

Princeton Public Schools - ISD 477
Tuesday, November 20, 2018 at 6:00 PM
Work Session
District Office Board Room

Our Mission

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

Our Vision

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. REPORTS

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

4. APPROVE AGENDA

5. DISCUSS and ACT on PREVIOUS BOARD MEETING MINUTES 3

6. 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 7
- b. Bills 8
- c. Treasurer's Report 19
- d. Wire Transfers 20
- e. Gifts 21
- f. Event Workers 38
- g. Field Trips 39
- h. Interagency Family Facilitator Services Agreement 50
- i. Fundraisers 53

7. WORK SESSION

- a. Student Services Update 54
- b. Family Center Update 68

c. Audit Presentation	77
d. Health Insurance Update	203
e. Call for Bids for LTFM Projects	204
f. Sherburne County Request for Easement for Walking Trail	205
g. First Reading of Policies	211
8. ACTION	
a. Acceptance of Audit	283
<i>I move to accept the 2017-18 audit that was prepared by Bergen KDV.</i>	
b. Health Insurance Update	389
<i>I move to give administration the authority to add a \$1,700 HSA plan in addition to the current plans that are offered. (200 CMM, 1,000 CMM, 3,375 HSA)</i>	
c. Sherburne County Request for Easement for Walking Trail	390
<i>I move to approