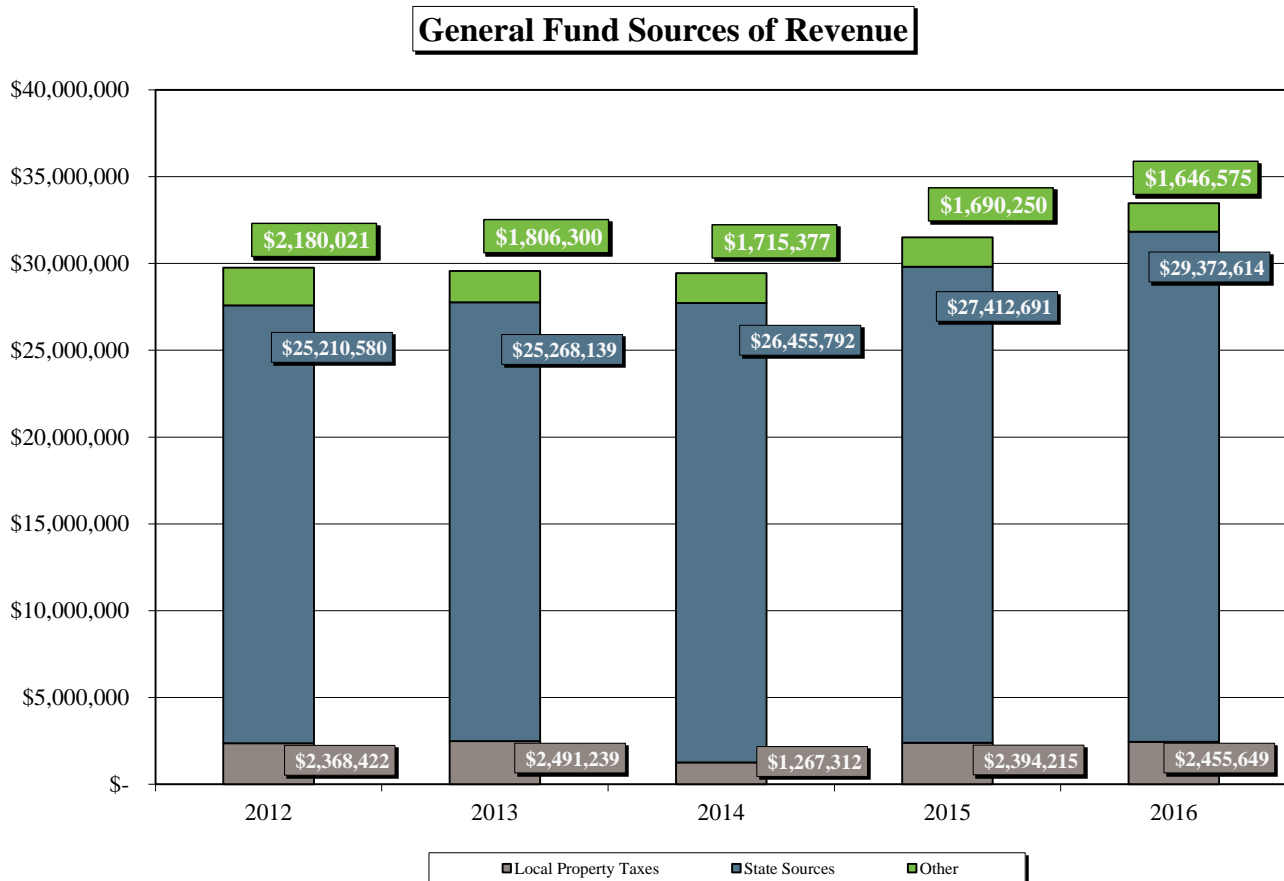
* Estimate as of September 14, 2016

Independent School District No. 477 Financial Analysis

GENERAL FUND SOURCES OF REVENUE

Total General Fund revenue increased \$1,977,682, or 6.2%, from \$31,497,156 in 2015, to \$33,474,838 in 2016. Overall, revenues were \$3,715,815, or 12.5%, more in 2016, compared to four years ago.

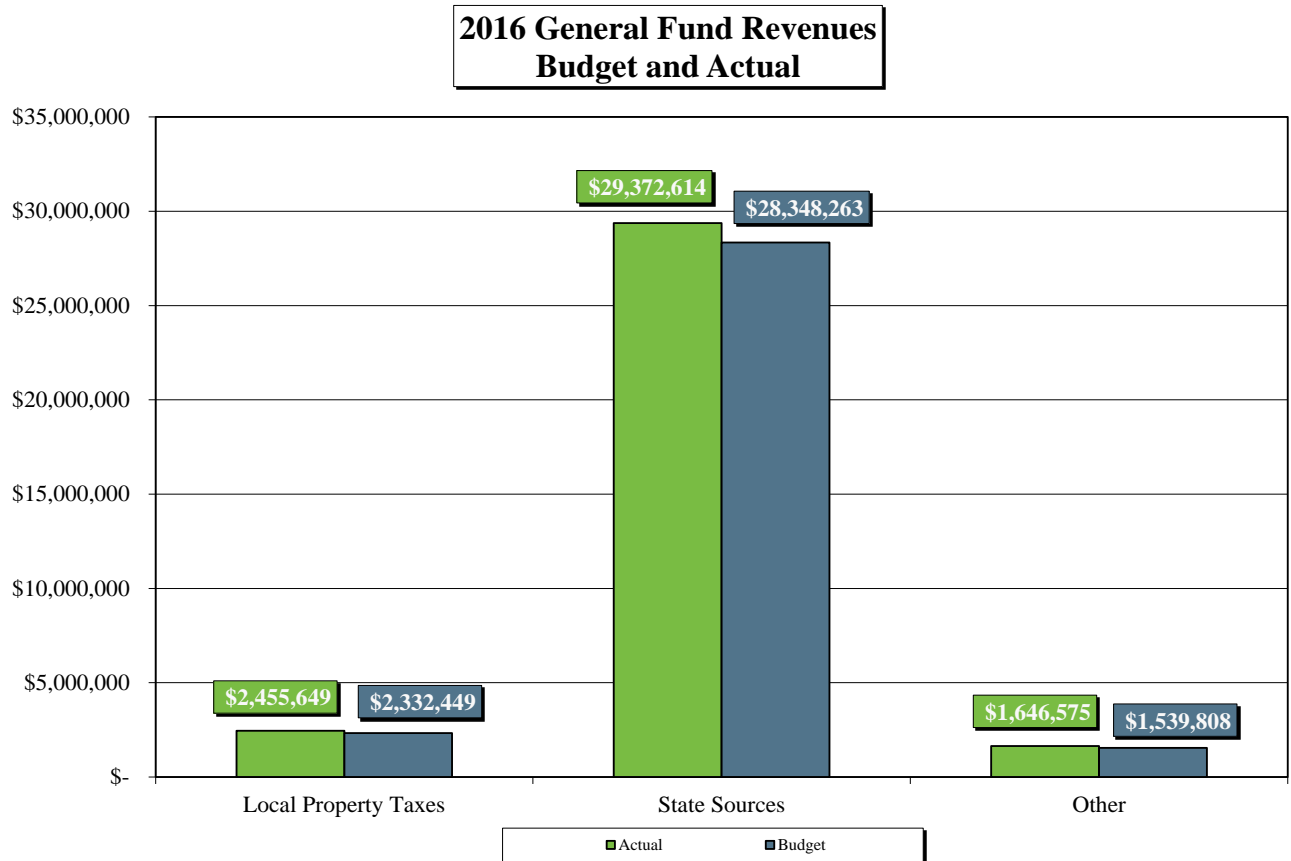
State revenue, which makes up the largest percentage of the District's revenue at 87.7%, increased approximately \$1,960,000 due to a combination of a 2.0% increase in the General Education formula allowance, an increase in special education entitlement due to increased expenditures, and the TRA In-Kind contribution that was recorded in the general fund in 2016. Local property tax revenues, which represent 7.3% of the District's revenues, remained consistent with the prior year. Other revenue, which includes other local and county, federal and sales and other conversions of assets, represents the remaining 5.0% of the District's revenue and remained consistent compared to the prior year.



**Independent School District No. 477
Financial Analysis**

GENERAL FUND BUDGET AND ACTUAL

Overall, total revenue was over budget by \$1,254,318, or 3.9%. State revenue was over budget by \$1,024,351 as a result of an increase in referendum and a change in state equalization factors.



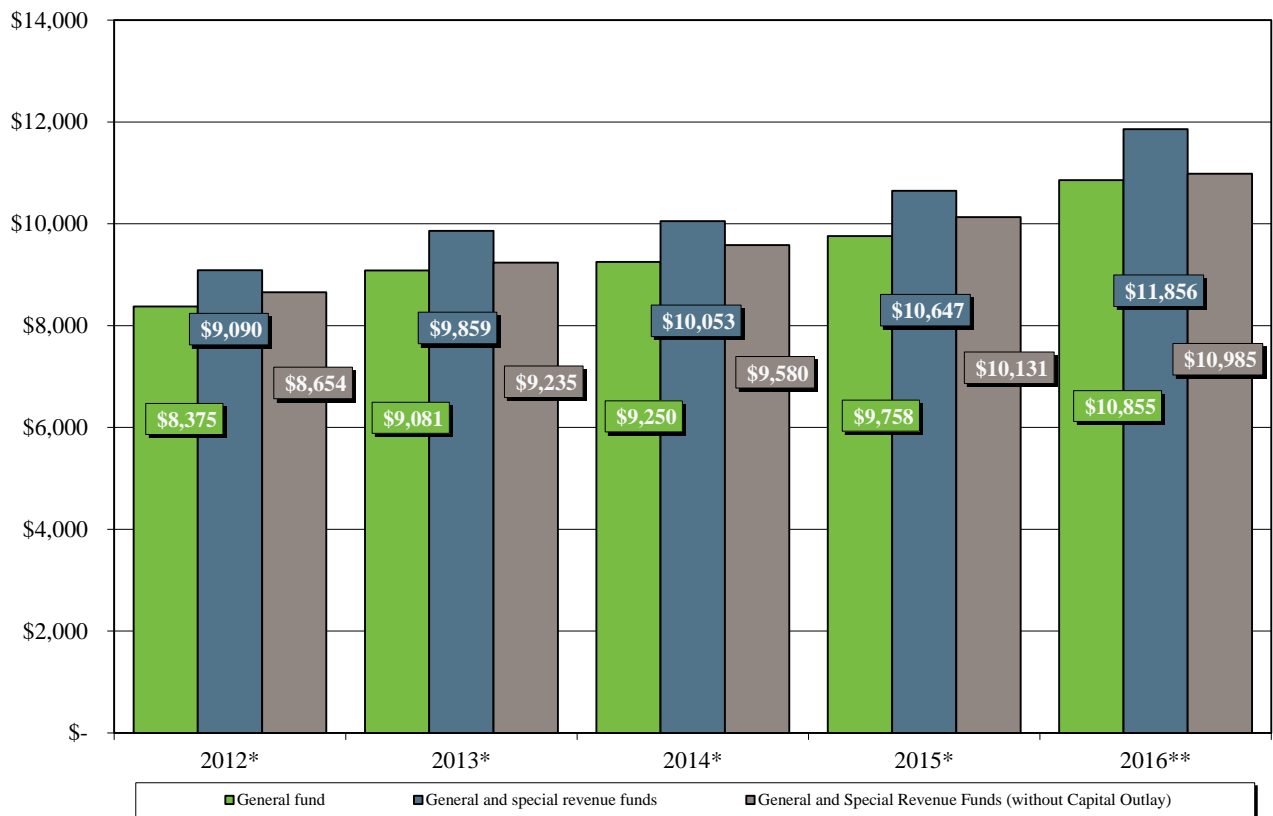
**Independent School District No. 477
Financial Analysis**

EXPENDITURES PER STUDENT

Expenditures per student (ADM served) for all programs are summarized as follows:

	2012*	2013*	2014*	2015*	2016**
General fund	\$ 8,375	\$ 9,081	\$ 9,250	\$ 9,758	\$ 10,855
General and special revenue funds	9,090	9,859	10,053	10,647	11,856
General and special revenue funds (without capital outlay)	8,654	9,235	9,580	10,131	10,985

Expenditures Per Student ADM Served



* Source: *School District Profiles*

** Estimate as of September 14, 2016.

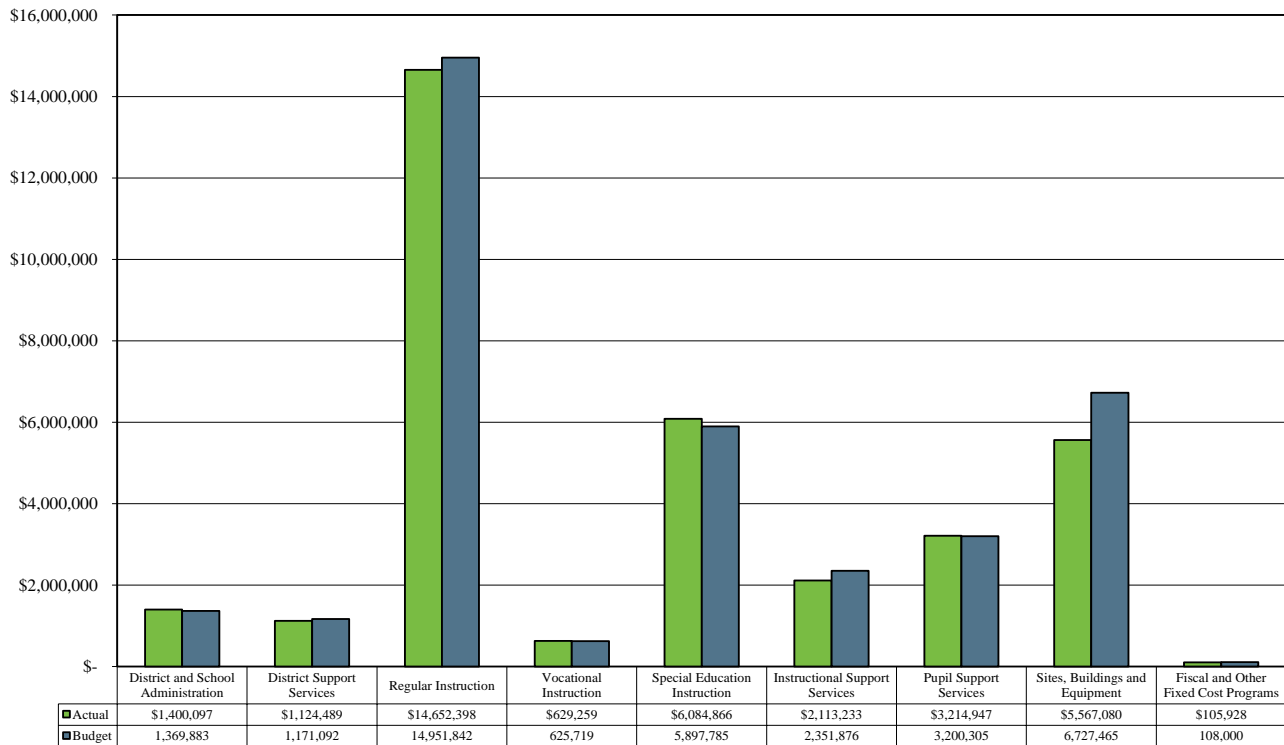
The District experienced an increase in expenditures per student ADM from 2015 to 2016, which was the result of an increase in expenditures of \$3,437,687 or 10.9% and a 0.3% decline in the students served. The average 2015 expenditure per ADM served for districts in the 2,000-3,999 enrollment category was \$10,675 for the General Fund and \$11,664 for the General and Special Revenue Funds, so the District has been consistently lower than other districts of comparable size.

Independent School District No. 477 Financial Analysis

GENERAL FUND BUDGET AND ACTUAL

In total, General Fund expenditures were under budget by \$1,511,670 or 4.2%. As noted in the graph below, all categories came in under budget, with the exception of District and School Administration, Vocational Instruction, and Pupil Support Services. The largest budget variance can be seen in the Sites, Buildings, and Equipment category, which was \$1,160,385 under budget primarily due to conservative budgeting for the building projects. Regular Instruction was \$299,444 under budget as a result of conservative budgeting for technology and curriculum.

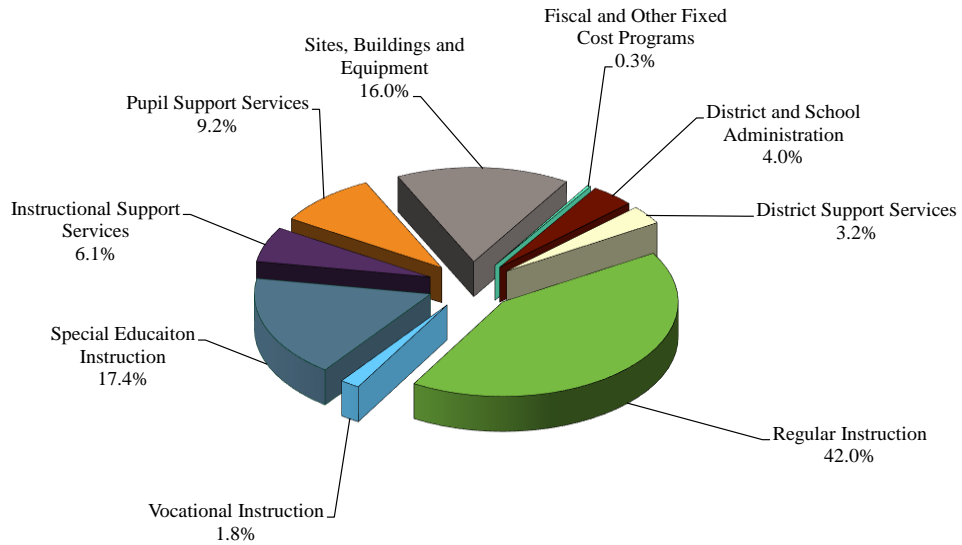
**2016 General Fund Expenditures
Budget and Actual**



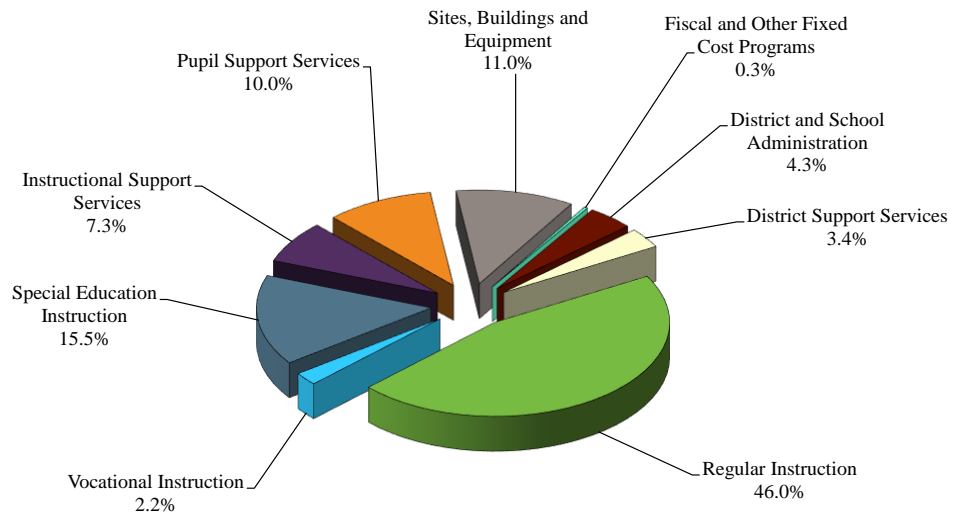
Independent School District No. 477 Financial Analysis

GENERAL FUND OPERATIONS

2016 General Fund Expenditures



2015 General Fund Expenditures



Independent School District No. 477
Financial Analysis

GENERAL FUND OPERATIONS (CONTINUED)

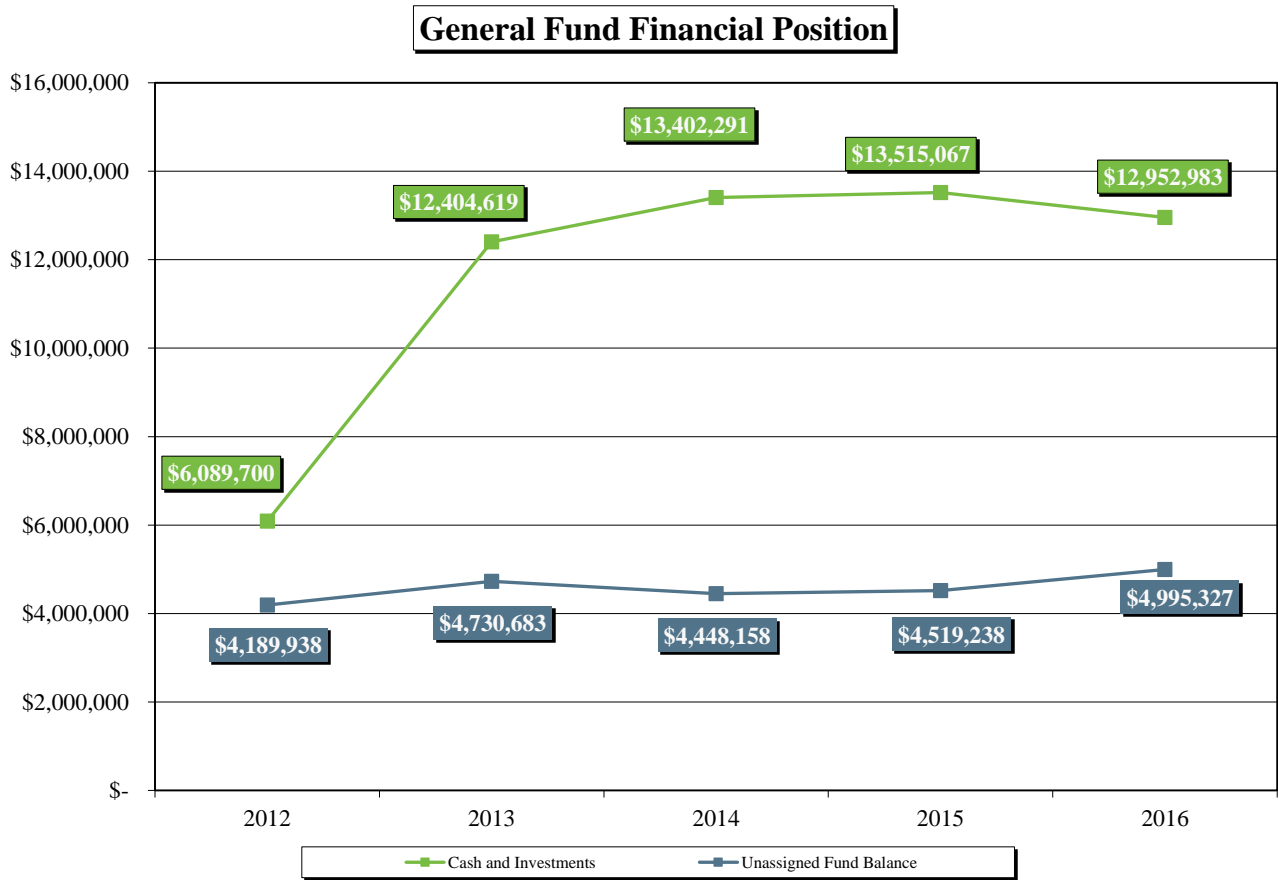
The following table presents five years of comparative operating results for the District's General Fund:

	2012	2013	2014	2015	2016
Revenues	\$29,759,023	\$29,565,678	\$ 29,438,481	\$31,497,156	\$ 33,474,838
Expenditures	28,241,640	29,701,058	30,064,312	31,454,610	34,892,297
Excess of revenues over (under) expenditures	1,517,383	(135,380)	(625,831)	42,546	(1,417,459)
Other financing sources	2,270	140,499	-	-	4,917
Fund balance, July 1	11,609,786	13,129,439	13,134,558	12,508,727	12,551,273
Fund Balance, June 30	\$ 13,129,439	\$ 13,134,558	\$ 12,508,727	\$ 12,551,273	\$ 11,138,731
For the Year Ended June 30,	2012	2013	2014	2015	2016
Nonspendable	\$ 57,266	\$ 115,513	\$ 120,915	\$ 77,231	\$ 92,348
Reserved/restricted for					
Staff development	-	-	31,944	70,515	149,135
Operating capital	3,045,263	2,556,205	2,612,930	2,497,971	2,544,091
Deferred maintenance	5,746	53,532	63,449	57,437	163,061
Health and safety	76	(47,281)	(85,013)	(45,255)	(40,795)
Gifted and talented	57,401	45,509	53,654	39,426	40,619
Committed for					
severance pay	845,777	728,692	695,993	699,936	703,394
Assigned for					
Student activities	128,346	98,397	102,958	138,627	161,061
Staff development	92,178	91,536	-	-	-
Q-Comp program	122,783	55,711	53,235	80,869	123,419
Technology	700,000	667,930	410,504	115,278	37,264
Building improvements	3,800,000	3,600,000	3,600,000	3,600,000	1,428,076
Program initiatives	-	400,000	400,000	700,000	741,731
ERRP	84,665	38,131	-	-	-
Unassigned	4,189,938	4,730,683	4,448,158	4,519,238	4,995,327
Total	\$ 13,129,439	\$ 13,134,558	\$ 12,508,727	\$ 12,551,273	\$ 11,138,731

Between 2015 and 2016 total fund balance decreased by \$1,412,542, including a \$476,089 increase in the unassigned portion. The unassigned balance of \$4,995,327 represents slightly less than two months of expenditures (based on year 2016 levels) and 13.4% of the 2017 annual budget. The District's fund balance policy requires a minimum General Fund unassigned fund balance of 10.0% of the annual budget.

**Independent School District No. 477
Financial Analysis**

GENERAL FUND OPERATIONS (CONTINUED)



While the General Fund unassigned fund balance has seen an increase of \$805,389 since 2012, the General Fund cash and investment balance has increased \$6,863,283 over the same time frame. Part of the reason for the increase in cash and investment balances over this time is due to the State of Minnesota paying approximately 64% by June 30, 2012, 86% by June 30, 2013 and 90% by June 30, 2014, 2015, and 2016. The tax shift was also repaid in 2014 resulting in a further increase in cash.

**Independent School District No. 477
Financial Analysis**

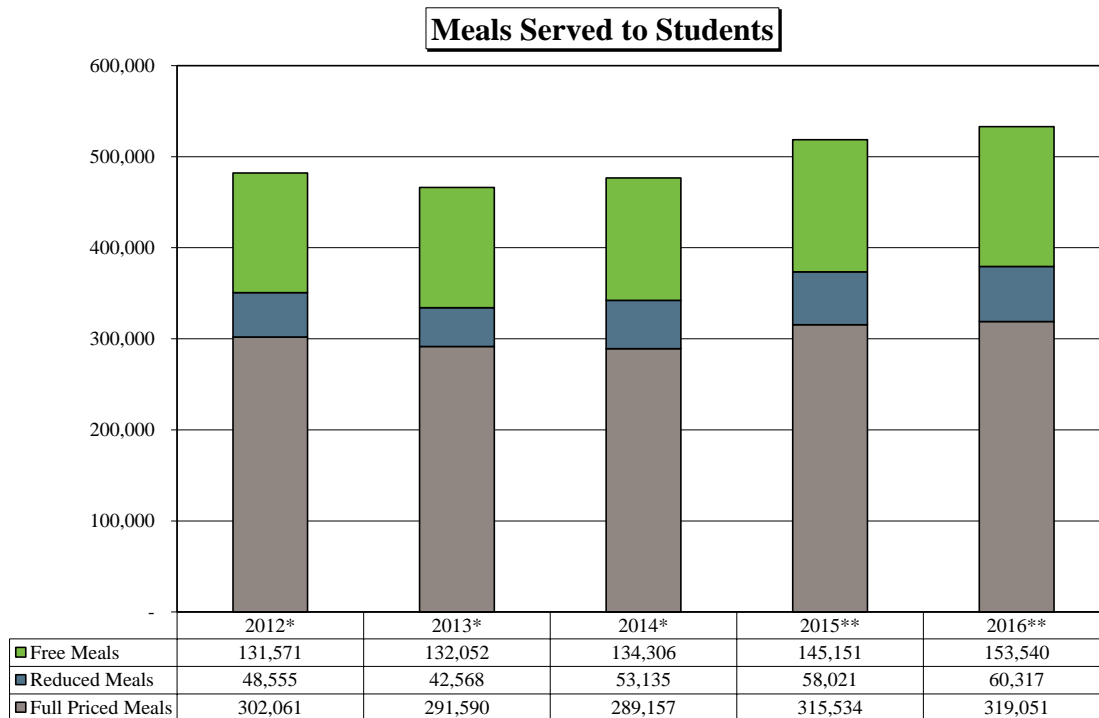
FOOD SERVICE FUND

The following table presents five years of comparative operating results for the District's Food Service Fund.

For the Year Ended June 30,	2012	2013	2014	2015	2016
Revenues	\$ 1,341,331	\$ 1,381,076	\$ 1,533,309	\$ 1,694,727	\$ 1,780,006
Expenditures	1,321,449	1,430,246	1,630,740	1,660,046	1,772,360
Excess of revenues over (under) expenditures	19,882	(49,170)	(97,431)	34,681	7,646
Fund balance, July 1	475,551	495,433	446,263	348,832	383,513
Fund Balance, June 30	\$ 495,433	\$ 446,263	\$ 348,832	\$ 383,513	\$ 391,159

During the year ending June 30, 2016, revenues increased \$85,279 as a result of increased free and reduced meal reimbursement and more students eating lunches than expected, which was partially due to the new grab-and-go lunch option. Expenditures increased \$112,314 due to an increase in food prices. The MDE recommends districts maintain a net cash fund balance not to exceed three months of expenditures based on a nine month operating year.

The following chart reflects the number and type of meals served to students over the five previous years.



* Source: *Food and Nutrition Services: District Financial Report* by the MDE

** Source: SNP claim information submitted to the MDE by the District

**Independent School District No. 477
Financial Analysis**

COMMUNITY SERVICE FUND

The following table presents five years of comparative operating results for the District's Community Service Fund.

For the Year Ended June 30,	2012		2013		2014		2015		2016	
Revenues	\$	1,154,947	\$	1,131,170	\$	1,058,378	\$	1,225,924	\$	1,410,076
Expenditures		1,089,447		1,114,255		977,749		1,205,011		1,444,848
Excess of revenues over expenditures		65,500		16,915		80,629		20,913		(34,772)
Fund balance, July 1		212,404		277,904		294,819		375,448		396,361
Fund Balance, June 30	\$	277,904	\$	294,819	\$	375,448	\$	396,361	\$	361,589

The Community Service Fund expenditures exceeded revenues for the first time in five years. During the year ending June 30, 2016, revenues increased 15.0% while expenditures increased 19.9%. Revenues and expenditures increased primarily due to the Spanish immersion program starting in 2016, increased school readiness and child care fees, and increased staffing for new programming. All categories of restricted fund balance remained positive at year end.

Independent School District No. 477
Legislative Summary

The following is a brief summary of current legislative changes and issues affecting the funding of Minnesota school districts. More detailed and extensive summaries are available from the Minnesota Department of Education (MDE).

STATE AID APPROPRIATIONS

Total appropriations from the state general fund for E-12 education for the 2016-2017 biennium are \$17.23 billion. The formula allowance for 2016 General Education Aid was increased \$117 (2%) to \$5,948. For 2017, the formula allowance is set at \$6,067, which is also an increase of 2%.

Beginning in 2016, the extended time revenue allowance increases to \$5,117, a \$100 increase.

ENGLISH LEARNER REVENUE

The funding eligibility time period has been extended from years to seven years beginning in 2017.

COMPENSATORY REVENUE

Districts not in a compensatory pilot project are allowed to reallocate up to 50% of compensatory revenue among buildings based on a local plan beginning in 2016. The compensatory pilot grants have been extended for 2016 and later.

STUDENT ACHIEVEMENT LEVY

The Student Achievement Levy is reduced from \$20 million to \$10 million for 2018 and eliminated for 2019.

OPERATING CAPITAL LEVY

The operating capital levy equalizing factor has been increased from \$14,500 for 2016 to \$14,740 for 2017, \$17,473 for 2018, and \$20,510 for 2019.

LEARNING AND DEVELOPMENT

Districts are no longer required to annually report on uses of learning and development revenue.

Q COMP

The basic Q Comp aid cap was increased to \$88,118,000 beginning for 2017. This cap was set at \$75,636,000 previously. Eligibility was expanded to include cooperative units other than intermediate districts beginning in 2017.

ALTERNATIVE TEACHER PAY

New language has been introduced allowing the alternative teacher pay system to include a hiring bonus or other added compensation for teachers identified as effective or highly effective who work in a hard to fill position or hard to staff school. There are additional incentives for teachers who earn a Master's degree or other advanced certification in their field, pursue training or education in shortage areas identified by their district, or help fund a "grow your own" new teacher initiative.

Independent School District No. 477
Legislative Summary

STAFF DEVELOPMENT

Districts are required to use the 2% staff development set-aside for teacher development and evaluation, principal development and evaluation, professional development, in-service education and, to the extent funds remain, for staff development plans. Staff development plans must be aligned with teacher development and evaluation agreement.

AMERICAN INDIAN EDUCATION AID

Success for the Future grants will be replaced with American Indian Education aid effective for 2016. Districts with at least 20 American Indian students are eligible for this aid in the amount of approved cost or \$20,000 plus \$358 per American Indian enrolled on October 1 of the prior school year for enrollment exceeding 20. Districts currently receiving Success for the Future grants will be held harmless.

LONG-TERM FACILITIES MAINTENANCE REVENUE

Beginning in 2017, deferred maintenance, health and safety and alternative facilities revenues will be rolled into a new long-term facilities maintenance revenue program. This new revenue equals the sum of the product of:

- 1) \$193/APU for 2017, \$292 for 2018, and \$380 for 2019 and later, and
- 2) The lesser of 1 or the ratio of the district's average building age to 35 years
- 3) The approved cost of indoor air quality, fire alarm and suppression and asbestos abatement projects with a cost per site of \$100,000 or more

The 25 large districts currently eligible for alternative facilities revenue continue to be eligible based on approved project costs without a state-imposed per pupil limit.

Districts may choose to issue bonds for the program, levy on a pay as you go basis, or a combination of the two.

Districts are guaranteed to receive at least as much revenue and state aid as they would have received under existing law.

MISCELLANEOUS LEVIES

The maximum rate for the building lease levy is changed from \$162 to \$212 per adjusted pupil unit for districts and from \$46 to \$65 for intermediate district members.

There is a new natural disaster debt service equalization levy available for Districts who have natural disaster damage in excess of \$500,000 that is not covered by FEMA or insurance. This is effective for the pay 2016 levy.

The debt service equalizing factors have changed from \$3,550 to \$3,400 for 2016 and to \$4,430 for 2017 and later for tier 1 Districts and from \$7,900 to \$8,000 for tier 2 Districts.

Independent School District No. 477
Legislative Summary

LOCAL OPTIONAL REVENUE

Local optional revenue is replacing location equity revenue. All districts are eligible for \$424 per APU. The revenue will be deducted from the referendum allowance as local equity revenue was in 2015. Districts no longer need to opt out via board resolution. Instead, Districts will indicate the revenue allowance on the levy information system.

ACCOUNTING

A two-year extension was approved through 2017 of authority for school districts to transfer funds with commissioner approval if transfer does not result in additional aid or levy authority. Transfers are not allowed from the food service or community service funds or the reserved/restricted account for staff development.

FINANCIAL REPORTING DATES

The deadline for prior year data corrections for final payments has been moved from December 30 to December 15.

SPECIAL EDUCATION

A new special education formula is enacted beginning in 2016. For 2016, special education aid equals the sum of the new formula aid plus the new formula excess cost aid.

For 2016, the new special education regular formula is the least of:

- 62% of the District's old formula special expenditures for the prior fiscal year
- 50% of the District's nonfederal special education expenditures for the prior fiscal year (including fringe benefits)
- 56% of the amount calculated using a new pupil-driven formula based on prior year data

For 2016, the new special education excess cost aid is the greater of:

- 56% of the difference between the District's prior year unreimbursed nonfederal special education cost and 7% of the District's prior year general education revenue
- 62% of the difference between the District's prior year unreimbursed old formula special education cost and 2.5% of the District's prior year general education revenue

During 2016, special education aid will be paid directly to cooperatives and intermediate districts, rather than having those aids flow through the resident district. Tuition bills will be reduced to offset the aid paid to the cooperative and intermediaries.

**Independent School District No. 477
Legislative Summary**

FOUR DAY WEEKS

Grandfathered districts that currently operate using a four-day week are allowed to maintain this program until the 2019-2020 school year. Future approval is dependent upon meeting the World's Best Workforce goals. If discontinued, districts are allowed a one-year transition time.

VOLUNTARY PREKINDERGARTEN

Starting in 2017, children who are four years old on September 1st of the school year in which they enroll are eligible. Funding is formula driven, with students at participating sites generating up to 0.6 pupil units.

Aid entitlement is capped at \$27,092,000 for 2017, \$27,239,000 for 2018, and \$26,399,000 for 2019.

HOME VISITING REVENUE

Effective for 2018, on the Pay 2017 levy, the formula for home visiting revenue is increased from \$1.60 to \$3.00 times the population under age 5 residing in the District on September 1 of the last school year.

SCHOOL BOARD ELECTIONS

Schools are allowed to appoint someone to a vacant seat; however they are required to hold an election for the vacated seat during the next general election. The appointed position may be negated if 5% of the general election voters sign a petition within the first 30 days.

Independent School District No. 477 Emerging Issues

Executive Summary

The following is an executive summary of financial and business related updates to assist you in staying current on emerging issues in accounting and finance. This summary will give you a preview of the new standards that have been recently issued and what is on the horizon for the near future. The most recent and significant updates include:

- **Accounting Standard Update –GASB Statement No. 75 - Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions** –GASB has issued GASB statement 75 relating to accounting and financial reporting for postemployment benefits other than pensions. The new statement requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information (RSI) about their OPEB liabilities.

The following are extensive summaries of each of the current updates. As your continued business partner, we are committed to keeping you informed of new and emerging issues. We are happy to discuss these issues with you further and their applicability to your District.

ACCOUNTING STANDARD UPDATE – GASB STATEMENT NO. 75 - ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans.

GASB Statement 75 requires governments to report a liability on the face of the financial statements for the OPEB that they provide:

- Governments that are responsible only for OPEB liabilities related to their own employees and that provide OPEB through a defined benefit OPEB plan administered through a trust that meets specified criteria will report a *net OPEB liability*—the difference between the total OPEB liability and assets accumulated in the trust and restricted to making benefit payments.
- Governments that participate in a cost-sharing OPEB plan that is administered through a trust that meets the specified criteria will report a liability equal to their *proportionate share of the collective OPEB liability* for all entities participating in the cost-sharing plan.

Independent School District No. 477
Emerging Issues

ACCOUNTING STANDARD UPDATE – GASB STATEMENT NO. 75 - ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

- Governments that do not provide OPEB through a trust that meets specified criteria will report the *total OPEB liability* related to their employees.

GASB Statement 75 carries forward from Statement 45 the option to use a specified alternative measurement method in place of an actuarial valuation for purposes of determining the total OPEB liability for benefits provided through OPEB plans in which there are fewer than 100 plan members (active and inactive). This option was retained in order to reduce costs for smaller governments.

GASB Statement 75 requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information (RSI) about their OPEB liabilities. Among the new note disclosures is a description of the effect on the reported OPEB liability of using a discount rate and a healthcare cost trend rate that are one percentage point higher and one percentage point lower than assumed by the government. The new RSI includes a schedule showing the causes of increases and decreases in the OPEB liability and a schedule comparing a government's actual OPEB contributions to its contribution requirements.

Information provided above was obtained from www.gasb.org.

**Independent School District No. 477
Princeton, Minnesota**

Financial Statements

June 30, 2016



**Independent School District No. 477
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**Independent School District No. 477
Board of Education and Administration
June 30, 2016**

<u>Board of Education</u>	<u>Position</u>	<u>Term Expires</u>
Jeremy Miller	Chairperson	January 1, 2019
Deb Ulm	Vice Chairperson	January 1, 2017
Howard Vaillancourt	Treasurer	January 1, 2017
Eric Minks	Clerk	January 1, 2019
Chad Young	Acting Clerk	January 1, 2017
Craig Johnson	Director	January 1, 2019
Chuck Nagle	Director	January 1, 2017
<u>Administration</u>		
Julia Espe	Superintendent	
Michelle Czech	Director of Business Services	



Independent Auditor's Report

BerganKDV, Ltd.

To the School Board
Independent School District No. 477
Princeton, Minnesota

Cedar Falls
602 Main Street
Suite 100
P.O. Box 489
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Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Independent School District No. 477, Princeton, Minnesota, as of and for the year ended June 30, 2016, and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

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Management's Responsibility for the Financial Statements

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

Coralville
2530 Corridor Way
Suite 301
P.O. Box 5267
Coralville, IA
52241-0267
T 319.248.0367
F 319.248.0582

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Des Moines
9207 Northpark Drive
Johnston, IA
50131-2933
T 515.727.5700
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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Independent School District No. 477, Princeton, Minnesota, as of June 30, 2016, and the respective changes in financial position thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, which follows this report letter, and the Required Supplementary Information listed in the Table of Contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information identified in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 O.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the financial statements.



Other Matters

Other Information

The accompanying supplementary information identified in the Table of Contents and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2016, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads 'BergankDV, Ltd.'.

St. Cloud, Minnesota
October 13, 2016

Independent School District No. 477 Management's Discussion And Analysis

This section of Independent School District No. 477 – Princeton Public Schools' (the "District") annual financial report presents our discussion and analysis of the District's financial performance during the year that ended on June 30, 2016. Please read it in conjunction with the District's financial statements, which immediately follow this section.

The Management's Discussion and Analysis (MD&A) is an element of a reporting model that is required by the Governmental Accounting Standards Board's (GASB) Statement No. 34 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* issued in June 1999. GASB Statement No. 34 establishes reporting requirements that include additional financial statements, expanded disclosure, and supplemental information, including the MD&A (this section).

Comparative information between the current year and the prior year are included in the MD&A as required.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2015-2016 year include the following:

- The District during the 2015-2016 continued construction on the new K-2 Primary Building and other projects which were part of the \$29,955,000 construction bond. The bond included a New Primary and some additional work to be done on the District's High School Facility.
- The District applied for an Early Childhood Facilities Matching Grant in 2014-2015. The District was successful and received a match of \$509,000 for a total project cost of slightly over \$1 million. The planning and actual construction occurred during the 2015-2016 school year and the summer of 2016.
- The District's total student ADM's served decreased at a slower rate from 2015 to 2016 than the proceeding two years 2014 and 2015. In 2015 we ended with 3,218.69 ADM's and in 2016 we ended with 3,205.61 ADM's, which was a total ADM loss of 13.08.
- The District's unassigned fund balance increased by \$480,549, which makes the unassigned fund balance at 15% of our unassigned budgeted expenses for 2017. The District's assigned fund balance decreased by \$2,143,223. These are assigned funds for specific program needs and are considered one time funds. The District's reserve fund balances increased by \$231,557. These funds are state required. The District is expected to set aside the funds for a specific purpose.
- The School Board has a goal to keep the unassigned fund balance at 10%. The District exceeded their goal of 10% with an unassigned fund balance of \$4.9 million.

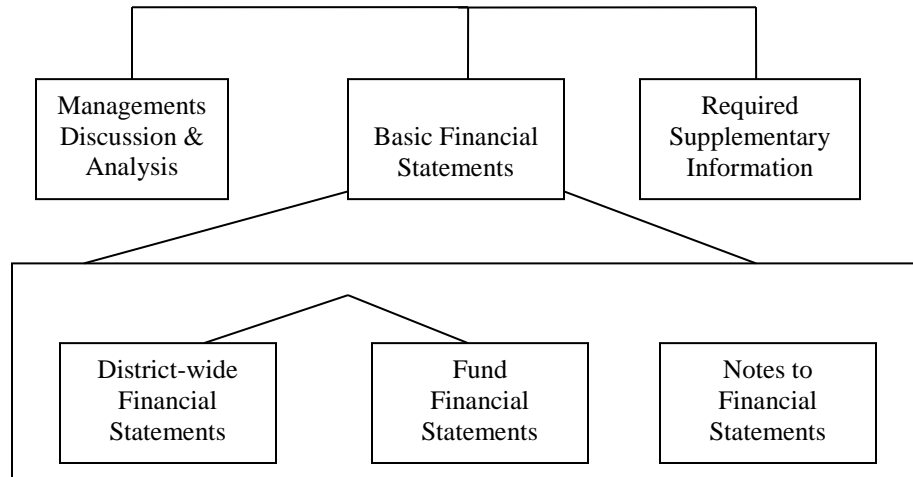
Independent School District No. 477 Management's Discussion And Analysis

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditor's Report, required supplementary information, which includes the MD&A (this section), the basic financial statements, and the supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are district-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund-financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
- The governmental funds statements tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
- The District currently does not have any fiduciary funds.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The diagram below shows how the various parts of this annual report are arranged and related to one another:



Summary < ----- > Detail

**Independent School District No. 477
Management's Discussion And Analysis**

The major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain, are summarized below. The remainder of the overview section of the MD&A highlights the structure and content of each of the statements.

DISTRICT-WIDE STATEMENTS

Fund Financial Statements		
	District-Wide Statements	Governmental Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance.
Required financial statements	<ul style="list-style-type: none"> ❖ Statement of Net Position ❖ Statement of Activities 	<ul style="list-style-type: none"> ❖ Balance Sheet ❖ Statement of Revenues, Expenditures, and Changes in Fund Balances
Accounting Basis and measurement focus	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial focus.
Type of assets/liability information	All assets and liabilities, both financial and capital, short-term and long-term.	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included.
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.

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

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

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

Independent School District No. 477 Management's Discussion And Analysis

DISTRICT-WIDE STATEMENTS (CONTINUED)

In the district-wide financial statements the District's activities are shown in one category:

- **Governmental Activities** – All of the District's basic services are included here, such as regular and special education, transportation, administration, food services and community education. Property taxes and state aids finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds – focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (e.g., repaying its long-term debts) or to show that it is properly using certain revenues (e.g., federal grants).

The District has one kind of fund:

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

Net Position

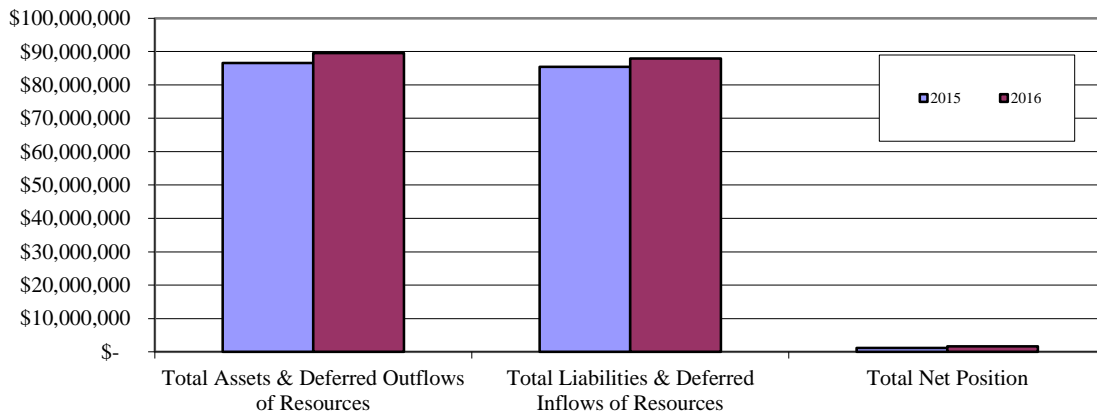
The District's combined net position was \$1,674,935 on June 30, 2016 (see details in Table A-1). The net position remained relatively flat because of the recognition of PERA and TRA pension liabilities and the addition of the construction bond for the primary school and the renovations at the high school occurred in the 2014-2015 school year.

**Independent School District No. 477
Management's Discussion And Analysis**

DISTRICT-WIDE STATEMENTS (CONTINUED)

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

	2015	2016
Assets		
Current assets	\$ 50,869,980	\$ 31,519,940
Capital assets	32,719,895	54,103,472
Total assets	83,589,875	85,623,412
Deferred Outflows of Resources		
	3,005,619	3,983,517
Total assets and deferred outflows of resources	\$ 86,595,494	\$ 89,606,929
Liabilities		
Current liabilities	\$ 4,853,737	\$ 7,268,627
Long-term liabilities	69,469,982	71,507,484
Total liabilities	74,323,719	78,776,111
Deferred Inflows of Resources		
	11,156,784	9,155,883
Net Position		
Net investment in capital assets	7,896,926	9,848,913
Restricted net position	3,537,589	3,726,805
Unrestricted net position	(10,319,524)	(11,900,783)
Total net position	1,114,991	1,674,935
Total liabilities, deferred inflows of resources, and net position	\$ 86,595,494	\$ 89,606,929



**Independent School District No. 477
Management's Discussion And Analysis**

DISTRICT-WIDE STATEMENTS (CONTINUED)

**Table A-2
SUMMARY OF REVENUES AND EXPENSES**

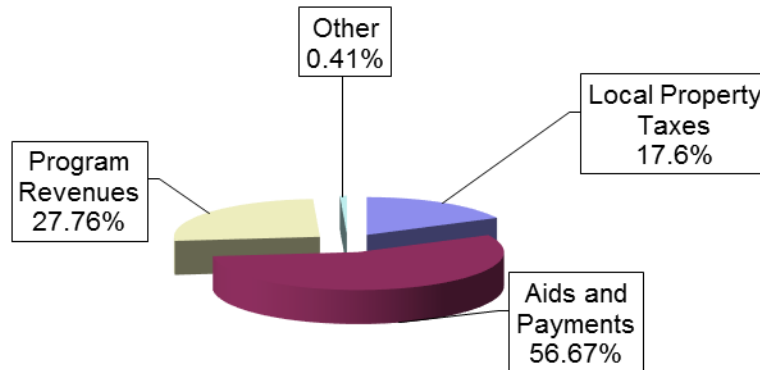
	Year	
	2015	2016
Revenues		
Program revenues		
Charges for services	\$ 2,501,936	\$ 2,836,173
Operating grants and contributions	6,939,417	7,811,350
Capital grants and contributions	600,320	579,903
General revenues		
Property taxes	5,080,707	6,129,684
Aids and payments from the state	21,698,509	22,920,999
Other sources	243,622	166,141
Total revenues	<u>37,064,511</u>	<u>40,444,250</u>
Expenses		
Administration	1,334,822	1,416,758
District support services	1,048,681	1,141,975
Elementary and secondary regular education	14,338,179	14,709,673
Vocational education	688,243	635,114
Special education	4,821,910	6,064,171
Instructional support services	2,261,353	2,135,427
Pupil support services	3,115,292	3,252,134
Site, buildings, and equipment	3,714,277	4,798,849
Fiscal and other fixed cost programs	103,641	105,928
Food Service	1,653,398	1,831,857
Community education and services	1,197,110	1,451,018
Unallocated depreciation	630,295	604,348
Interest and fiscal charges - long-term debt	1,917,738	1,737,054
Total expenses	<u>36,824,939</u>	<u>39,884,306</u>
Change in net position	239,572	559,944
Net Position		
Beginning	20,887,063	1,114,991
Change in accounting principle	(20,011,644)	-
Beginning, as restated	<u>875,419</u>	<u>1,114,991</u>
Ending	<u>\$ 1,114,991</u>	<u>\$ 1,674,935</u>

**Independent School District No. 477
Management's Discussion And Analysis**

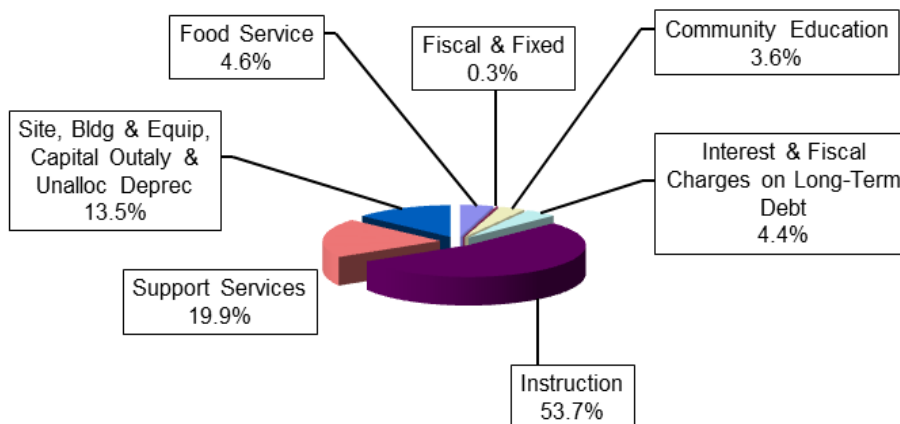
DISTRICT-WIDE STATEMENTS (CONTINUED)

The District's total revenue in 2016 consisted of program revenues of \$11,227,426, property taxes of \$6,129,684, aid payment from the State of Minnesota of \$22,920,999 and \$166,141 from miscellaneous other sources. 2016 expenses totaling \$39,884,306 consisted mainly of regular, vocational and special education instruction costs of \$21,408,958. Other areas of cost included: support services (District, administrative, instructional and pupil) \$7,946,294, site, buildings and equipment \$4,798,849, fiscal and other fixed-cost program \$105,928, food service \$1,831,857, community education and services \$1,451,018, unallocated depreciation \$604,348 and interest and fiscal charges on long-term debt \$1,737,054.

2016 Revenues Table A-3



2016 Expenses Table A-4



**Independent School District No. 477
Management's Discussion And Analysis**

DISTRICT-WIDE STATEMENTS (CONTINUED)

The net cost of governmental activities is their total costs less program revenues applicable to each category. Table A-5 presents these costs.

Table A-5

	2015		2016	
	Total Cost of Services	Net (Expense) Revenue	Total Cost of Services	Net (Expense) Revenue
Administration	\$ 1,334,822	\$ (1,317,920)	\$ 1,416,758	\$ (1,397,755)
District support services	1,048,681	(1,040,715)	1,141,975	(1,133,089)
Elementary and secondary				
Regular instruction	14,338,179	(10,714,859)	14,709,673	(11,063,170)
Vocational instruction	688,243	(562,417)	635,114	(558,026)
Special education instruction	4,821,910	(1,856,663)	6,064,171	(2,335,064)
Instructional support services	2,261,353	(2,250,882)	2,135,427	(2,131,329)
Pupil support services	3,115,292	(3,091,966)	3,252,134	(3,234,024)
Site, buildings, and equipment	3,714,277	(3,107,306)	4,798,849	(3,978,658)
Fiscal and other fixed-cost programs	103,641	(103,641)	105,928	(105,928)
Food service	1,653,398	40,788	1,831,857	(52,737)
Community education and services	1,197,110	(229,652)	1,451,018	(325,698)
Unallocated depreciation	630,295	(630,295)	604,348	(604,348)
Debt service				
Interest and fiscal charges on long-term debt	1,917,738	(1,917,738)	1,737,054	(1,737,054)
Total	\$ 36,824,939	\$ (26,783,266)	\$ 39,884,306	\$ (28,656,880)

FUND BALANCE

The decrease in the total general fund balance is due to planned expenditures from an assigned building fund for projects started in the 2015-2016 school year. The most notable being the Early Childhood renovation which included moving District Office space to City Hall.

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the 2016 year, its governmental funds reported a combined fund balance of \$18,155,752. The combined fund balance decreased \$22,691,815 from 2015 due to building project expenses being paid for during the year.

REVENUE AND EXPENDITURES

District's governmental funds revenue totaled \$40,244,536, while total expenditures were \$63,169,817 and other financing sources totaled \$233,466. A summary of the revenues and expenditures reported on the governmental fund financial statements appears in Table A-6 on the next page.

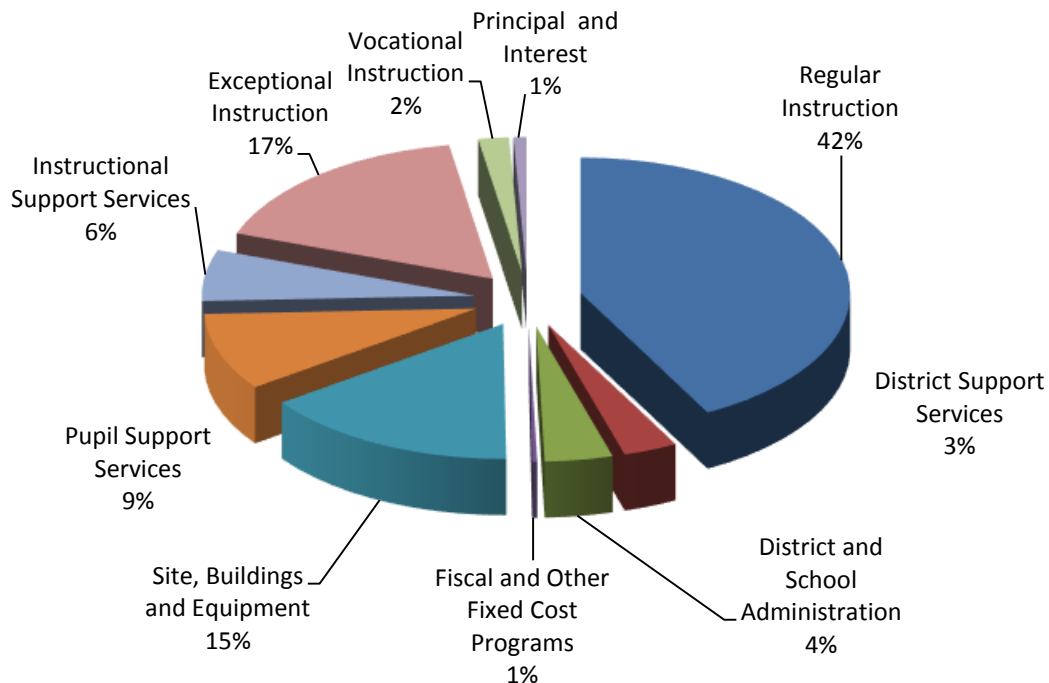
**Independent School District No. 477
Management's Discussion And Analysis**

REVENUE AND EXPENDITURES (CONTINUED)

**Table A-6
Revenues and Expenditures – Governmental Funds**

	Revenue	Expenditures	Other Financing Sources	Fund Balance Increase
General	\$ 33,474,838	\$ 34,892,297	\$ 4,917	\$ (1,412,542)
Food Service	1,780,006	1,772,360	-	7,646
Community Service	1,410,076	1,444,848	-	(34,772)
Debt Service	3,509,300	3,444,329	-	64,971
Capital Projects	70,316	21,615,983	228,549	(21,317,118)
Total	\$ 40,244,536	\$ 63,169,817	\$ 233,466	\$ (22,691,815)

2016 GENERAL FUND EXPENDITURES



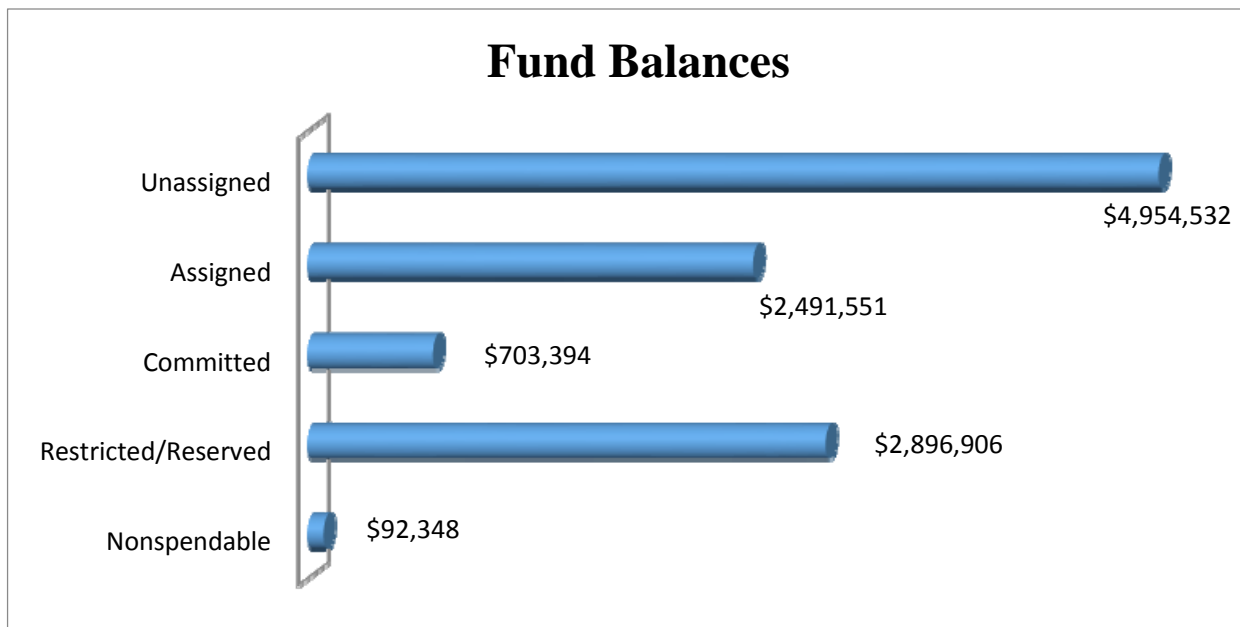
**Independent School District No. 477
Management's Discussion And Analysis**

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year ended June 30, 2016, the District formally revised its budget one time. The revision is always necessary because when the initial budget is prepared and adopted (a budget must be in place prior to the beginning of the year on July 1) details of student enrollments, staffing levels and other significant information items are estimates and are continually changing. The budget is a guide and is monitored continually for reasonableness.

The basic General Education Aid revenue from the state per pupil unit is (\$5,948) for the 2015-2016 school year. The District also has a board and voter approved operating referendum in the amount of \$300 per pupil unit to help support and maintain class size as well as other operational costs. The General Fund balance is down from the previous year, decreasing the General Fund balance to \$11.1 million, with \$92,348 in non-spendable, \$2.9 million in restricted/reserved, \$703,394 in committed, \$2.5 million in assigned and \$4.95 million in unassigned. (See chart below)

Table A-7 Fund Balance Comparison



CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

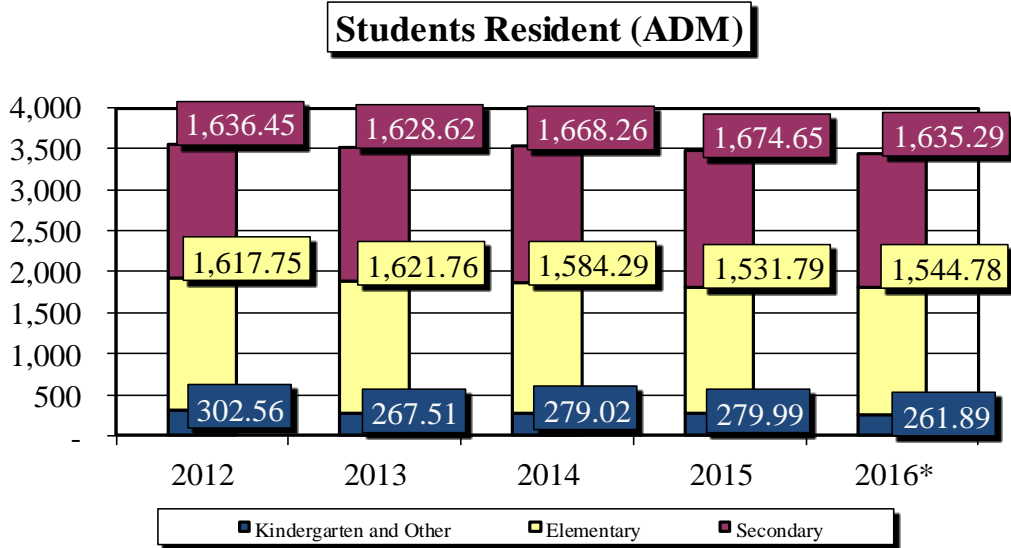
The overall capital assets of the District increased \$22,425,162 before taking depreciation into consideration. This increase is due to site improvements, equipment purchases, and construction in progress. After taking depreciation into consideration, net capital assets increased by \$21,383,577. More detailed information regarding capital assets can be found in Note 3 of the financial statements.

Long – Term Debt

At year-end, the District had \$48,008,766 of long-term liabilities. This consisted of bonded indebtedness of \$45,545,000 and certificates of participation and compensated absences payable of \$2,463,766. More detailed information regarding long-term liabilities can be found in Note 4 of the financial statements.

**Independent School District No. 477
Management's Discussion And Analysis**

Table A-8 Students Resident (ADM)



* Estimate

The District's resident average daily membership (ADM) decreased in 2016 and is projected to decrease in fiscal year 2017. The above graph illustrates this current trend.

FACTORS BEARING ON THE DISTRICT'S FUTURE

- The District's taxpayers authorized a \$29,955,000 facilities bond in May of 2014 to replace the District's current South Elementary (K-2) building with a new K-2 building to be built on land owned by the District. The new Primary Building is scheduled to open in August of 2016. At the completion of the project the District will no longer lease portable classrooms that are located at South Elementary site where the entire 2nd grade attends class. South Elementary School will be demolished and green space for soccer fields will be developed. This will improve the concerns related to, safety and life of the facility, educational compatibility, and costs to operate the portables.
- The District has five buildings and even though the District's K-2 building will be replaced the District continues to look at the maintenance concerns regarding its other structures. A ten year facilities plan was completed in January of 2015 and will be used to determine the direction the District should go in order to update, replace, and maintain our other facilities.

The District conducted a demographic study in the spring-summer of 2013. Our enrollment decline began in the year of 2007 and the statistics show the decline continuing for the next five years. The District continues to lose students at a greater rate to open enrollment than what the District brings in. Students are our core business and in an effort to determine why we continue to decline we started sending out surveys in March of 2013. The survey shows families leaving our district for these reasons: Location of school(s) not convenient to the family (34%), Academic concerns (23%), Athletics and Activities (16%), and teachers, class size, before and after school daycare (11%).

Independent School District No. 477 Management's Discussion And Analysis

FACTORS BEARING ON THE DISTRICT'S FUTURE (CONTINUED)

- The District had started to address the above concerns in 2014, 2015 and in 2016 we continued to address the concern:
 - District continues to offer transportation to open enrolled students. In 2015-2016 we have group pickup spots in Milaca, Pease, Cambridge, and Zimmerman.
 - The District uses LSI to improve core teaching strategies with goals and targeted intervention strategies. The district has continued to show improvement in academics each year through MCA testing.
 - The District continued to develop a Strategic plan and has identified our Mission Statement, Vision, Core Values, and Goals. The plan had multiple stakeholders input.
 - The District continues to improve the program initiative's plan that was implemented during the 2016 school year. The program initiatives plan brings these opportunities to students:
 - Princeton On-line Academy
 - Targeted Services Program managed by District instead of OakLand
 - Spanish Immersion PK-K to expand as students move through the grades
 - STEM classroom at the Middle School started in 2015
 - STEAM Initiative at Middle School
 - ALC-starting in fall of 2016
 - Tigers in Training program
 - Marketing Audit
 - The District offers before and after school daycare.
 - We are continuing the marketing campaign that includes: flyers, Facebook, Twitter, Website facelift and additional marketing services.

The District goal is to retain and attract students with these strategies over the next couple of years.

- The District continues to plan for a more robust educational programming in our classrooms and other new programming. Program initiatives will be used to add new programs to our educational system that will expand educational offerings and help retain enrollment along with other programming needs that will enhance the district attract ability for both students and staff.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or would like additional information, contact Michelle Czech, Director of Business Services, at the District Center located at 706 First Street, Princeton, Minnesota 55371.

BASIC FINANCIAL STATEMENTS

Independent School District no. 477
Statement of Net Position
June 30, 2016

	Governmental Activities
Assets	
Cash and investments (including cash equivalents)	\$ 24,035,496
Current property taxes receivable	3,355,486
Delinquent property taxes receivable	138,987
Accounts receivable	5,884
Interest receivable	55,893
Due from Department of Education	3,365,908
Due from Federal Government through Department of Education	276,559
Due from other Minnesota School Districts	161,924
Inventory	44,690
Prepaid items	79,113
Capital assets not being depreciated	
Land	1,286,492
Construction in progress	25,191,317
Capital assets being depreciated	
Land improvements	1,842,431
Buildings	43,483,300
Machinery and equipment	4,005,423
Vehicles	277,447
Less accumulated depreciation	<u>(21,982,938)</u>
Total assets	<u>85,623,412</u>
Deferred Outflows of Resources	
Deferred outflows of resources related to pensions	<u>3,983,517</u>
Total assets and deferred outflows of resources	<u><u>\$ 89,606,929</u></u>
Liabilities	
Accounts and contracts payable	\$ 3,644,587
Salaries and benefits payable	2,425,462
Interest payable	775,699
Due to other Minnesota School Districts	331,806
Unearned revenue	91,073
Bond principal payable (net unamortized premium)	
Payable within one year	1,905,000
Payable after one year	45,765,033
Certificates of participation	
Payable within one year	180,000
Payable after one year	1,945,000
Compensated absences payable	
Payable within one year	22,944
Payable after one year	315,822
Net other post employment benefits (OPEB) obligation	197,146
Net pension liability	<u>21,176,539</u>
Total liabilities	<u>78,776,111</u>
Deferred Inflows of Resources	
Property taxes levied for subsequent year's expenditures	6,732,273
Deferred inflows of resources related to pensions	<u>2,423,610</u>
Total deferred inflows of resources	<u>9,155,883</u>
Net Position	
Net investment in capital assets	9,848,913
Restricted for	
Capital projects	70,316
Other purposes	3,656,489
Unrestricted	<u>(11,900,783)</u>
Total net position	<u>1,674,935</u>
Total liabilities, deferred inflows of resources, and net position	<u><u>\$ 89,606,929</u></u>

See notes to financial statements.

Independent School District No. 477
Statement of Activities
Year Ended June 30, 2016

Functions/programs	Expenses	Program Revenues			Net (expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenues and Changes in Net Position
					Governmental Activities
Governmental activities					
Administration	\$ 1,416,758	\$ 19,003	\$ -	\$ -	\$ (1,397,755)
District support services	1,141,975	-	8,886	-	(1,133,089)
Elementary and secondary regular instruction	14,709,673	820,219	2,826,284	-	(11,063,170)
Vocational education instruction	635,114	20,944	56,144	-	(558,026)
Special education instruction	6,064,171	56,715	3,672,392	-	(2,335,064)
Instructional support services	2,135,427	4,098	-	-	(2,131,329)
Pupil support services	3,252,134	-	18,110	-	(3,234,024)
Sites and buildings	4,798,849	240,288	-	579,903	(3,978,658)
Fiscal and other fixed cost programs	105,928	-	-	-	(105,928)
Food service	1,831,857	818,945	960,175	-	(52,737)
Community education and services	1,451,018	855,961	269,359	-	(325,698)
Unallocated depreciation	604,348	-	-	-	(604,348)
Interest and fiscal charges on long-term debt	1,737,054	-	-	-	(1,737,054)
Total governmental activities	\$ 39,884,306	\$ 2,836,173	\$ 7,811,350	\$ 579,903	(28,656,880)
General Revenues					
Taxes					
					2,435,048
					261,547
					3,433,089
					22,920,999
					55,875
					110,266
					<u>29,216,824</u>
					559,944
					<u>1,114,991</u>
					\$ <u>1,674,935</u>

Independent School District No. 477
Balance Sheet - Governmental Funds
June 30, 2016

	General	Debt Service	Capital Projects	Other Nonmajor Funds	Total Governmental Funds
Assets					
Cash and investments	\$ 12,952,983	\$ 2,389,974	\$ 7,686,560	\$ 1,005,979	\$ 24,035,496
Current property taxes receivable	1,581,169	1,628,167	-	146,150	3,355,486
Delinquent property taxes receivable	59,440	72,712	-	6,835	138,987
Accounts receivable	2,886	-	-	2,998	5,884
Interest receivable	18,057	-	37,836	-	55,893
Due from Department of Education	3,328,722	6,322	-	30,864	3,365,908
Due from Federal Government through Department of Education	260,983	-	-	15,576	276,559
Due from other Minnesota School Districts	161,924	-	-	-	161,924
Inventory	15,484	-	-	29,206	44,690
Prepaid items	76,864	-	-	2,249	79,113
Total assets	<u>\$ 18,458,512</u>	<u>\$ 4,097,175</u>	<u>\$ 7,724,396</u>	<u>\$ 1,239,857</u>	<u>\$ 31,519,940</u>
Liabilities					
Accounts and contracts payable	\$ 1,494,389	\$ -	\$ 2,113,606	\$ 36,592	\$ 3,644,587
Salaries and benefits payable	2,375,435	-	-	50,027	2,425,462
Due to other Minnesota School Districts	331,806	-	-	-	331,806
Unearned revenue	-	-	-	91,073	91,073
Total liabilities	<u>4,201,630</u>	<u>-</u>	<u>2,113,606</u>	<u>177,692</u>	<u>6,492,928</u>
Deferred inflows of resources					
Unavailable revenue - delinquent property taxes	59,440	72,712	-	6,835	138,987
Property taxes levied for subsequent year's expenditures	3,058,711	3,370,980	-	302,582	6,732,273
Total deferred inflows of resources	<u>3,118,151</u>	<u>3,443,692</u>	<u>-</u>	<u>309,417</u>	<u>6,871,260</u>
Fund balances					
Nonspendable	92,348	-	-	31,455	123,803
Restricted	2,896,906	653,483	5,610,790	721,293	9,882,472
Committed	703,394	-	-	-	703,394
Assigned	2,491,551	-	-	-	2,491,551
Unassigned	4,954,532	-	-	-	4,954,532
Total fund balances	<u>11,138,731</u>	<u>653,483</u>	<u>5,610,790</u>	<u>752,748</u>	<u>18,155,752</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 18,458,512</u>	<u>\$ 4,097,175</u>	<u>\$ 7,724,396</u>	<u>\$ 1,239,857</u>	<u>\$ 31,519,940</u>

**Independent School District No. 477
Reconciliation of the Balance Sheet to
the Statement of Net Position - Governmental Funds
June 30, 2016**

Total fund balances - governmental funds \$ 18,155,752

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds.

Cost of capital assets	76,086,410
Less accumulated depreciation	(21,982,938)

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.

Long-term liabilities at year-end consist of:

Bond principal payable	(45,545,000)
Premium on bonds payable	(2,125,033)
Certificates of participation	(2,125,000)
Compensated absences payable	(338,766)
Net OPEB obligation	(197,146)
Net pension liability	(21,176,539)

Deferred outflows of resources and deferred inflows of resources are created as a result of various differences related to pensions that are not recognized in the governmental funds.

Deferred outflows of resources related to pensions	3,983,517
Deferred inflows of resources related to pensions	(2,423,610)

Delinquent property taxes receivable will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.

138,987

Governmental funds do not report a liability for accrued interest on bonds and certificates of participation until due and payable.

(775,699)

Total net position - governmental activities

\$ 1,674,935

Independent School District No. 477
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds
Year Ended June 30, 2016

	General	Debt Service	Capital Projects	Other Nonmajor Funds	Total Governmental Funds
Revenues					
Local property taxes	\$ 2,455,649	\$ 3,443,935	\$ -	\$ 263,852	\$ 6,163,436
Other local and county revenues	1,006,482	2,325	70,316	878,089	1,957,212
Revenue from state sources	29,372,614	63,040	-	381,755	29,817,409
Revenue from federal sources	640,093	-	-	847,441	1,487,534
Sales and other conversion of assets	-	-	-	818,945	818,945
Total revenues	<u>33,474,838</u>	<u>3,509,300</u>	<u>70,316</u>	<u>3,190,082</u>	<u>40,244,536</u>
Expenditures					
Current					
Administration	1,400,097	-	-	-	1,400,097
District support services	1,117,402	-	-	-	1,117,402
Elementary and secondary regular					
Instruction	14,482,177	-	-	-	14,482,177
Vocational education instruction	625,374	-	-	-	625,374
Special education instruction	6,027,253	-	-	-	6,027,253
Instructional support services	1,750,949	-	-	-	1,750,949
Pupil support services	3,210,841	-	-	-	3,210,841
Sites and buildings	3,106,349	-	1,602,171	-	4,708,520
Fiscal and other fixed cost programs	105,928	-	-	-	105,928
Food service	-	-	-	1,772,360	1,772,360
Community education and services	-	-	-	1,444,848	1,444,848
Capital outlay					
District support services	7,087	-	-	-	7,087
Elementary and secondary regular					
Instruction	170,221	-	-	-	170,221
Vocational education instruction	3,885	-	-	-	3,885
Special education instruction	57,613	-	-	-	57,613
Instructional support services	362,284	-	-	-	362,284
Pupil support services	4,106	-	-	-	4,106
Sites and buildings	2,193,943	-	20,013,812	-	22,207,755
Debt service					
Principal	175,000	1,540,000	-	-	1,715,000
Interest and fiscal charges	91,788	1,904,329	-	-	1,996,117
Total expenditures	<u>34,892,297</u>	<u>3,444,329</u>	<u>21,615,983</u>	<u>3,217,208</u>	<u>63,169,817</u>
Excess of revenues over (under) expenditures	(1,417,459)	64,971	(21,545,667)	(27,126)	(22,925,281)
Other financing sources					
Insurance recoveries	4,917	-	228,549	-	233,466
Net change in fund balances	(1,412,542)	64,971	(21,317,118)	(27,126)	(22,691,815)
Fund Balances					
Beginning of year	12,551,273	588,512	26,927,908	779,874	40,847,567
End of year	<u>\$ 11,138,731</u>	<u>\$ 653,483</u>	<u>\$ 5,610,790</u>	<u>\$ 752,748</u>	<u>\$ 18,155,752</u>

**Independent School District No. 477
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances to the
Statement of Activities - Governmental Funds
Year Ended June 30, 2016**

Net change in fund balances - total governmental funds \$ (22,691,815)

Amounts reported for governmental activities in the Statement of Activities
are different because:

Capital outlays are reported in governmental funds as expenditures. However,
in the Statement of Activities, the cost of those assets is allocated over the
estimated useful lives as depreciation expense.

Capital outlays	22,858,203
Depreciation expense	(1,330,727)
Disposal of capital assets	(143,899)

Compensated absences are recognized as paid in the governmental funds but
recognized as the expense is incurred in the Statement of Activities. (19,559)

Net post employment benefit obligations are recognized as paid in the governmental
funds but recognized as the expense is incurred in the Statement of Activities. (59,776)

Governmental funds recognized pension contributions as expenditures at the time of payment
whereas the Statement of Activities factors in items related to pensions on a full accrual
perspective.

Pension expense	7,206
-----------------	-------

Principal payments on long-term debt are recognized as expenditures in the
governmental funds but as an increase in net position in the Statement of Activities. 1,715,000

Interest on long-term debt in the Statement of Activities differs from the amount
reported in the governmental funds because interest is recognized as an
expenditure in the funds when it is due and thus requires use of current
financial resources. In the Statement of Activities, however, interest expense is
recognized as the interest accrues, regardless of when it is due. 101,445

Governmental funds report the effect of bond premiums when the debt is first issued,
whereas these amounts are deferred and amortized in the Statement of Activities. 157,618

Delinquent property taxes receivable will be collected in subsequent years,
but are not available soon enough to pay for the current period's
expenditures and, therefore, are deferred in the funds. (33,752)

Change in net position - governmental activities \$ 559,944

Independent School District No. 477
Statement of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual - General Fund
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Local property taxes	\$ 2,307,345	\$ 2,332,449	\$ 2,455,649	\$ 123,200
Other local and county revenues	1,022,497	964,035	1,006,482	42,447
Revenue from state sources	28,176,899	28,348,263	29,372,614	1,024,351
Revenue from federal sources	559,465	575,773	640,093	64,320
Sales and other conversion of assets	-	-	-	-
Total revenues	<u>32,066,206</u>	<u>32,220,520</u>	<u>33,474,838</u>	<u>1,254,318</u>
Expenditures				
Current				
Administration	1,313,236	1,369,883	1,400,097	30,214
District support services	1,092,852	1,114,092	1,117,402	3,310
Elementary and secondary regular				
Instruction	15,121,010	14,841,102	14,482,177	(358,925)
Vocational education instruction	621,118	621,834	625,374	3,540
Special education instruction	4,877,277	5,897,785	6,027,253	129,468
Instructional support services	1,962,953	1,959,290	1,750,949	(208,341)
Pupil support services	3,050,723	3,195,305	3,210,841	15,536
Sites and buildings	3,061,832	3,066,677	3,106,349	39,672
Fiscal and other fixed cost programs	108,000	108,000	105,928	(2,072)
Capital outlay				
District support services	70,000	57,000	7,087	(49,913)
Elementary and secondary regular				
Instruction	113,000	110,740	170,221	59,481
Vocational education instruction	3,885	3,885	3,885	-
Special education instruction	-	-	57,613	57,613
Instructional support services	418,004	392,586	362,284	(30,302)
Pupil support services	5,000	5,000	4,106	(894)
Sites and buildings	1,412,000	3,394,000	2,193,943	(1,200,057)
Debt service				
Principal	175,000	175,000	175,000	-
Interest and fiscal charges	91,788	91,788	91,788	-
Total expenditures	<u>33,497,678</u>	<u>36,403,967</u>	<u>34,892,297</u>	<u>(1,511,670)</u>
Excess of revenues over (under) expenditures	(1,431,472)	(4,183,447)	(1,417,459)	2,765,988
Other Financing Sources				
Insurance Recoveries	-	-	4,917	4,917
Net Change In Net Position	<u>\$ (1,431,472)</u>	<u>\$ (4,183,447)</u>	(1,412,542)	<u>\$ 2,770,905</u>
Fund Balances				
Beginning of year			<u>12,551,273</u>	
End of year			<u>\$ 11,138,731</u>	

See notes to financial statements.

Independent School District No. 477
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District operates under a school board form of government for the purpose of providing educational services to individuals within the District areas. The governing body consists of a seven member board elected by the voters of the District to serve four-year terms.

The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the more significant policies.

A. Reporting Entity

The financial statements present the District and its component units. The District includes all funds, organizations, institutions, agencies, departments, and offices that are not legally separate from such. Component units are legally separate organizations for which the elected officials of the District are financially accountable and are included within the financial statements of the District because of the significance of their operational or financial relationships with the District.

The District is considered financially accountable for a component unit if it appoints a voting majority of the organization's governing body and it is able to impose its will on the organization by significantly influencing the programs, projects, activities or level of services performed or provided by the organization, or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on, the District.

As a result of applying the component unit definition criteria above, it has been determined the District has no component units.

The student activity accounts of the District are under the School Board's control; therefore, all the activity of the student activities is included in the General Fund.

B. Basic Financial Statement Information

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) display information about the reporting government as a whole. These statements include all the financial activities of the District, except for the fiduciary funds. The fiduciary funds are only reported in the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position at the fund financial statement level.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Independent School District No. 477
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statement Information (Continued)

The District applies restricted resources first when an expense is incurred for a purpose for which both restricted and unrestricted net position are available. Depreciation expense that can be specifically identified by function is included in the direct expenses of that function. Depreciation expense relating to assets that serve multiple functions is presented as unallocated depreciation in the Statement of Activities. Interest on general long-term debt is considered an indirect expense and is reported separately in the Statement of Activities. The effect of interfund activity has been removed from these Statements.

Separate fund financial statements are provided for governmental funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied is determined by its measurement focus and basis of accounting. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this basis of accounting transactions are recorded in the following manner.

1. Revenue Recognition

Revenue is recognized when it becomes measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Property tax revenue is generally considered as available if collected within 60 days after year-end. State revenue is recognized in the year to which it applies according to *Minnesota Statutes* and accounting principles generally accepted in the United States of America. *Minnesota Statutes* include state aid funding formulas for specific years. Federal revenue is recorded in the year in which the related expenditure is made. Other revenue is considered available if collected within 60 days.

2. Recording of Expenditures

Expenditures are generally recorded when a liability is incurred. The exceptions to this general rule are that interest and principal expenditures in the Debt Service Fund, compensated absences and claims and judgments are recognized when payment is due.

The District applies resources in the following order when an expenditure is incurred for a purpose for which both restricted and unrestricted fund balances are available: restricted, committed, assigned, and unassigned.

Independent School District No. 477
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

Description of Funds:

Major Funds:

General Fund – This Fund is the basic operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Fund – This Fund is used to account for the accumulation of resources for, and payment of, general obligation (G.O.) bond and energy loan principal, interest, and related costs.

Capital Projects Fund – This Fund is used to account for financial resources used for the acquisition or construction of major capital facilities authorized by bond issue.

Nonmajor Funds:

Food Service Special Revenue Fund – This Fund is used to account for food service revenues and expenditures.

Community Service Special Revenue Fund – This Fund is used to account for services provided to residents in the areas of community education, school readiness, early childhood, and family education or other similar services.

D. Deposits and Investments

Cash and investments include balances from all funds that are combined and invested to the extent available in various securities as authorized by state law. State statutes authorize the District to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool. Earnings from the pooled investments are allocated to the individual funds based on the average of month-end cash and investment balances.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investment held by a 2.a.7 and/or a 2.a.7 like investment pool are measured at amortized cost.

Cash and investments at June 30, 2016 were comprised of deposits, shares in the Minnesota School District Liquid Asset Fund (MSDLAF), shares in the Minnesota Trust (MNTrust) Investment Shares Portfolio, shares in Minnesota Trust Term Series and negotiable certificates of deposit. The MSDLAF is an external investment pool not registered with the Securities Exchange Commission (SEC) that follows the same regulatory rules of the SEC under Rule 2.a.7. The fair value of the position in the pool is the same as the value of the pool shares. The MNTrust Investment Shares Portfolio is a money market fund registered under the Investment Act of 1940, meets the conditions of Rule 2.a.7 of the SEC and holds investments with final maturities less than 13 months.

Independent School District No. 477
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Deposits and Investments (Continued)

Minnesota Statutes requires all deposits be protected by federal deposit insurance, corporate surety bonds or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by Federal Deposit Insurance Corporation (FDIC) insurance or corporate surety bonds.

Minnesota Statutes authorizes the District to invest in obligations of the U.S. Treasury, agencies and instrumentalities, shares of investment companies whose only investments are in the aforementioned securities, obligations of the State of Minnesota or its municipalities, bankers' acceptances, future contracts, repurchase, and reverse repurchase agreements and commercial paper of the highest quality with a maturity of no longer than 270 days.

E. Property Tax Receivable

Current property taxes receivable are recorded for taxes certified the previous December and collectible in the current calendar year, which have not been received by the District. Delinquent property taxes receivable represents uncollected taxes for the past six years and are deferred and included in the deferred outflows of resources section of the fund financial statements as unavailable revenue because they are not available to finance the operations of the District in the current year.

F. Property Taxes Levied for Subsequent Year's Expenditures

Property taxes levied for subsequent year's expenditures consist principally of property taxes levied in the current year which will be collected and recognized as revenue in the District's following fiscal year to properly match those revenues with the budgeted expenditures for which they were levied. This amount is equal to the amount levied by the School Board in December 2015, less various components and their related adjustments as mandated by the state. These portions of that levy were recognized as revenue in fiscal year 2016. The remaining portion of the levy will be recognized when measurable and available.

G. Inventory

Inventories of commodities donated directly by the U.S. Department of Agriculture are recorded at market value. Other inventories are stated at cost as determined on a first-in, first-out (FIFO) basis. Inventories are recorded as expenditures when consumed rather than when purchased.

H. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Prepaid items are recorded as an expenditure at the time of consumption.

I. Property Taxes

The District levies its property tax during the month of December. December 28 is the last day the District can certify a tax levy to the County Auditor. Such taxes become a lien on January 1. The property tax is recorded as revenue when it becomes measurable and available. Benton, Isanti, Mille Lacs, and Sherburne Counties are the collecting agency for the levy and remit(s) the collections to the District three times a year. The Tax levy notice is mailed in March with the first half of the payment due on May 15 and the second half due on October 15. Delinquent collections for November and December are received the following January.

Independent School District No. 477
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Capital Assets

Capital assets are recorded in the government-wide financial statements, but are not reported in the fund financial statements.

Capital assets are defined by the District as assets with an initial individual cost of more than \$1,500 with an estimated useful life in excess of one year. Such assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the assets lives are not capitalized.

Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purpose by the District, no salvage value is taken into consideration for depreciation purpose. Useful lives vary from 10 to 50 years for land improvements and buildings and 5 to 20 years for furniture and equipment and vehicles.

Capital assets not being depreciated include land and construction in progress. The District does not possess any material amounts of infrastructure capital assets, such as sidewalks and parking lots. Such items are considered to be part of the cost of buildings or other improvable property.

K. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The District has one item that qualifies for reporting in this category. Deferred outflow of resources relating to pension activity is reported in the government-wide statement of net position. A deferred outflow of resources related to pensions is recorded for various estimate differences that will be amortized and recognized over future years.

In addition to liabilities, the Statement of Financial Position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three types of items which qualify for reporting in this category. The first item, unavailable revenue from property taxes, arises under a modified accrual basis of accounting and is reported only in the governmental funds Balance Sheet. Delinquent property taxes not collected within 60 days of year-end are deferred and recognized as an inflow of resources in the governmental funds in the period the amounts become available. The second item is property taxes levied for subsequent years, which represent property taxes received or reported as a receivable before the period for which the taxes are levied, and is reported as a deferred inflow of resources in both the government-wide Statement of Net Position and the governmental funds Balance Sheet. Property taxes levied for subsequent years are deferred and recognized as an inflow of resources in the government-wide financial statements in the year for which they are levied and in the governmental fund financial statements during the year for which they are levied, if available. The third item is a deferred inflows of resources related to pensions and is recorded on the government-wide statements for various estimate differences that will be amortized and recognized over future years.

Independent School District No. 477
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Long-Term Obligations

In the government-wide financial statements long-term debt and other long term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

M. Compensated Absences

The District does not compensate employees upon termination of employment for unused vacation. However, substantially all full-time employees are allowed to carry over maximum balances to be used shortly after year-end.

All employees are entitled to sick leave. Noncertified employees are not compensated for unused sick leave upon a qualified termination of employment. Certified employees are compensated for unused sick leave upon termination of employment, in conjunction with severance pay as described in Note 1.N. Sick leave pay is shown as an expenditure in the year paid.

N. Post Employment Severance and Health Benefits

Full-time custodians, paraprofessional and food service employees are eligible for severance pay upon retirement.

Custodians hired prior to January 1, 2005, retiring after the age of 62 are entitled to receive unused accumulated sick leave up to 60% of 140 days maximum if they serve five years with the District.

Paraprofessionals hired prior to June 30, 2007 are paid up to 50% of the 100 days maximum sick leave accrual. Paraprofessionals hired after July 1, 1991 must have 15 years of service to receive this benefit. Food service employees earn one day of sick leave for each month up to 160 days. It is paid out at 50% of unused days up to a 50 day maximum pay out for employees over age 60 and over five years of service to the District.

As of June 30, 2016, the District had a balance for compensated absences payable, related to severance, of \$338,766.

O. Pensions

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

Independent School District No. 477
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Pensions (Continued)

TRA has a special funding situation created by direct aid contributions made by the State of Minnesota, City of Minneapolis, and Minneapolis School District. The direct aid is a result of the merger of the Minneapolis Teachers Retirement Fund Association merger into TRA in 2006. A second direct aid source is from the State of Minnesota for the merger of the Duluth Teacher's Retirement Fund Association (DTRFA) in 2015. Additional information can be found in TRA Note 7.D.

P. Risk Management

The District is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; natural disasters; and injuries to employees for which the District carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three years. There were no significant reductions in the District's insurance coverage during the year ending June 30, 2016.

Q. Fund Equity

1. Classifications

In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor the constraints on the specific purpose for which amounts in these funds can be spent. If resources from more than one fund balance classification could be spent, the school will follow the approved district plan for each of the areas. If there is no plan, the District will strive to spend resources from fund balance classifications in the following order: restricted, committed, assigned, and unassigned.

- Nonspendable Fund Balance – These are amounts that cannot be spent because they are either not in spendable form or they are legally or contractually required to be maintained intact and include items that are inherently unspendable, such as, but not limited to, inventories, prepaid items, long-term receivables, nonfinancial assets held for resale, or the permanent principal of endowment funds.
- Restricted Fund Balance – These are amounts that are comprised of funds that have legally enforceable constraints placed on their use that either are externally imposed by resource providers or creditors (such as through debt covenants), grantors, contributors, voters, or laws or regulations of other governments, or are imposed by law through constitutional provisions or enabling legislation.
- Committed Fund Balance – These are amounts that can only be used for specific purposes pursuant to constraints imposed by formal action by the School Board.
- Assigned Fund Balance – These are amounts that are constrained by the District's intent to be used for specific purposes but are neither restricted nor committed. Assignments are made by either the Superintendent or the Director of Business Services.

Independent School District No. 477
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Fund Equity (Continued)

1. Classifications (Continued)

- Unassigned Fund Balance – These are amounts that are the residual amounts in the General Fund not reported in any other classification. Unassigned amounts in the General Fund are technically available for expenditure for any purpose. The General Fund is the only fund that can report a positive unassigned fund balance. Other funds would report a negative unassigned fund balance should the total of nonspendable, restricted, and committed fund balances exceed the total net resources of that fund.

2. Minimum Fund Balance

The District shall strive to maintain a minimum unassigned fund balance of 10% of the annual budget in the General Fund.

R. Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows outflows of resources in the government-wide financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted in the government-wide financial statement when there are limitations on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

S. Use of Estimates

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

T. Budgetary Information

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to July 1, the School Superintendent submits to the School Board, a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. The Superintendent is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the School Board.

Independent School District No. 477
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

T. Budgetary Information (Continued)

3. Formal budgetary integration is employed as a management control device during the year for the General, Special Revenue, Capital Projects, and Debt Service Funds.
4. Budgets for the General, Special Revenue, Capital Projects, and Debt Service Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
5. Budgets are as originally adopted or as amended by the School Board. Budgeted expenditure appropriations lapse at year-end.

Encumbrances represent outstanding purchase orders and unfulfilled commitments that are issued to outside vendors and budgeted in the current year, but do not include amounts that are set up as liabilities, amounts for services to be performed by District employees and purchase orders applicable to the subsequent year's budget.

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Deposits

In accordance with applicable *Minnesota Statutes*, the District maintains deposits at depository banks authorized by the School Board.

Custodial Credit Risk – Deposits: Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District has a deposit policy that requires the District's deposits to be collateralized as required by *Minnesota Statutes* 118.03 for an amount exceeding Federal Deposit Insurance Corporation (FDIC), SAIF, BIF, or FCUA coverage. *Minnesota Statutes* requires all deposits be protected by federal depository insurance, corporate surety bonds, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by FDIC insurance or corporate surety bonds. As of June 30, 2016, the District's bank balance was not exposed to custodial credit risk because it was insured and fully collateralized with securities held by the pledging financial institution's trust department or agent and in the District's name. The District's deposits had a book balance as shown below.

1. District Governmental Funds Pooled

As of June 30, 2016 the District had the following pooled deposits:

Checking	\$ (13,595)
MNTrust certificate of deposit	2,491,300
MNTrust CDARS certificate of deposit	<u>3,999,999</u>
Total deposits	<u><u>\$ 6,477,704</u></u>

Independent School District No. 477
Notes to Financial Statements

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

A. Deposits (Continued)

2. District Governmental Funds Not Pooled

As of June 30, 2016 the District had the following deposits for the G.O. School Building Bonds, Series 2014A:

MNTrust savings deposit account	\$ 130
MNTrust certificates of deposit	<u>4,910,800</u>
Total deposits - not pooled	<u>\$ 4,910,930</u>
Total deposits	<u><u>\$ 11,388,634</u></u>

B. Investments

1. District Governmental Funds Pooled

As of June 30, 2016, the District had the following pooled investments:

Investment Type	Investment Maturity (In Years)		
	Fair Value	Less than 1 Year	Rating
MSDLAF	\$ 710,475	\$ 710,475	AAA
MSDMAX	7,862,284	7,862,284	AAA
MNTrust investment share portfolio	31,849	31,849	AAA
Negotiable certificates of deposit	<u>1,492,147</u>	<u>1,492,147</u>	N/A
Total Investments	<u><u>\$ 10,096,755</u></u>	<u><u>\$ 10,096,755</u></u>	

Independent School District No. 477
Notes to Financial Statements

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

2. District Governmental Funds Not Pooled

As of June 30, 2016, the District had the following investments for the G.O. School Building Bonds, Series, 2014A:

Investment Type	Investment Maturity (In Years)		Rating
	Fair Value	Less than 1 Year	
MNTrust term series	\$ 250,000	\$ 250,000	AAA
MNTrust investment share portfolio	310,652	310,652	AAA
Negotiable certificates of deposit	1,989,455	1,989,455	N/A
Total investments	<u>\$ 2,550,107</u>	<u>\$ 2,550,107</u>	

Concentration of Credit Risk: The District's investment policy places no limit on the amount the District may invest in any one issuer, though it does state the District shall diversify its investments to avoid incurring unreasonable risks inherent in over investing in specific instruments, individual financial institutions, or maturities. The District's G.O. School Building Bonds, Series 2014A investment pool was exposed to concentration of credit risk at June 30, 2016 as the negotiable certificate of deposit investments with Ally Bank, Bank of India, Discover Bank, Flushing Bank, GE Capital Bank, Goldman Sachs Bank, Marlin Business Bank, and Needham Bank, each represented 9.8% of the total investments for the G.O. School Building Bonds, Series 2014A.

Interest Rate Risk: This is the risk the market value of securities in the portfolio will fall due to changes in market interest rates. The District policy indicates the District will minimize this risk by structuring the investment portfolio so securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity and investing operating funds primarily in shorter-term securities, money market mutual funds or similar investment pools and limiting the average maturity of the portfolio in accordance with the policy.

Credit Risk: The District's investment policy refers to *Minnesota Statutes* 118A.04 and 118A.05. Statutes limit investments in the top two ratings issued by nationally recognized statistical rating organizations. The District will minimize credit risk by limiting investments to the types of securities listed in Section IX of their investment policy, prequalifying the financial institutions, brokers/dealers, intermediaries and advisers which will do business in accordance with Section V and diversifying the investment portfolio so the impact of potential losses from any one type of security or from any one individual issuer will be minimized. Investments are rated as indicted in the tables above and on the previous page.

Independent School District No. 477
Notes to Financial Statements

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

3. District Governmental Funds Not Pooled

Custodial Credit Risk – Investment: For an investment, this is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District’s investment policy states all investments shall be held in third party safekeeping by institution designated as custodial agent.

The District has the following recurring fair value measurement as of June 30, 2016:

- MN Trust negotiable Certificate of Deposits and term series of \$3,731,602

The following is a summary of total deposits and investments:

Deposits (note 3. A.)	\$ 11,388,634
Investments	
Pooled	10,096,755
Not pooled	<u>2,550,107</u>
 Total deposits and investments	 <u><u>\$ 24,035,496</u></u>

Deposits and investments at June 30, 2016, are presented as follows:

Statement of net position	
Cash and investments	<u><u>\$ 24,035,496</u></u>

Independent School District No. 477
Notes to Financial Statements

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets not being depreciated				
Land	\$ 1,286,492	\$ -	\$ -	\$ 1,286,492
Construction in progress	2,753,702	22,437,615	-	25,191,317
Total capital assets not being depreciated	<u>4,040,194</u>	<u>22,437,615</u>	<u>-</u>	<u>26,477,809</u>
Capital assets Being depreciated				
Land improvements	1,794,827	64,572	16,968	1,842,431
Buildings	43,598,250	23,900	138,850	43,483,300
Furniture and equipment	3,928,530	332,116	255,223	4,005,423
Vehicles	299,447	-	22,000	277,447
Total capital assets being depreciated	<u>49,621,054</u>	<u>420,588</u>	<u>433,041</u>	<u>49,608,601</u>
Less accumulated Depreciation for				
Land improvements	1,028,332	60,827	7,680	1,081,479
Buildings	17,050,858	1,024,268	31,390	18,043,736
Furniture and equipment	2,648,652	221,013	228,072	2,641,593
Vehicles	213,511	24,619	22,000	216,130
Total accumulated depreciation	<u>20,941,353</u>	<u>1,330,727</u>	<u>289,142</u>	<u>21,982,938</u>
Total capital assets being depreciated, net	<u>28,679,701</u>	<u>(910,139)</u>	<u>143,899</u>	<u>27,625,663</u>
Governmental activities, capital assets, net	<u>\$ 32,719,895</u>	<u>\$ 21,527,476</u>	<u>\$ 143,899</u>	<u>\$ 54,103,472</u>

Independent School District No. 477
Notes to Financial Statements

NOTE 3 – CAPITAL ASSETS

Depreciation expense of \$1,330,727 for the year ended June 30, 2016, was charged to the following governmental functions:

Administration	588
District support services	11,596
Elementary and secondary regular instruction	69,874
Vocational instruction	1,978
Special education instruction	1,742
Instructional support services	35,530
Pupil support	52,109
Sites and buildings	521,155
Food service	24,335
Community service	7,472
Unallocated	604,348
Total depreciation expense	\$ 1,330,727

NOTE 4 – LONG-TERM DEBT

A. Components of Long-Term Liabilities

	Issue Date	Interest Rates	Original Issue	Final Maturity	Principal Outstanding	Due Within One year
Long-term liabilities						
G.O. bonds including						
Refunding bonds						
2008A alternative						
Facilities bonds	12/30/08	3.50%-4.50%	\$ 7,160,000	02/01/24	\$ 4,965,000	\$ 615,000
2008B building bonds	12/30/08	2.85%-4.60%	2,010,000	02/01/23	1,140,000	145,000
2013A school building						
Refunding bonds	11/21/13	2.00%	1,735,000	02/01/17	595,000	595,000
2014A school building						
Bonds	07/24/14	3.00%-4.00%	29,955,000	02/01/35	29,955,000	235,000
2014B school building						
Refunding bonds	11/25/14	2.00%-5.00%	9,120,000	02/01/24	8,890,000	315,000
Total G.O. bonds					45,545,000	1,905,000
Certificates of participation	11/23/10	2.00%-4.50%	2,925,000	02/01/26	2,125,000	180,000
Compensated absences payable					338,766	22,944
Total all long-term liabilities					\$ 48,008,766	\$ 2,107,944

Long-term bond and loan liabilities listed above were issued to finance acquisition and construction of capital facilities or to refinance (refund) previous bond issues. Other long-term liabilities are typically paid from the General Fund.

Independent School District No. 477
Notes to Financial Statements

NOTE 4 – LONG-TERM DEBT (CONTINUED)

B. Minimum Debt Payments for Bonds

Minimum annual principal and interest payments required to retire bond and certificates of participation liabilities:

Year Ending June 30,	G.O. Bonds		
	Principal	Interest	Total
2017	\$ 1,905,000	\$ 1,775,141	\$ 3,680,141
2018	2,015,000	1,716,341	3,731,341
2019	2,110,000	1,627,791	3,737,791
2020	2,205,000	1,534,019	3,739,019
2021	2,305,000	1,432,429	3,737,429
2022-2026	11,705,000	5,519,678	17,224,678
2027-2031	11,985,000	3,517,700	15,502,700
2033-2035	11,315,000	1,092,600	12,407,600
Total	\$ 45,545,000	\$ 18,215,699	\$ 63,760,699

Year Ending June 30,	Certificate of Participation		
	Principal	Interest	Total
2017	\$ 180,000	\$ 86,538	\$ 266,538
2018	185,000	81,138	266,138
2019	190,000	75,125	265,125
2020	200,000	67,525	267,525
2021	205,000	59,525	264,525
2022-2026	1,165,000	159,887	1,324,887
Total	\$ 2,125,000	\$ 529,738	\$ 2,654,738

Independent School District No. 477
Notes to Financial Statements

NOTE 4 – LONG-TERM DEBT (CONTINUED)

C. Changes in Long-Term Liabilities

	Beginning Balance	Additions	Reductions	Ending Balance
Long-term liabilities				
G.O. Bonds	\$ 47,085,000	\$ -	\$ 1,540,000	\$ 45,545,000
Certificates of participation	2,300,000	-	175,000	2,125,000
Compensated absences Payable	319,207	32,576	13,017	338,766
Total long-term liabilities	<u>\$ 49,704,207</u>	<u>\$ 32,576</u>	<u>\$ 1,728,017</u>	<u>\$ 48,008,766</u>

NOTE 5 – FUND BALANCES/NET POSITION

Certain portions of fund balance are restricted based on state requirements to track special program funding, to provide for funding on certain long-term liabilities or as required by other outside parties.

A. Fund Balances

Fund balances are classified on the following page to reflect the limitations and restrictions of the respective funds.

Independent School District No. 477
Notes to Financial Statements

NOTE 5 – FUND BALANCES/NET POSITION (CONTINUED)

A. Fund Balance (Continued)

	General Fund	Debt Service	Capital Project	Other Nonmajor Funds	Total
Nonspendable for					
Inventory	\$ 15,484	\$ -	\$ -	\$ 29,206	\$ 44,690
Prepaid items	76,864	-	-	2,249	79,113
Total nonspendable	<u>92,348</u>	<u>-</u>	<u>-</u>	<u>31,455</u>	<u>123,803</u>
Restricted/reserved for					
Staff development	149,135	-	-	-	149,135
Deferred maintenance	163,061	-	-	-	163,061
Operating capital	2,544,091	-	-	-	2,544,091
Gifted and talented	40,619	-	-	-	40,619
Community education	-	-	-	210,787	210,787
Early childhood and family education	-	-	-	110,538	110,538
School readiness	-	-	-	38,884	38,884
Fund purpose	-	653,483	5,610,790	361,084	6,625,357
Total restricted/reserved	<u>2,896,906</u>	<u>653,483</u>	<u>5,610,790</u>	<u>721,293</u>	<u>9,882,472</u>
Committed for					
Separation benefits	703,394	-	-	-	703,394
Assigned for					
Q-Comp	123,419	-	-	-	123,419
Technology	37,264	-	-	-	37,264
Building improvements	1,428,076	-	-	-	1,428,076
Program initiatives	741,731	-	-	-	741,731
Student activities	161,061	-	-	-	161,061
Total assigned	<u>2,491,551</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,491,551</u>
Unassigned	<u>4,954,532</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,954,532</u>
Total fund balance	<u>\$ 11,138,731</u>	<u>\$ 653,483</u>	<u>\$ 5,610,790</u>	<u>\$ 752,748</u>	<u>\$ 18,155,752</u>

*Restricted/reserved amount with a negative balance (\$40,795) for Health and Safety has been reclassified to unassigned for the financial statements in accordance with GASB Statement No. 54.

Independent School District No. 477
Notes to Financial Statements

NOTE 5 – FUND BALANCES/NET POSITION (CONTINUED)

A. Fund Balance (Continued)

Nonspendable for Inventory – This balance represents the portion of fund balance that is not available as amounts have already been spent on inventory.

Nonspendable for Prepaid Items – This balance represents the portion of fund balance that is not available as the amounts have already been spent by the District on items for the next year.

Restricted/Reserved for Staff Development – This balance represents unspent staff development revenues set aside from general education revenue that were restricted/reserved for staff development related to Finance Code 316. Expenditures for staff development must equal at least 2% of the basic general education revenue, unless legal stipulations are met (*Minnesota Statutes* 122A.61, subdivision 1).

Restricted/Reserved for Deferred Maintenance – Districts that qualified for deferred maintenance revenue (aid and levy) but have not spent the proceeds must restrict the balance in this code. An independent or special school district that does not qualify to participate in the alternative facilities bonding and levy program under *Minnesota Statutes* 123B.59, subd. 1. para (a) is eligible to receive deferred maintenance revenue per *Minnesota Statutes* 123B.591.

Restricted/Reserved for Health and Safety – This balance represents available resources to be used for health and safety projects in accordance with an approved health and safety plan.

Restricted/Reserved for Operating Capital – This balance represents available resources in the General Fund to be used to purchase equipment and facilities.

Restricted/Reserved for Gifted and Talented – The part of General Education Aid revenue for the gifted and talented program that is unspent at year end must be restricted in this Balance Sheet account.

Restricted/Reserved for Community Education – This balance represents the resources available to provide programming such as: nonvocational, recreational and leisure time activities, programs for adults with disabilities, noncredit summer programs, adult basic education programs, youth development and youth service programming, early childhood and family education and extended day programs.

Restricted/Reserved for Early Childhood and Family Education – This balance represents the resources available to provide for services for early childhood and family education programming.

Restricted/Reserved for School Readiness – This balance represents the resources available to provide for services for school readiness programs (*Minnesota Statutes* 124D.16).

Restricted for Fund Purpose – This balance represents the accumulation of the activity to provide the food service program, the remaining aggregate resources for community service programs after other restrictions are removed, the resources available for the payment of bond principal, interest and related costs and resources available for capital projects.

Independent School District No. 477
Notes to Financial Statements

NOTE 5 – FUND BALANCES/NET POSITION (CONTINUED)

A. Fund Balance (Continued)

Committed for Separation Benefits – This balance represents the resources set aside for the payment of retirement benefits.

Assigned for Q-Comp – This balance represents resources set aside for payments required through the teachers' Q-Comp Program.

Assigned for Technology – This balance represents the resources set aside for future technology purchases.

Assigned for Building Improvements – This balance represents the resources set aside for future capital purchases.

Assigned for Program Initiatives – This balance represents resources set aside for the program initiatives as determined by the Board.

Assigned for Student Activities – This balance represents the accumulation of the student activity accounts that are under School Board control.

B. Net Position

Net position restricted for other purposes on the Statement of Net Position is comprised of the total positive net position of the General Fund, Food Service, and Community Service Funds.

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

Teachers' Retirement Association

A. Plan Description

The TRA is an administrator of a multiple employer, cost-sharing, defined benefit retirement fund. TRA administers a Basic Plan (without Social Security coverage) and a Coordinated Plan (with Social Security coverage) in accordance with Minnesota Statutes, Chapters 354 and 356. TRA is a separate statutory entity and administered by a Board of Trustees. The Board consists of four active members, one retired member, and three statutory officials.

Teachers employed in Minnesota's public elementary and secondary school, charter schools and certain educational institutions maintained by the state (except those teachers employed by the city of St. Paul and by the University of Minnesota system) are required to be TRA members. State university, community college, and technical college teachers first employed by the Minnesota State College and Universities (MnSCU) may elect TRA coverage within one year of eligible employment. Alternatively, these teachers may elect coverage through the Defined Contribution Retirement Plan (DCR) administered by MnSCU.

Independent School District No. 477
Notes to Financial Statements

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

Teachers' Retirement Association (Continued)

B. Benefits Provided

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

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

Tier I Benefits

<u>Tier 1</u>	<u>Step Rate Formula</u>	<u>Percentage</u>
Basic	First ten years of service	2.2% per year
	All years after	2% per year
Coordinated	First ten years of service are up to July 1, 2006	1.2% per year
	First ten years of service years are up July 1, 2006, or after	1.4% per year
	All other years of service if service years are up to July 1, 2006	1.7% per year
	All other years of service if service years are up to July 1, 2006, or after	1.9% per year

With these provisions:

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

Tier II Benefits

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

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

Independent School District No. 477
Notes to Financial Statements

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

Teachers' Retirement Association (Continued)

B. Benefits Provided (Continued)

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

The benefit provisions stated apply to active plan participants. Vested, terminated employees who are entitled to benefits but not yet receiving them are bound by the plan provisions in effect at the time they last terminated their public service.

C. Contribution Rate

Per *Minnesota Statutes*, Chapter 354 sets the contribution rates for employees and employers. Rates for years ended June 30, 2015 and June 30, 2016, were:

	Employee	Employer
Basic	11.0%	11.5%
Coordinated	7.5%	7.5%

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

Employer contributions reported in TRA's CAFR Statement of Changes in Fiduciary Net Position	\$ 340,207,590
Deduct Employer contributions not related to future contribution efforts	(704,635)
Deduct TRA's contributions not included in allocation	(435,999)
Total employer contributions	339,066,956
Total non-employer contributions	41,587,410
Total contributions reported in schedule of employer and non-employer pension allocations	\$ 380,654,366

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

Independent School District No. 477
Notes to Financial Statements

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

Teachers' Retirement Association (Continued)

D. Merger of DTRFA

Legislation enacted in 2014 merged the DTRFA with TRA effective June 30, 2015. The beginning balances of total pension liability and fiduciary net position were adjusted to reflect the merger of DTRFA.

	6/30/14 CAFR	Restated
Total pension liability	\$ 24,901,612,000	\$ 25,299,564,000
Plan fiduciary net position	20,293,684,000	20,519,756,000
Net pension liability	\$ 4,607,928,000	\$ 4,779,808,000

E. Actuarial Assumptions

The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Key Methods and Assumptions Used in Valuation of Total Pension Liability

Actuarial Information

Measurement date	June 30, 2015
Valuation date	July 1, 2015
Experience study	October 30, 2009
Actuarial cost method	Entry Age Normal
Actuarial assumptions	
Investment rate of return	8.00%
Wage inflation	3.00%
Projected salary increase	3.5-12%, based on years of service
Cost of living adjustment	2.00%

Mortality Assumption

Pre-retirement	RP 2000 non-annuitant generational mortality, white collar adjustment, male rates set back five years and female rates set back seven years
Post-retirement	RP 2000 annuitant generational mortality, white collar adjustment, male rates set back two years and female rates set back three years
Post-disability	RP 2000 disabled retiree mortality, without adjustment

The actuarial assumptions used in the June 30, 2015, valuation were based on the results of an actuarial experience study for the period July 1, 2004 to June 30, 2008, and a limited scope experience study dated August 29, 2014. The limited scope experience study addressed only inflation and long-term rate of return for the GASB 67 valuation.

Independent School District No. 477
Notes to Financial Statements

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

Teachers' Retirement Association (Continued)

E. Actuarial Assumptions (Continued)

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

<u>Asset Class</u>	<u>Target</u>	<u>Long-Term</u>
Domestic stocks	45 %	5.50 %
International stocks	15	6.00
Bonds	18	1.45
Alternative assets	20	6.40
Unallocated cash	2	0.50
	<hr/>	
Total	<u>100 %</u>	

The TRA actuary has determined the average of the expected remaining services lives of all members for fiscal year 2015 is 5.73 years. The "Difference between Expected and Actual Experience" and "Changes of Assumptions" use the amortization period of 5.73 years in the schedule presented. The amortization period for "Net Difference between Projected and Actual Investment Earnings on Pension Plan Investments" is over a period of 5 years as required by GASB 68. The "Changes in Proportion" uses a rounded amortization period of 5.0 years.

E. Discount Rate

The discount rate used to measure the total pension liability was 8.0%. This is a decrease from the discount rate at the prior measurement date of 8.25%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal 2016 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Independent School District No. 477
Notes to Financial Statements

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

Teachers' Retirement Association (Continued)

F. Net Pension Liability

On June 30, 2016, the District reported a liability of \$16,937,238 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to TRA in relation to total system contributions including direct aid from the State of Minnesota, City of Minneapolis, and Minneapolis School District. District proportionate share was 0.2738% at the end of the measurement period and 0.2908% for the beginning of the year.

The pension liability amount reflected a reduction due to direct aid provided to TRA. The amount recognized by the district as its proportionate share of the net pension liability, the direct aid and total portion of the net pension liability that was associated with the district were as follows:

District's proportionate share of net pension liability	\$ 16,937,238
State's proportionate share of the net pension liability associated with the District	2,077,621

There was a change in actuarial assumptions that affected the measurement of the total liability since the prior measurement date. Post-retirement benefit adjustments are now assumed to be 2.0% annually to 2.5% annually with no increase to 2.5% projected. The prior year valuation assumed a 2.5% increase commencing July 1, 2034.

For the year ended June 30, 2016, the district recognized pension expense of \$1,022,326. It also recognized \$367,297 as an increase to pension expense for the support provided by direct aid.

On June 30, 2016, the District had deferred resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 920,749	\$ -
Net difference between projected and actual earnings on plan investments	-	1,480,103
Changes of assumptions	1,302,023	-
Changes in proportion	-	253,947
District's Contributions to TRA subsequent to the measurement date	1,072,553	-
	\$ 3,295,325	\$ 1,734,050

Independent School District No. 477
Notes to Financial Statements

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

Teachers' Retirement Association (Continued)

F. Net Pension Liability (Continued)

\$1,072,553 reported as deferred outflows of resources related to pensions resulting from District contributions to TRA subsequent to the measurement date will be recognized as a relation of the net pension liability in the year ended June 30, 2017.

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

2017		\$ (169,844)
2018		(169,844)
2019		(169,843)
2020		833,436
2021		164,817

G. Pension Liability Sensitivity

The following presents the district's proportionate share of the net pension liability calculated using the discount rate of 8.0% as well as the liability measured using 1% lower and 1% higher.

District proportionate share of NPL		
1% decrease (7.0%)	Current (8.0%)	1% increase (9.0%)
\$ 25,780,668	\$ 16,937,238	\$ 7,140

The Employer's proportion of the net pension liability was based on the employer contributions to TRA in relation to TRA's total employer contributions including direct aid contributions from the State of Minnesota, City of Minneapolis, and Minneapolis School District.

H. Pension Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in a separately-issued TRA financial report. That can be obtained at www.MinnesotaTRA.org, or by writing to TRA at 60 Empire Drive, Suite 400, St. Paul, MN, 55103-4000, or by calling (651) 296-2409 or (800) 657-3669.

Independent School District No. 477
Notes to Financial Statements

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

Public Employees' Retirement Association

A. Plan Description

The District participates in the following cost-sharing multiple-employer defined benefit pension plan administered by PERA. PERA's defined benefit pension plans are established and administered in accordance with *Minnesota Statutes* Chapters, 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

General Employees Retirement Fund (GERF)

All full-time and certain part-time employees of the District other than teachers are covered by the GERF. GERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. The Basic Plan was closed to new members in 1967. All new members must participate in the Coordinated Plan.

B. Benefits Provided

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state legislature. PERA benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. Members in plans that are at least 90% funded for two consecutive years are given 2.5% increases. Members in plans that have not exceeded 90% funded, or have fallen below 80%, are given 1% increases.

The benefit provisions stated in the following paragraphs of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits, but are not receiving them yet are bound by the provisions in effect at the time they terminated their public service.

GERF Benefits

Benefits are based on a member's highest average salary for any five successive years of allowable service, age and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2% of average salary for each of the first ten years of service and 2.7% for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2% of average salary for each of the first ten years and 1.7% for each remaining year. Under Method 2, the annuity accrual rate is 2.7% of average salary for Basic Plan members and 1.7% for Coordinated Plan members for each year of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66. Disability benefits are available for vested members, and are based upon years of service and average high-five salary.

Independent School District No. 477
Notes to Financial Statements

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

Public Employees' Retirement Association (Continued)

C. Contributions

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

GERF Contributions

Basic Plan members and Coordinated Plan members were required to contribute 9.1% and 6.25%, respectively, in fiscal year 2016. In fiscal year 2016, the District was required to contribute 11.78% of pay for Basic Plan members and 7.5% for Coordinated Plan members. The District's contributions to the GERF for the year ended June 30, 2016, were \$376,712. The District's contributions were equal to the required contributions as set by state statute.

D. Pension Costs

GERF Pension Costs

At June 30, 2016, the District reported a liability of \$4,239,301 for its proportionate share of the GERF's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2014, through June 30, 2015, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2015, the District's proportion was 0.0818%, which was an decrease of 0.0022% from its proportion measured as of June 30, 2014.

GERF benefit provision changes during the measurement period include (1) the merger of the former Minneapolis Employees Retirement Fund division into GERF, effective January 1, 2015, and (2) revisions to *Minnesota Statutes* to make changes to contribution rates less prescriptive and more flexible.

The discount rate used to calculate liabilities for the June 30, 2015, measurement date was 7.9%. The Legislature has since set the discount rate in statute at 8%. Beginning with the June 30, 2016, measurement date the discount rate used when calculating liabilities based on GASB 68 accounting requirements will be increased to 8% to be consistent with the rate set in statute used for funding purposes.

For the year ended June 30, 2016, the District recognized pension expense of \$419,733 for its proportionate share of GERF's pension expense.

At June 30, 2016, the District reported its proportionate share of GERF's deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, from the sources on the following page:

Independent School District No. 477
Notes to Financial Statements

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

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 40,371	\$ 213,733
Changes in actuarial assumptions	271,109	-
Difference between projected and actual investments earnings	-	398,318
Changes in proportion and differences between contributions made and District's proportionate share of contributions	-	77,509
District's contributions to GERP subsequent to the measurement date	376,712	-
Total	\$ 688,192	\$ 689,560

\$376,712 reported as deferred outflows of resources related to pensions resulting from District contributions to GERP subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to GERP pensions will be recognized in pension expense as follows:

Year Ended June 30,	Pension Expense Amount
2017	\$ (107,555)
2018	(107,557)
2019	(263,300)
2020	100,332

Independent School District No. 477
Notes to Financial Statements

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

Public Employees' Retirement Association (Continued)

E. Actuarial Assumptions

The total pension liability in the June 30, 2015, actuarial valuation was determined using the entry age normal actuarial cost method and the following actuarial assumptions:

GERF

Assumptions	GERF
Inflation	2.75 % Per Year
Active member payroll growth	3.50 Per Year
Investment rate of return	7.90

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants were based on RP-2000 tables for males or females, as appropriate, with slight adjustments.

Actuarial assumptions used in the June 30, 2015, valuation were based on the results of actuarial experience studies. The experience study was for the period July 1, 2004, to June 30, 2008, with an update of economic assumptions in 2014.

The long-term expected rate of return on pension plan investments is 7.9% for GERF. The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages.

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

Asset Class	Target Allocation	Long-Term
Domestic stocks	45%	5.50 %
Internal stocks	15%	6.00
Bonds	18%	1.45
Alternative assets	20%	6.40
Cash	2%	0.50
	100%	

Total

Independent School District No. 477
Notes to Financial Statements

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

Public Employees' Retirement Association (Continued)

F. Discount Rate

The discount rate used to measure the total pension liability was 7.9% for GERP. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. Pension Liability Sensitivity

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

	1% Decrease in Discount Rate (6.9%)	Discount Rate (7.9%)	1% Increase in Discount Rate (8.9%)
District's proportionate share of the GERP net pension liability	\$ 6,665,687	\$ 4,239,301	\$ 2,235,478

H. Pension Plan Fiduciary Net Position

Detailed information about GERP's fiduciary net position is available in a separately-issued PERA financial report. That report may be obtained on the Internet at www.mnpera.org; by writing to PERA at 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088; or by calling (651) 296-7460 or 1-800-652-9026.

NOTE 7 – POST EMPLOYMENT HEALTH CARE PLAN

A. Plan Description

The District provides a single-employer defined benefit health care plan to eligible retirees. The plan offers medical coverage. Medical coverage is administered by BlueCross BlueShield. It is the District's policy to periodically review its medical coverage and to obtain requests for proposals in order to provide the most favorable benefits and premiums for District employees and retirees.

Independent School District No. 477
Notes to Financial Statements

NOTE 7 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

B. Funding Policy

Retirees contribute to the health care plan at the same rate as District employees. This results in the retirees receiving an implicit rate subsidy. Contribution requirements are established by the District, based on the contract terms with BlueCross BlueShield. The required contributions are based on projected pay-as-you-go financing requirements. For year 2016, the District contributed \$361,554 to the plan. As of June 30, 2016, there were approximately 12 retirees receiving health benefits from the District's health plan. The plan has a total of 413 active participants and dependents.

C. Annual OPEB Cost and Net OPEB Costs Obligation

The District's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The table on the table below shows the components of the District's annual OPEB cost of the year, the amount actually contributed to the plan and changes in the District's net OPEB obligation to the plan.

ARC	\$ 423,625
Interest on net OPEB obligation	5,495
Adjustment to ARC	(7,790)
Annual OPEB cost (expense)	421,330
Contributions Made	(361,554)
Decrease in net OPEB Obligation	59,776
Net OPEB obligation - beginning of year	137,370
 Net OPEB obligation - end of year	 \$ 197,146

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2014, 2015, and 2016 were as follows:

Year Ended	Annual OPEB Cost	Employer Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
06/30/14	\$ 402,183	\$ 502,998	125%	\$ 118,627
06/30/15	419,932	401,190	96%	137,369
06/30/16	421,330	361,554	86%	197,146

Independent School District No. 477
Notes to Financial Statements

NOTE 7 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

D. Funded Status and Funding Progress

As of July 1, 2014, the most recent actuarial valuation date, the District had no assets deposited to fund the plan. The actuarial accrued liability for benefits was \$3,629,488 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,629,488. The covered payroll (annual payroll of active employees covered by the plan) was \$15,775,846 and the ratio of the UAAL to the covered payroll was 23.0%.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Amounts determined regarding the funded status of the plan and the ARC of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The Schedule of Funding Progress – Other Post Employment Benefits, presented as required supplementary information following the notes to financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

E. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations.

At the July 1, 2014 actuarial valuation date, the projected unit credit with 30 year amortization of the unfunded liability method was used. The actuarial assumptions included a 4.0% discount rate. The District currently does not plan to prefund for this benefit. At the actuarial valuation date, the annual health care cost trend rate was calculated to be 7.5% initially, reduced incrementally to an ultimate rate of 5% after ten years. Both rates included a 2.5% inflation rate and a 3.0% salary increase assumption. The UAAL is being amortized as a level dollar amount on a closed basis. The remaining amortization period at June 30, 2015 was 30 years.

NOTE 8 – GASB STANDARDS ISSUED BUT NOT YET IMPLEMENTED

GASB has issued GASB Statement No. 75 relating to accounting and financial reporting for postemployment benefits other than pensions. The new statement requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information (RSI) about OPEB liabilities.

Independent School District No. 477
Notes to Financial Statements

NOTE 9 – COMMITMENTS

Description	Contract Amount	Expended through June 30, 2015	Remaining Commitment
Princeton Primary School	\$ 17,790,030	\$ 16,360,102	\$ 1,429,928
ICS - Owners Representative	662,000	520,000	142,000
Architects - Ballfields	45,000	38,700	6,300
Architects - District Center	24,675	24,576	99
Ballfields	782,500	397,285	385,215
Family Center	2,167,694	1,550,496	617,198
High School	6,037,718	4,768,233	1,269,485
Architects - Primary School	1,180,500	1,114,733	65,767
Architects - High School	363,750	345,778	17,972
Total	<u>\$ 29,053,867</u>	<u>\$ 25,119,903</u>	<u>\$ 3,933,964</u>

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REQUIRED SUPPLEMENTARY INFORMATION

Independent School District No. 477
Schedule of Funding Progress - Other Post Employment Benefits
June 30, 2016

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
07/01/10	\$ -	\$ 4,813,897	\$ 4,813,897	0.0%	\$ 14,701,040	32.7%
07/01/12	-	3,772,278	3,772,278	0.0%	15,319,370	24.6%
07/01/14	-	3,629,488	3,629,488	0.0%	15,775,846	23.0%

* See Note 8 in the Notes to the Financial Statements for more details on this Schedule.

Independent School District No. 477
Schedule of District's and Non-Employer Proportionate Share
of Net Pension Liability
Last Ten Years GERS Retirement Funds

For Fiscal Year Ended June 30,	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Covered- Employee Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.0840%	\$ 3,945,899	\$ 4,411,903	89.4%	78.7%
2015	0.0818%	4,239,301	4,729,107	89.6%	78.2%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

Schedule of District's and Non-Employer Proportionate Share
of Net Pension Liability
Last Ten Years TRA Retirement Funds

For Fiscal Year Ended June 30,	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Proportionate Share of State of Minnesota's Proportionated Share of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability and District's Share of the State of Minnesota's Share of the Net Pension of Liability	District's Covered- Employee Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.2908%	\$ 13,399,855	\$ 942,791	\$ 14,342,646	\$ 13,276,491	100.9%	81.5%
2015	0.2738%	16,937,238	2,077,621	19,014,859	13,896,547	121.9%	76.8%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

**Independent School District No. 477
Schedule of District Contributions
GERF Retirement Funds
Last Ten Years**

Fiscal Year Ending June 30,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	District's Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2014	\$ 319,863	\$ 319,863	\$ -	\$ 4,411,903	7.25%
2015	354,683	354,683	-	4,729,107	7.50%
2016	376,712	376,712	-	5,022,827	7.50%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

**Schedule of District Contributions
TRA Retirement Funds
Last Ten Years**

Fiscal Year Ending June 30,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	District's Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2014	\$ 929,354	\$ 929,354	\$ -	\$ 13,276,486	7.0%
2015	1,042,241	1,042,241	-	13,896,547	7.5%
2016	1,072,553	1,072,553	-	14,300,707	7.5%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

**Independent School District No. [477]
Notes to the Required Supplementary Information**

TRA Retirement Funds

Changes of benefit terms

The DTRFA was merged into TRA on June 30, 2015

Changes of assumptions

The annual COLA for the June 30, 2015, valuation assumed 2%. The prior year valuation used 2% with an increase to 2.5% commencing in 2034. The discount rate used to measure the total pension liability was 8.0%. This is a decrease from the discount rate at the prior measurement date of 8.25%. Details, if necessary, can be obtained from the TRA CAFR.

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SUPPLEMENTARY INFORMATION

Independent School District No. 477
Combining Balance Sheet -
Nonmajor Governmental Funds
Year Ended June 30, 2016

	Special Revenue Funds		Total
	Food Service	Community Service	Nonmajor Funds
Assets			
Cash and investments	\$ 410,461	\$ 595,518	\$ 1,005,979
Current property taxes receivable	-	146,150	146,150
Delinquent property taxes receivable	-	6,835	6,835
Accounts receivable	-	2,998	2,998
Due from Department of Education	-	30,864	30,864
Due from Federal Government through Department of Education	15,576	-	15,576
Inventory	29,206	-	29,206
Prepaid items	1,880	369	2,249
	<u>\$ 457,123</u>	<u>\$ 782,734</u>	<u>\$ 1,239,857</u>
Liabilities			
Accounts payable	\$ 20,697	\$ 15,895	\$ 36,592
Salaries and benefits payable	1,571	48,456	50,027
Unearned revenue	43,696	47,377	91,073
Total liabilities	<u>65,964</u>	<u>111,728</u>	<u>177,692</u>
Deferred Inflows of Resources			
Unavailable revenue - delinquent Property taxes	-	6,835	6,835
Property taxes levied for subsequent year's expenditures	-	302,582	302,582
Total deferred inflows of resources	<u>-</u>	<u>309,417</u>	<u>309,417</u>
Fund Balances			
Nonspendable	31,086	369	31,455
Restricted	360,073	361,220	721,293
Total fund balances	<u>391,159</u>	<u>361,589</u>	<u>752,748</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 457,123</u>	<u>\$ 782,734</u>	<u>\$ 1,239,857</u>

Independent School District No. 477
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances - Nonmajor Governmental Funds
Year Ended June 30, 2016

	<u>Special Revenue Funds</u>		Total
	<u>Food Service</u>	<u>Community Service</u>	<u>Nonmajor Funds</u>
Revenues			
Local property taxes	\$ -	\$ 263,852	\$ 263,852
Other local and county revenues	886	877,203	878,089
Revenue from state sources	112,734	269,021	381,755
Revenue from federal sources	847,441	-	847,441
Sales and other conversion of assets	818,945	-	818,945
Total revenues	<u>1,780,006</u>	<u>1,410,076</u>	<u>3,190,082</u>
Expenditures			
Current			
Food service	1,772,360	-	1,772,360
Community education and services	-	1,444,848	1,444,848
Total expenditures	<u>1,772,360</u>	<u>1,444,848</u>	<u>3,217,208</u>
Excess of revenues over (under) expenditures	7,646	(34,772)	(27,126)
Fund Balances			
Beginning of year	<u>383,513</u>	<u>396,361</u>	<u>779,874</u>
End of year	<u>\$ 391,159</u>	<u>\$ 361,589</u>	<u>\$ 752,748</u>

Independent School District No. 477
Uniform Financial Accounting and Reporting Standards
Compliance Table
Year Ended June 30, 2016

	Audit	Ufars	Audit-ufars		Audit	Ufars	Audit-ufars
01 General Fund				06 Building Construction Fund			
Total revenue	\$ 33,479,755	\$ 33,479,752	\$ 3	Total revenue	\$ 298,865	\$ 298,865	\$ -
Total expenditures	34,892,297	34,892,297	-	Total expenditures	21,615,983	21,615,983	-
<i>Nonspendable:</i>				<i>Restricted/reserved:</i>			
460 Nonspendable	92,348	92,348	-	407 Capital Projects Levy	-	-	-
<i>Restricted/reserved:</i>				409 Alternative Facility Program	-	-	-
403 Staff Development	149,135	149,134	1	413 Building Projects Funded by COP/LP	-	-	-
405 Deferred Maintenance	163,061	163,061	-	<i>Restricted:</i>			
406 Health and Safety	(40,795)	(40,795)	-	464 Restricted	5,610,790	5,610,791	(1)
407 Capital Projects Levy	-	-	-	<i>Unassigned:</i>			
408 Cooperative Programs	-	-	-	463 Unassigned	-	-	-
409 Alternative Facility Program	-	-	-	07 Debt Service Fund			
413 Project Funded By Cop	-	-	-	Total revenue	\$ 3,509,300	\$ 3,509,301	\$ (1)
414 Operating Debt	-	-	-	Total expenditures	3,444,329	3,444,330	(1)
416 Levy Reduction	-	-	-	<i>Restricted/reserved:</i>			
424 Operating Capital	2,544,091	2,544,091	-	425 Bond refunding	-	-	-
426 \$25 Taconite	-	-	-	451 QZAB and QSCB payments	-	-	-
427 Disabled Accessibility	-	-	-	<i>Restricted:</i>			
428 Learning and Development	-	-	-	464 Restricted	653,483	653,484	(1)
434 Area Learning Center	-	-	-	<i>Unassigned:</i>			
435 Contracted Alternative Programs	-	-	-	463 Unassigned	-	-	-
436 State Approved Alternative Program	-	-	-	08 Trust Fund			
438 Gifted and Talented	40,619	40,619	-	Total revenue	\$ -	\$ -	\$ -
440 Teacher Development and Evaluation	-	-	-	Total expenditures	-	-	-
441 Basic Skills Programs	-	-	-	<i>Reserved:</i>			
445 Career Technical Programs	-	-	-	419 Encumbrances	-	-	-
446 First Grade Preparedness	-	-	-	<i>Unreserved:</i>			
448 Achievement and Integration Revenue	-	-	-	422 Unassigned fund balance (net position)	-	-	-
449 Safe School Crime	-	-	-	09 Agency Fund			
450 Transition For Pre-kindergarten	-	-	-	<i>Unreserved:</i>			
451 Qzab And QSCB Payments	-	-	-	422 Unreserved/undesignated	\$ -	\$ -	\$ -
452 OPEB Liabilities not Held in Trust	-	-	-	20 Internal Service Fund			
453 Unfunded Severance and Retirement Levy	-	-	-	Total revenue	\$ -	\$ -	\$ -
<i>Restricted:</i>				Total expenditures	-	-	-
464 Restricted	-	-	-	<i>Reserved:</i>			
<i>Committed:</i>				419 Encumbrances	-	-	-
418 Committed for separation benefits	703,394	703,394	-	<i>Unreserved:</i>			
461 Committed	-	-	-	422 Unassigned fund balance (net position)	-	-	-
<i>Assigned:</i>				25 OPEB Revocable Trust			
462 Assigned	2,491,551	2,491,550	1	Total revenue	\$ -	\$ -	\$ -
<i>Unassigned:</i>				Total expenditures	-	-	-
422 Unassigned fund balance (net position)	4,995,327	4,995,328	(1)	<i>Reserved:</i>			
02 Food Services Fund				419 Encumbrances	-	-	-
Total revenue	\$ 1,780,006	\$ 1,780,007	\$ (1)	<i>Unreserved:</i>			
Total expenditures	1,772,360	1,772,361	(1)	422 Unassigned fund balance (net position)	-	-	-
<i>Nonspendable:</i>				45 OPEB Irrevocable Trust			
460 Nonspendable	31,086	31,086	-	Total revenue	\$ -	\$ -	\$ -
<i>Restricted/reserved:</i>				Total expenditures	-	-	-
452 OPEB liabilities not held in trust	-	-	-	<i>Reserved:</i>			
<i>Restricted:</i>				419 Encumbrances	-	-	-
464 Restricted	360,073	360,073	-	<i>Unreserved:</i>			
<i>Unassigned:</i>				422 Unassigned fund balance (net position)	-	-	-
463 Unassigned	-	-	-	47 OPEB Debt Service			
04 Community Service Fund				Total revenue	\$ -	\$ -	\$ -
Total revenue	\$ 1,410,076	\$ 1,410,075	\$ 1	Total expenditures	-	-	-
Total expenditures	1,444,848	1,444,847	1	<i>Reserved:</i>			
<i>Nonspendable:</i>				425 Bond refundings	-	-	-
460 Nonspendable	369	369	-	<i>Unreserved:</i>			
<i>Restricted/reserved:</i>				422 Unreserved/undesignated	-	-	-
426 \$25 Taconite	-	-	-				
431 Community Education	210,787	210,787	-				
432 ECFE	110,538	110,538	-				
440 Teacher Development and Evaluation	-	-	-				
444 School Readiness	38,884	38,884	-				
447 Adult Basic Education	-	-	-				
452 OPEB Liabilities not Held in Trust	-	-	-				
<i>Restricted:</i>							
464 Restricted	1,011	1,013	(2)				
<i>Unassigned:</i>							
463 Unassigned	-	-	-				

Independent School District No. 477
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2016

Federal Funding Source	Federal CFDA Number	Grant Name	Expenditures
Through Minnesota Department of Education			
USDOA	10.559	Summer Food Service	\$ 49,927
USDOA	10.553	School Breakfast	112,696
USDOA	10.555	Type A Lunch and Commodities Programs	683,257
USDOA	10.556	Special Milk Program	1,561
Total Child Nutrition Cluster and USDOA			<u>847,441</u>
USDOED	84.010	Title I, Part A	277,580
USDOED	84.367	Title II, Part A - Teacher and Principal Training and Recruiting	87,312
Through Independent School District No. 11 - Anoka-Hennepin			
USDOED	84.048A	Carl Perkins	14,590
Through Rum River Special Education Cooperative			
USDOED	84.027	Special Education	230,576
USDOED	84.173	Preschool Incentive	23,989
Total Special Education Cluster			<u>254,565</u>
USDOED	84.181	Infants and Toddlers Program	6,046
Total USDOED			<u>640,093</u>
Total Federal Expenditures			<u><u>\$ 1,487,534</u></u>

Independent School District No. 477
Notes to Schedule of Expenditures of Federal Awards

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

NOTE 2 – PASS-THROUGH GRANT NUMBERS

All pass-through entities listed above use the same CFDA numbers as the federal grantors to identify these grants and have not assigned any additional identifying numbers.

NOTE 3 – INVENTORY

Inventories of commodities donated by the U.S. Department of Agriculture are recorded at market value in the Food Service Fund as inventory. Revenue and expenditures are recorded when commodities are consumed.



**Report on Internal Control over Financial Reporting
and on Compliance and other Matters Based on an Audit
of Financial Statements Performed in Accordance
with *Government Auditing Standards***

Independent Auditor's Report

To the School Board
Independent School District No. 477
Princeton, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Independent School District No. 477, Princeton, Minnesota, as of and for the year ending June 30, 2016, and the related notes to financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 13, 2016.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs in Accordance with Uniform Guidance, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

Internal Control over Financial Reporting

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs in Accordance with Uniform Guidance to be a material weakness, 2015-001.

A significant deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs in Accordance with Uniform Guidance to be a significant deficiency, 2007-002.

Compliance and Other Matters

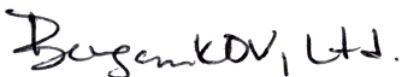
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material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

District's Response to the Findings

The District's response to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Cost. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



St. Cloud, Minnesota
October 13, 2016



Report on Compliance for each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance

Independent Auditor's Report

To the School Board
Independent School District No. 477
Princeton, Minnesota

Report on Compliance for Each Major Federal Program

We have audited the compliance of Independent School District No. 477, Princeton, Minnesota with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2016. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Cost, in Accordance with the Uniform Guidance.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide legal determination of the compliance of Independent School District No. 477.

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Opinion on Each Major Federal Program

In our opinion, Independent School District No. 477 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

A handwritten signature in black ink that reads "BergankDV, Ltd." in a cursive, stylized font.

St. Cloud, Minnesota
October 13, 2016

**Independent School District No. 477
Schedule of Findings and Questioned Costs in
Accordance with Uniform Guidance**

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	Yes, Audit Finding 2015-001
• Significant deficiency(ies) identified?	Yes, Audit Finding 2007-002
Noncompliance material to financial statements noted?	No

Federal Awards

Type of auditor's report issued on compliance for major programs:	Unmodified
Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified	No
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516?	No

Identification of Major Programs

CFDA No.:	10.553, 10.555, 10.556 and 10.559
Name of Federal Program or Cluster:	Child Nutrition and Commodities Cluster
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low risk auditee?	No

**Independent School District No. 477
Schedule of Findings and Questioned Costs in
Accordance with Uniform Guidance**

SECTION II – FINANCIAL STATEMENT FINDING

Audit Finding 2007-002 – Preparation of Financial Statements

Criteria or Specific Requirement:

Statement on Auditing Standards (SAS) No. 112 states entities should be able to adequately prepare and/or understand their financial statements.

Condition:

As a function of the audit process, auditors are required to gain an understanding of the District's internal control, including the financial reporting process.

The District does not have an internal control system designed to provide for the preparation of the financial statements being audited. As auditors, we were requested to draft the financial statements and accompanying notes to financial statements. This circumstance is not unusual in a district of your size.

This condition increases the risk that errors could occur which would not be prevented, or detected and corrected in a timely manner. Even though all management decisions related to financial reporting are made by the District's management and approval of the financial statements lies with management, it is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Context:

This finding impacts the District's ability to internally prepare the financial statements.

Effect:

The financial disclosures in the financial statements could be incomplete.

Cause:

District personnel do not have adequate training to apply accounting principles generally accepted in the United States of America internally.

Recommendation:

Obtain additional training on accounting principles generally accepted in the United States of America to adequately apply them internally.

**Independent School District No. 477
Schedule of Findings and Questioned Costs in
Accordance with Uniform Guidance**

SECTION II – FINANCIAL STATEMENT FINDING

Audit Finding 2007-002 – Preparation of Financial Statements (Continued)

Management's Response:

CORRECTIVE ACTION PLAN (CAP):

1. Explanation of Disagreement with Audit Finding
There is no disagreement with the audit finding.
2. Actions Planned in Response to Finding
Administration will have the auditing firm of BerganKDV, Ltd. prepare the annual financial statements for the District. In addition, the Director of Business Services will review the financial statement disclosures.
3. Official Responsible to Ensuring CAP
Julia Espe, Superintendent, and Michelle Czech, Director of Business Services, are the officials responsible for ensuring corrective action of the deficiency.
4. Planned Completion Date for CAP
The planned completion date for the CAP is June 30, 2016.
5. Plan to Monitor Completion of CAP
The School Board will be monitoring this CAP.

Audit Finding 2015-001 –Material Audit Adjustment

Criteria or Specific Requirement:

Internal control that supports the District's ability to initiate, record, process and report financial data consistent with the assertions of management in the financial statements requires all material entries be posted prior to the audit.

Condition:

During the course of our engagement, we proposed a material audit adjustment that would not have been identified as a result of the District's existing internal controls and, therefore, could have resulted in a material misstatement of the District's financial statements.

In order to ensure financial statements were free from material misstatement, an audit adjustment was required relating to federal tuition billing.

Context:

This finding impacts the District's ability to internally prepare their financial statements free from material misstatements.

**Independent School District No. 477
Schedule of Findings and Questioned Costs in
Accordance with Uniform Guidance**

SECTION II – FINANCIAL STATEMENT FINDING

Audit Finding 2015-001 –Material Audit Adjustment

Effect:

The financial statements could have material misstatements.

Cause:

District personnel did not make all required audit adjustments.

Recommendation:

Review the District’s financial statements to assure all entries are prepared and posted.

Management’s Response:

CORRECTIVE ACTION PLAN (CAP):

1. Explanation of Disagreement with Audit Finding
There is no disagreement with the audit finding.
2. Actions Planned in Response to Finding
Administration will make all necessary entries prior to the audit and review financial statements for any errors. District staff will confer with auditors prior to fieldwork regarding these entries on any unusual items.
3. Official Responsible for Ensuring CAP
Julia Espe, Superintendent, and Michelle Czech, Director of Business Services, are the officials responsible for ensuring corrective action of the deficiency.
4. Planned Completion Date for CAP
The planned completion date for the CAP is June 30, 2016.
5. Plan to Monitor Completion of CAP
The School Board will be monitoring this CAP.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no federal award findings or questioned costs.

SECTION IV – SCHEDULE OF PRIOR AUDIT FINDINGS

None



Report on Legal Compliance

Independent Auditor's Report

To the School Board
Independent School District No. 477
Princeton, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Independent School District No. 477, Princeton, Minnesota, as of and for the year ended June 30, 2016, and the related notes to financial statements, and have issued our report thereon dated October 13, 2016.

The *Minnesota Legal Compliance Audit Guide for School Districts* promulgated by the State Auditor pursuant to *Minnesota Statutes Sec. 6.65*, contains seven categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, uniform financial accounting and reporting standards for school districts and miscellaneous provisions. Our audit considered all of the listed categories.

In connection with our audit, nothing came to our attention that caused us to believe that the District failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for School Districts*, except as described in the Schedule of Findings and Corrective Action Plans on Legal Compliance. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the District's noncompliance with the above referenced provisions.

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

St. Cloud, Minnesota
October 13, 2016

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**Independent School District No. 477
Schedule of Findings and Corrective Action Plans
on Legal Compliance**

CURRENT YEAR LEGAL COMPLIANCE FINDING:

Obtain Performance and Payment Bonds for Service Contracts

Minnesota Statutes 574.26 requires that contractors doing public work pledge a performance and a payment bond in an amount not less than the contract price if the contract is in excess of \$ 100,000.

During fiscal year 2016, the District failed to obtain a payment bond for its phone systems contract that exceeded \$ 100,000.

CORRECTIVE ACTION PLAN (CAP):

1. Explanation of Disagreement with Audit Finding
There is no disagreement with the audit finding.
2. Actions Planned in Response to Finding
Administration will review all final documents before allowing contractors to start work to verify that they have complied with all bid laws.
3. Official Responsible for Ensuring CAP
Michelle Czech, Director of Business Service, is the official responsible for ensuring corrective action of the deficiency.
4. Planned Completion Date for CAP
The planned completion date for the CAP is June 30, 2017.
5. Plan to Monitor Completion of CAP
The School Board will be monitoring this CAP.

	PROMISED		DELIVERED		METHOD	
	Cost	Qty/expectation	Cost	Qty/Improvement		
NEW SCHOOL:						
Construct New K-2 Primary School	\$18,525,000	102,000 sf	\$16,490,790	102,000 sf	Referendum	
Furniture / Equipment	\$500,000	Reuse existing furniture	\$700,000	Full building installation	Ref. & A.B.F.	
Decommission of South Elementary School	\$600,000	Green Space	\$750,000	1 full sized varsity play field	Referendum	
HIGH SCHOOL:						
New Gymnasium for School and Community Use	\$4,500,000	2 station (phy. Ed)	\$5,600,000	3 station (Competition)	Referendum	
Shop area improvements						Referendum
Kitchen function and serving improvements					New flooring, Dish Wash room	Referendum
Accessibility improvements to lower level locker rooms						Referendum
Remove classroom instruction from portable classrooms			Included above	Renovated space at District Center	Referendum	
Safety improvements	\$25,000			Secured Entry	Referendum	
Furniture / Equipment	\$0	Not Included (A.B.F)	\$156,000	Fab Lab/Flex Lab/Music	Referendum	
Technology improvements	\$125,000		\$125,000	Phone System / Fiber		
MIDDLE SCHOOL:						
Safety improvements	\$25,000		\$25,000	Cameras	Referendum	
Technology improvements	\$125,000		\$125,000	Phone System / Fiber	Referendum	
New ball field construction	\$400,000	Replace 3 at North Elem.	\$900,000	7 new fields	Referendum	
INTERMEDIATE SCHOOL:						
Safety improvements	\$25,000		\$25,000	Sidewalks / Cameras	Referendum	
Technology improvements	\$125,000		\$125,000	Phone System / Fiber	Referendum	
Ball Field improvements	\$0	Not Included	\$260,000	4 full size soccer fields	Referendum	
Parking/Pick Up/Drop off improvements	\$0	Not Included	\$150,000	Complete new parking lot	Ref. & A.B.F.	
FAMILY CENTER:						
Pre-K Classrooms	\$0	Not Included	\$1,300,000	3 New and 4 renovated classrooms	A.B.F. and Grant	
Security improvements	\$0	Not Included	Included above	Single entrance with security		
Technology improvements	\$0	Not Included	Included above	Phone System / Fiber		
Furniture / Equipment	\$0	Not Included	\$115,000	All new furniture	A.B.F.	
OTHER:						
Transition/Online Program						
Out of Portable Classroom	Incl. with High School	Move with in a school	Incl. with District Center	3 new classroom / dedicated spaces	Referendum	
ALC Program						
Cooperative at time of Referendum	\$0	Not Included	\$250,000	10,000 sf facility	A.B.F.	
Maintenance Equipment and Storage						
No facility at time of Referendum	\$0	Not Included	\$175,000	Inside storage/maint. Shop	A.B.F.	
District Center						
Technology improvements	\$125,000		\$415,000	Phone System / Fiber	Ref. & A.B.F.	
Security Improvements	\$25,000		\$25,000	Reception is secure	Referendum	
Furniture / Equipment	\$0	Not Included (A.B.F.)	\$70,000		A.B.F.	
Renovation of City Hall	\$0	Not Included	\$550,000	Conference and Board Room	A.B.F.	
Totals*	\$25,125,000		\$28,331,790			

*Costs are considered to be "Construction Costs" and rounded for summary purposes.



PRINCETON PUBLIC SCHOOLS ISD #477

2014 BOND REFERENDUM PROJECT SUMMARY

NOVEMBER 1, 2016

Primary School



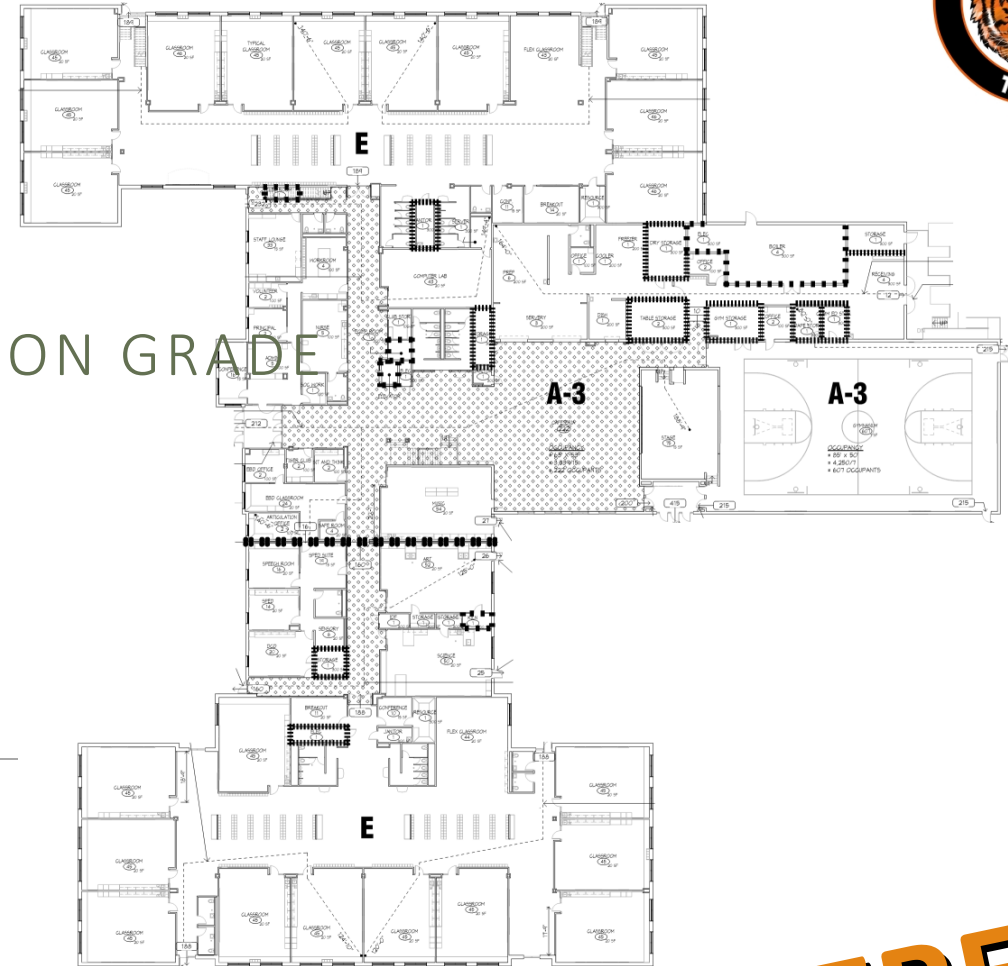
- CONSTRUCT NEW K-2 PRIMARY SCHOOL
 - DECOMMISSION SOUTH ELEMENTARY SCHOOL
 - REPURPOSE FURNITURE AND EQUIPMENT FROM SOUTH ELEMENTARY
 - 33 CLASSROOMS
 - REGULATION SIZE GYMNASIUM
-

PROMISED

Primary School



- 35 CLASSROOMS AND 3 FLEX ROOMS
- REGULATION GYMNASIUM, COMPETITION GRADE FLOOR
- SECURE ENTRANCE

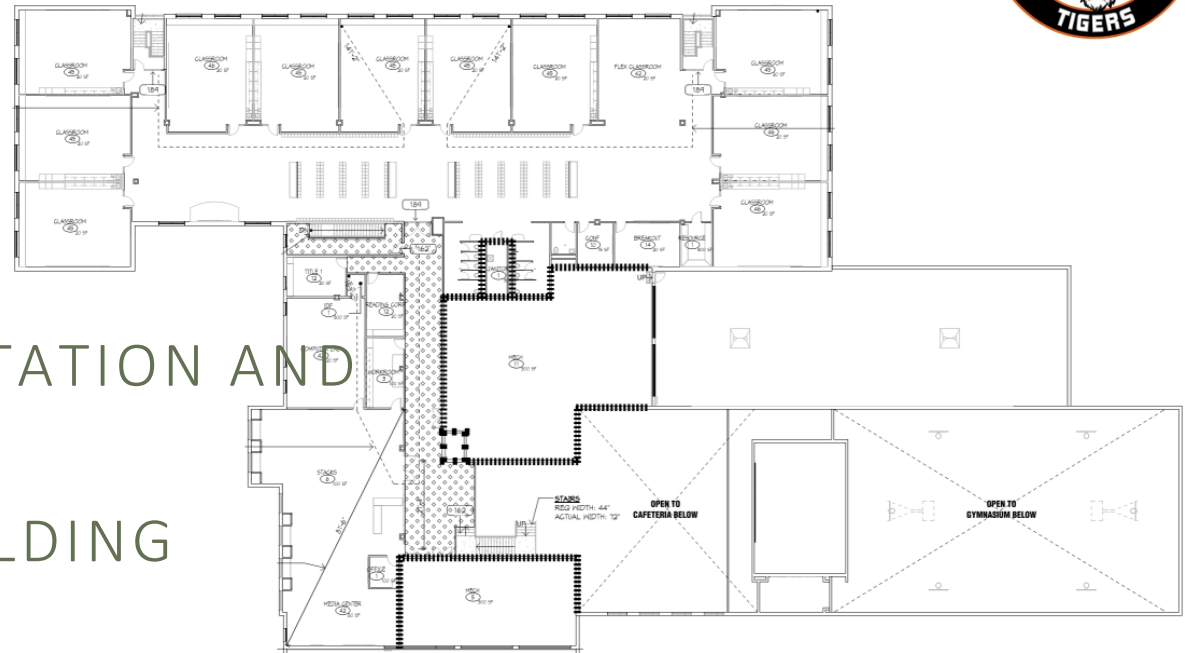


DELIVERED

Primary School



- OPEN/FLEXIBLE LEARNING AREAS
- DOUBLE SIDED STAGE WITH PRESENTATION AND SOUND SYSTEM ABILITY
- EFFICIENT, WELL CONSTRUCTED BUILDING



DELIVERED



High School

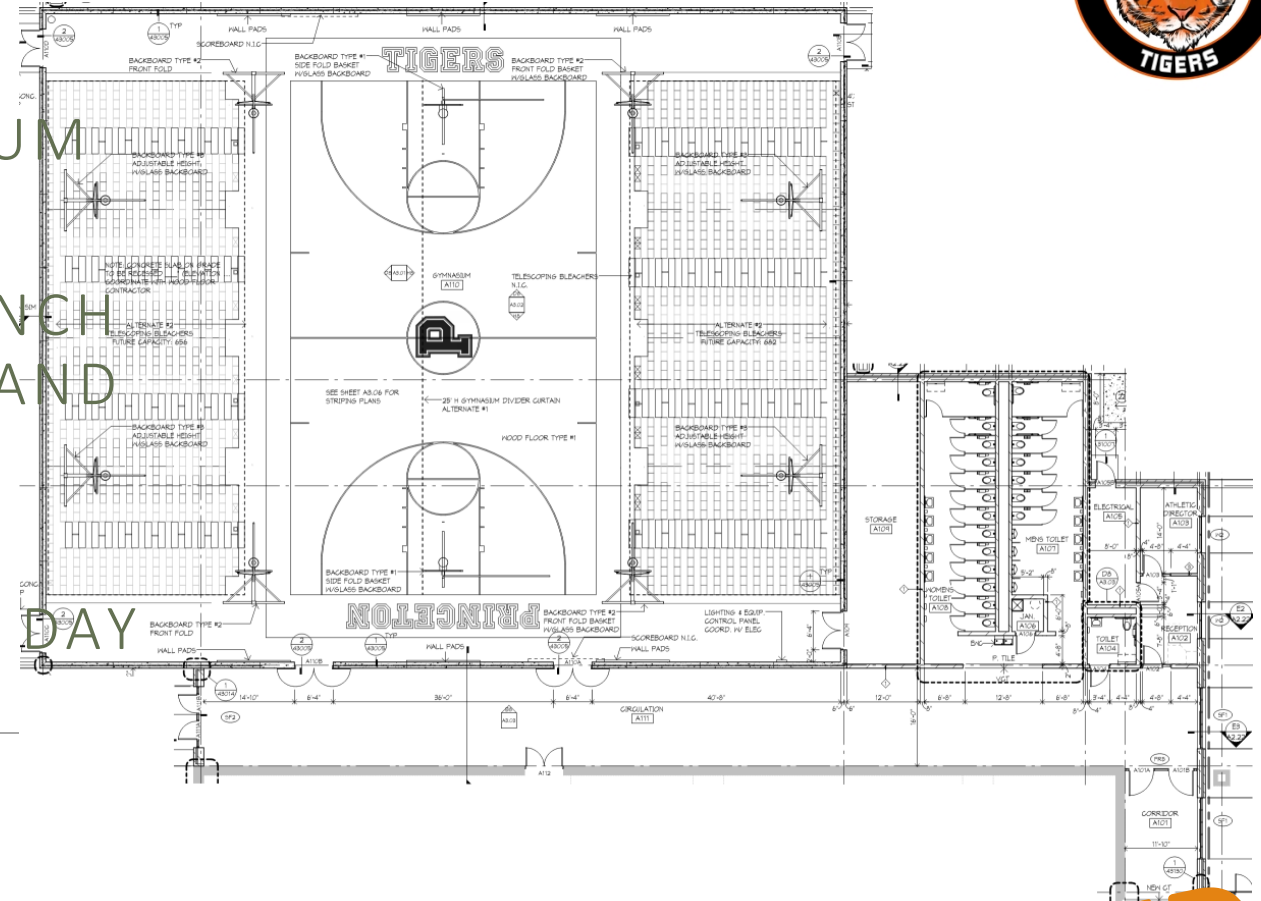
- CONSTRUCT NEW GYMNASIUM FOR PHYSICAL EDUCATION AND COMMUNITY EDUCATION
 - RENOVATE AND/OR ADD SPACE FOR SHOPS AND INDUSTRIAL TECHNOLOGY CURRICULUM, CONNECT ALL BUILDINGS TOGETHER FOR ADDED SECURITY
 - REMODEL KITCHEN AND SERVING LINE LAYOUT FOR EFFICIENCY
 - REMODEL ENTRANCE FOR SECURITY
-

PROMISED

High School



- 3 COMPETITION GRADE GYMNASIUM STATIONS
- EFFICIENT SERVING LINES FOR LUNCH WITH NEW DISHWASHING ROOM AND KITCHEN FINISHES
- SECURE ENTRANCE WITH SINGLE POINT OF ENTRY DURING SCHOOL DAY



DELIVERED

High School



- CONTIGUOUS BUILDING TO ALL STUDENT AREAS
- FLEXIBLE AND COLLABORATIVE LEARNING AREAS AND LABS
- ACCESS TO ALL LEVELS FOR ALL USERS



DELIVERED

Intermediate School



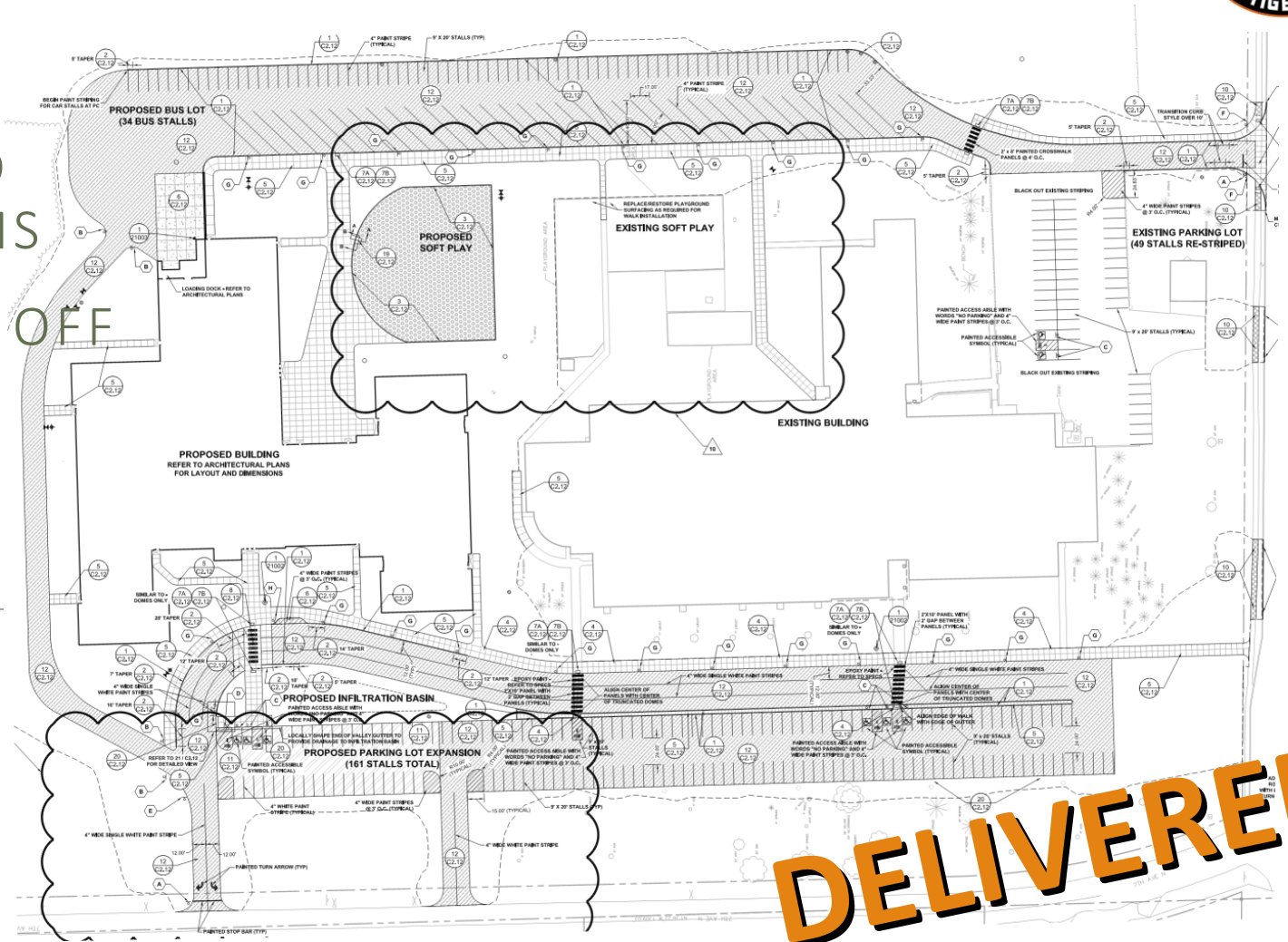
- ADDRESS PICKUP/DROP OFF AND CONGESTED INTERSECTION ISSUES AT 7TH AVE AND 12TH ST
- CONTINUE TO IMPROVE SECURITY AND TECHNOLOGY INFRASTRUCTURE

PROMISED

Intermediate School



- NEW PARKING LOT
- IMPROVED NETWORK AND COMMUNICATION SYSTEMS
- SAFER PICK UP AND DROP OFF
- ADDITIONAL SIDEWALKS



DELIVERED

Middle School



- CONTINUE TO IMPROVE SECURITY AND TECHNOLOGY INFRASTRUCTURE

PROMISED



Family Center / Transition

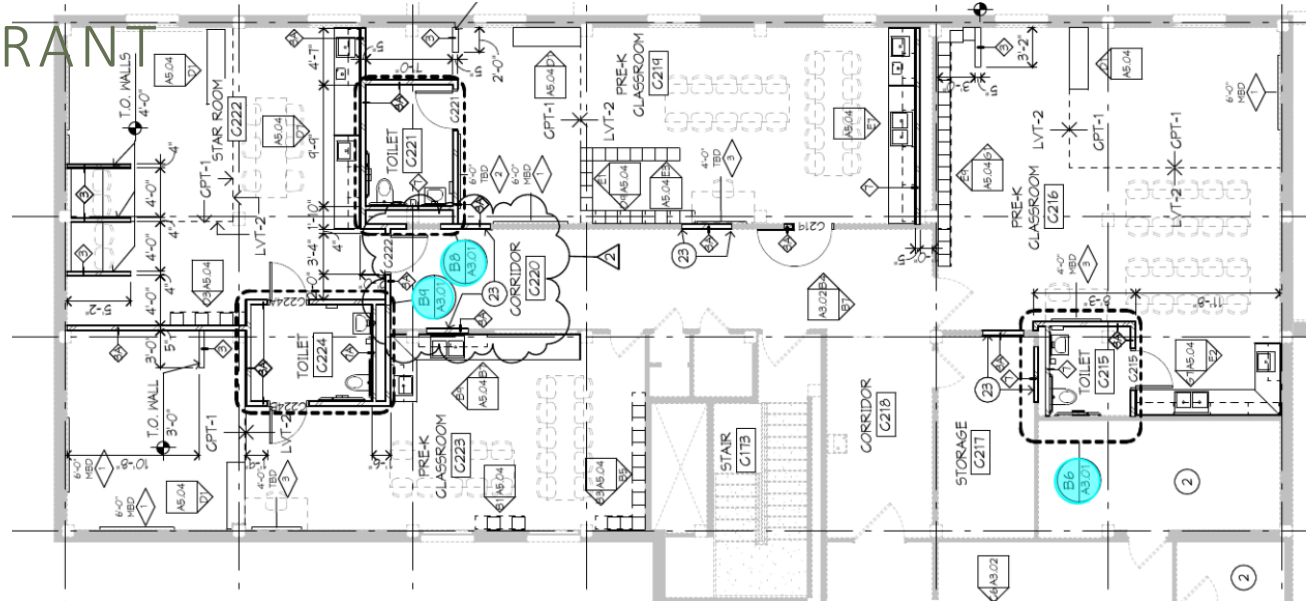
- CONTINUE TO IMPROVE SECURITY AND TECHNOLOGY INFRASTRUCTURE (FAMILY CENTER WAS NOT A STAND ALONE FACILITY AT REFERENDUM VOTE)
- BRING TRANSITION PROGRAM INTO A FACILITY AND OUT OF A PORTABLE CLASSROOM

PROMISED



Family Center

- 3 NEW CLASSROOMS (PARTIALLY GRAN FUNDED)
- STAND ALONE EARLY CHILDHOOD PROGRAM FACILITY
- UPGRADES AND UNIFORMITY THROUGHOUT THE BUILDING

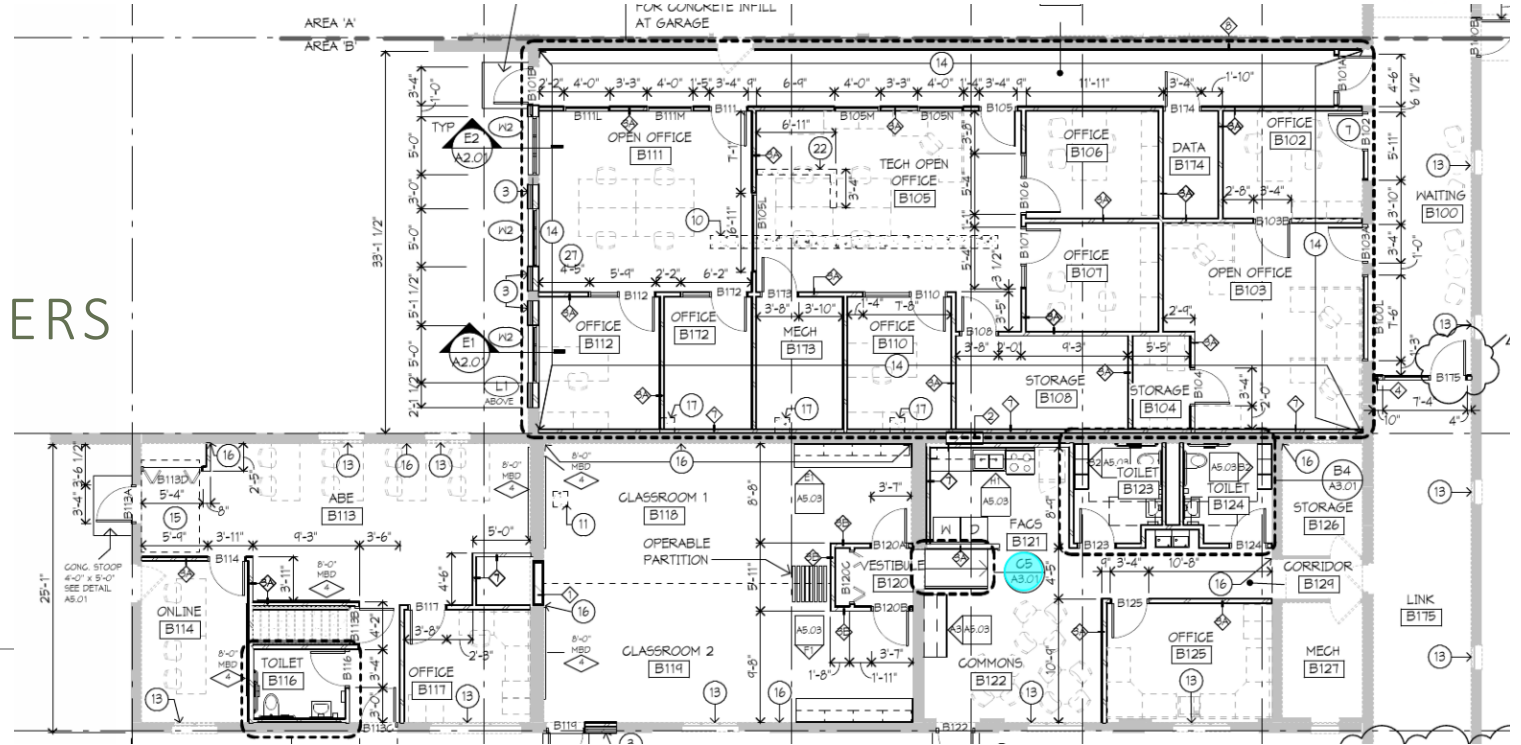


DELIVERED

Transition



- SPECIFICALLY DESIGNED SPACE FOR THE PROGRAM
- SAFE AND SECURE ACCESSIBILITY FOR ALL USERS



DELIVERED

Plus:



- FACILITY FOR THE ALC PROGRAM
 - FACILITY FOR BUILDINGS AND GROUNDS EQUIPMENT MAINTENANCE, STORAGE AND STAFF
 - RENOVATED, DEDICATED DISTRICT CENTER
 - TECHNOLOGY INFRASTRUCTURE UPGRADED THROUGHOUT THE DISTRICT
 - NEW PHONE SYSTEM THROUGHOUT THE DISTRICT
-

DELIVERED



Plus:

- VARSITY SOCCER / OPEN FIELD
 - MAINTAINING ABILITY TO EXPAND ALL BUILDINGS
 - HELPED COMMUNITY WITH INFRASTRUCTURE AND LONG TERM ASSETS
 - DEFERRED MAINTENANCE LONG RANGE PLAN IN PROGRESS
 - NEW FURNITURE AND EQUIPMENT THROUGHOUT THE DISTRICT
-

DELIVERED



CONGRATULATIONS & Thank you





WORLD'S BEST WORKFORCE

OCTOBER 25, 2016

WORLD'S BEST WORKFORCE GOALS:

- All students are ready for kindergarten
- All students in third grade achieve grade level literacy
- Close the achievement gap
- All students attain career and college readiness before graduation from high school
- All students graduate from high school

IMPROVING EDUCATION OUTCOMES, FROM CRADLE TO CAREER





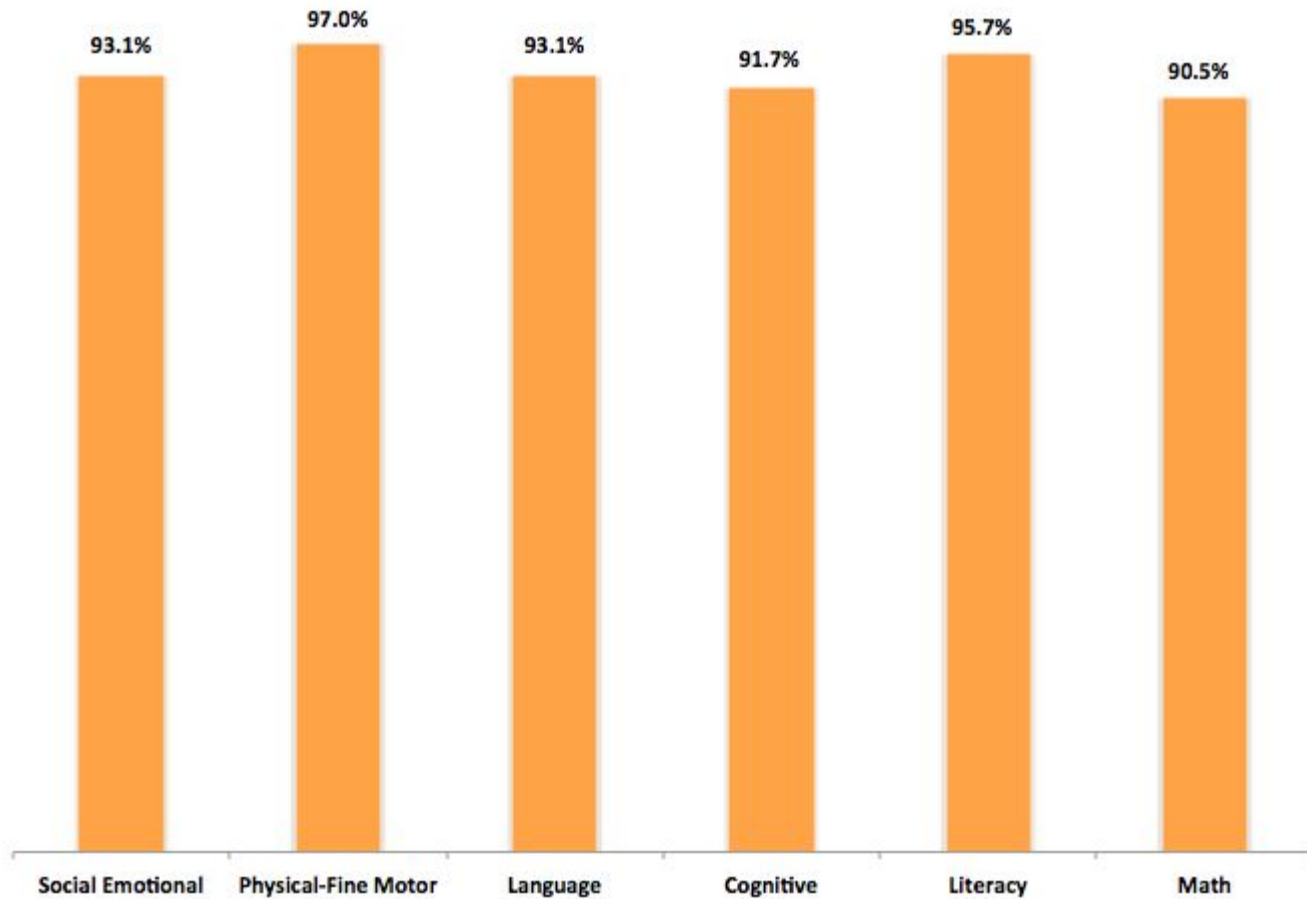
KINDERGARTEN READINESS

144

Goal: Each dimension (within the Social/Emotional, Physical, Language, Cognitive, Literacy, and Mathematics Domains) measured by Teaching Strategies Gold (TSG) will have 80% of PreK-4 year old students meeting or exceeding the “widely held expectations” by Spring 2016.

TSG Data

145





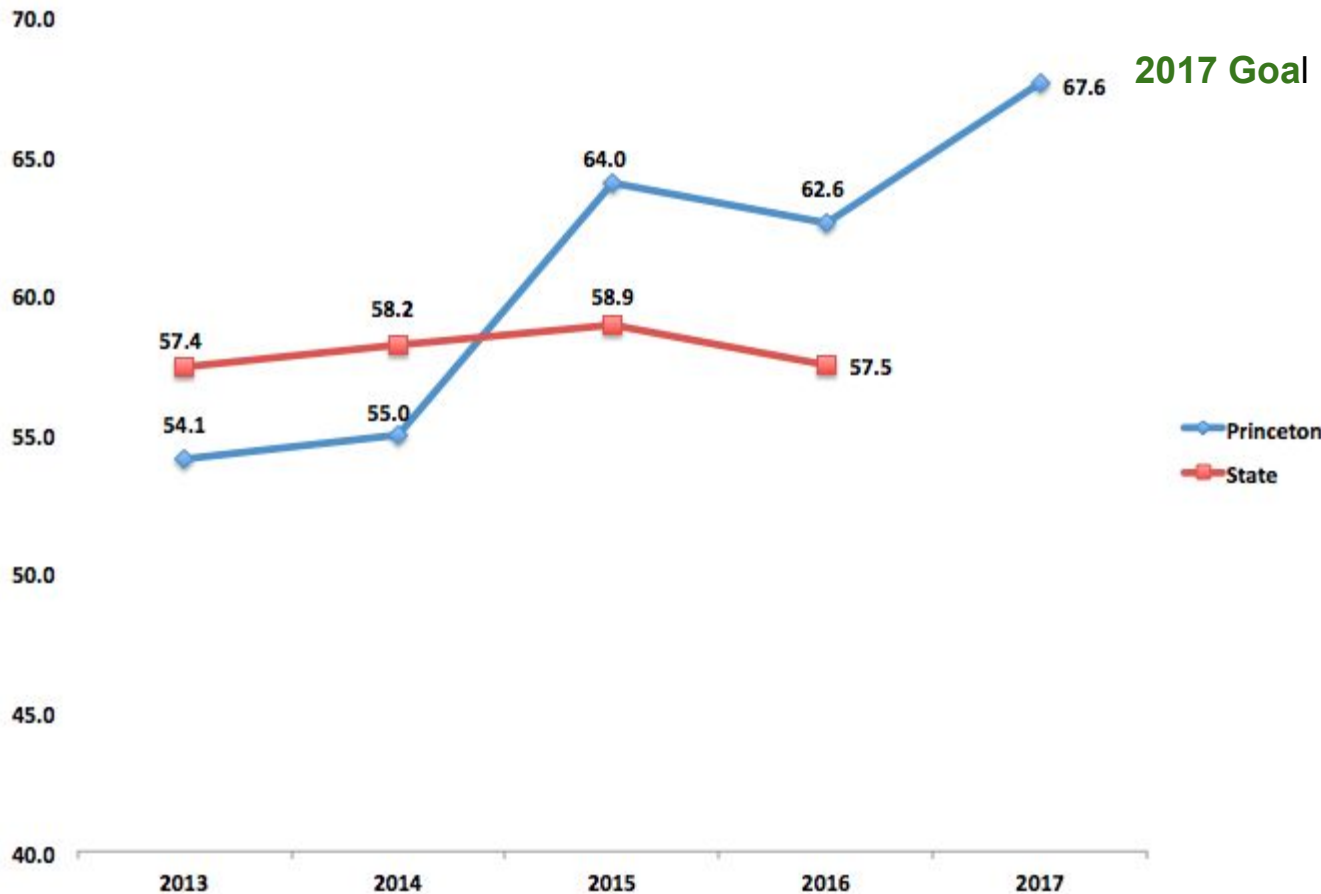
THIRD GRADE READING

146

Goal: The percentage of all students enrolled in grade 3 at Princeton Public Schools who earn an achievement level of Meets or Exceeds the Standards in reading on all state accountability tests (MCA, MTAS) will increase from 54.1% in 2013 to 67.6% in 2017.

3rd Grade Reading

147





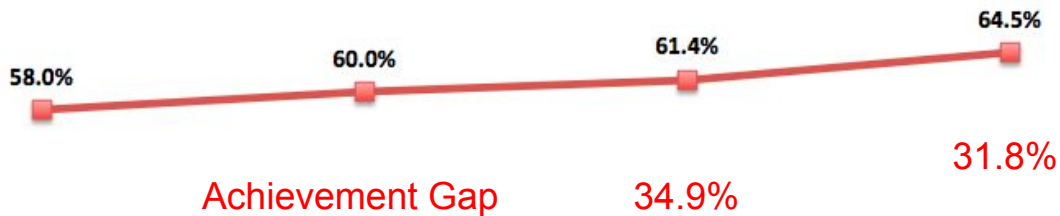
ACHIEVEMENT GAP REDUCTION

148

*Goal: The gap (difference) in Math proficiency between Students receiving **Special Education Services** and students who do not receive Special Education Services will decrease from 34.9% in 2015 to 29.9% in 2016.*

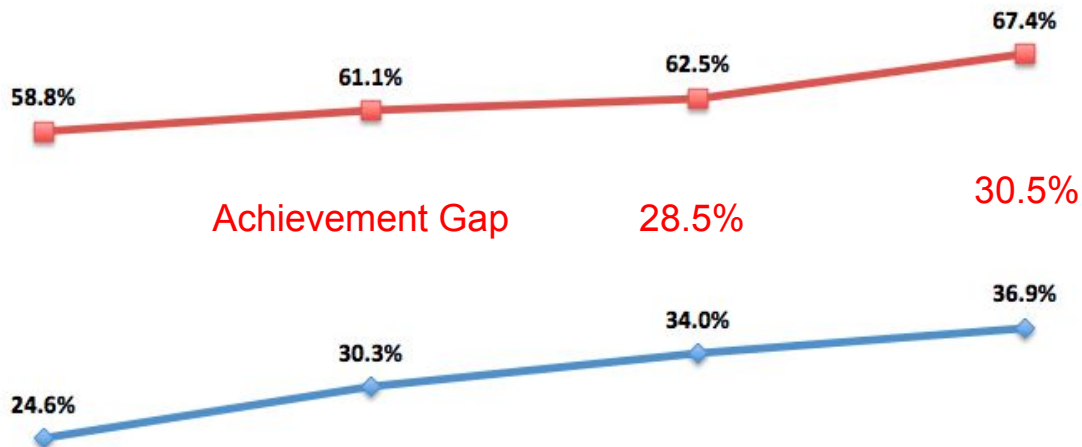
*Goal: The gap (difference) in Reading proficiency between Students receiving **Special Education Services** and students who do not receive Special Education Services will decrease from 28.5% in 2015 to 23.5% in 2016.*

SPED- Math



149

SPED- Reading





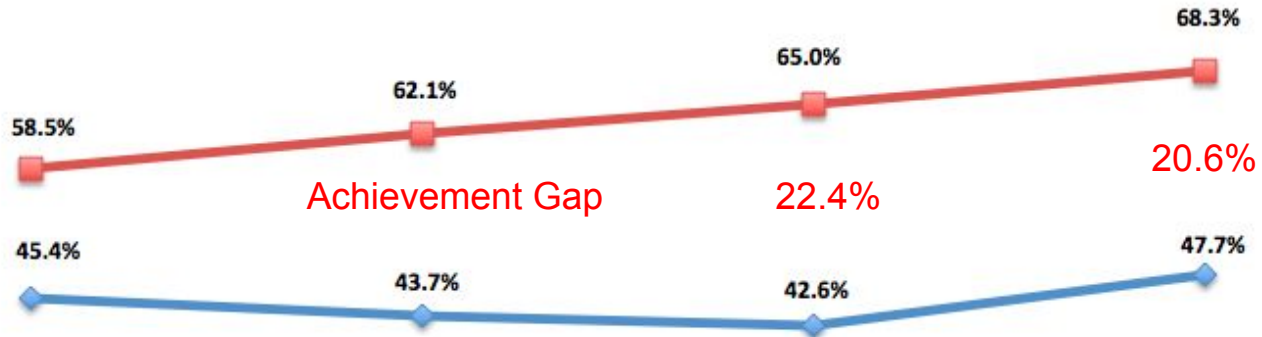
ACHIEVEMENT GAP REDUCTION

150

*Goal: The gap (difference) in Math proficiency between Students receiving **Free/Reduced Lunch** and students who do not receive Free/Reduced Lunch will decrease from 22.4% in 2015 to 17.4% in 2016.*

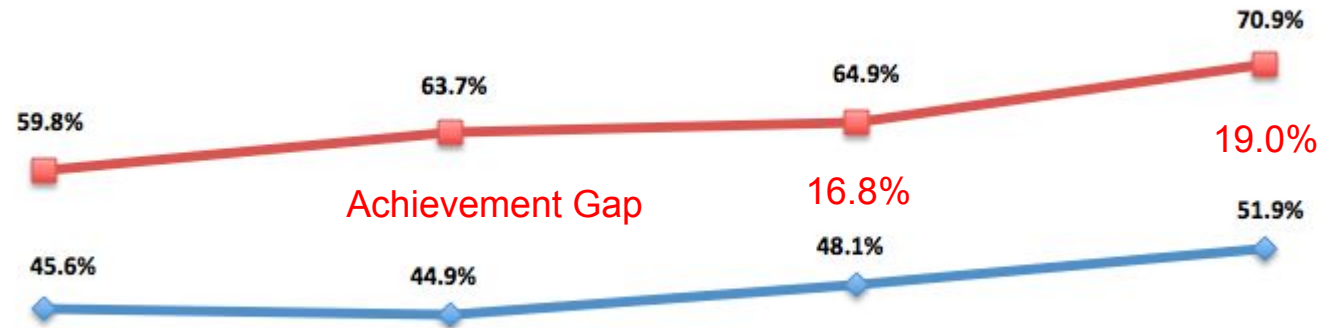
*Goal: The gap (difference) in Reading proficiency between Students receiving **Free/Reduced Lunch** and students who do not receive Free/Reduced Lunch will decrease from 16.8% in 2015 to 11.8% in 2016.*

FRL- Math



151

FRL- Reading





COLLEGE/CAREER READINESS

152

Goal: Students will be prepared to enter the 21st Century world of work and post-secondary education. 80% of our students in grades 6 through 12 will know the career clusters and take one action to further their career and college readiness through their Advisory Classes.

Minnesota Career Fields, Clusters & Pathways

Marketing

- Merchandising
- Marketing Management
- Marketing Communications
- Marketing Research
- Professional Sales

Business, Management, and Administration

- Administrative Support
- Operations Management
- Business Information Management
- Human Resources Management
- General Management

Hospitality and Tourism

- Lodging
- Recreation, Amusements and Attractions
- Restaurants and Food/Beverage Services
- Travel and Tourism

Finance

- Banking Services
- Business Finance
- Securities and Investment
- Accounting
- Insurance

Agriculture, Food, and Natural Resources

- Animal Systems
- Agribusiness Systems
- Environmental Service Systems
- Food Products and Processing Systems
- Natural Resources Systems
- Plant Systems
- Power, Structural, and Technical Systems

Arts, Audio/Video Technology, and Communications

- Audio/Video Technology and Film
- Journalism and Broadcasting
- Performing Arts
- Printing Technology
- Telecommunications
- Visual Arts

Information Technology

- Information Support and Services
- Network Systems
- Programming and Software Development
- Web and Digital Communications



Law, Public Safety, Corrections, and Security

- Correction Services
- Emergency and Fire Management Services
- Law Enforcement Services
- Legal Services
- Security and Protective Services

Government and Public Administration

- Revenue and Taxation
- Foreign Service
- Governance
- National Security Planning
- Public Management and Administration
- Regulation

Human Services

- Consumer Services
- Counseling and Mental Health Services
- Early Childhood Development and Services
- Family and Community Services
- Personal Care Services

Education and Training

- Administration and Administrative Support
- Professional Support Services
- Teaching/Training

Health Science Technology

Health Science

- Biotechnology Research and Development
- Diagnostic Services
- Support Services
- Health Informatics
- Therapeutic Services

Transportation, Distribution, and Logistics

- Facility and Mobile Equipment Maintenance
- Health, Safety, and Environmental Management
- Logistics Planning and Management Services
- Sales and Services
- Transportation Operations
- Transportation Systems/Infrastructure Planning, Management, and Regulation
- Warehousing and Distribution Center Operations

Architecture and Construction

- Construction
- Design/Pre-construction
- Maintenance/Operations

Manufacturing

- Production
- Manufacturing Process Development
- Maintenance, Installation, and Repair
- Quality Assurance
- Logistics and Inventory Control
- Health, Safety, and Environmental Assurance

Science, Technology, Engineering, and Mathematics

- Engineering and Technology
- Science and Mathematics



Minnesota
STATE COLLEGE
& UNIVERSITIES

Minnesota
Department
of Education

Additional Resources

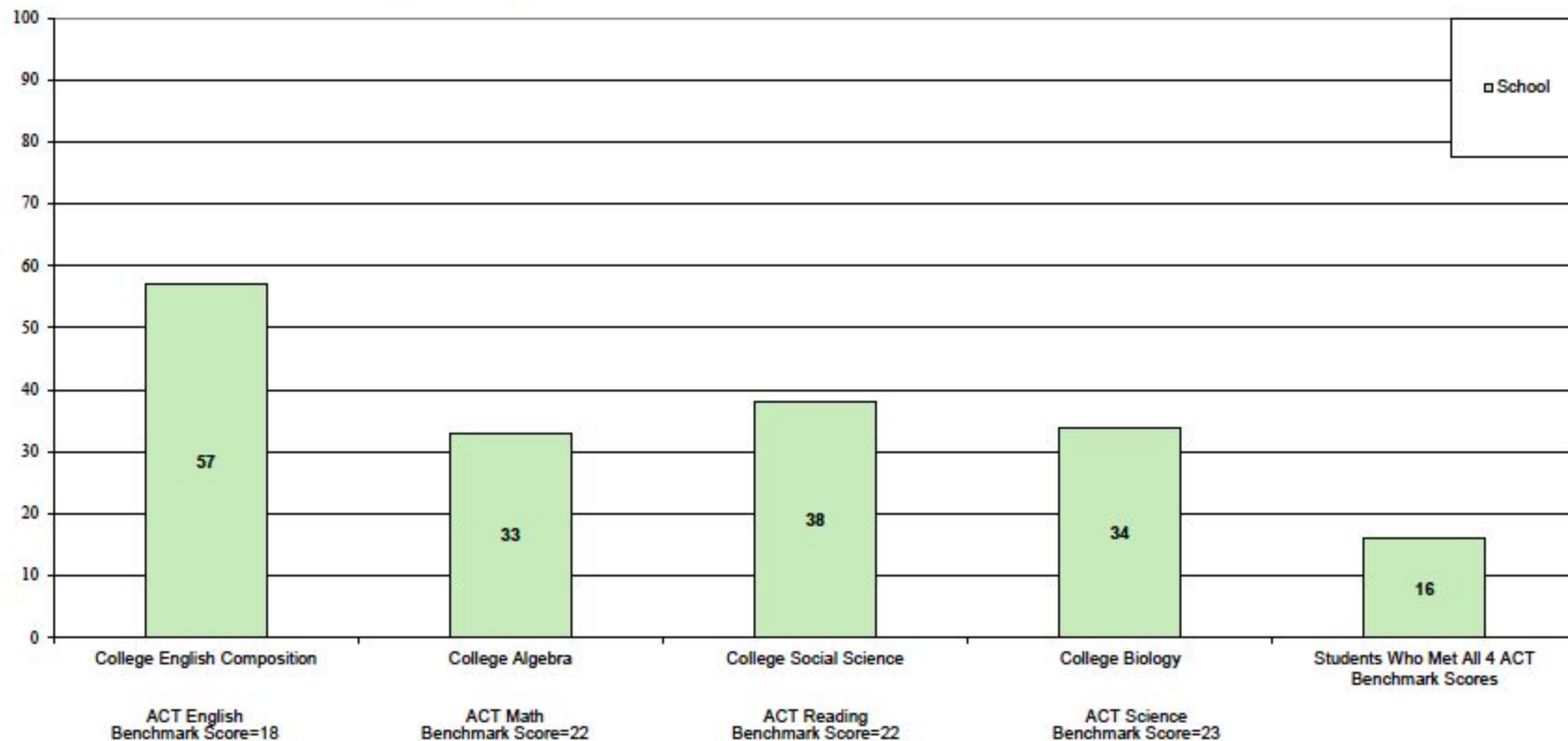
www.cte.mnscu.edu/incoorams/index.html

Legend:

■ = Career Cluster

Figure 1.1. Percent of Your Students Ready for College-Level Coursework

154



A benchmark score is the minimum score needed on an ACT subject-area test to indicate a 50% chance of obtaining a B or higher or about a 75% chance of obtaining a C or higher in the corresponding credit-bearing college course.

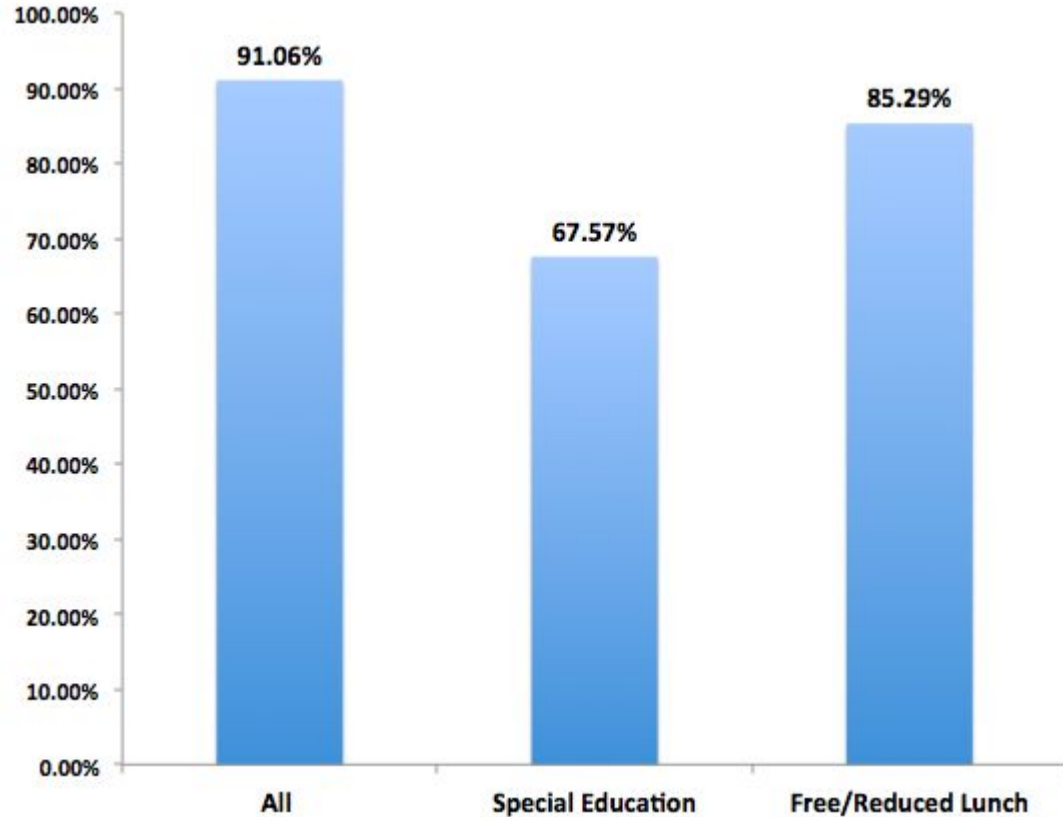


HIGH SCHOOL GRADUATION

155

Goal: Princeton's
Graduation rate will be
higher than 90% with no
student group below 85%.

Four Year Graduation Rates (Class of 2015)





MISSION

PRINCETON IS AN INNOVATIVE
LEADER IN INSTRUCTION,
DEVELOPING IN EVERY LEARNER
THE ABILITY TO SUCCEED IN AN
EVER-CHANGING WORLD.



VISION

PRINCETON WILL EQUIP EVERY STUDENT TO BE CAREER AND COLLEGE READY THROUGH PERSONALIZED INSTRUCTION, COMMUNITY PARTNERSHIPS AND COLLABORATION.



STRATEGIC PLAN

PERSONALIZED INSTRUCTION

159





LEARNING GOALS AND PROGRESSIONS



160

PD TO CREATE AND MODIFY PROGRESSIONS

MAKING GOALS CLEAR FOR STUDENTS

USING THE TEACHING MAP AND TAXONOMY

ADMINISTRATIVE MONITORING

PUBLISHING LEARNING PROGRESSIONS



STRATEGIC PLAN

COLLEGE AND CAREER READY

161





COLLEGE AND CAREER READY



TEACH SKILLS TO BE SUCCESSFUL

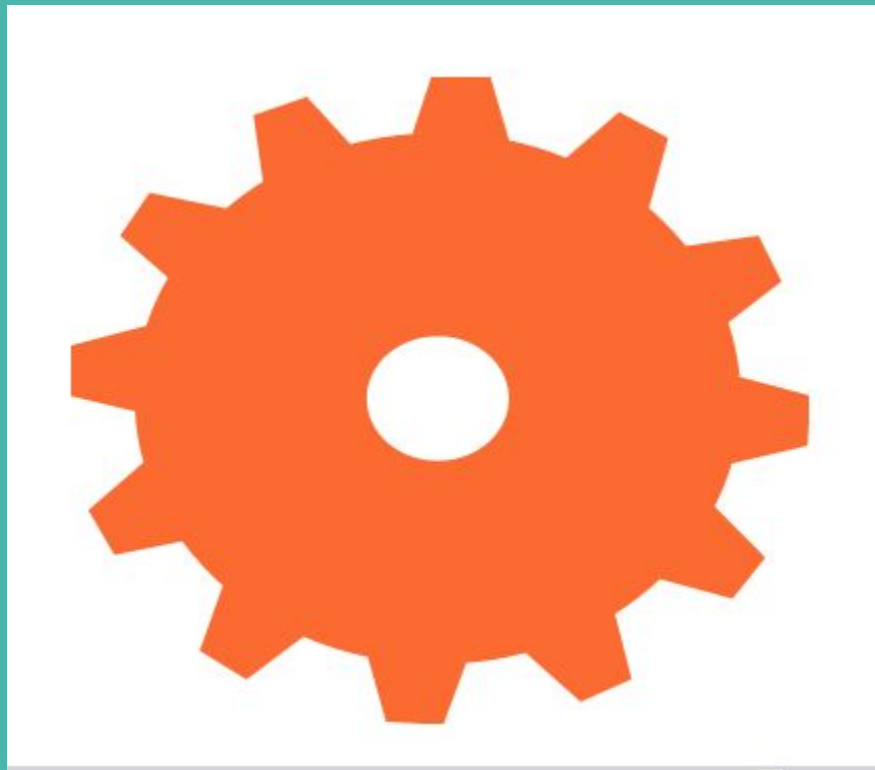
GENERATE COMMUNITY
DISCUSSIONS OF THESE SKILLS



STRATEGIC PLAN

INNOVATIVE PROGRAMMING

163





ANALYZE, ALIGN AND PRIORITIZE



164

SUPPORT CURRENT INNOVATIVE
PROGRAMMING

STEAM

Spanish Immersion

Gifted and Talented

Tigers in Training

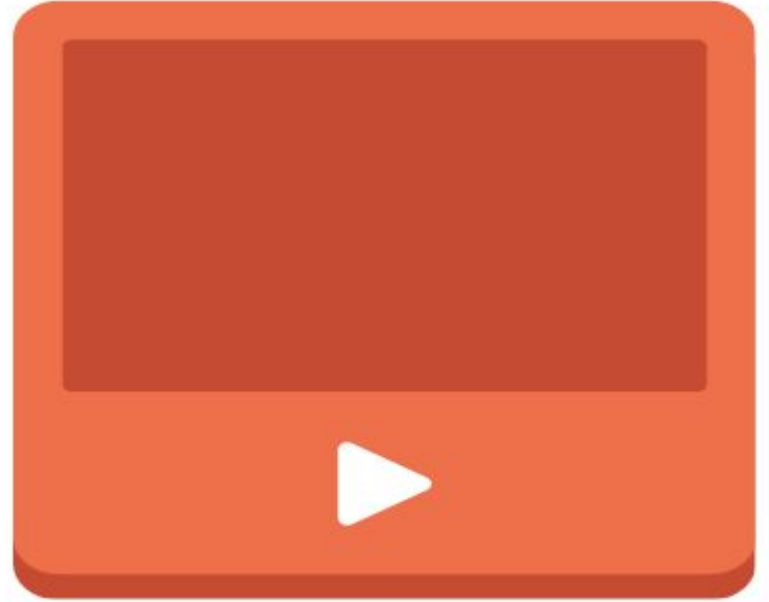
Student Services Department
(ALC, Online, Care & Treatment)



STRATEGIC PLAN

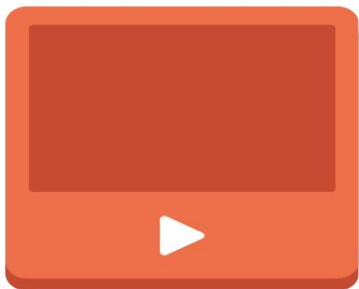
DIGITAL LEARNING

165





DIGITAL LEARNING



ALIGN LEADERSHIP AND DIGITAL
LEARNING STRATEGIES &
ASSESSMENTS TO DRIVE
INSTRUCTION

ASSESS CURRENT
INFRASTRUCTURES FOR
TECHNOLOGY INTEGRATION

EXPLICITLY CONNECT TEACHING
MAP UTILIZING TECHNOLOGY
INTEGRATION



STRATEGIC PLAN

COMMUNICATION

167





COMMUNICATIONS



DEVELOP PARTNERSHIP
PROCESSES AND CAPACITY OF
COLLABORATION BETWEEN
ADULTS

WORK TOGETHER TO BUILD A
CULTURE OF SERVICE

PRESENT A CONSISTENT, CLEAR
AND COHESIVE DISTRICT IMAGE

CELEBRATE TIGER PRIDE FROM
BIRTH THROUGH ADULTS

AGREEMENT

This Agreement (“Agreement”) is entered into by and between Independent District No. 477, Princeton (“Princeton”) and Independent School District No. 912, Milaca (“Milaca”).

WHEREAS, Princeton employs a full-time Native American Indian Liaison;

WHEREAS, Milaca would like to pay Princeton to assign its Native American Indian Liaison to provide an average of twenty hours of service per week to students and families in Milaca;

NOW, THEREFORE, IN CONSIDERATION OF the forgoing, the promises contained in this Agreement, and other valuable consideration, the sufficiency of which is acknowledged, Princeton and Milaca agree as follows:

1. **Term.** The effective date of this Agreement is July 1, 2016. This Agreement will automatically terminate, without further action from either party, at 5:00 p.m. on June 30, 2017, unless the parties affirmatively act to renew this Agreement or to enter into a successor agreement. Either party may terminate this Agreement before June 30, 2017, by providing written notice to the other party thirty (30) calendar days in advance of the effective date of termination. If early termination occurs, Milaca will be responsible for paying a prorated amount of the payment specified in the third numbered paragraph of this Agreement.

2. **Assignment of Native American Indian Liaison.** For each week that school is in session while this Agreement is in effect, Princeton will assign and direct the Native American Indian Liaison to provide an average of twenty (20) hours of service to Milaca students and their families.

3. **Payment.** Milaca will pay Princeton for one-half of all costs and expenses that Princeton incurs in employing a full-time Native American Indian Liaison during the 2016-2017 school year. Such costs and expenses include, but are not limited to, wages, benefits, workers’ compensation insurance, unemployment compensation insurance, liability insurance, the provision of office space, and the provision of a school computer. On or before January 15, 2017, Princeton will provide written notice to Milaca of the total costs and expenses that Princeton incurred in employing the Native American Indian Liaison from September 1, 2016 through December 31, 2016. Milaca will pay Princeton that amount on or before January 30, 2017. On or before July 15, 2017, Princeton will provide written notice to Milaca of the total costs and expenses that Princeton incurred in employing the Native American Indian Liaison from January 1, 2017 through June 30, 2017. Milaca will pay Princeton that amount on or before July 30, 2017. If Princeton provides notice of the total amount of the costs and expenses after any of the deadlines specified in this paragraph, Milaca will not be responsible for paying the costs and expenses until fifteen (15) calendar days after it receives notice from Princeton of the amount that is due.

4. **MDE Funding.** While this Agreement is in effect, the Native American Indian monies that Milaca would have received from the Minnesota Department of Education (“MDE”) will be allocated directly to Princeton. Milaca may not apply for, claim, or attempt to claim any such monies while this Agreement is in effect. If for such reason any Native American Indian monies are paid or allocated directly to Milaca while this Agreement is in effect, Milaca will immediately pay such monies to Princeton.
5. **Unemployment Compensation.** In the event that Princeton terminates the Native American Indian Liaison’s employment on or before June 30, 2017 and is obligated to pay unemployment compensation to the Native American Indian Liaison, Milaca will be responsible for reimbursing Princeton for one-half of the unemployment compensation it pays to the Native American Indian Liaison. This provision will survive the termination of this Agreement.
6. **Office Space and Furnishings.** During the term of this Agreement, Princeton will provide office space for the Native American Indian Liaison and appropriate furnishings, including a school computer with internet access. The office space will be available during regular school hours for use by the Native American Indian Liaison.
7. **Relationship of the Parties.** Princeton and Milaca not entering into a partnership or a joint venture, and nothing in this Agreement may be construed to create a partnership or joint venture between Princeton and Milaca. Neither party has any authority or power to take any unilateral action that could legally bind the other party. For purposes of the Minnesota Government Data Practices Act, each party is considered to be an independent contractor relative to the other party.
8. **Employment Status.** The Native American Indian Liaison will be considered to be an employee of Princeton at all times and for all purposes. Princeton maintains full control over its employees, including the Native American Indian Liaison, and is solely responsible for all employment and administrative functions related its employees, including, but not limited to, supervision, evaluation, payroll and deductions, maintenance of all required insurance (e.g. workers’ compensation insurance, unemployment insurance, liability insurance), and any disputes or grievances.
9. **Liability Claims.** Each party is solely responsible for the alleged acts and omissions of its own officers, employees, officials, agents, and representatives. To the extent permitted by law, Princeton or its insurer must defend, indemnify, and hold Milaca harmless for any claims that are made against Milaca based on any omissions or actions alleged to have been taken by the Native American Indian Liaison. To the extent permitted by law, Milaca or its insurer must defend, indemnify, and hold Princeton harmless for any claims that are made by the Native American Indian Liaison or any other person based on any alleged omissions or actions alleged to have been taken by any employee of Milaca.

10. **Notices.** Princeton must provide all official notices under this Agreement to Milaca by electronic mail or by U.S. Mail addressed to Milaca's Superintendent at 500 MN-23, Milaca, MN 56353. Milaca must provide all official notices under this Agreement by electronic mail or U.S. Mail addressed to Princeton's Superintendent at 706 First Street, Princeton, Minnesota 55371. Either party may designate a different addressee or address at any time by giving written notice to the other party. Notice that is delivered by U.S. Mail is effective upon mailing. The parties may also agree, in writing, to permit notices to be delivered by email. If such permission is granted, any notice that is delivered by email is effective upon transmission

11. **Data Practices.** All other government data that are collected, created, received, or maintained as a result of this Agreement must be administered in compliance the Minnesota Government Data Practices Act ("MGDPA"). Nothing in this Agreement may be construed to modify the responsibilities of either party under the MGDPA. To the extent that the Native American Indian Liaison collects, generates, or otherwise maintains educational data or personnel data because of any service provided to any student or family of Princeton, Princeton has the exclusive right and responsibility to maintain and administer such data. To the extent that the Native American Indian Liaison collects, generates, or otherwise maintains educational data or personnel data because of any service provided to any student or family of Milaca, Milaca has the exclusive right and responsibility to maintain and administer such data.

12. **No. Assignment.** Neither party may assign, delegate, or otherwise transfer any rights or obligations under this Agreement to another party.

13. **No Unlawful Discrimination.** The District and Milaca each agree to provide equal employment opportunities to all employees and applicants for employment in accordance with all applicable federal, state, and local laws. No person may be excluded from full employment rights in, participation in, be denied the benefits of, or be otherwise subjected to discrimination in any program, service, or activity based on race, color, creed, religion, national origin, sex (gender), marital status, familial status, disability, public assistance, age, sexual orientation, or local human rights commission activity. In addition, Princeton and Milaca each specifically agree not to discriminate unlawfully against any student in any program, service, activity, or decision based on race, color, creed, religion, national origin, sex (gender), marital status, disability, public assistance, age, or sexual orientation.

14. **Equal Drafting.** In the event that either party asserts that a provision of this Agreement is unlawful, unenforceable, or ambiguous, this Agreement must be construed to have been drafted equally by the parties.

15. **Entire Agreement.** This Agreement represents the full and complete agreement between the parties regarding the Native American Indian Liaison. Neither party has relied on any promise, representation, or inducement that is not stated in this written Agreement. This Agreement supersedes any and all prior agreements between the parties related to the

Native American Indian Liaison. To be valid, any amendments or addendums to this Agreement must be in writing and must be signed by duly authorized representatives for each party. An executed copy of this Agreement will have the same legal effect as the original.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed and intend to be bound by it.

INDEPENDENT SCHOOL DISTRICT NO. 447, PRINCETON

School Board Chair
Independent District 477

Date

School Board Clerk
Independent District No. 477

Date

INDEPENDENT SCHOOL DISTRICT NO. 912, MILACA

School Board Chair
Independent District 912

Date

School Board Clerk
Independent District No. 912

Date

RASW: 70170

**PRINCETON PUBLIC SCHOOLS
REQUEST TO ADD PROGRAM, POSITION, ACTIVITY TO BUDGET**

ADMINISTRATOR REQUESTING & BUILDING:

Greg Finck, Primary School

PROGRAM, POSITION, ACTIVITY:

Spanish Immersion Liaison

RATIONALE:

This position would act as the spanish cultural liaison for the spanish program in both K and 1st grade. They would also be the primary sub for our teachers teaching the spanish program.

EXPENSES ASSOCIATED WITH REQUEST:

- | | |
|----------------------------|------------------------|
| • Wages: \$25,530 | Supplies: |
| • Benefits: \$8,644 | Travel: |
| • Other: | Total: \$34,174 |

REVENUES ASSOCIATED WITH REQUEST:

- | | |
|-----------------|------------|
| • Enrollment: | Gate Fees: |
| • Student Fees: | Grants: |
| • Other: | |

OTHER REDUCTIONS ASSOCIATED WITH REQUEST: (example: staffing, shift in programming, supplies)

SUSTAINABILITY PLAN:

This would be a one year position. We recommend using program initiative one time funds to fund this position.

ROUTE TO SUPERINTENDENT

Office Use Only:

Finance Meeting: 09.01.2016

Board Meeting:



POSITION DESCRIPTION

SECTION I: GENERAL INFORMATION

Position Title: Spanish Immersion Cultural Liaison	Department: Teaching And Learning	Bargaining Unit: At Will
Immediate Supervisor: Principal	Comparable Worth Rank:	FLSA Status: Exempt

Job Summary:

Under the direction of the Principal and classroom teacher, the Spanish Immersion Liaison is responsible for assisting in developing lesson plans and assisting in the presenting of district curriculum in assigned instructional subjects, assisting in delivering and instructing students in lesson plans and instructional material, evaluating and assessing student progress against instructional outcomes and objectives. The Spanish Immersion Liaison also participates and collaborates with other instructional professionals, administrators, parents, counselors, and other district personnel concerning student needs, issues and district learning initiatives, curriculum and building issues. The Spanish Immersion works cooperatively with the Spanish Immersion Teacher to develop understanding and competency in teaching pedagogy. The Spanish Immersion Liaison will work cooperatively with all Spanish Immersion Teachers to bridge the cultural gap and provide authentic Spanish Culture leaning opportunities for our students.

SECTION II: ESSENTIAL DUTIES AND RESPONSIBILITIES

- Demonstrate native or near native fluency in Spanish.
- Demonstrate English Language proficiency to allow communication with parents.
- Assist in the translation of lesson plans into developmentally appropriate learning experiences.
- Assist in establishing and maintaining standards of pupil behavior that achieve an effective learning atmosphere.
- Assist in the evaluation of pupil's academic and social growth.
- Identify pupil needs and make appropriate referrals and develop strategies for individual education plans.
- Maintain a professional day, as defined by building/and contract.
- Work in a supportive and collaborative manner with colleagues and supervisors.
- Maintain and improve professional skills by participating in building and department meetings, formal coursework, workshops, and seminars in an effort to stay current with best teaching practices.
- Participate in a professional learning community on a regular basis.
- Integration of Spanish Culture into learning.
- Perform other duties of a similar nature or level.

SECTION III: WORK REQUIREMENTS AND CHARACTERISTICS

EDUCATION/KNOWLEDGE REQUIREMENT: Minimum education required to perform adequately in position could reasonably be attained only by completing the following:

REQUIRED EDUCATION/TRAINING (choose one)			DEGREE INFORMATION: Type of degree: (B.S., M.A., etc.)		
less than high school diploma			Associates Degree in Early Childhood or similar area preferred but not required.		
High school diploma or GED.			Major field of study or degree emphasis:		
1 year college		2 years college	Any degree with coursework in education is preferred but not required.		
3 years college	X	4 years college			
1st year graduate level			Essential knowledge and specialized subject knowledge required to perform the essential functions of the job:		
2nd year graduate level					
			<ul style="list-style-type: none"> • Demonstrated successful experience in an immersion program preferred. • Demonstrated ability to apply appropriate skills in performing daily routines. • Demonstrated ability to operate a computer, software and necessary classroom technology. • Ability to develop effective and positive working relationships with students, staff, administrators, parents, and the community. • Maintain professional composure while dealing with a variety of personalities and situations. • Show initiative and function as a self-starter. • Effectively communicate and have interpersonal skills as applied to interaction with coworkers, supervisor, the general public, etc. sufficient to exchange or convey information and receive work direction. 		
Required Work Experience in Addition to Formal Education/Training: Requires a minimum of 3 clerical and secretarial support experience.					
LICENSE/ CERTIFICATION			Identify licenses/certification required: License preferred but not required.		



ESSENTIAL SKILLS REQUIRED TO PERFORM THE WORK	•
--	---

PHYSICAL JOB REQUIREMENTS: (Indicate according to essential duties/responsibilities)

Amount of Time Spent					Amount of Time Spent				
Physical Activities	None	1/3 Less	1/3 to 2/3	Over 2/3	Lifting/Forcing Exerting	None	1/3 Less	1/3 to 2/3	Over 2/3
Stand		X			Up to 10 lbs				X
Walk		X			Up to 25 lbs	X			
Sit			X		Up to 50 lbs	X			
Use hands to finger, handle or feel			X		Up to 100 lbs	X			
Reach with hands and arms			X		Over 100 lbs.	X			
Climb or balance	X								
Stoop, kneel, crouch or crawl		X							
Talk or hear				X					
Taste or smell	X								

PHYSICAL JOB REQUIREMENTS: Indicate according to essential duties/responsibilities

Physical requirements associated with the position can be best summarized as follows:

Sedentary Work:

Exerting up to 10 pounds of force occasionally and/or a negligible amount of force frequently or constantly to lift, carry, push, pull or otherwise move objects, including the human body.

**HAZARDOUS WORKING
CONDITIONS**

**Unusual or hazardous working conditions related to performance of
duties:**

Duties are generally performed in an administrative/office/and/or school setting where there are minimal environmental hazards and risks.



SECTION IV: CLASSIFICATION HISTORY AND APPROVAL

This Position Description reflects an accurate and complete description of the duties and responsibilities assigned to the position.

Department Head's Signature

Date

Classification History:
Prepared 6/2013 by BCC.

Joint Powers Agreement for Rum River Special Education Cooperative

This Agreement amended this 11th day of October 2016 by and between Independent School Districts:

Braham I.S.D. #314
Cambridge-Isanti I.S.D. #911
Isle I.S.D. #473 Milaca
I.S.D. #912 Mora I.S.D. #332
Ogilvie I.S.D. #333
Princeton I.S.D. #477

hereinafter referred to as Member Districts witness:

WHEREAS, each Member District has determined that required special education services can best be delivered through cooperative efforts; the undersigned Independent School Districts hereby agree:

1. ESTABLISHMENT OF JOINT POWERS COOPERATIVE. That hereby there is established a Joint Powers Special Education Cooperative to be known as the Rum River Special Education Cooperative as approved by majority vote of the school board of each Member District.
2. PURPOSE OF AGREEMENT. The purpose of this Agreement shall be to provide by cooperative effort, comprehensive education programs as can be efficiently and effectively operated by this group of districts. This Agreement amends and supersedes the previous Agreement between “members” and is effective starting July 1, 2016.
3. ACCOMPLISHMENT OF PURPOSE. The purpose of this Agreement shall be the creation of a Joint Powers Governing Board (herein referred to as the “Governing Board”) and the Joint Powers Executive Council (herein referred to as the “Executive Council”), who shall, on behalf of the Member Districts, apply for, receive and administer educational funding, including state special education reimbursements and money received through federal and other sources. The Governing Board and Executive Council shall administer these funds and exercise its authority in such a way as to accomplish the purpose of this Agreement as set forth in Paragraph 2. The establishment of the Rum River Special Education Cooperative shall facilitate the delivery of services provided by State and Federal law and regulations, the Commissioner of Education and the Member Districts. The care, management and control of the Rum River Special Education Cooperative shall be vested in the Cooperative’s Joint Powers Board.

WHEREAS, methods to accomplish improved educational opportunities for the Member Districts shall include:

ARTICLE I

Governance

A. Rum River Special Education Cooperative Joint Powers Governing Board of Directors

1. The Governing Board shall consist of one appointed school board member from each Member District. The Director of Special Education of the Rum River Special Education Cooperative and the superintendents of all Member Districts shall serve as ex officio, non voting members of the Governing Board.
2. Each Representative shall be appointed for a two year term by the Member District's school board, may be reappointed and shall continue to serve until his or her successor is appointed. Each Member District shall be entitled to only one vote, which must be made in person and not in proxy.
3. A Board vacancy shall be filled for the unexpired term by appointment of the school board of the Member District whose seat is vacant, within 30 days of the vacancy.
4. Each Member District staff appoints an alternate delegate to represent that Member District when its delegate is unavailable.
5. The elected officers of the Governing Board shall be a Chairperson, a Vice-Chairperson and a Clerk. The Secretary of the Governing Board shall be the Director of Special Education and, as such, shall serve in the capacity of an Executive Secretary. The Executive Secretary shall have no vote and no authority as a Board member.
6. The election of the Governing Board officers is by majority vote of the members of the Governing Board at its first meeting of each fiscal year. A term of an officer is for one year and such term shall expire at the meeting at which the new officer is elected.
7. At any meeting at which a quorum is not present, the delegates in attendance have the power to set the time and place for the next meeting. A quorum shall consist of a majority of all the voting members of the Governing Board.

B. Board Officer Responsibilities

The Governing Board, in addition to the authority found elsewhere in the Agreement, is empowered generally to act in the interest of the Member Districts as a group, within the purposes of this Agreement. Board officers shall have the parliamentary duties usually ascribed to such offices as well as those specifically assigned:

1. The Chairperson conducts the meetings, executes undertakings offered as directed by the Board and is the official representative of the Board in all matters relating to the Special Education Cooperative.

2. The Vice-Chairperson acts in the absence of the Chairperson and has all the powers of the Chairperson during the latter's absence.
3. The Clerk shall be responsible for ordering and signing of all contracts, at the direction of the Board.

C. Governing Board Responsibilities

The responsibilities of the Governing Board shall be to:

1. Provide a thorough and continuing system of reporting to and communication with the Board of Education of each Member District.
2. Employ a Director of Special Education who shall be responsible to the Governing Board for the administration of the Special Education Cooperative's services.
3. Provide or procure necessary facilities, equipment, and property to purchase, lease, grant, or through other lawful means, subject to any applicable statutory provisions, for its use with the scope of this Agreement and to dispose of same in accordance with law and this Agreement when the need for it has ended or when the Agreement is terminated.
4. Enter into contracts, as it deems appropriate, by law, regulation, or order for the manner of use and for the supervision and disposition of property assigned to, held by or managed by it.
5. Employ licensed and non-licensed personnel as and when the need arises either as employees of the Joint Powers Cooperative, by entering into contractual relationships with independent contractors, or by purchasing services through a Member District, but only to the extent that funds have been made available to it for that purpose.
6. Govern the affairs of the Joint Powers Cooperative under the policies, guidelines and directives of the Governing Board within the law.
7. Prior to July 1 of each year, the Governing Board will approve and adopt its revenue and expenditure budget for the next fiscal year. Budget revisions shall be presented to the Governing Board for approval during the current year if adjustments become necessary. Proposed budget, adjustments shall be recommended by the Executive Board prior to consideration by the Governing Board.
8. Annually review the Joint Powers Agreement and report to Member District Boards and, to the extent required by law, the Commissioner of Education about the activities of the Joint Powers Cooperative.
9. Establish and maintain a schedule of time and place of its meetings and give notice of regular and special meetings as required under the Minnesota Open Meeting law, Minnesota Statutes, Chapter 13D (as amended). The Board shall also comply with State and federal laws

applicable to its Member District's school boards.

10. Establish, review regularly, and amend as necessary, by-laws specifying the duties and powers of its officers and the meeting dates of the Board, as well as such other provisions as may be usual and necessary for the efficient conduct of the business of the Governing Board.
11. Establish special educational programs for, and arrange the provision of special education and related services to students on behalf of, Member Districts.
12. Adopt fiscal, personnel, and other policies consistent with applicable law to govern the administration and operation of its services as well as those services and staff shared between the Cooperative and the Member Districts and/or other agencies.
13. Do what is reasonably necessary to achieve the purpose of this Agreement to the extent that such action is within the intent and purpose of this Agreement and complies with all state, federal, and local laws, rules, regulations, and ordinances applicable to the Cooperative and/or its Member Districts.
14. Contract with a Member District to act as the fiscal host to the Joint Powers Cooperative to provide the functions essential and necessary for the management of fiscal affairs related to the operations of the Cooperative programs, acting in the name of the Cooperative's Governing Board, with the Cooperative Governing Board approval to include payroll, bills, receipt of funds, maintenance of fiscal records, and disbursement of funds.

ARTICLE II

Administration

A. Rum River Special Education Cooperative Joint Powers Executive Council

1. Executive Council Meetings

The superintendents of the Member Districts shall constitute the Executive Board to Rum River Special Education Cooperative.

- a. The Executive Council shall meet at least eight times per year at times and places determined by the Executive Council. The Council will establish and maintain a schedule of time and place of its meetings and give notice of regular and special meetings as required under the Minnesota Open Meeting Law.
- b. A majority of the members shall constitute a quorum for the purpose of conducting business. A quorum once established at a meeting shall not thereafter be lost at that meeting by the withdrawal of members. At any meeting at which a quorum is not present, the members in attendance shall have the power to set the time and place for the next meeting.

2. Executive Council Responsibilities

The Executive Council shall:

- a. Act as the administering council of Rum River Special Education Cooperative and in addition to such other authority as may be granted to it in this agreement, shall be generally empowered to:
 - 1) Administer the affairs of Rum River Special Education Cooperative under direction of the Governing Board;
 - 2) Review, revise, and recommend an annual budget to the Governing Board prior to June 30 of each year and approve all disbursements of funds within the approved budget or otherwise approved by the Governing Board;
 - 3) Make recommendations to the Governing Board in the matter of policy, programs and such other matters as would enhance the function of Rum River Special Education Cooperative.
- b. Have all the functions essential and necessary to the administration of Rum River Special Education Cooperative; including the recruitment, supervision, assignment of all personnel, and the recommendation to the Governing Board for employment and termination of licensed personnel and non-licensed personnel.
- c. Be responsible for the management of the fiscal affairs related to the operation of Rum River Special Education Cooperative and in such capacity shall authorize the payment of all bills and payroll checks, within the approved budget or otherwise approved by the Governing Board, and receive all monies on behalf of the Rum River Special Education Cooperative.
- d. Make application for, receive, and administer federal and State aids, grants, and reimbursements for programs carried out by the Cooperative and for which the Cooperative is entitled.
- e. Bill each of the Member Districts regularly for its proportionate share of the costs of operations of the Rum River Special Education Cooperative.

B. Joint Powers Director of Special Education

The Director of Special Education shall be employed by the Rum River Special Education Cooperative and supervised by the Executive Council. The Director of Special Education shall be the chief administrative officer of the Rum River Special Education Cooperative.

1. Duties

- a. The Director is responsible to recruit, interview and recommend the employment of prospective employees to the Executive Council.
- b. The Director shall inform all candidates for employment that approval of employment may come only from the Governing Board.
- c. The Director is responsible for the assignment, supervision and evaluation of all personnel employed by the Joint Powers Cooperative.
- d. The Director shall submit to the Executive Council for review proposed policies for the Joint Powers Cooperative and guidelines for the operation of each program or service offered by the Joint Powers Cooperative. The Executive Council shall recommend for approval by the Governing Board policies and program guidelines for the Joint Powers Cooperative.
- e. The Director shall prepare an annual budget, which shall be presented to the Executive Council in March of the year preceding the school year in which the budget is to take effect.
- f. The Director shall make all necessary reports and file all claims for reimbursement and aids to which the Joint Powers Cooperative is entitled.
- g. The Director shall prepare advisory reports to the Superintendents and/or the Boards of Education.

ARTICLE III

Finance

The costs of the operation of the Rum River Special Education Cooperative, including such things as salaries, travel, supplies and equipment, shall be borne by the Member Districts. Service costs shall be shared on a per capita basis. Costs for programs paid with local and state funds shall be shared based on the Member Districts' general populations. Federal programs expenditures shall be based on the December child count (number of students with disabilities) from the prior year. Member Districts will be billed monthly for their proportionate share of the costs of the operation of the Joint Powers Cooperative. Final billing to each member district will take place at the end of the fiscal year. A certified audit and financial report shall be prepared at the close of each fiscal year by a certified public accountant that has been approved by the Joint Governing Board.

Each Member District will be responsible for its own costs, including attorney's fees, incurred in due process proceedings, including, but not limited to, actual or threatened administrative complaints, due process hearings, and mediation or other dispute resolution procedures related to such actual or threatened administrative complaints.

A. FINANCIAL OPERATIONS OF THE JOINT POWERS COOPERATIVE: The Joint Powers

Cooperative will contract for financial services with a Member District for the management of the fiscal affairs related to the operation of the Cooperative. Contracted services will include:

1. Maintenance of records, disbursement of funds, and acceptance of receipts in accordance with the budget as approved by the Joint Powers Board.
2. Make application for, receive and administer Federal and State aids, grants and reimbursements for programs carried out by the Cooperative.
3. Make payments to and require payment from Member Districts as necessary and appropriate under the law and as described by the By-Laws of the Joint Powers Cooperative.
4. Pay all bills, issue all payroll checks and receive all funds and bill Member Districts for the proportionate share of the costs of operations of the Cooperative.
5. Make necessary reports to State and other agencies and file all claims for reimbursement and State and federal aids for which the Cooperative is entitled.
6. Establish and maintain financial records from which an annual audit report may be derived.
7. If requested, provide an annual audit report to each of the Member Districts.
8. Other financial services required by law.

B. SEPARATE BENEFITS FOR MEMBER DISTRICTS.

Nothing herein shall prevent any Member District from applying separately for any benefits to which it may itself be entitled.

ARTICLE IV

Programs and Services

The Joint Powers Cooperative is vested with the authority to provide effective and efficient programs and services for all of its Member Districts as follows:

- A. Programs for students with disabilities will be coordinated, and staff utilized, as agreed by Member Districts.
- B. Low incidence services will be coordinated and staff utilized as agreed by Member Districts.
- C. Research, evaluation, planning and program and/or staff development will be carried out as agreed by Member Districts.
- D. Summer Extended School Year (ESY) programs will be carried out as agreed by Member Districts.

- E. Assistive technology for educational programs will be managed and implemented as agreed by Member Districts.
- F. Three separate site educational programs for students with emotional/behavioral disorders will be managed and implemented as agreed by Member Districts.
- G. A separate site program for students with challenging behaviors and communication disorders will be managed and implemented as agreed by Member Districts.
- H. Assistance with improvement initiatives such as Response to Intervention (RtI) and Positive Behavioral Interventions and Supports (PBIS) will be provided as agreed by Member Districts.
- I. Improved learning will be an ongoing goal and function of the Joint Powers Cooperative.
- J. Special Education practices and procedures will be developed and administered in a manner that is in compliance with current law.
- K. Comprehensive planning will be an ongoing function and goal of the Joint Powers Cooperative.
- L. The Joint Powers Cooperative will comply with and monitor the Member Districts' compliance with State and federal laws applicable to the services and programs provided by the Cooperative.

ARTICLE V

Membership

- A. Addition of Member Districts:
Any school district, whether or not an original signatory, may become a member upon application to the Cooperative Joint Powers Board, with majority consent of the current Member Districts and subscription to this Agreement. Such applicants shall also agree to apply to the Cooperative, a pro rata cost for the real and personal property owned by the Cooperative. This amount shall be determined by the Cooperative's Joint Powers Board from the records it has maintained. Before any district is accepted to the Rum River Special Education Cooperative, the cost and fiscal responsibility shall be presented in writing to the district requesting membership. Membership shall become effective on the date of subscription to the Agreement.
- B. Withdrawal of Member Districts:
 - 1. All Member Districts shall be bound by the terms of this Agreement during any fiscal year in which it is a member. Any Member District may withdraw from the Cooperative by giving to the other Member Districts before July 1, written notice of its intention to withdraw. Such withdrawal, however, shall become effective only on June 30 of the fiscal year following the year in which the notice of withdrawal was provided to each other Member District. The withdrawing Member District is encouraged to submit comment as to why it is withdrawing.

2. In the event a Member District consolidates with another Member District and thereby creates another new school district, the new district continues as a Member District and assumes responsibility for the debt and assets of the consolidated districts. The new consolidated Member District must only appoint one member to the Governing Board and is only entitled to one vote on the Governing Board.
3. Upon withdrawal from the Cooperative, the withdrawing Member District shall be refunded its proportionate share of current depreciated value of any real or personal property it helped purchase. The amount refunded shall not exceed the proportionate share originally paid by the withdrawing Member District for said property. The withdrawing Member District remains responsible for its share of any debt incurred by the Cooperative pursuant to Minnesota Statutes, section 123B.02, subdivision 3.
4. The withdrawal of any Member District shall be subject to other applicable laws, including, but not necessarily limited to, Minnesota Statutes, § 123A.33 (as amended).

ARTICLE VI

Dissolution of the Joint Powers Cooperative

A. Dissolution

1. This Agreement may be terminated by a two-thirds vote of the Cooperative Joint Powers Board. Such determination, however, shall become effective only on June 30 of the fiscal year following the year in which the vote occurred.
2. Upon termination of the Cooperative, all funds remaining after payment of all outstanding debt and obligations and all property owned by it shall be distributed to Member Districts at the time of dissolution in the same proportion as those Member Districts contributed to the Cooperative when they joined.
3. The Dissolution of the Cooperative shall be subject to other applicable law, including, but not necessarily limited to, Minnesota Statutes, § 123A.33 (as amended).

ARTICLE VII

Review and Amendment

- A. The Governing Board shall review this Agreement annually. Necessary amendments shall be identified and proposed to each of the school boards of the Member Districts. The amendments must be adopted by majority vote of the full membership of each Member District school board. No Amendment shall become effective until after it is so approved by all Member District school boards. Should any provision of this Agreement be found unlawful, invalid, void, or unenforceable, those

provisions shall be severable, the rest of this Agreement shall remain in full force in effect, and the Agreement shall be amended so that the Agreement is lawful, valid, and enforceable.

IN WITNESS WHEREOF, this Agreement is entered into by the action of the governing body of each signatory, and in attestation thereof this instrument is signed in their respective names; by direction of their Boards of Education by their respective clerks in Independent School District #314 of Braham, Independent School District #911 of Cambridge-Isanti, Independent School District #473 of Isle, Independent School District #912 of Milaca, Independent School District #332 of Mora, Independent School District #333 of Ogilvie, Independent School District #477 of Princeton.

INDEPENDENT SCHOOL DISTRICT #314
BRAHAM, MINNESOTA

Clerk

Date

INDEPENDENT SCHOOL DISTRICT #332
MORA, MINNESOTA

Clerk

Date

INDEPENDENT SCHOOL DISTRICT #911
CAMBRIDGE, MINNESOTA

Clerk

Date

INDEPENDENT SCHOOL DISTRICT #333
OGILVIE, MINNESOTA

Clerk

Date

INDEPENDENT SCHOOL DISTRICT #473
ISLE, MINNESOTA

Clerk

Date

INDEPENDENT SCHOOL DISTRICT #477
PRINCETON, MINNESOTA

Clerk

Date

INDEPENDENT SCHOOL DISTRICT #912
MILACA, MINNESOTA

Clerk

Date

**BY-LAWS OF
JOINT POWERS GOVERNING BOARD OF
RUM RIVER SPECIAL EDUCATION COOPERATIVE (RRSEC)**

**ARTICLE I
TITLE**

- Section 1. The name of the organization shall be the Rum River Special Education Joint Powers Cooperative.

**ARTICLE II
OFFICES**

- Section 1. The offices of the Rum River Special Education Joint Powers Cooperative shall be in Cambridge, Minnesota.

**ARTICLE III
JOINT POWERS BOARD**

- Section 1. The membership and officers of the Joint Powers Governing Board are stated in the Joint Powers Agreement. The Director of Special Education and the superintendents of all member districts shall serve as ex officio, non voting members of the Governing Board.
- Section 2. In addition to the officers created by the Joint Powers Agreement, the Joint Powers Governing Board may appoint such officers and agents as it shall from time to time deem appropriate. Such officers shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Joint Powers Governing Board.
- Section 3. Such officers shall sign all other contracts and agreements on behalf of RRSEC and agents as the Joint Powers Governing Board shall determine from time to time, subject to the approval of the Joint Powers Governing Board.
- Section 4. The Governing Board shall appoint an independent auditor to oversee and audit the books and records of the RRSEC and report to the Governing Board the results of such audits.
- Section 5. The responsibilities of the officers of the Joint Powers Governing Board shall be stated in the Joint Powers Agreement, except as expressly allowed by Sections 2 and 3 of this Article.
- Section 6. The Director of Special Education shall have the responsibility for the general administration and supervision of the affairs of the Joint Powers Cooperative under the direction of the Joint Powers Governing Board and the Executive Committee.

ARTICLE IV
JOINT POWERS GOVERNING BOARD MEETINGS

- Section 1. The notices, meetings and business of the Joint Powers Governing Board shall be conducted in accordance with the statutes and regulations governing school boards in the State of Minnesota, including, but not limited to, the Open Meeting Law, Minnesota Statutes, Chapter 13D (as amended). To the extent required by law, such meetings shall be open to the general public.
- Section 2. The Joint Powers Governing Board meetings will occur no less than two times per year. Special meetings may be called by the Chair. The meetings will be in compliance with the Open Meeting Law. The date, time and place of regular scheduled meetings shall be determined at the annual organizational meeting. The Director shall prepare the agenda for the meetings of the Joint Powers Governing Board. The agenda shall be mailed to the Board Members and Superintendents of each member district at least one week prior to the regular meeting. Within five days following a meeting of the Board, the Director shall prepare and mail a copy of the minutes of the meeting to the Joint Powers Governing Board members and the Superintendents of the Member Districts.
- Section 3. Special meetings of the Governing Board may be called by the Chairperson or Director, or by representatives from the majority of the Member Districts for a specific purpose. In such event, the Director must give notice of the special meeting. This notice shall state the purpose of the call, the time and the place of the meeting, and any other details required by law.
- Section 4. A quorum of the Governing Board shall be any number representing more than half the voting representatives qualified at the time. A quorum present at a meeting may conduct business except as otherwise prescribed herein or prohibited by law.
- Section 5. No change of by-laws, or hearings on charges for removal of a Governing Board officer, or a proposal for filling a vacancy of a Governing Board officer shall be in order at any meeting, regular or special, unless notice that such matter is to be considered, is placed on the agenda for a specific meeting and is mailed to each member at least one week prior to such meeting. No action may be taken on any item not appearing on the agenda of any meeting, regular or special, unless all members are informed and a majority of the Board members agree to act during an open meeting.
- Section 6. **Robert's Rules of Order** shall govern the proceedings of meetings of the Governing Board unless a specific directive appears in the Agreement or in these by-laws.
- The regular business meeting may include the following items:
- a. Call Meeting to Order
- Section 7.

- b. Roll Call
- c. Agenda Approval
- d. Announcements, Recognitions, Communications
- e. Consent Agenda
- f. Action Items
- g. Non-Action Items
- h. Adjournment

Section 8. A motion from the floor must be made and acted upon in order to authorize action on any items on the agenda.

ARTICLE V
CONTRACTS AND LOANS

Section 1. Contracts: To the extent allowed by law the Joint Powers Governing Board may authorize any one or more officers or agents to enter into any contract or execute and deliver any instrument in the name of and on behalf of Rum River Special Education Cooperative and such authority may be general or confined to specific instances.

Section 2. Loans: No loans shall be contracted on behalf of Rum River Special Education Cooperative and no indebtedness shall be created in its name unless authorized by a resolution of the Joint Powers Governing Board. This authority may be general or confined to specific instances.

ARTICLE VI
AMENDMENTS

Section 1. These by-laws must be consistent with the Joint Powers Agreement and may be amended by a majority vote of the Joint Powers Governing Board. Amendments must be introduced and explained at a regularly scheduled Joint Powers Governing Board meeting and shall be voted on at the next regularly scheduled Joint Powers Governing Board meeting. To the extent there is any disparity between these by-laws and the Joint Powers

Amended this Date: October 11, 2016, Governing Board Meeting


Chairperson


Clerk

**PRINCETON PUBLIC SCHOOLS
SCHOOL BOARD MEETING AGENDA**

I. PURPOSE

The purpose of this policy is to provide procedures for the preparation of the school board meeting agenda to ensure that the school board can accomplish its business as efficiently and expeditiously as possible.

II. GENERAL STATEMENT OF POLICY

The policy of the school board is that school board meetings shall be conducted in a manner to allow the school board to accomplish its business while allowing reasoned debate and discussion of each matter to be acted upon.

III. PROCEDURES

- A. While all school board members may provide input, it shall be the responsibility of the school board chair and superintendent to develop, prepare, and arrange the order of items for the tentative school board meeting agenda for each school board meeting.
- B. Persons wishing to place an item on the agenda must make a request to the school board chair or superintendent in a timely manner. The person making the request is encouraged to state the person's name, address, purpose of the item, action desired, and pertinent background information. The chair and superintendent shall determine whether to place the matter on the tentative agenda.
- C. The tentative agenda and supporting documents shall be sent to the school board members five (5) days prior to the scheduled school board meeting.
- D. Items may only be added to the agenda by a motion adopted at the meeting. If an added item is acted upon, the minutes of the school board meeting shall include a description of the matter.
- E. At least one copy of any printed materials, including electronic communications, relating to the agenda items of the meeting prepared or distributed by or at the direction of the school board or its employees and: (i) distributed at the meeting to all members of the governing body; (ii) distributed before the meeting to all members; or (iii) available in the meeting room to all members shall be available in the meeting room for inspection by the public while the school board considers their subject matter. This does not apply to materials classified by law as other than public or to materials relating to the agenda items of a closed meeting.

Legal References: Minn. Stat. § 13D.01, Subd. 6 (Open Meeting Law)
Minn. Stat. § 123B.09, Subd. 7 (School Board Powers)
Dept. of Admin. Advisory Op. No. 10-013 (April 29, 2010)
Dept. of Admin. Advisory Op. No. 08-015 (July 9, 2008)

Cross References: MSBA/MASA Model Policy 203 (Operation of the School Board –
Governing Rules)
MSBA/MASA Model Policy 203.2 (Order of the Regular School Board
Meeting)
MSBA/MASA Model Policy 203.6 (Consent Agendas)
MSBA/MASA Model Policy 204 (School Board Meeting Minutes)
MSBA/MASA Model Policy 207 (Public Hearings)

Adopted: February 11, 2003

Revised: May 25, 2010

Revised: March 18, 2014

Reviewed: October 18, 2016

**PRINCETON PUBLIC SCHOOLS
ESTABLISHMENT AND ADOPTION OF SCHOOL DISTRICT BUDGET**

I. PURPOSE

The purpose of this policy is to establish lines of authority and procedures for the establishment of the school district's revenue and expenditure budgets.

II. GENERAL STATEMENT OF POLICY

It is the policy of this school district to establish its revenue and expenditure budgets in accordance with the applicable provisions of law. Budget planning is an integral part of program planning so that the annual budget will effectively express and implement school board goals and the priorities of the school district.

III. REQUIREMENT

A. The superintendent or such other school official as designated by the superintendent or the school board shall each year prepare preliminary revenue and expenditure budgets for review by the school board or its designated committee or committees. The preliminary budgets shall be accompanied by such written commentary as may be necessary for them to be clearly understood by the members of the school board and the public. The school board shall review the projected revenues and expenditures for the school district for the next fiscal year and make such adjustments in the expenditure budget as necessary to carry out the education program within the revenues projected.

B. The school district must maintain separate accounts to identify revenues and expenditures for each building. Expenditures shall be reported in compliance with Minn. Stat. § 123B.76.

C. Prior to July 1 of each year, the school board shall approve and adopt its initial revenue and expenditure budgets for the next school year. The adopted expenditure budget document shall be considered the school board's expenditure authorization for that school year. No funds may be expended for any purpose in any school year prior to the adoption of the budget document which authorizes that expenditure for that year, or prior to the adoption of an amendment to that budget document by the school board to authorize that expenditure for that year.

D. Each year, the school district shall publish its adopted revenue and expenditure budgets for the current year, the actual revenues, expenditures, and fund balances for the

prior year, and the projected fund balances for the current year in the form prescribed by the Commissioner within one week of the acceptance of the final audit by the school board, or November 30, whichever is earlier. A statement shall be included in the publication that the complete budget in detail may be inspected by any resident of the school district upon request to the superintendent. These budgets, reports of revenue, expenditures, and fund balances must be published in a newspaper of general circulation in the school district. At the same time as this publication, the school district shall publish the other information required by Minn. Stat. § 123B.10.

E. At the public hearing on the adoption of the school district's proposed property tax levy, the school board shall review its current budget and the proposed property taxes payable in the following calendar year.

F. The school district must also post the materials specified in Paragraph III.D. above on the school district's official website, including a link to the school district's school report card on the Minnesota Department of Education's website, and publish a summary of information and the address of the school district's website where the information can be found in a qualified newspaper of general circulation in the district.

G. The school district must also include the budget information specified in Paragraph III.D. above in the materials provided as part of its truth-in-taxation hearing.

IV. IMPLEMENTATION

A. The school board places the responsibility for administering the adopted budget with the superintendent. The superintendent may delegate duties related thereto to other school officials, but maintains the ultimate responsibility for this function.

B. The program-oriented budgeting system will be supported by a program-oriented accounting structure organized and operated on a fund basis as provided for in Minnesota statutes through the Uniform Financial Accounting and Reporting Standards for Minnesota School Districts (UFARS).

C. The superintendent or the superintendent's designee is authorized to make payments of claims or salaries authorized by the adopted or amended budget prior to school board approval.

D. Supplies and capital equipment can be ordered prior to budget adoption only by authority of the school board. If additional personnel are provided in the proposed budget, actual hiring may not occur until the budget is adopted unless otherwise approved

by the school board. Other funds to be expended in a subsequent school year may not be encumbered prior to budget adoption unless specifically approved by the school board.

E. The school district shall make such reports to the Commissioner as required relating to initial allocations of revenue, reallocations of revenue, and expenditures of funds.

Legal References: Minn. Stat. § 123B.10 (Publication of Financial Information)
 Minn. Stat. § 123B.76 (Expenditures; Reporting)
 Minn. Stat. § 123B.77 (Accounting, Budgeting and Reporting Requirements)
 Minn. Stat. § 126C.23 (Allocation of General Education Revenue)
 Minn. Stat. § 275.065 (Truth in Taxation; Proposed Property Taxes; Notice)

Cross References: MSBA/MASA Model Policy 701.1 (Modification of School District Budget)
 MSBA/MASA Model Policy 702 (Accounting)
 MSBA Service Manual, Chapter 7, Education Funding

Adopted: July 22, 2008
 Revised: February 16, 2016
 Reviewed: October 18, 2016

**PRINCETON PUBLIC SCHOOLS
PURCHASING AND PROCUREMENT POLICY**

I. PURPOSE

The purpose of this policy is to provide clear purchasing and procurement guidelines.

II. GENERAL STATEMENT OF POLICY

The policy of this school district is that purchasing and procurement procedures are developed and maintained.

III. DEVELOPMENT OF PURCHASING AND PROCUREMENT PROCEDURE(S)

The Director of Business Services shall be responsible for the development and maintenance of an procurement and purchasing procedures. The procedures shall be operated in compliance with UGG, UFARS and all other state and federal rules and regulations.

IV. PURCHASING AND PROCUREMENT PROCEDURE GUIDELINES

- A. All purchases of goods, services and equipment for which the District will be responsible for payment must be made on a district purchase order form, properly approved and executed.
- B. No employee of the school system may obligate the Board for any purchase without having gone through the regular, approved procedures. Such procedures include the use of purchase orders.
- C. Whenever practical, all goods used by the District should be standardized. This provides for purchasing in greater volume; reduces and restricts indiscriminate ordering; effects increased economy in all phases of procurement, including ordering, purchasing delivering, and final distribution.
- D. All Buildings shall promote standardization of supplies and equipment to all personnel, and it shall be a responsibility of all employees of the District to accept and encourage standardization of supplies and equipment, if practical and applicable within an employee's area of responsibility.

- E. Purchases shall be from local vendors if price is equivalent or lower than outside vendors taking transportation costs and timelines of availability into consideration.

Cross References: Princeton Policy 412-Expense Reimbursement
Princeton Policy 412.1-Employee Travel and Related Expenses
Princeton Policy 701-Est. & Adoption of School District Budget
Princeton Policy 702-Accounting

Adopted: February 16, 2016

Reviewed: October 18, 2016

PRINCETON PUBLIC SCHOOLS

ACCOUNTING

I. PURPOSE

The purpose of this policy is to adopt the Uniform Financial Accounting and Reporting Standards for Minnesota School Districts provided for in guidelines adopted by the Minnesota Department of ~~Children, Families and Learning~~ Education.

II. GENERAL STATEMENT OF POLICY

It is the policy of this school district to comply with the Uniform Financial Accounting and Reporting Standards for Minnesota School Districts.

III. MAINTENANCE OF BOOKS AND ACCOUNTS

The school district shall maintain its books and records and do its accounting in compliance with the Uniform Accounting and Reporting Standards for Minnesota School Districts (UFARS) provided for in the guidelines adopted by the Minnesota Department of ~~Children, Families and Learning~~ Education and in compliance with applicable state laws and rules relating to reporting of revenues and expenditures.

IV. PERMANENT FUND TRANSFERS

Unless otherwise authorized pursuant to Minn. Stat. § 123B.80, as amended, or any other law, fund transfers shall be made in compliance with UFARS and permanent fund transfers shall only be made in compliance with Minn. Stat. §123B.79, as amended.

V. REPORTING

The school board shall provide for an annual audit of the books and records of the school district to assure compliance of its records with UFARS. Each year, the school district shall also, on or before October 1 of each year, provide for the publication of the financial information specified in Minn. Stat. §123B.10 in the manner specified therein.

Legal References: Minn. Stat. § 123B.75 (Revenue) Minn. Stat. § 123B.76
 (Expenditures)
 Minn. Stat. § 123B.77 (Accounting, Budgeting and Reporting
 Requirements)
 Minn. Stat. § 123B.78 (Cash Flow, Revenues,
 Borrowing, Deficits)
 Minn. Stat. § 123B.79 (Permanent Fund Transfers)
 Minn. Stat. § 123B.80 (Exceptions for Permanent
 Fund Transfers)
 Minn. Stat. § 123B.09 (School Board Powers)
 Minn. Stat. § 123B.14, Subd. 7 (Duties of School
 Board Clerk) Minn. Stat. § 123B.02 (School
 District Powers)
 Minn. Stat. § 123B.10 (Publication of Financial Information)

Cross References: MSBA/MASA Model Policy 703 (Annual Audit)
 MSBA Service Manual, Chapter 7, Education Funding

Independent School District #477
 Princeton, Minnesota 55371

Adopted: December 17, 2002
 Revised: April 19, 2016
 Revised: October 18, 2016

PRINCETON PUBLIC SCHOOLS

ANNUAL AUDIT

I. PURPOSE

The purpose of this policy is to provide for an annual audit of the books and records of the school district in order to comply with law, to provide a permanent record of the financial position of the school district, and to provide guidance to the school district to correct any errors and discrepancies in its practices.

II. GENERAL STATEMENT OF POLICY

The policy of this school district is to comply with all laws relating to the annual audit of the books and records of the school district.

III. REQUIREMENT

- A. The school board shall appoint independent certified public accountants to audit, examine and report upon the books and records of the school district. The school board may enter into a contract with a person or firm to provide the agreed upon services.
- B. After the close of each fiscal year, the books, records and accounts of the school district shall be audited by said independent certified public accountants in accordance with applicable standards and legal requirements. The superintendent and members of the administration shall cooperate with the auditors.
- C. The school district shall, prior to September 15 of each year, submit unaudited financial data for the preceding year to the Commissioner of Education for the Department of Children, Families, and Learning (~~Commissioner~~) on forms prescribed by the Commissioner. The report shall also include those items required by Minn. Stat. § 123B.14, Subd. 7.
- D. The school district shall, prior to November 30 of each year, provide to the Commissioner audited financial data for the preceding fiscal year. The school district shall, prior to December 31 of each year, provide to the Commissioner and the State Auditor an audited financial statement in a form that will allow

comparison with and correction of material differences in the unaudited data. The audited financial statement must also provide a statement of assurance pertaining to compliance with uniform financial accounting and reporting standards and a copy of the management letter submitted to the school district by its auditor.

- E. The audit must be conducted in compliance with generally accepted governmental auditing standards, the Federal Single Audit Act and the Minnesota Legal Compliance Guide issued by the Office of the State Auditor.
- F. The school board must approve the audit report by resolution or require a further or amended report.
- G. The administration shall report to the school board regarding any actions necessary to correct any deficiencies or exceptions noted in the audit.
- H. The accounts and records of the school district shall also be subject to audit and inspection by the State Auditor to the extent provided in Minn. Stat. Ch. 6.

Legal References: Minn. Stat. Ch. 6 (State Auditor)
 Minn. Stat. § 123B.09 (School Board Powers)
 Minn. Stat. § 123B.14, Subd. 7 (Duties of School Board Clerk)
 Minn. Stat. § 123B.02 (School District Powers)
 Minn. Stat. § 123B.77, Subds. 2 and 3 (Audited Financial Statements; Statement for Comparison and Correction)

Cross References: MSBA/MASA Model Policy 702 (Accounting)
 MSBA Service Manual, Chapter 7, Education Funding

Independent School District #477
 Princeton, Minnesota 55371

Adopted: December 17, 2002
 Revised: April 19, 2016
 Revised: October 18, 2016

PRINCETON PUBLIC SCHOOLS**DEVELOPMENT AND MAINTENANCE OF AN INVENTORY OF FIXED
ASSETS
AND A FIXED ASSET ACCOUNTING SYSTEM****I. PURPOSE**

The purpose of this policy is to provide for the development and maintenance of an inventory of the fixed assets of the school district and the establishment and maintenance of a fixed asset accounting system.

II. GENERAL STATEMENT OF POLICY

The policy of this school district that a fixed asset accounting system and an inventory of fixed assets be developed and maintained.

III. DEVELOPMENT OF INVENTORY AND ACCOUNTING SYSTEM

The superintendent or such other school official as designated by the superintendent or the school board shall be responsible for the development and maintenance of an inventory of the fixed assets of the school district, and for the establishment and maintenance of a formal fixed asset accounting system. The accounting system shall be operated in compliance with the applicable provisions of the Uniform Financial Accounting and Reporting Standards for Minnesota School Districts (UFARS). The inventory shall specify the location of all continued abstracts showing the conveyance of the property to the school district; certificates of title showing title to the property in the school district; title insurance policies; surveys; and other property records relating to the real property of the school district.

IV. CAPITALIZATION

Princeton Public Schools General Fixed Asset Account Group includes assets valued at \$1,500 or otherwise required by law, and with a useful life of more than one year.

V. DEPRECIABLE LIVES

In determining the useful life of an asset the district uses ASBO (Association of School Business Officials) GASB 34 Implementation Recommendations for School Districts guidelines. The guidelines are listed below.

Asset Class	Estimated Useful Life (Years)
Athletic Equipment	10
Audio/Visual Equipment	10
Building Construction	25
Buses / Other Vehicles	8
Business Machines	10
Carpet Replacement	7
Communication Equipment	10
Computer Hardware	5
Computer Software (administrative)	10-20
Computer Software (instructional)	5-10
Copiers	5
Custodial Equipment	15
Electrical/Plumbing	30
Furniture & Accessories	20
Grounds Equipment	15
HVAC Systems	20
Instructional Equipment	10
Kitchen Equipment	15
Land	N/A
Large Equipment	10
Library Books	5
Machinery & Tools	15
Musical Instruments	10
Outdoor Equipment	20
Plumbing	30
Portable Classrooms	25
Roofing	20
School Buildings	50
Science & Engineering	10
Site Improvements	20
Sprinkler/Fire System	25

VI. DEPRECIATION METHOD

Princeton Public School will depreciate all classes of fixed assets based on the straight line depreciation method.

VII. DONATIONS/GIFTS

Princeton Public Schools will assign a value to donations or gifts based on the current market value of that item at the time of receipt. The inventory database is to be maintained and updated semi-annually and upon receipt of any new equipment and disposal of any equipment. Each building will also have a trained representative to ensure inventory is updated. In addition to updating the inventory, each classroom, office or department will complete a physical inventory of all assets in their respective areas to ensure current information is available on the database, including all items disposed. Each building representative will update their building inventory semi-annually and give the report to the district office for updating the master list. The district office representative will be trained and updated annually in accordance with our financial software vendor.

The administration shall annually update the property records of the school district and provide an inventory of the fixed assets of the school district to the school board. This inventory may be utilized to prepare the annual report to the Commissioner required by Minn. Stat. §123B.14, Subd. 7.

Legal References: Minn. Stat. § 123B.09 (School Board Powers)
 Minn. Stat. § 123B.02 (School District Powers)
 Minn. Stat. § 123B.51 (Schoolhouse and Sites; Access for Noncurricular Purposes)

Cross References: Princeton School District Policy 702 (Accounting)
 MSBA Service Manual, Chapter 7, Education Funding
 MSBA Service Manual, Chapter 9, Public School Finance

Adopted: December 16, 2003
 Revised: June 22, 2004
 Revised: December 20, 2011
 Revised: August 10, 2010
 Revised: March 27, 2012
 Revised: January 8, 2013
 Reviewed: April 19, 2016
 Reviewed: October 18, 2016

PRINCETON PUBLIC SCHOOLS

INVESTMENTS

I. PURPOSE

The purpose of this policy is to establish guidelines for the investment of school district funds.

II. GENERAL STATEMENT OF POLICY

The policy of this school district is to comply with all state laws relating to investments and to guarantee that investments meet certain primary criteria.

III. SCOPE

This policy applies to all investments of the surplus funds of the school district, regardless of the fund accounts in which they are maintained, unless certain investments are specifically exempted by the school board through formal action.

- A. Pooling of Funds. Except for cash in certain restricted and special funds, Princeton Public Schools will consolidate cash and reserve balances from all funds to maximize investment earnings and to increase efficiencies with regard to investment pricing, safekeeping and administration. Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles.

IV. AUTHORITY; OBJECTIVES

- A. The funds of the school district shall be deposited or invested in accordance with this policy, Minn. Stat. Chapter 118A and any other applicable law or written administrative procedures.
- B. The primary criteria for the investment of the funds of the school district, in priority order, are as follows
 - 1. Safety. Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate credit risk and interest rate risk.
 - a. Credit Risk. Princeton Public Schools will minimize credit risk, which is the risk of loss due to the failure of the security issuer or backer, by:

- Limiting investments to the types of securities listed in Section IX of this Investment Policy.
 - Pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which Princeton Public Schools will do business in accordance with Section V.
 - Diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.
- b. Interest Rate Risk. Princeton Public Schools will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by:
- Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.
 - Investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools and limiting the average maturity of the portfolio in accordance with this policy (see section IX).
2. Liquidity. The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands (static liquidity). Furthermore, since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets (dynamic liquidity). Alternatively, a portion of the portfolio may be placed in money market mutual funds or local government investment pools which offer same-day liquidity for short-term funds.
3. Yield. The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. The core of investments are limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities shall generally be held until maturity with the following exceptions:
- a. A security with declining credit may be sold early to minimize loss of principal.

b. A security swap would improve the quality, yield, or target duration in the portfolio.

c. Liquidity needs of the portfolio require that the security be sold.

4. Maintaining the Public's Trust. The investment officer(s) shall seek to act responsibly as custodians of the public trust and shall avoid any transaction that might impair public confidence in the District, the Board, or the School Board Treasurer.

V. DELEGATION OF AUTHORITY

A. The Director of Business Services and the Assistant Business Affairs Executive of the school district are designated as the investment officers of the school district and is responsible for investment decisions and activities under the direction of the school board. The investment officer(s) shall operate the school district's investment program consistent with this policy. The investment officer(s) may delegate certain duties to a designee or designees, but shall remain responsible for the operation of the program.

B. All officials and employees that are a part of the investment process shall act professionally and responsibly as custodians of the public trust, and shall refrain from personal business activity that could conflict with the investment program or which could reasonably cause others to question the process and integrity of the investment program. The investment officer(s) shall avoid any transaction that could impair public confidence in the school district.

VI. STANDARD OF CONDUCT

A. The standard of conduct regarding school district investments to be applied by the investment officer(s) shall be the "prudent person standard." Under this standard, the investment officer(s) shall exercise that degree of judgment and care, under the circumstances then prevailing, that persons of prudence, discretion and intelligence would exercise in the management of their own affairs, investing not for speculation and considering the probable safety of their capital as well as the probable investment return to be derived from their assets. The prudent person standard shall be applied in the context of managing the overall investment portfolio of the school district. The investment officer(s), acting in accordance with this policy and exercising due diligence, judgment and care commensurate with the risk, shall not be held personally responsible for a specific security's performance or for market price changes. Deviations from expectations shall be reported in a timely manner and appropriate actions shall be taken to control adverse developments.

B. Ethics and Conflicts of Interest. Officers and employees involved in the investment process shall refrain from personal business activity that could conflict

with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees and investment officials shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial / investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of Princeton Public Schools.

VII. MONITORING AND ADJUSTING INVESTMENTS

The investment officer(s) shall routinely monitor existing investments and the contents of the school district's investment portfolio, the available markets and the relative value of competing investment instruments.

VIII. INTERNAL CONTROLS

The investment officer(s) shall establish a system of internal controls which shall be documented in writing. The internal controls shall be reviewed by the school board and shall be annually reviewed for compliance by the school district's independent auditors. The internal controls shall be designed to prevent and control losses of public funds due to fraud, error, misrepresentation, unanticipated market changes or imprudent actions by officers, employees or others. The internal controls may include, but shall not be limited to, provisions relating to controlling collusion, separating functions, separating transaction authority from accounting and recordkeeping, custodial safekeeping, avoiding bearer form securities, clearly delegating authority to applicable staff members, limiting securities losses and remedial action, confirming telephone transactions in writing, supervising and controlling employee actions, minimizing the number of authorized investment officials, and documenting transactions and strategies.

IX. PERMISSIBLE INVESTMENT INSTRUMENTS

The school district may invest its available funds in those instruments specified in Minn. Stat. §§ 118A.04 and 118A.05, as these sections may be amended from time to time, or any other law governing the investment of school district funds.

The school district may invest in any type of security allowed by Minnesota statute, as may be amended to those instruments listed below:

- A. Bonds, notes, certificates of indebtedness, treasury bills or other securities now or hereafter issued by the United States of America, its agencies and allowable instrumentalities;
- B. Interest bearing savings accounts, interest bearing certificates of deposit or interest bearing time deposits, or any other investments constituting direct obligations of any bank;

- C. Certificates of deposit with federally insured institutions that are collateralized or insured in excess of the \$100,000 provided by the Federal Deposit Insurance Corporation coverage limit;
- D. Collateralized repurchase agreements, which conform to the requirements stated in 118A.05, sub.2 of the statutes;
- E. Commercial paper meeting the following requirements:
 - 1. The corporation must be organized in the United States or be a Canadian subsidiary.
 - 2. The corporation's assets must exceed \$500,000,000.
 - 3. The obligations at the time of purchase must be rated at the highest classifications by at least two of the four standard rating services (Standard and Poor's, Duff and Phelps, Moody's and Fitch Investors Service).
 - 4. The obligations cannot have a maturity longer than 270 days.
 - 5. The school district's goal shall be not more than 50% of the total investment fund can be invested in commercial paper at any time.
 - 6. The total investment in any one corporation should not exceed 10% of the corporation's outstanding obligations.
 - 7. The total investment in any one corporation cannot be more than \$10 million.
- F. Investments may be made only in those savings banks or savings and loan associations the shares, or investment certificates of which are insured by the Federal Deposit Insurance Corporation.
- G. Investment products that are considered as derivatives are specifically excluded from approved investments.

X. PORTFOLIO DIVERSIFICATION; MATURITIES

- A. Limitations on instruments, diversification and maturity scheduling shall depend on whether the funds being invested are considered short-term or long-term funds. All funds shall normally be considered short-term except those reserved for building construction projects or specific future projects and any unreserved funds used to provide financial-related managerial flexibility for future fiscal years.

B. The school district shall diversify its investments to avoid incurring unreasonable risks inherent in over-investing in specific instruments, individual financial institutions or maturities.

1. The investment officer(s) shall prepare and recommend to the Superintendent annually for presentation to the school board for review and approval. The table shall specify the maximum percentage of the school district's investment portfolio that may be invested in a single type of investment instrument, such as U.S. Treasury Obligations, certificates of deposit, repurchase agreements, banker's acceptances, commercial paper, etc. The approved table shall be attached as an exhibit to this policy and shall be incorporated herein by reference.

2.

Investment maturities shall be scheduled to coincide with projected school district cash flow needs, taking into account large routine or scheduled expenditures, as well as anticipated receipt dates of anticipated revenues. Maturities for short-term and long-term investments shall be timed according to anticipated need. Within these parameters, portfolio maturities shall be staggered to avoid undue concentration of assets and a specific maturity sector. The maturities selected shall provide for stability of income and reasonable liquidity.

3.

Maximum Maturities. To the extent possible, Princeton Public Schools shall attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, Princeton Public Schools will not directly invest in securities maturing more than five (5) years from the date of purchase or in accordance with state and local statutes and ordinances. Princeton Public Schools shall adopt weighted average maturity limitations (which often range from 90 days to 3 years), consistent with the investment objectives.

Reserve funds and other funds with longer-term investment horizons may be invested in securities exceeding five (5) years if the maturities of such investments are made to coincide as nearly as practicable with the expected use of funds. The intent to invest in securities with longer maturities shall be disclosed in writing to the legislative body (see the GFOA Recommended Practice on "Maturities of Investments in a Portfolio" in Appendix).

XI. COMPETITIVE SELECTION OF INVESTMENT INSTRUMENTS

Before the school district invests any surplus funds in a specific investment instrument, a competitive bid or quotation process shall be utilized. If a specific maturity date is

required, either for cashflow purposes or for conformance to maturity guidelines, quotations or bids shall be requested for instruments which meet the maturity requirement. If no specific maturity is required, a market trend analysis, which includes a yield curve, will normally be used to determine which maturities would be most advantageous. Quotations or bids shall be requested for various options with regard to term and instrument. The school district will accept the quotation or bid which provides the highest rate of return within the maturity required and within the limits of this policy. Generally all quotations or bids will be computed on a consistent basis, i.e., a 360-day or a 365-day yield. Records will be kept of the quotations or bids received, the quotations or bids accepted and a brief explanation of the decision that was made regarding the investment. If the school district contracts with an investment advisor, bids are not required in those circumstances specified in the contract with the advisor.

XII. QUALIFIED INSTITUTIONS AND BROKER-DEALERS

- A. The school district shall maintain a list of the financial institutions that are approved for investment purposes.
- B. Prior to completing an initial transaction with a broker, the school district shall provide to the broker a written statement of investment restrictions which shall include a provision that all future investments are to be made in accordance with Minnesota statutes governing the investment of public funds. The broker must annually acknowledge receipt of the statement of investment restrictions and agree to handle the school district's account in accordance with these restrictions. The school district may not enter into a transaction with a broker until the broker has provided this annual written agreement to the school district. The notification form to be used shall be that prepared by the State Auditor. A copy of this investment policy, including any amendments thereto, shall be provided to each such broker.

XIII. SAFEKEEPING AND COLLATERALIZATION

- A. All investment securities purchased by the school district shall be held in third-party safekeeping by an institution designated as custodial agent. The custodial agent may be any Federal Reserve Bank, any bank authorized under the laws of the United States or any state to exercise corporate trust powers, a primary reporting dealer in United States Government securities to the Federal Reserve Bank of New York, or a securities broker-dealer defined in Minn. Stat. § 118A.06. The institution or dealer shall issue a safekeeping receipt to the school district listing the specific instrument, the name of the issuer, the name in which the security is held, the rate, the maturity, serial numbers and other distinguishing marks, and other pertinent information.
- B. Deposit-type securities shall be collateralized as required by Minn. Stat. §

118A.03 for any amount exceeding FDIC, SAIF, BIF, FCUA, or other federal deposit coverage, as follows:

Subd. 1. For deposits beyond insurance. To the extent that funds on deposit at the close of the financial institution's banking day exceed available federal deposit insurance, the government entity shall require the financial institution to furnish collateral security or a corporate surety bond executed by a company authorized to do business in the state. For the purposes of this section, "banking day" has the meaning given in Federal Reserve Board Regulation CC,

Subd. 2. In lieu of surety bond. The following are the allowable forms of collateral in lieu of a corporate surety bond:

- (1) United States government Treasury bills, Treasury notes, Treasury bonds;
- (2) issues of United States government agencies and instrumentalities as quoted by a recognized industry quotation service available to the government entity;
- (3) general obligation securities of any state or local government with taxing powers which is rated "A" or better by a national bond rating service, or revenue obligation securities of any state or local government with taxing powers which is rated "AA" or better by a national bond rating service;
- (4) unrated general obligation securities of a local government with taxing powers may be pledged as collateral against funds deposited by that same local government entity;
- (5) irrevocable standby letters of credit issued by Federal Home Loan Banks to a municipality accompanied by written evidence that the bank's public debt is rated "AA" or better by Moody's Investors Service, Inc., or Standard & Poor's Corporation; and
- (6) time deposits that are fully insured by any federal agency.

Subd. 3. Amount. The total amount of the collateral computed at its market value shall be at least ten percent more than the amount on deposit plus accrued interest at the close of the financial institution's banking day, except that where the collateral is irrevocable standby letters of credit issued by Federal Home Loan Banks, the amount of collateral shall be at least equal to the amount on deposit plus accrued interest at the close of the financial institution's banking day. The financial institution may furnish both a surety bond and collateral aggregating the required amount.

Subd. 4. Assignment. Any collateral pledged shall be accompanied by a written assignment to the government entity from the financial institution. The

written assignment shall recite that, upon default, the financial institution shall release to the government entity on demand, free of exchange or any other charges, the collateral pledged. Interest earned on assigned collateral will be remitted to the financial institution so long as it is not in default. The government entity may sell the collateral to recover the amount due. Any surplus from the sale of the collateral shall be payable to the financial institution, its assigns, or both.

Subd. 5. Withdrawal of excess collateral. A financial institution may withdraw excess collateral or substitute other collateral after giving written notice to the governmental entity and receiving confirmation. The authority to return any delivered and assigned collateral rests with the government entity.

Subd. 6. Default. For purposes of this section, default on the part of the financial institution includes, but is not limited to, failure to make interest payments when due, failure to promptly deliver upon demand all money on deposit, less any early withdrawal penalty that may be required in connection with the withdrawal of a time deposit, or closure of the depository. If a financial institution closes, all deposits shall be immediately due and payable. It shall not be a default under this subdivision to require prior notice of withdrawal if such notice is required as a condition of withdrawal by applicable federal law or regulation.

Subd. 7. Safekeeping. All collateral shall be placed in safekeeping in a restricted account at a Federal Reserve bank, or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral. The selection shall be approved by the government entity.

- C. Repurchase agreements shall be secured by the physical delivery or transfer against payment of the collateral securities to a third party or custodial agent for safekeeping. The school district may accept a safekeeping receipt instead of requiring physical delivery or third-party safekeeping of collateral on overnight repurchase agreements of less than \$1,000,000.
- D. Collateralization. Where allowed by state law and in accordance with the GFOA Recommended Practices on the Collateralization of Public Deposits, full collateralization will be required on all demand deposit accounts, including checking accounts and non-negotiable certificates of deposit (see GFOA Recommended Practices in Appendix).

XIV. REPORTING REQUIREMENTS

- A. The Investment Officers shall submit to the Finance Committee and the Superintendent an annual investment report which shall include information regarding securities in the portfolio by class or type, book value, income earned, and market values as of the report date. Generally accepted accounting principles

shall be used for valuation purposes. The report shall indicate any areas of policy concern and planned revision of investment strategies.

- B. If necessary, the investment officer(s) shall establish systems and procedures to comply with applicable federal laws and regulations governing the investment of bond proceeds and funds in a debt service account for a bond issue. The record keeping system shall be reviewed annually by the independent auditor or by another party contracted or designated to review investments for arbitrage rebate or penalty calculation purposes.

XV. DEPOSITORIES

The school board shall annually designate one or more official depositories for school district funds. The treasurer or the Director of Business Services of the school district may also exercise the power of the school board to designate a depository. The school board shall be provided notice of any such designation by its next regular meeting. The school district and the depository shall each comply with the provisions of Minn. Stat. § 118A.03 and any other applicable law, including any provisions relating to designation of a depository, qualifying institutions, depository bonds, and approval, deposit, assignment, substitution, addition and withdrawal of collateral.

XVI. ELECTRONIC FUNDS TRANSFER OF FUNDS FOR INVESTMENT

The school district may make electronic fund transfers for investments of excess funds upon compliance with Minn. Stat. § 471.38.

Legal References: Minn. Stat. § 118A.01 (Public Funds; Depositories and Investments)
Minn. Stat. § 118A.02 (Authorization for Deposit and Investment)
Minn. Stat. § 118A.03 (Depositories and Collateral)
Minn. Stat. § 118A.04 (Investments)
Minn. Stat. § 118A.05 (Contracts and Agreements)
Minn. Stat. § 118A.06 (Delivery and Safekeeping)

Cross References: Policy 703 (Annual Audit)
MSBA Service Manual, Chapter 7, Education Funding
Minnesota Legal Compliance Audit Guide Prepared by the Office of the State Auditor

Adopted: April 25, 2006
Revised: March 25, 2008
Revised: October 26, 2010
Reviewed: April 19, 2016
Reviewed: October 18, 2016

PRINCETON PUBLIC SCHOOLS**ACCEPTANCE OF GIFTS****I. PURPOSE**

The purpose of this policy is to provide guidelines for the acceptance of gifts by the school board from booster clubs, commercial venues, individuals or other organizations.

II. GENERAL STATEMENT OF POLICY

It is the policy of this school district to accept gifts only in compliance with state law.

III. ACCEPTANCE OF GIFTS GENERALLY

The school board may receive, for the benefit of the school district, bequests, donations or gifts for any proper purpose. The school board shall have the sole authority to determine whether any gift or any precondition, condition, or limitation on use included in a proposed gift furthers the interests of or benefits the school district and whether it should be accepted or rejected.

IV. GIFTS OF REAL OR PERSONAL PROPERTY

The school board may accept a gift, grant or devise of real or personal property only by the adoption of a resolution approved by two-thirds of its members. The resolution must fully describe any conditions placed on the gift. The real or personal property so accepted may not be used for religious or sectarian purposes.

V. ADMINISTRATION IN ACCORDANCE WITH TERMS

If the school board agrees to accept a bequest, donation, gift, grant or devise which contains preconditions, conditions or limitations on use, the school board shall administer it in accordance with those terms. Once accepted, a gift shall be the property of the school district unless otherwise provided in the agreed upon terms.

VI. GUIDELINES

A. Acceptance of Gifts Form #706 must be complete and contain all necessary signatures prior to requesting board approval.

B. Approval **MUST** be obtained from School Board prior to implementation or acceptance of gift.

Legal References: Minn. Stat. § 123B.02, Subd. 6 (Bequests,
Donations, Gifts) Minn. Stat. § 465.03
(Gifts)

Cross References: Form 706

Adopted: September 25, 1984

Revised: May 14, 2002

Revised: September 14, 2004

Revised: October 27, 2009

Revised: May 14, 2013

Reviewed: October 18, 2016

PRINCETON PUBLIC SCHOOLS

ACCEPTANCE OF GIFTS FORM

In compliance with school district **Policy 706 (Acceptance of Gifts)**, this form must be completed for approval by the School Board before the district receives the gift or donation.

Please obtain Principal or Director signature prior to sending to board for approval.

Donor name: _____

Description of gift: _____

Pre-Condition, Condition, or Limitation on use: _____

How this gift specifically relates to the program or school: _____

This gift meets all requirements of Policy 706 _____

Accepted Not Accepted _____
Staff Name
Principal or Director Date: _____

Accepted Not Accepted _____
Superintendent Date: _____

Accepted Not Accepted _____
School Board Chairperson Date: _____

Code Assigned: _____ Program Name _____

Routeing:
Principal or Director (thank you note attached)
Copy to Building
Business Services
Board Approval

Revised: October 18, 2016

**PRINCETON PUBLIC SCHOOLS
TRANSPORTATION OF NONPUBLIC SCHOOL STUDENTS**

I. PURPOSE

The purpose of this policy is to address transportation rights of nonpublic school students and to provide equality of treatment in transporting such students pursuant to law.

II. GENERAL STATEMENT OF POLICY □

It is the policy of the school district to recognize the rights of nonpublic school students and to provide equal transportation to those students as required by law.
□

III. ELIGIBILITY

- A. The school district shall provide equal transportation within the school district for all students to any school when transportation is deemed necessary by the school district because of distance or traffic conditions in like manner and form as provided in Minn. Stat. §§ 123B.88 and 123B.92 when applicable. (Minn. Stat. § 123B.86, Subd. 1) □
- B. Upon the request of a parent or guardian, the school district shall provide school bus transportation to the school district boundary for students residing in the school district at least the same distance from a nonpublic school actually attended in another school district as public school students are transported in the transporting school district. Such transportation shall be provided whether there is or is not another nonpublic school within the transporting school district, if the transportation is to schools maintaining grades or departments not maintained in the school district or if the attendance of such students at school can more safely, economically, or conveniently be provided for by such means. (~~Minn. Stat. § 123B.88, Subd. 1;~~ Minn. Stat. § 123B.86, Subd. 2(a)) □
- C. The school district may provide school bus transportation to a nonpublic school in another school district for students residing in the school district and attending that school, whether there is or is not another nonpublic school within the transporting school district, if the transportation is to schools maintaining grades or departments not maintained in the school district or if the attendance of such students at school can more safely, economically, or conveniently be provided for by such means. If the school district transports students to a nonpublic school located in another school district, the nonpublic school shall pay the cost of such transportation provided outside the school district boundaries. (Minn. Stat. §

123B.86, Subd. 2(b)) □

- D. The school district shall provide the necessary transportation within school district boundaries between the nonpublic school and a public school or neutral site for nonpublic school students who are provided pupil support services, if the school district elects to provide pupil support services at a site other than a nonpublic school. (Minn. Stat. § 123B.44, Subd. 1)
- E. When transportation is provided, the scheduling of routes, manner and method of transportation, control and discipline of students and any other matter relating thereto shall be within the sole discretion, control and management of the school district. (Minn. Stat. § 123B.86, Subd. 3; Minn. Stat. § 123B.91, Subd. 1a) □
- F. Additional transportation to and from a nonpublic school may be provided at the expense of the school district where such services are provided in the discretion of the school district. □

IV. SPECIAL EDUCATION/DISABLED STUDENTS

- A. If a resident student with a disability attends a nonpublic school located within the school district, the school district shall provide necessary transportation for the student within the school district between the nonpublic school and the educational facility where special instruction and services are provided on a shared-time basis. If a resident student with a disability attends a nonpublic school located in another school district and if no agreement exists for the provision of special instruction and services on a shared time basis to that student by the school district of attendance and where the special instruction and services are provided within the school district, the school district shall provide necessary transportation for that student between the school district boundary and the educational facility. The school district may provide necessary transportation for that student between its boundary and the nonpublic school attended, but the nonpublic school shall pay the cost of transportation provided outside the school district. School districts may make agreements for who provides transportation. Parties serving students on a shared time basis have access to a due process hearing system as provided by law. (Minn. Stat. § 125A.18) □
- B. Disabled students whose handicapped conditions are such that the student cannot be safely transported on the regular school bus and/or school bus route and/or when the student is transported on a special route for the purpose of attending an approved special education program shall be entitled to special transportation at the expense of the school district. The school district shall determine the type of vehicle used to transport disabled students on the basis of the handicapping

- condition and applicable laws. This section shall not be applicable to parents who transport their own child under a contract with the school district. (Minn. Rules Part 7470.1600, Subd. 1)
- C. Each driver and aide assigned to a vehicle transporting students with a disability will be provided with appropriate training for the students in their care, will assist students with their safe ingress and egress from the bus, will ensure the proper use of protective safety devices, and will be provided with access to emergency health care information as required by law. (Minn. Rules Part 7470.1700) □
- D. Any parent of a disabled student who believes that the transportation services provided for that child are not in compliance with the applicable law may utilize the alternative dispute resolution and due process procedures provided for in Minn. Stat. Ch. 125A. (Minn. Rules Part 7470.1600, Subd. 2)

V. APPLICATION OF GENERAL POLICY

The provisions of the school district's policy on transportation of public school students [*Model Policy 707*] shall apply to the transportation of nonpublic school students except as specifically provided herein.

- Legal References:** Minn. Stat. § 123B.44 (Provision of Pupil Support Services)
Minn. Stat. § 123B.84 (Policy) □ Minn. Stat. § 123B.86 (Equal Treatment)
Minn. Stat. § 123B.88 (Independent School Districts, Transportation)
Minn. Stat. § 123B.91, Subd. 1a (Compliance by Nonpublic and Charter School Students)
- Minn. Stat. § 123B.92 (Transportation Aid Entitlement) □
Minn. Stat. Ch. 125A (Children With a Disability) □
Minn. Rules Part 7470.1600 (Transporting Pupils with Disability) □
Minn. Rules Part 7470.1700 (Drivers and Aides for Pupils with Disabilities)
- Americans United, Inc. as Protestants and Other Am. United for Separation of Church and State, et al. v. Independent Sch. Dist. No. 622, et al.*, 288 Minn. 1996, 179 N.W.2d 146 (Minn. 1970)
Eldredge v. Independent Sch. Dist. No. 625, 422 N.W.2d 319 (Minn. Ct. App. 1988)
Healy v. Independent Sch. Dist. No. 625, 962 F.2d 1304 (8th Cir.

1992)

Cross References

MSBA/MASA Model Policy 707 (Transportation of Public School Students)□

MSBA/MASA Model Policy 709 (Student Transportation Safety Policy) MSBA Service Manual, Chapter 2, Transportation

Adopted: August 28, 2001

Revised: September 14, 2004

Revised: March 9, 2009

Reviewed April 19, 2016

Revised: October 18, 2016

**Princeton School District
STUDENT TRANSPORTATION SAFETY POLICY**

I. PURPOSE

The purpose of this policy is to provide safe transportation for students and to educate students on safety issues and the responsibilities of school bus ridership.

II. PLAN FOR STUDENT TRANSPORTATION SAFETY TRAINING

A. School Bus Safety Week

The school district may designate a school bus safety week. The National School Bus Safety Week is the third week in October.

B. Student Training

1. The school district shall provide students enrolled ~~in grades kindergarten (K) through 10~~ with age-appropriate school bus safety training of the following concepts:
 - a. transportation by school bus is a privilege, not a right;
 - b. school district policies for student conduct and school bus safety;
 - c. appropriate conduct while on the bus;
 - d. the danger zones surrounding a school bus;
 - e. procedures for safely boarding and leaving a school bus;
 - f. procedures for safe vehicle lane crossing; and
 - g. school bus evacuation and other emergency procedures.

2. All students in grades Pre K through 6 who are transported by school bus and are enrolled during the first or second week of school must receive the school bus safety training by the end of the third week of school. All students in grades 7 through 10 who are transported by school bus and are enrolled during the first or second week of school must receive the school bus safety training or receive bus safety instruction materials by the end of the sixth week of school, if they have not previously received school bus training. Students in grades Pre K through 10 who enroll in a school after the second week of school, are transported by school bus, and have not received training in their

previous school districts shall undergo school bus safety training or receive bus safety instructional materials within 4 weeks of their first day of attendance.

3. The school district and a nonpublic school with students transported by school bus at public expense must provide students enrolled in grades [Pre K](#) through 3 school bus safety training twice during the school year.
4. Students taking driver's training instructional classes must receive training in the laws and proper procedures for operating a motor vehicle in the vicinity of a school bus as required by Minn. Stat. § 169.446, Subd. 2.
5. The school district and a nonpublic school with students transported by school bus at public expense must conduct a school bus evacuation drill at least once during the school year.
6. The school district will make reasonable accommodations in training for students known to speak English as a second language and students with disabilities.
7. The school district may provide kindergarten students with school bus safety training before the first day of school.
8. The school district may provide student safety education for bicycling and pedestrian safety for students in grades [Pre K](#) through 5.
9. The school district shall adopt and make available for public review a curriculum for transportation safety education.
10. Nonpublic school students transported by the school district will receive school bus safety training by their nonpublic school. The nonpublic schools may use the school district's school transportation safety education curriculum. Upon request by the school district superintendent, the nonpublic school must certify to the school district's school transportation safety director that all students enrolled in grades [Pre K](#) through 10 have received the appropriate training.

III. CONDUCT ON SCHOOL BUSES AND CONSEQUENCES FOR MISBEHAVIOR

- A. Riding the school bus is a privilege, not a right. The school district's general student behavior rules are in effect for all students on school buses, including nonpublic and charter school students.
- B. Consequences for school bus/bus stop misconduct will be imposed by the school district under adopted administrative discipline procedures. In addition, all school

bus/bus stop misconduct will be reported to the school district's transportation safety director. Serious misconduct may be reported to local law enforcement.

1. School Bus and Bus Stop Rules. The school district school bus safety rules are to be posted on every bus. If these rules are broken, the school district's discipline procedures are to be followed. In most circumstances, consequences are progressive and may include suspension of bus privileges. It is the school bus driver's responsibility to report unacceptable behavior to the school district's Transportation Office/School Office.

2. Rules at the Bus Stop

- a. Get to your bus stop 5 minutes before your scheduled pick up time. The school bus driver will not wait for late students.
- b. Respect the property of others while waiting at your bus stop.
- c. Keep your arms, legs, and belongings to yourself.
- d. Use appropriate language.
- e. Stay away from the street, road, or highway when waiting for the bus.
- f. Wait until the bus stops before approaching the bus.
- g. After getting off the bus, move away from the bus.
- h. If you must cross the street, always cross in front of the bus where the driver can see you. Wait for the driver to signal to you before crossing the street.
- i. No fighting, harassment, intimidation, or horseplay.
- j. No use of alcohol, tobacco, or drugs.

3. Rules on the Bus

- a. Immediately follow the directions of the driver.
- b. Sit in your seat facing forward.
- c. Talk quietly and use appropriate language.
- d. Keep all parts of your body inside the bus.

- e. Keep your arms, legs, and belongings to yourself.
- f. No fighting, harassment, intimidation, or horseplay.
- g. Do not throw any object.
- h. No eating, drinking, or use of alcohol, tobacco, or drugs.
- i. Do not bring any weapons or dangerous objects on the school bus.
- j. Do not damage the school bus.

4. Consequences

- a. Consequences for school bus/bus stop misconduct will apply to all regular and late routes. Decisions regarding a student's ability to ride the bus in connection with cocurricular and extracurricular events (for example, field trips or competitions) will be in the sole discretion of the school district. Parents or guardians will be notified of any suspension of bus privileges.

(1) Elementary (Pre K-6)

1st offense – warning

2nd offense – 3 school-day suspension from riding the bus

3rd offense – 5 school-day suspension from riding the bus

4th offense – 10 school-day suspension from riding the bus/meeting with parent

Further offenses – individually considered. Students may be suspended for longer periods of time, including the remainder of the school year.

(2) Secondary (7-12)

1st offense – warning

2nd offense – 5 school-day suspension from riding the bus

3rd offense – 10 school-day suspension from riding the bus

4th offense – 20 school-day suspension from riding the bus/meeting with parent

5th offense – suspended from riding the bus for the remainder of the school year

Note: When any student goes 60 transportation days without a report, the student's consequences may start over at the first offense.

(3) Other Discipline

Based on the severity of a student's conduct, more serious consequences may be imposed at any time. Depending on the nature of the offense, consequences such as suspension or expulsion from school also may result from school bus/bus stop misconduct.

(4) Records

Records of school bus/bus stop misconduct will be forwarded to the individual school building and will be retained in the same manner as other student discipline records. Reports of student misbehavior on a school bus or in a bus-loading or unloading area that are reasonably believed to cause an immediate and substantial danger to the student or surrounding persons or property shall be provided by the school district to local law enforcement and the Department of Public Safety in accordance with state and federal law.

(5) Vandalism/Bus Damage

Students damaging school buses will be responsible for the damages. Failure to pay such damages (or make arrangements to pay) within 2 weeks may result in the loss of bus privileges until damages are paid.

(6) Notice

School bus and bus stop rules and consequences for violations of these rules will be reviewed with students annually and copies of these rules will be made available to students. School bus rules are to be posted on each school bus.

(7) Criminal Conduct

In cases involving criminal conduct (for example, assault, weapons, drug possession, or vandalism), the appropriate school district personnel and local law enforcement officials will be informed.

IV. PARENT AND GUARDIAN INVOLVEMENT

A. Parent and Guardian Notification

The school district school bus and bus stop rules will be provided to each family. Parents and guardians are asked to review the rules with their children.

B. Parents/Guardians Responsibilities for Transportation Safety

Parents/Guardians are responsible to:

1. Become familiar with school district rules, policies, regulations, and the principles of school bus safety, and thoroughly review them with their children;
2. Support safe riding and walking practices, and recognize that students are responsible for their actions;
3. Communicate safety concerns to their school administrators;
4. Monitor bus stops, if possible;
5. Have their children to the bus stop 5 minutes before the bus arrives;
6. Have their children properly dressed for the weather; and
7. Have a plan in case the bus is late.

V. SCHOOL BUS DRIVER DUTIES AND RESPONSIBILITIES

- A. School bus drivers shall have a valid Class A, B, or C Minnesota driver's license with a school bus endorsement. A person possessing a valid driver's license, without a school bus endorsement, may drive a type III vehicle set forth in Sections VII.B. and VII.C., below. Drivers with a valid Class D driver's license, without a school bus endorsement, may operate a "type A-I" school bus as set forth in Section VII.D., below.
- B. The school district shall conduct mandatory drug and alcohol testing of all school district bus drivers and bus driver applicants in accordance with state and federal law and school district policy.
- C. A school bus driver, with the exception of a driver operating a type A-I school bus or type III vehicle, who has a commercial driver's license and who is convicted of a criminal offense, a serious traffic violation, or of violating any other state or local law relating to motor vehicle traffic control, other than a parking violation, in any type of motor vehicle in a state or jurisdiction other than Minnesota, shall notify the Minnesota Division of Driver and Vehicle Services (Division) of the conviction within 30 days of the conviction. For purposes of this paragraph, a

“serious traffic violation” means a conviction of any of the following offenses:

1. excessive speeding, involving any single offense for any speed of 15 miles per hour or more above the posted speed limit;
 2. reckless driving;
 3. improper or erratic traffic lane changes;
 4. following the vehicle ahead too closely;
 5. a violation of state or local law, relating to motor vehicle traffic control, arising in connection with a fatal accident;
 6. driving a commercial vehicle without obtaining a commercial driver’s license or without having a commercial driver’s license in the driver’s possession.
- D. A school bus driver, with the exception of a driver operating a type A-I school bus or type III vehicle, who has a commercial driver’s license and who is convicted of violating, in any type of motor vehicle, a Minnesota state or local law relating to motor vehicle traffic control, other than a parking violation, shall notify the person’s employer of the conviction within 30 days of conviction. The notification shall be in writing and shall contain all the information set forth in Attachment A accompanying this policy.
- E. A school bus driver, with the exception of a driver operating a type A-I school bus or type III vehicle, who has a Minnesota commercial driver’s license suspended, revoked, or cancelled by the state of Minnesota or any other state or jurisdiction and who loses the right to operate a commercial vehicle for any period or who is disqualified from operating a commercial motor vehicle for any period shall notify the person’s employer of the suspension, revocation, cancellation, lost privilege, or disqualification. Such notification shall be made before the end of the business day following the day the employee received notice of the suspension, revocation, cancellation, lost privilege, or disqualification. The notification shall be in writing and shall contain all the information set forth in Attachment B accompanying this policy.
- F. A person who operates a type III vehicle and who sustains a conviction as described in Section VII.C.1.g. (i.e., driving while impaired offenses), VII.C.1.h. (i.e., felony, controlled substance, criminal sexual conduct offenses, or offenses for surreptitious observation, indecent exposure, use of minor in a sexual performance, or possession of child pornography or display of pornography to a minor), or VII.C.1.i. (multiple moving violations) while employed by the entity that owns, leases, or contracts for the school bus, shall report the conviction to the person’s employer within 10 days of the date of the conviction. The notification

shall be in writing and shall contain all the information set forth in Attachment C accompanying this policy.

VI. SCHOOL BUS DRIVER TRAINING

A. Training

1. All new school bus drivers shall be provided with pre-service training, including in-vehicle (actual driving) instruction, before transporting students and shall meet the competency testing specified in the Minnesota Department of Public Safety Model School Bus Driver Training Manual. All school bus drivers shall receive in-service training annually. For purposes of this section, “annually” means at least once every 380 days from the initial or previous evaluation and at least once every 380 days from the initial or previous license verification. The school district shall retain on file an annual individual school bus driver “evaluation certification” form for each school district driver as contained in the Model School Bus Driver Training Manual.
2. All bus drivers operating a type III vehicle will be provided with annual training and certification as set forth in Section VII.C.1.b., below, by either the school district or the entity from whom such services are contracted by the school district.

B. Evaluation

School bus drivers with a Class D license will be evaluated annually and all other bus drivers will be assessed periodically for the following competencies:

1. Safely operate the type of school bus the driver will be driving;
2. Understand student behavior, including issues relating to students with disabilities;
3. Ensure orderly conduct of students on the bus and handling incidents of misconduct appropriately;
4. Know and understand relevant laws, rules of the road, and local school bus safety policies;
5. Handle emergency situations; and
6. Safely load and unload students.

The evaluation must include completion of an individual “school bus driver evaluation form” (road test evaluation) as contained in the Model School Bus

Driver Training Manual.

VII. OPERATING RULES AND PROCEDURES

A. General Operating Rules

1. School buses shall be operated in accordance with state traffic and school bus safety laws and the procedures contained in the Minnesota Department of Public Safety Model School Bus Driver Training Manual.
2. Only students assigned to the school bus by the school district shall be transported. The number of students or other authorized passengers transported in a school bus shall not be more than the legal capacity for the bus. No person shall be allowed to stand when the bus is in motion.
3. The parent/guardian may designate, pursuant to school district policy, a day care facility, respite care facility, the residence of a relative, or the residence of a person chosen by the parent or guardian as the address of the student for transportation purposes. The address must be in the attendance area of the assigned school and meet all other eligibility requirements.
4. Bus drivers must minimize, to the extent practical, the idling of school bus engines and exposure of children to diesel exhaust fumes.
5. To the extent practical, the school district will designate school bus loading/unloading zones at a sufficient distance from school air-intake systems to avoid diesel fumes from being drawn into the systems.
6. A bus driver may not operate a school bus while communicating over, or otherwise operating, a cellular phone for personal reasons, whether hand-held or hands free, when the vehicle is in motion or a part of traffic. For purposes of this paragraph, “school bus” has the meaning given in Minn. Stat. § 169.011, Subd. 71. In addition, “school bus” also includes type III vehicles when driven by employees or agents of the school district. “Cellular phone” means a cellular, analog, wireless, or digital telephone capable of sending or receiving telephone or text messages without an access line for service.

B. Type III Vehicles

1. Type III vehicles are restricted to passenger cars, station wagons, vans, and buses having a maximum manufacturer’s rated seating capacity of 10 or fewer people including the driver and a gross vehicle weight rating of 10,000 pounds or less. A van or bus converted to a seating capacity of 10

or fewer and placed in service on or after August 1, 1999, must have been originally manufactured to comply with the passenger safety standards.

2. Type III vehicles must be painted a color other than national school bus yellow.
3. Type III vehicles shall be state inspected in accordance with legal requirements.
4. A type III vehicle cannot be older than 12 years old unless excepted by state and federal law.
5. If a type III vehicle is school district owned, the school district name will be clearly marked on the side of the vehicle. The type III vehicle must not have the words "school bus" in any location on the exterior of the vehicle or in any interior location visible to a motorist.
6. A "type III vehicle" must not be outwardly equipped and identified as a type A, B, C, or D bus.
7. Eight-lamp warning systems and stop arms must not be installed or used on type III vehicles.
8. Type III vehicles must be equipped with mirrors as required by law.
9. Any type III vehicle may not stop traffic and may not load or unload before making a complete stop and disengaging gears by shifting into neutral or park. Any type III vehicle used to transport students must not load or unload so that a student has to cross the road, except where not possible or impractical, then the driver or assistant must escort a student across the road. If the driver escorts the student across the road, then the motor must be stopped, the ignition key removed, the brakes set, and the vehicle otherwise rendered immobile.
10. Any type III vehicle used to transport students must carry emergency equipment including:
 - i. Fire extinguisher. A minimum of one 10BC rated dry chemical type fire extinguisher is required. The extinguisher must be mounted in a bracket, and must be located in the driver's compartment and be readily accessible to the driver and passengers. A pressure indicator is required and must be easily read without removing the extinguisher from its mounted position.

- ii. First aid kit and body fluids cleanup kit. A minimum of a 10-unit first aid kit and a body fluids cleanup kit is required. They must be contained in removable, moisture- and dust-proof containers mounted in an accessible place within the driver's compartment and must be marked to indicate their identity and location.
 - iii. Passenger cars and station wagons may carry a fire extinguisher, a first aid kit, and warning triangles in the trunk or trunk area of the vehicle if a label in the driver and front passenger area clearly indicates the location of these items.
11. Students will not be regularly transported in private vehicles that are not state inspected as type III vehicles. Only emergency, unscheduled transportation may be conducted in vehicles with a seating capacity of 10 or fewer without meeting the requirements for a type III vehicle. Also, parents may use a private vehicle to transport their own children under a contract with the district. The school district has no system of inspection for private vehicles.
 12. All drivers of type III vehicles will be licensed drivers and will be familiar with the use of required emergency equipment. The school district will not knowingly allow a person to operate a type III vehicle if the person has been convicted of an offense that disqualifies the person from operating a school bus.
 13. Type III vehicles will be equipped with child passenger restraints, and child passenger restraints will be utilized to the extent required by law.

C. Type III Vehicle Driven by Employees with a Driver's License Without a School Bus Endorsement

1. The holder of a Class A, B, C, or D driver's license, without a school bus endorsement, may operate a type III vehicle, described above, under the following conditions:
 - a. The operator is an employee of the entity that owns, leases, or contracts for the school bus, which may include the school district.
 - b. The operator's employer, which may include the school district, has adopted and implemented a policy that provides for annual training and certification of the operator in:
 - 1) safe operation of a type III vehicle;

- 2) understanding student behavior, including issues relating to students with disabilities;
- 3) encouraging orderly conduct of students on the bus and handling incidents of misconduct appropriately;
- 4) knowing and understanding relevant laws, rules of the road, and local school bus safety policies;
- 5) handling emergency situations;
- 6) proper use of seat belts and child safety restraints;
- 7) performance of pretrip vehicle inspections;
- 8) safe loading and unloading of students, including, but not limited to:
 - a. utilizing a safe location for loading and unloading students at the curb, on the nontraffic side of the roadway, or at off-street loading areas, driveways, yards, and other areas to enable the student to avoid hazardous conditions;
 - b. refraining from loading and unloading students in a vehicular traffic lane, on the shoulder, in a designated turn lane, or a lane adjacent to a designated turn lane;
 - c. avoiding a loading or unloading location that would require a student to cross a road, or ensuring that the driver or an aide personally escort the student across the road if it is not reasonably feasible to avoid such a location;
 - d. placing the type III vehicle in “park” during loading and unloading;
 - e. escorting a student across the road under clause (c) only after the motor is stopped, the ignition key is removed, the brakes are set, and the vehicle is otherwise rendered immobile; and
- 9) compliance with paragraph V.F. concerning reporting convictions to the employer within 10 days of the date of conviction.

- c. A background check or background investigation of the operator has been conducted that meets the requirements under Minn. Stat. § 122A.18, Subd. 8, or Minn. Stat. § 123B.03 for school district employees; Minn. Stat. § 144.057 or Minn. Stat. Ch. 245C for day care employees; or Minn. Stat. § 171.321, Subd. 3, for all other persons operating a type III vehicle under this section.
- d. Operators shall submit to a physical examination as required by Minn. Stat. § 171.321, Subd. 2.
- e. The operator's employer requires pre employment drug testing of applicants for operator positions. Current operators must comply with the employer's policy under Minn. Stat. § 181.951, Subds. 2, 4, and 5. Notwithstanding any law to the contrary, the operator's employer may use a breathalyzer or similar device to fulfill random alcohol testing requirements.
- f. The operator's driver's license is verified annually by the entity that owns, leases, or contracts for the type III vehicle as required by Minn. Stat. § 171.321, Subd. 5.
- g. A person who sustains a conviction, as defined under Minn. Stat. § 609.02, of violating Minn. Stat. § 169A.25, § 169A.26, § 169A.27 (driving while impaired offenses), or § 169A.31 (alcohol-related school bus driver offenses), or whose driver's license is revoked under Minn. Stat. §§ 169A.50 to 169A.53 of the implied consent law, or who is convicted of violating or whose driver's license is revoked under a similar statute or ordinance of another state, is precluded from operating a type III vehicle for 5 years from the date of conviction.
- h. A person who has ever been convicted of a disqualifying offense as defined in Minn. Stat. § 171.3215, Subd.1(c), (i.e., felony, controlled substance, criminal sexual conduct offenses, or offenses for surreptitious observation, indecent exposure, use of minor in a sexual performance, or possession of child pornography or display of pornography to a minor) may not operate a type III vehicle.
- i. person who sustains a conviction, as defined under Minn. Stat. § 609.02, of a moving offense in violation of Minn. Stat. Ch. 169 within 3 years of the first of 3 other moving offenses is precluded from operating a type III vehicle for 1 year from the date of the last conviction.

- j. Students riding the type III vehicle must have training required under Minn. Stat. § 123B.90, Subd. 2 (See Section II.B., above).
 - k. Documentation of meeting the requirements listed in this section must be maintained under separate file at the business location for each type III vehicle operator. The school district or any other entity that owns, leases, or contracts for the type III vehicle operating under this section is responsible for maintaining these files for inspection.
2. The type III vehicle must bear a current certificate of inspection issued under Minn. Stat. § 169.451.
 3. An employee of the school district who is not employed for the sole purpose of operating a type III vehicle may, in the discretion of the school district, be exempt from paragraphs VII.C.1.d. (physical examination) and VII.C.1.e. (drug testing), above.

D. Type A-I “Activity” Buses Driven by Employees with a Driver’s License Without a School Bus Endorsement

1. The holder of a Class D driver’s license, without a school bus endorsement, may operate a type A-I school bus or a Multi-function School Activity Bus (MFSAB) under the following conditions:
 - a. The operator is an employee of the school district or an independent contractor with whom the school district contracts for the school bus and is not solely hired to provide transportation services under this paragraph.
 - b. The operator drives the school bus only from points of origin to points of destination, not including home-to-school trips to pick up or drop off students.
 - c. The operator is prohibited from using the 8-light system if the vehicle is so equipped.
 - d. The operator has submitted to a background check and physical examination as required by Minn. Stat. § 171.321, Subd. 2.
 - e. The operator has a valid driver’s license and has not sustained a conviction of a disqualifying offense as set forth in Minn. Stat. § 171.02, Subd. 2a(h) - 2a(j).
 - f. The operator has been trained in the proper use of child safety restraints as set forth in the National Highway Traffic Safety Administration’s “Guideline for the Safe Transportation of Pre-school

Age Children in School Buses,” if child safety restraints are used by passengers, in addition to the training required in Section VI., above.

- g. The bus has a gross vehicle weight rating of 14,500 pounds or less and is designed to transport 15 or fewer passengers, including the driver.
2. The school district shall maintain annual certification of the requirements listed in this section for each Class D license operator.
3. A school bus operated under this section must bear a current certificate of inspection.
4. The word “School” on the front and rear of the bus must be covered by a sign that reads “Activities” when the bus is being operated under authority of this section.

VIII. SCHOOL DISTRICT EMERGENCY PROCEDURES

- A. If possible, school bus drivers or their supervisors shall call “911” or the local emergency phone number in the event of a serious emergency.
- B. School bus drivers shall meet the emergency training requirements contained in Unit III “Crash & Emergency Preparedness” of the Minnesota Department of Public Safety Model School Bus Driver Training Manual. This includes procedures in the event of a crash (accident).
- C. School bus drivers and bus assistants for special education students requiring special transportation service because of their handicapping condition shall be trained in basic first aid procedures, shall within 1 month after the effective date of assignment participate in a program of in-service training on the proper methods for dealing with the specific needs and problems of students with disabilities, assist students with disabilities on and off the bus when necessary for their safe ingress and egress from the bus; and ensure that protective safety devices are in use and fastened properly.
- D. Emergency Health Information shall be maintained on the school bus for students requiring special transportation service because of their handicapping condition. The information shall state:
 1. the student’s name and address;
 2. the nature of the student’s disabilities;
 3. emergency health care information; and

4. the names and telephone numbers of the student's physician, parents, guardians, or custodians, and some person other than the student's parents or custodians who can be contacted in case of an emergency.

IX. SCHOOL DISTRICT VEHICLE MAINTENANCE STANDARDS

- A. All school vehicles shall be maintained in safe operating conditions through a systematic preventive maintenance and inspection program adopted or approved by the school district.
- B. All school vehicles shall be state inspected in accordance with legal requirements.
- C. A copy of the current daily pre-trip inspection report must be carried in the bus. Daily pre-trip inspections shall be maintained on file in accordance with the school district's record retention schedule. Prompt reports of defects to be immediately corrected will be submitted.
- D. Daily post-trip inspections shall be performed to check for any children or lost items remaining on the bus and for vandalism.

X. SCHOOL TRANSPORTATION SAFETY DIRECTOR

The school board has designated an individual to serve as the school district's school transportation safety director. The school transportation safety director shall have day-to-day responsibility for student transportation safety, including transportation of nonpublic school children when provided by the school district. The school transportation safety director will assure that this policy is periodically reviewed to ensure that it conforms to law. The school transportation safety director shall certify annually to the school board that each school bus driver meets the school bus driver training competencies required by Minn. Stat. § 171.321, Subd. 4. The transportation safety director also shall annually verify or ensure that the private contractor utilized by the school has verified the validity of the driver's license of each employee who regularly transports students for the school district in a type A, B, C, or D school bus, type III vehicle, or MFSAB with the National Driver Register or the Department of Public Safety. Upon request of the school district superintendent or the superintendent of the school district where nonpublic students are transported, the school transportation safety director also shall certify to the superintendent that students have received school bus safety training in accordance with state law. The name, address and telephone number of the school transportation safety director are on file in the school district office. Any questions regarding student transportation or this policy may be addressed to the school transportation safety director.

XI. STUDENT TRANSPORTATION SAFETY COMMITTEE

The school board may establish a student transportation safety committee. The chair of the student transportation safety committee is the school district's school transportation

safety director. The school board shall appoint the other members of the student transportation safety committee. Membership may include parents, school bus drivers, representatives of school bus companies, local law enforcement officials, other school district staff, and representatives from other units of local government.

- Legal References:**
- Minn. Stat. § 122A.18, Subd. 8 (Board to Issue Licenses)
 - Minn. Stat. § 123B.03 (Background Check)
 - Minn. Stat. § 123B.42 (Textbooks; Individual Instructor or Cooperative Learning Material; Standard Tests)
 - Minn. Stat. § 123B.88 (Independent School Districts; Transportation) Minn. Stat. § 123B.885 (Diesel School Buses; Operation of Engine; Parking)
 - Minn. Stat. § 123B.90 (School Bus Safety Training)
 - Minn. Stat. § 123B.91 (School District Bus Safety Responsibilities)
 - Minn. Stat. § 144.057 (Background Studies on Licensees and Other Personnel)
 - Minn. Stat. Ch. 169 (Traffic Regulations)
 - Minn. Stat. § 169.011, Subds. 15, 16, and 71 (Definitions)
 - Minn. Stat. § 169.02 (Scope)
 - Minn. Stat. § 169.443 (Safety of School Children; Bus Driver's Duties) Minn. Stat. § 169.446, Subd. 2 (Driver Training Programs)
 - Minn. Stat. § 169.451 (Inspecting School and Head Start Buses; Rules; Misdemeanor)
 - Minn. Stat. § 169.454 (Type III Vehicle Standards)
 - Minn. Stat. § 169.4582 (Reportable Offense on School Buses)
 - Minn. Stat. §§ 169A.25-169A.27 (Driving While Impaired)
 - Minn. Stat. § 169A.31 (Alcohol-Related School Bus or Head Start Bus Driving)
 - Minn. Stat. §§ 169A.50-169A.53 (Implied Consent Law)
 - Minn. Stat. § 171.02, Subds. 2, 2a, and 2b (Licenses; Types, Endorsements, Restrictions)
 - Minn. Stat. § 171.168 (Notification of Conviction for Violation by a Commercial Driver)
 - Minn. Stat. § 171.169 (Notification of Suspension of License of Commercial Driver)
 - Minn. Stat. § 171.321 (Qualifications of School Bus Driver)
 - Minn. Stat. § 171.3215, Subd. 1(c) (Canceling Bus Endorsement for Certain Offenses)

- Cross References:**
- Minn. Stat. § 181.951 (Authorized Drug and Alcohol Testing)
 - Minn. Stat. Ch. 245C (Human Services Background Studies)
 - Minn. Stat. § 609.02 (Definitions)
 - Minn. Rules Parts 7470.1000-7470.1700 (School Bus Inspection)

49 C.F.R. § 383.31 (Notification of Convictions for Driver Violations) 49 C.F.R. § 383.33 (Notification of Driver’s License Suspensions)
 49 C.F.R. § 383.5 (Transportation Definitions)
 MSBA/MASA Model Policy 416 (Drug and Alcohol Testing)
 MSBA/MASA Model Policy 506 (Student Discipline)
 MSBA/MASA Model Policy 515 (Protection and Privacy of Pupil Records)
 MSBA/MASA Model Policy 707 (Transportation of Public Students) MSBA/MASA Model Policy 708 (Transportation of Nonpublic Students) MSBA/MASA Model Policy 710 (Extracurricular Transportation)

Adopted: May 23, 1995
 Revised: November 14, 1995
 Revised: May 14, 1996
 Revised: January 14, 1997
 Revised: April 8, 1997
 Revised: September 23, 1997
 Revised: May 23, 2000
 Revised: November 14, 2000
 Revised: August 28, 2001
 Revised: May 24, 2005
 Revised: September 15, 2005
 Revised: December 8, 2009
 Revised: August 9, 2011
 Revised: November 13, 2012
 Revised: July 15, 2014
 Revised: January 20, 2015
 Reviewed: April 19, 2016
 Revised: October 18, 2016

PRINCETON PUBLIC SCHOOLS**EXTRACURRICULAR TRANSPORTATION****I. PURPOSE**

The purpose of this policy is to make clear to students, parents, and staff the school district's policy regarding extracurricular transportation.

II. GENERAL STATEMENT OF POLICY

The determination as to whether to provide transportation for students, spectators, or participants to and from extracurricular activities shall be made solely by the school district administration. This determination shall include, but is not limited to, the decision to provide transportation, the persons to be transported, the type or method to be utilized, all transportation scheduling and coordination, and any other transportation arrangements or decisions. Employees who are involved in extracurricular activities shall be advised by the administration as to the transportation arrangements made, if any.

III. ARRANGEMENT OF EXTRACURRICULAR TRANSPORTATION

School district employees shall not undertake independent arrangement, scheduling, or coordination of transportation for extracurricular activities unless specifically directed or approved by the school district administration. All transportation arrangements made by a school district employee must be approved by a building administrator. If the school district makes no arrangements for extracurricular transportation, students who wish to participate are responsible for arranging for or providing their own transportation.

IV. NO EMPLOYEE TRANSPORTATION OF STUDENTS WITH PERSONAL VEHICLES

An employee must not use a personal vehicle to transport one or more students except as provided herein. However, employees may make appropriate transportation arrangements for students as necessary in an emergency or other unforeseeable circumstance.

In a nonemergency situation, an employee must get prior, written approval from the administration before transporting a student in a personal vehicle. If a school vehicle is available, the employee will use the school vehicle. The administration has the sole

discretion to make a final determination as to the appropriate use of a personal vehicle to transport one or more students.

If any emergency transportation arrangements are made by employees pursuant to this section, the relevant facts and circumstances shall be reported to the administration as soon thereafter as practicable.

All vehicles used to transport students shall be properly registered and insured. In its discretion, the school district may charge fees for transportation of students to and from extracurricular activities conducted at locations other than school, where attendance

Legal References: Minn. Stat. § 123B.36 (Authorized Fees)
 Minn. Stat. § 169.011, Subd. 71(a) (Definition of a School Bus)
 Minn. Stat. § 169.454, Subd. 13 (Type III Vehicle Standards – Exemption)

Cross References: MSBA/MASA Model Policy 610 (Field Trips)
 MSBA/MASA Model Policy 709 (Student Transportation Safety Policy)
 MSBA Service Manual, Chapter 2, Transportation

Adopted: August 28, 2001

Revised: April 22, 2008

Revised: March 9, 2009

Revised: November 18, 2014

Reviewed: April 19, 2016

Reviewed: October 18, 2016

PRINCETON PUBLIC SCHOOLS

VIDEO RECORDING ON SCHOOL VEHICLES-BUSES

I. PURPOSE

The transportation of students to and from school is an important function of the school district, and transportation by the school district is a privilege and not a right for an eligible student. The behavior of students **and employees** on the bus/van is a significant factor in the safety and efficiency of school transportation. Student **and employee** misbehavior increases the potential risks of injury. Therefore, the school district believes that videotaping student passengers **and employees** on the school vehicles will encourage good behavior and, as a result, promote safety. The purpose of this policy is to establish a school bus videotaping system.

II. GENERAL STATEMENT OF POLICY

A. Placement

1. The school district will begin to equip each and every school bus owned, leased, contracted and/or operated by the school district with a fully-enclosed box for placement and operation of a video camera and conspicuously placed signs notifying riders that their conversations or actions may be recorded on tape.
2. A video camera will not necessarily be installed in each and every school vehicle owned, leased, contracted and/or operated by the school district, but cameras may be rotated from vehicle to vehicle without prior notice to students.
3. Video cameras will be placed on a particular school vehicle, to the extent possible, where the school district has received complaints of inappropriate behavior.

B. Use of Videotape

1. A videotape of the actions of student passengers **and/or employees** may be used by the school district as evidence in any disciplinary action brought against any student **or employee**, arising out of the student's **or employee's** conduct on the vehicle.

2. A videotape will be released to the public only in conformance with the Minnesota Government Data Practices Act, Minn. Stat. Ch. 13 and the Family Educational Rights and Privacy Act, 20 U.S.C. §1232g and the rules and/or regulations promulgated there under.
3. Videotapes will be viewed by school district personnel on a random basis and/or when discipline problems on the bus have been brought to the attention of the school district.
4. A videotape will be retained by the school district for a period of six (6) weeks, or until the conclusion of disciplinary proceedings in which the video tape is used for evidence.

Legal References: Minn. Stat. Ch. 13 (Minnesota Government Data Practices Act)
 Minn. Stat. § 121A.585 (Notice of Recording Device)
 Minn. Rules Parts 1205.0100-1205.2000
 20 U.S.C. § 1232g (Family Educational Rights and Privacy Act)
 34 C.F.R. Secs. 99.1-99.67

Cross References: [MSBA/MASA Model Policy 403 \(Discipline, Suspension, and Dismissal of School District Employees\)](#)
[MSBA/MASA Model Policy 406 \(Public and Private Personnel Data\)](#)
[MSBA/MASA Model Policy 502 \(Search of Student Lockers, Desks, Personal Possessions, and Student's Person\)](#)
 MSBA/MASA Model Policy 506 (Student Discipline)
 MSBA/MASA Model Policy 515 (Protection and Privacy of Pupil Records)
 MSBA/MASA Model Policy 709 (Student Transportation Safety Policy)
[MSBA/MASA Model Policy 712 \(Video Surveillance Other Than on Buses\)](#)
 MSBA Service Manual, Chapter 2, Transportation

Adopted: March 13, 2007

Revised: April 19, 2016

Revised: October 18, 2016

PRINCETON PUBLIC SCHOOLS

VIDEO SURVEILLANCE OTHER THAN ON BUSES

[See Model Policy 711 for Video Recording on School Buses]

I. PURPOSE

Maintaining the health, welfare, and safety of students, staff, and visitors while on school district property and the protection of school district property are important functions of the school district. The behavior of individuals who come on to school property is a significant factor in maintaining order and discipline and protecting students, staff, visitors, and school district property. The school board recognizes the value of video/electronic surveillance systems in monitoring activity on school property in furtherance of protecting the health, welfare, and safety of students, staff, visitors, and school district property.

II. GENERAL STATEMENT OF POLICY

A. Placement

1. School district buildings and grounds may be equipped with video cameras.
2. Video surveillance may occur in any school district building or on any school district property.
3. Video surveillance will normally not be used in bathrooms or locker rooms, although these areas may be placed under surveillance by individuals of the same sex as the occupants of the bathrooms or locker rooms. Video surveillance in bathrooms or locker rooms will only be utilized in extreme situations, with extraordinary controls, and only as expressly approved by the superintendent.

B. Use of Video Recordings

1. Video recordings will be viewed by school district personnel on a random basis and/or when problems have been brought to the attention of the school district.
2. **A video recording of the actions of students and/or employees may be used by the school district as evidence in any disciplinary action brought against any student or employee arising out of the student's or employee's**

conduct in school district buildings or on school grounds.

3. A video recording will be released only in conformance with the Minnesota Government Data Practices Act, Minn. Stat. Ch. 13, and the Family Educational Rights and Privacy Act, 20 U.S.C. § 1232g, and the rules and/or regulations promulgated thereunder.

C. Security and Maintenance

1. The school district shall establish appropriate security safeguards to ensure that video recordings are maintained and stored in conformance with the Minnesota Government Data Practices Act, Minn. Stat. Ch. 13, and the Family Educational Rights and Privacy Act, 20 U.S.C. § 1232g, and the rules and/or regulations promulgated thereunder.
2. The school district shall ensure that video recordings are retained in accordance with the school district's records retention schedule.

Legal References: Minn. Stat. Ch. 13 (Minnesota Government Data Practices Act)
Minn. Stat. § 121A.585 (Notice of Recording Device)
Minn. Stat. § 138.17 (Government Records; Administration)
Minn. Stat. § 609.746 (Interference with Privacy)
20 U.S.C. § 1232g (Family Educational Rights and Privacy Act)
34 C.F.R. §§ 99.1-99.67 (Family Educational Rights and Privacy)

Cross References: [Princeton Policy 403 \(Disciplines, Suspension, and Dismissal of School District Employees\)](#)
[Princeton Policy 406 \(Public and Private Personnel Data\)](#)
Princeton Policy 502 (Search of Student Lockers, Desks, Personal Possessions, and Student's Person)
Princeton Policy 506 (Student Discipline)
Princeton Policy 515 (Protection and Privacy of Pupil Records)
Princeton Policy 709 (Student Transportation Safety Policy)
Princeton Policy 711 (Video Recording on School Buses)
MSBA Service Manual, Chapter 2, Transportation

Adopted: August 9, 2011
Revised: October 18, 2016

PRINCETON PUBLIC SCHOOLS

FUND BALANCES

I. PURPOSE

The purpose of this policy is to create new fund balance classifications to allow for more useful fund balance reporting and for compliance with the reporting guidelines specified in Statement No. 54 of the Governmental Accounting Standards Board (GASB).

II. GENERAL STATEMENT OF POLICY

The policy of this school district is to comply with GASB Statement No. 54. To the extent a specific conflict occurs between this policy and the provisions of GASB Statement No. 54, the GASB Statement shall prevail.

III. DEFINITIONS

- A. “Assigned” fund balance amounts are comprised of unrestricted funds constrained by the school district’s intent that they be used for specific purposes, but that do not meet the criteria to be classified as restricted or committed. In funds other than the general fund, the assigned fund balance represents the remaining amount that is not restricted or committed. The assigned fund balance category will cover the portion of a fund balance that reflects the school district’s intended use of those resources. The action to assign a fund balance may be taken after the end of the fiscal year. An assigned fund balance cannot be a negative number.
- B. “Committed” fund balance amounts are comprised of unrestricted funds used for specific purposes pursuant to constraints imposed by formal action of the school board and that remain binding unless removed by the school board by subsequent formal action. The formal action to commit a fund balance must occur prior to fiscal year end; however, the specific amounts actually committed can be determined in the subsequent fiscal year. A committed fund balance cannot be a negative number.
- C. “Enabling legislation” means legislation that authorizes a school district to assess, levy, charge, or otherwise mandate payment of resources from external providers and includes a legally enforceable requirement that those resources be used only for the specific purposes listed in the legislation.
- D. “Fund balance” means the arithmetic difference between the assets and liabilities reported in a school district fund.

- E. “Non-spendable” fund balance amounts are comprised of funds that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. They include items that are inherently un-spendable, such as, but not limited to, inventories, prepaid items, long-term receivables, non-financial assets held for resale, or the permanent principal of endowment funds.
- F. “Restricted” fund balance amounts are comprised of funds that have legally enforceable constraints placed on their use that either are externally imposed by resource providers or creditors (such as through debt covenants), grantors, contributors, voters, or laws or regulations of other governments, or are imposed by law through constitutional provisions or enabling legislation.
- G. “Unassigned” fund balance amounts are the residual amounts in the general fund not reported in any other classification. Unassigned amounts in the general fund are technically available for expenditure for any purpose. The general fund is the only fund that can report a positive unassigned fund balance. Other funds would report a negative unassigned fund balance should the total of non-spendable, restricted, and committed fund balances exceed the total net resources of that fund.
- H. “Unrestricted” fund balance is the amount of fund balance left after determining both non-spendable and restricted net resources. This amount can be determined by adding the committed, assigned, and unassigned fund balances.

IV. CLASSIFICATION OF FUND BALANCES

The school district shall classify its fund balances in its various funds in one or more of the following five classifications: non-spendable, restricted, committed, assigned, and unassigned.

V. MINIMUM FUND BALANCE

The school district will strive to maintain a minimum unassigned general fund balance of 10 percent of the annual budget.

VI. ORDER OF RESOURCE USE

If resources from more than one fund balance classification could be spent, the school district will follow the approved district plan for each of the areas (Capital, Assigned, Deferred, Health and Safety, Etc.,) If there is no plan the district will strive to spend resources from the fund balances classifications in the following order (First to Last): Restricted, Committed, Assigned, and unassigned.

VII. COMMITTING FUND BALANCE

A majority vote of the school board is required to commit a fund balance to a specific purpose and subsequently to remove or change any constraint so adopted by the board.

VIII. ASSIGNING FUND BALANCE

The school board, by majority vote, may assign fund balances to be used for specific purposes when appropriate. The board also delegates the power to assign fund balances to the following: Superintendent or Director of Business Services. Assignments so made shall be reported to the Finance Committee and/or school board on a quarterly basis, either separately or as part of ongoing reporting by the assigning party if other than the school board.

An appropriation of an existing fund balance to eliminate a projected budgetary deficit in the subsequent year's budget in an amount no greater than the projected excess of expected expenditures over expected revenues satisfies the criteria to be classified as an assignment of fund balance.

IX. REVIEW

The school board will conduct an annual review of the sufficiency of the minimum unassigned general fund balance level.

Legal References: Statement No. 54 of the Governmental Accounting Standards Board

Cross References: MSBA Service Manual, Chapter 7, Education Funding

Adopted: May 24, 2011
Revised: November 12, 2013
Revised: May 19, 2015
Reviewed: October 18, 2016

PRINCETON PUBLIC SCHOOLS

VENDING MACHINES

I. PURPOSE

The purpose of this policy is to establish procedures to govern vending machines installed in school facilities in the school district.

II. GENERAL STATEMENT OF POLICY

It is the policy of the school district to contract for, supervise, maintain, and account for the proceeds from vending machines located in school facilities in a manner that is fair, that maximizes the revenues from those machines, that allows those revenues to be included in the budget of the facility in which they are generated, and that establishes controls to avoid fraud, theft, or the appearance of impropriety.

III. AUTHORIZATION

Automatic vending machines for the dispensing of food, beverages, or other approved items are authorized in any school facility in the school district provided that all contracts for such vending machines must be approved by the school board as provided in this policy.

IV. SUPERVISION; APPROVAL; LOCATION

- A. All vending machines shall be under the supervision of the school principal or other person in charge of the facility in which the machine is located. That administrator shall be responsible to supervise the machine in compliance with this policy and any applicable laws.
- B. The items to be dispensed from a vending machine located in a school facility shall be approved by the principal or other person in charge of that facility. All food, beverages, or other items approved shall be appropriate to the school setting. Machines dispensing cigarettes or tobacco products are not authorized under any circumstances. In the event a written complaint is filed with the superintendent regarding the approval or disapproval of any item, the school board, after proper review, shall make the final determination.
- C. Vending machines may be approved that will dispense items only during certain hours, through the use of timers or otherwise. Vending machines should not be operated in competition with the school cafeteria or food service. The principal or other person in charge of the school facility may regulate the hours of operation of any machine.

- D. Vending machines shall be located to meet any applicable building, fire, or life/safety codes and to provide convenience of operation, accessibility, and ease of maintenance. The principal or other person in charge of the facility shall review the location of each machine with appropriate maintenance and food service staff.

V. CONTRACT APPROVAL

- A. All contracts for the purchase or rental of vending machines shall be considered by the school board on a facility-by-facility basis.
- B. If it is estimated that the aggregate receipts from all vending machines located in a school facility will be \$10,000 or more in a fiscal year, the contract for any vending machine in that facility must be awarded after the receipt of sealed bids and compliance with Minn. Stat. § 123B.52.
- C. If it is estimated that the aggregate receipts from all vending machines located in a school facility will be less than \$10,000 in a fiscal year, the contract for any vending machine in that facility may be awarded after the receipt of two or more quotations after taking into consideration conformity with the specifications, terms of delivery, other conditions imposed in the call for quotations, and compliance with Minn. Stat. § 123B.52.
- D. The contracting process shall be conducted in compliance with Minn. Stat. § 123B.52. A copy of this policy shall be included in any specifications or request for proposals or quotations. A record shall be kept of all bids or quotations received with the names, amounts, and successful bidder indicated. All bids and quotations shall be kept on file as a public record for a period of at least one year after their receipt.
- E. Any bid or quotation must specify all commissions to be paid from the machine and any other noncommission amounts to be paid as a result of the award of the contract. The noncommission amounts include, but are not limited to, cash payments, in-kind payments, equipment donations, scholarship contributions, bonus payments, or other payments or contributions of any kind or nature. The noncommission amounts shall be reduced to a cash equivalency and shall be specified on the bid or quotation as an additional amount to be paid for the award of the contract.

- F. If a contract contains a provision allowing exclusivity, such as all machines in the building carrying only a certain manufacturer's brand of pop, that provision must be reviewed by the administration prior to requesting bids or quotations to ensure that it does not conflict with other contracts of the school district.
- G. All contracts for vending machines must be approved by the school board. Any contract not made in compliance with this policy shall be void. Any district employee signing an unauthorized contract may be subject to personal liability thereon and may be disciplined for said action.
- H. All vending machines are to be installed at the expense of the facility in which located. All financial responsibility for the maintenance and repair of machines shall remain with the individual facility in which located to the extent not addressed in the contract.
- I. No teacher, administrator, school district employee, or school board member shall be interested, directly or indirectly, in a vending machine contract with the school district or personally benefit financially therefrom.

VI. ACCOUNTING

- A. Proceeds from vending machine sales and contracts shall be under the control of the school board, shall be accounted for in one of the regular school district funds, and must be accounted for and reported in compliance with UFARS.
- B. An amount equal to the amount of the proceeds from the machines in each facility shall be included in the budget of the facility in which the proceeds are generated. That amount may be expended in accordance with established expenditure procedures.
- C. Pursuant to the vending machine contract or otherwise, proper auditing and inventory control procedures shall be established to ensure that commissions are being correctly calculated and paid. These controls must include daily, weekly, or other periodic inventories and written reconciliations of variances between inventory and cash. Each time cash is removed from, or inventory is added to a machine, a written reconciliation between cash and inventory must be performed by the person taking the cash from the machine and must be signed by the principal or other person in charge of the facility. The original written reconciliation reports shall be filed with the business office monthly and a copy shall be retained by the principal's office.

Legal References: Minn. Stat. § 123B.20 (Dealing in Supplies)
Minn. Stat. § 123B.52 (Contracts)
Minn. Stat. § 471.345 (Contracts)
Minn. Stat. § 471.87 (Conflict of Interest)

Cross References: Policy 210 (Conflict of Interest – School Board Members)
Policy 702 (Accounting)

Adopted: November 25, 2003
Revised: October 26, 2010
Revised: April 19, 2016
Reviewed: October 18, 2016

PRINCETON PUBLIC SCHOOLS

FACILITY USE

Policy

It is the policy of Independent School District 477 to make the use of school facilities available primarily by citizens of the district. The implementation of this policy requires both individual and community cooperation. School facility rules and regulations under this policy apply to all property owned and managed by the school district and are in effect at all times when the school property is not in use for regular educational programs.

Administration

The administration, through the Community Education Department, will develop and execute appropriate guidelines for the use of school facilities.

Scheduling

Community Education processes requests for use of all district facilities before and after the regular school day, as well as weekends and vacations. Individuals or groups interested in using school facilities should make such requests through Community Education, which will determine the availability and appropriate usage of the facilities.

District Facilities are available for use according to the following hours of operation.

District Center	Mon. - Fri.	6am - 10:30 pm		
Family Center	Mon.- Fri.	6am -10:30 pm		
Primary School	Mon. - Fri.	6am - 10:30 pm	Sat. 8am - 4pm	Sun. 12pm - 4pm
Intermediate School	Mon. - Fri.	6am - 10:30 pm		
Middle School	Mon. - Fri.	6am - 10:30 pm	Sat. 8am - 4pm	Sun. 12pm - 4pm
High School	Mon. - Fri.	6am - 10:30 pm	Sat. 8am - 4pm	Sun. 12pm - 4pm

Sunday usage would require a Site Supervisor to oversee practice events. Custodial coverage is required for all public performances and games. Sunday rentals are based on an hourly rate only. Usage outside of these hours of operation may be requested and additional staffing charges will be incurred based on needs.

Class 1 (District sanctioned events) will absorb additional costs for events held outside of the building hours of operation.

Classes 2-4 Will absorb additional costs based on needs.

Designated Contract Holidays

Labor Day*

Memorial Day*

Presidents Day*

Christmas Eve

Christmas Day

Thanksgiving Day

Day-after Thanksgiving*

New Years Eve*

New Years Day

Independence Day Good

Friday*

Other Dates - to be determined

***Exceptions:**

District sponsored practice type events must have a designated school employee responsible for supervision of attendees and securing school buildings on the following Designated Contract Holidays:

1. Labor Day
2. Memorial Day
3. Presidents Day
4. Day-After Thanksgiving
5. New Years Eve
6. Good Friday

All events held on these days must follow the requirements outlined below:

1. Practice & Scrimmage type events are allowed.
2. Games or Performances are not allowed.
3. Princeton High School & Middle School are the only buildings available for access on these days.
4. Only events with a valid Facility Use Permit issued by the Community Education are allowed on these days.
5. The holder of the permit is responsible for securing the High School during and at the conclusion of the event.
6. Onsite Supervisors must be trained in securing the building.
7. Any expenses incurred by the district (i.e. alarm fees, damages, staff expenses or other costs) as a result of these events will be billed to the event.

8. Program or events that do not comply with these guidelines will be denied the privilege of further building use on these designated contract holidays.

Any party found to be using district facilities without a facility use permit issued by the Community Education Department will be charged for the time used and may be charged a \$100 fee per instance of unauthorized usage.

Sponsored events or activities are defined as individual programs or activities in which the district or a recognized supporting organization directly and completely coordinates, funds, plans, and operates.

Co-sponsored events or activities are defined as individual programs or activities in which the district or a recognized supporting organization, through a joint arrangement with another agency, organization or individual, assists in one or more of the following ways: coordinating, funding, planning or operating.

The district reserves the right to cancel or postpone any activity due to conflict, disregard of policies, or other uncontrollable circumstances, including Class I activities. Wednesday evenings are designated as Activity-Free for students in the district. School authorities will schedule and/or plan all District Sponsored E-12 student programs or meetings must conclude before 6:00 p.m. on Wednesday. Certain Community Education sponsored events may take place at this time. Facilities may be rented to groups on Wednesdays after 6:00pm.

Should the need to schedule events (i.e. games, performances etc.) at these times be unavoidable, special request must be completed and submitted to the Director of Community Education and Superintendent. If approved, a Facility Use permit will be issued for the event.

Only events with a valid Facility Use Permit issued by the Community Education are allowed at these times. Program or events that do not follow these guidelines will be denied the privilege of further building use at these times.

User Group Classifications

The Superintendent, or his/her designee, has the authority to alter the fees for the use of Princeton Public Schools facilities and equipment. However, in no instance will the school district incur additional expenses to accommodate a request for facility use (i.e., direct custodial costs).

To make maximum use of school facilities with minimum conflict, it is necessary to arrange groups on a priority basis. Groups using the facilities are classified as 1 through 4, with Class 1 having highest priority for use when developing the annual master calendar. Thereafter, priority is on a first-come, first-served basis.

The classification of the group or organization is determined by its status and activity. The

following classification criteria, listed in priority order, should be followed for the use of all facilities. Examples of users in each classification have been listed.

CLASS 1 - DISTRICT SANCTIONED EVENTS

All directly related school activities and events such as musical events, athletic events, school productions, All-Night Senior Class Party, staff meetings, and community education activities. Any direct personnel, equipment costs or damages may be assessed to the activity. Any student meetings or booster club non-event meetings are also included in class 1. Outside local agencies wishing to use district conference rooms during hours of operations will not incur a charge.

No Rental Cost

CLASS 2 - LOCAL NONPROFIT GROUPS & PUBLIC AGENCIES

Public Agencies, School Booster Organizations major events, youth nonprofit organizations and nonprofit civic and service groups with nonprofit tax status. (Non-Profit Filing Number issued by the Secretary of State is required.)

Any direct personnel, equipment costs or damages may be assessed to the activity.

Rate: 30% of established Rental Rate or by alternate agreement for youth activities.

CLASS 3 - RESIDENT INDIVIDUALS AND GROUPS

Individuals, groups or organizations that have headquarters within the boundaries of District 477. Any direct personnel, equipment costs or damages may be assessed to the activity.

Rate: 60% of established Rental Rate.

CLASS 4 - OUT-OF-DISTRICT GROUPS

Nonresidents whose headquarters are outside the Princeton School District boundaries. Any direct personnel, equipment costs or damages may be assessed to the activity.

Rate: 100% of established Rental Rate

Application Procedure

1. A person requesting use of district facilities or grounds will obtain a School Facility Use Application from the Community Education Office. Applications are available on the district web page under Community Education/Facility Use Application.

2. Complete Facility Use Application and include a \$15 non-refundable Application Fee payable to District 477. Return it to the Community Education Office either by mail or in person at least 10 working days in advance of the proposed date(s) of usage. District Sanctioned Events need not include Application Fee.
3. Community Education staff will review the form, complete the approval section, and establish costs according to the Facility Use Policy.

Facility Use Application will be reviewed to:

- A. Determine availability and appropriate facility to meet the request (including personnel and equipment, if applicable).
 - B. Determine the requester's classification.
 - C. Determine estimated cost of application.
 - D. Determine method of fee collection.
4. When these criteria have been determined, a confirmation (Facility Use Permit) will be prepared and emailed to applicant and other parties that may be impacted such as the Building Principal, Buildings and Grounds Coordinator, PAC Manager (when PAC is reserved) and Custodian at the facility being used.
 5. External applicants will be informed through Facility Use Permit after the Community Education Office completes approval. Internal applicants receive booking into requested facility unless conflicts exist. (Permits may not be issued to internal applicants for routine facility use.) Community Education will prepare billings for charges or fees pursuant to this policy.
 6. If the request is to be denied, the requester needs to be informed with reason(s).

They may appeal by calling, writing or meeting with the community education director. If the director upholds the decision, the requester can appeal to the superintendent, who will review the request and make a final decision.
 7. Facilities calendar is available on the district website under community education for building principal, buildings and grounds coordinator, lead building custodian and general public.
 8. Requests for use of school grounds or equipment will utilize the same procedures and applicants will complete a similar form.

Application Fee

A \$15 nonrefundable Application Fee payable to District 477 for all external rental groups or individuals will be submitted along with each use Facility Use Application before an application is processed.

A \$10 non-refundable rescheduling fee is charged for each revision of an existing permit.

Cancellations & No Shows

Changes, additions or cancellations must be made through the Community Education Department at least seven working days in advance of scheduled use to receive a refund. Application fees will not be refunded for any reason. Any direct costs already incurred on the user's behalf must be paid in full.

No-Shows will be responsible for all estimated charges and will be assessed a \$50 No-Show fee. All charges for No-Shows must be paid prior to further use of facilities.

Indemnification and Liability Insurance

1. All organizations (including an individual, informal groups, commercial entities, political subdivisions, and nonprofit entities regardless of legal status) must agree to indemnify and hold harmless the district, its officers and employees against any and all losses, claims, damages or liability to which the organization, its officers, or participants may become subject in connection with the conduct of any activity on the premises by the authorized organization. All organizations must agree to reimburse the district, its officers and employees in connection with defending any actions relating thereto.
2. All commercial and nonprofit organizations that are legally established within the State of Minnesota are required to furnish a yearly certificate confirming liability insurance in the minimum amounts of \$1,000,000 for combined single limit for bodily injury and \$1,500,000 property damage.

General Rules and Regulations

1. All permits are revocable and are not considered as a lease. The School Board or its authorized agent may reject any applications or cancel any permit. It may be necessary, on occasion, to pre-empt usage for school requirements. Any rejection, revocation, cancellation, or preemption of any application/permit must have the approval of the community education director with notification to the user within 48 hours or sooner, if possible.

2. The district will attempt to provide equity in the use of its facilities after regular school sponsored uses. Generally those organizations of the school will have first priority.
3. A school district employee capable of providing for the security of the school facility and for service to the user must be on duty as "site supervisor" whenever building facilities are being used. The "school district employee" under this policy shall be limited to: custodian, Community Education building staff, and co-curricular supervisors during the time they are supervising students assigned to their co-curricular assignment. Cost for the school district employee and other charges may be billed to the user.
4. Permits are nontransferable and are restricted to the stated hours and intended use of the facility as stated on the Facility Use Permit. The requester is responsible for notifying Community Education when their group wants to make changes to a confirmed permit.
5. Permit holders are responsible for providing competent and adequate supervision for all activities at all times. Children will have adult supervision at all times. Failure to do so may result in a Community Education employee being assigned such supervision responsibilities at the user's expense. A school district employee will supervise the operation of the facilities but not be required to supervise a group or its activities.
6. The use of school district-owned equipment for private purposes either on or off school property is prohibited without predetermined use of district property being included in the facilities use contractual agreement.
7. Any apparatus or other equipment moved into the building must have prior approval and must be removed promptly so as not to interfere with the E -12 school program.
8. All facilities and grounds of the Princeton School District are TOBACCO/E-Cig-FREE. Alcohol and other drugs may not be consumed in/on school district properties. Abusive and obscene language will not be tolerated.
9. All local and state ordinances and laws of the police and fire department must be observed.
10. Requester will be responsible for leaving the facilities in the same condition as upon arrival. The requester will be billed for any cleaning, maintenance or repair costs incurred as a result of their use of the facility.
11. The school district is not responsible for lost or stolen items.
12. The school district shall not assume liability or responsibility for any equipment owned or

leased by any permit holder, which is used or stored on school district property. OSHA standards will apply.

13. Any use of recreational, audio-visual, stage lighting, piano or other music or other school equipment must show item approval on the facility use permit prior to use. Competent equipment operators, approved by the administration, must be available; and any charge will be assessed to the permit holder.
14. The School Board reserves the right to refuse or approve the use of certain school facilities when it determines it would be in the best interest of the community to do so.
15. Any donation or gift solicitation must follow District Policy #706 which requires the submission of the Acceptance of Gifts Form as well as approval by the School Board.

Fees

Community Education will determine the appropriate charges for the use of district facilities based on the following:

1. Classification of the organization or individual requesting use
2. Nature of the activity
3. Size of the facility necessitated by the activity
4. Personnel costs
5. Equipment
6. Fee schedule

Class 1 users will not be charged facility use fees. However, all classes of users may be charged a standard hourly rate for additional costs (equipment, personnel, etc.). Requester will be responsible for leaving the facilities in the same condition as upon arrival. The requester will be billed for any cleaning, maintenance or repair costs incurred as a result of their use of the facility. Facility users will be billed for overtime pay for district employees on designated holidays.

Payment Procedures

Facility Use Application Fee (\$15) is due at the time the application is submitted. This fee is non-refundable any circumstances.

A payment of 50% of the estimated charges is due upon receipt of contract or permit. Facility Use charges of \$20 or less are due in full at this time. Remaining charges will be billed monthly and must be paid within 30 days. A late charge of \$20 will be assessed if the bill is overdue.

Checks are to be made payable to District 477. Failure to pay will result in future permits being

denied. If personnel services are necessary, the hours will be verified and the user charged accordingly.

A deposit may be required for any or all groups at the discretion of the Community Education Department.

Supervision

Building custodial personnel or designated site supervisor will supervise the use of facilities. Community Education will inform the facility user and building custodian of the rules and regulations specific to each facility.

The district reserves the right to require police supervision at any event as deemed necessary by the administration or Community Education. The requester will pay for the police supervision.

Overnight Use

Overnight stays by local groups are not encouraged but are permitted by the district. Facilities may be used to house out-of-town visitors for a one-time use under the following conditions:

1. The district will require a district employee or a paid supervisor to be assigned to the building during use.
2. The visiting agency or group will have a roster of all participants available at all times.
3. No heating appliances of any type will be allowed (hot plates, hair dryers) except in those areas so designated (kitchen, restrooms).
4. The requester/supervisor must be present at all times while the activity is in session. This requester/supervisor will be provided at no cost to the district. No one will be admitted to the facility until the requester/supervisor is present. The group will assume liability for any accidents that occur on the facilities during the time school grounds and buildings are in use.

Food, Alcoholic Beverages and Tobacco

Food and beverages are permitted in designated areas only. The use of alcoholic beverages or illegal drugs in any form is prohibited. All district facilities and grounds are tobacco-free/E-Cig free.

Emergency Procedures

The district reserves the right to cancel facility use if required by weather conditions. Local media stations and district website will carry announcements of school closing and, when possible, Community Education will notify the facility user.

Damages and Maintenance

Any person found willfully damaging or defacing property belonging to the district shall be held responsible for the replacement or repair of such property and all costs shall be the obligation of the offender. Criminal charge may be filed against the offender.

If the individual offender is not known, the group/requester is liable for damages and costs. If the group refuses to make payment, it will not be allowed to use district facilities again.

Performing Arts Center (PAC)

The PAC may be used for purposes and activities appropriate to the facility. Groups requesting use of an auditorium will need to list in detail their equipment needs when making a request. School principals or appropriate administrator will verify all requests for PAC use by internal users. No food or beverages allowed in the Performing Arts Center.

Requester is required to check permanent equipment at start of usage to determine any previous damage with PAC Director and designee. Such damage is to be documented on Walk-Through form and shown to the PAC Director and designee. If requestor refuses or fails to complete the walk-through, they will be denied use of the school district facility, as stated on the Walk-Through form. All groups will be held responsible for the cost of replacement of any items damaged, lost or stolen from school district facilities.

Equipment from the PAC such as lights, sound or grand piano may not be taken from the PAC without approval of the PAC Manager or administration. If the grand piano is moved to a location within the high school, it must be moved by no less than two adults and be included in the facility use agreement. Requestor will be charged custodial time and tuning of the piano after it is returned to the PAC stage.

Swimming Pool

Properly certified Lifeguards are required anytime the pool is in use. Community Education will determine proper certification standards for Lifeguards. (Basic standards, current Lifeguard, First Aid & CPR certifications.)

The district will provide certified lifeguards during rentals. In certain long-term relationships the renter may be allowed to provide their own certified lifeguard. Certified personnel must be on duty at all times during the rental. Community Education must grant approval for all Lifeguard personnel and copies of their current Lifeguard, First Aid & CPR certifications must be on file with Community Education.

In-district users are required to have properly certified Lifeguards on duty at all times during pool use. Community Education may assist in providing lifeguards to these users.

Cafeterias - Food Service Guidelines

Use of kitchen facilities and/or equipment before and after the regular school day may be permitted, subject to the following conditions:

1. The Food Service Director will be notified of all functions relating to the use of the kitchen prior to the event. Adequate time must be allowed for appropriate staffing.
2. To maintain a safe and sanitary food production environment, the Minnesota Department of Health recommendations regarding food preparation and storage will be followed.
3. Food and beverages must be served in the cafeteria or other approved lounges or locations within the school buildings.
4. No home baked/cooked foods may be stored, sold, or served in district facilities, except as allowed by Minnesota Statutes, section 157.22.
5. No food may be prepared or warmed outside of licensed food preparation areas.
6. A food service staff member is required when preparing food or using kitchen equipment. Cost of actual hours worked is billed to group requesting kitchen use.
7. The group is responsible for loss of food service inventory when using coolers, milk coolers or freezers for group events.
8. An estimate of fees for personnel and/or use of facilities and equipment will be provided by Community Education prior to the event.
9. Food service personnel may be assigned to supervise the use and clean up of all non production equipment (sinks, warming carts, refrigerator, servicing tables). This employee will be trained and knowledgeable of equipment and sanitation requirements and may remain in the kitchen during the entire event.
10. Dinners and banquets may be catered through the district catering service or by an outside catering service. The Food Service Director must approve any requests for food service.
11. The Food Service Department will collect appropriate fees from the user to pay for food service personnel and equipment supplied for internal users. Community Education will collect appropriate fees from the user to pay for other direct personnel costs for a district

function.

If renters choose to serve food without the use of District Food Services, they must hold a food service license or obtain a concession license through the Minnesota Department of Health and a copy of said licenses must be on file in the Princeton Community Education Services office prior to the first date of the event. The obtained license must also be posted by the food stand during the event.

Community Education will collect all fees aside from food service fees for non district functions (community use).

Classrooms

The public (for purposes and activities appropriate to the facility) may schedule classrooms in elementary and secondary schools for use. Each building will be notified prior to community use to ensure storage of materials. Users will be expected to respect the teacher's and students' equipment, supplies and materials. Users also will be expected to leave the classroom in the same (if not better) condition than they found it.

Equipment

The primary purpose of equipment in a school is education of students by district staff. Requests for equipment may be made with Community Education at the time a facility is reserved. Community Education will include equipment requests on all facility confirmations. Designated personnel will be responsible for the supervision and operation of requested equipment. When a usage cost is involved, the requester will pay the charge. Any loss or damage to district equipment is the full obligation of the requester. Property belonging to the district is not to be removed from the district premises for any reason except when included as part of the facility use agreement.

Media Centers

Media centers may be used for approved use, meetings and quiet study. Materials are to be requested in advance. Materials are not to be removed from the media centers.

Multi-Purpose Rooms and/or Gymnasiums

School gymnasiums and multi-purpose rooms may be used for purposes and activities appropriate to the facility. Gym shoes are required of participants in all active sports and games.

Scheduling Space

Community Education will facilitate all scheduling of gymnasiums and facilities for organized community programs.

Outside Areas

The use of outside areas (football, softball, baseball and soccer fields, tracks, parking lots) will also require completion of the Facility Use Application form.

Organizations using outside areas will be expected to clean up all trash, papers, cups, or anything littering the fields or areas surrounding the fields. Organizations not providing the clean up will be charged for groundskeeper/custodian wages as indicated on the fee schedule.

All outside facilities and grounds of District 477 Schools are TOBACCO-FREE. Alcohol and other drugs may not be consumed in/on school district properties. Abusive and obscene language will not be tolerated.

Community Education may require users to allow a minimum of one-half hour between the end of school activities and the beginning of community user activities, practices and games.

All non district outdoor practices, games and activities may be canceled when it rains to prevent damage to the fields. Community Education may rotate use of fields for aeration, drainage, re-seeding and maintenance. Fields may be fenced off by the Maintenance Department to prevent use. Signs will be posted to prevent trespassing and use.

Revision

The Community Education Director and the School Board Policy Committee will review these administrative guidelines annually. Should revisions be made, the approval of the Superintendent and the Board will be necessary before the changes take effect.

Facility Use Charges

Extra charges for air-conditioning or other special services may be added to these charges.

Class 1: No Rental Charge

Class 2: 30% of established Rental rate

Class 3: 60% of established Rental rate

Facility Types	Hourly Rate
Rates in this section are eligible for class discounts	
Classroom	\$20.00

Cafeteria/HS Commons		\$100.00
Kitchen		\$100.00
Media Center		\$100.00
Hallway		\$20.00
Computer Room		\$200.00
Band Room		\$40.00
Choir Room		\$40.00
Gymnasium (per court)	Intermediate & Primary	\$40.00
Gymnasium (per court)	High School & Middle School	\$60.00
Wrestling Room		\$40.00
Stadium		\$300.00
Track		\$100.00
Swimming Pool	No lifeguards included	\$80.00
Concession Stand		\$20.00
Ballfield		\$20.00
Tennis Court (per court)		\$10.00
Locker Room		\$50.00
Weight Room		\$200.00
Ballfields (tournament use)		\$50.00
PAC- Performance, Tech, Dress Rehearsal Use		\$200.00
PAC- Non-Performance Use		\$100.00

Class 4: 100% of established Rental rate

Additional Fees (Not subject to class discounts)

Lifeguard	\$15 hr., 2-hour minimum
Application Fee	\$15 Non-refundable
Permit Revision Fee	\$10
Building Monitor	\$16/hr., 2-hour minimum
Custodian	\$30/hr., 2-hour minimum
Kitchen Staff	\$25/hr., 2-hour minimum
PAC or Tech Manager	\$30/hr., 2-hour minimum
Additional PAC Tech Student Staff	\$12/hr., 2-hour minimum
Express Application Processing Fee	\$40
(Less than 10 working days prior to event)	
Unapproved Event Fee	\$100
Riser/Platform	\$10/use
Resuscitation Annie	\$35/use
Portable Projection Screen	\$10/use
Overhead or Projector	\$5/use
Piano	\$75/use
Scoreboard	\$5/use

Other Fees

1. Any time custodial services are needed; a custodian will be hired at the assigned rate. If special furniture and/or equipment are used for an activity, an additional custodial charge may also be assessed. The Community Education Director will determine such charge. A damage deposit may also be required.
2. Any time kitchen facilities are used; a facility use charge will be assessed and a kitchen employee assigned to the event will be charged at the assigned rate.
3. Other charges for facilities not identified in this policy will be determined when the request for facility use is made.
4. Additional fees may be charged for services such as police security, ticket takers, field lining (marking), waste removal or additional cleanup.

Cross References:

Princeton Policy 801: Equal Access to School Facilities
Princeton Policy 706: Acceptance of Gifts

Adopted: June 27, 2000
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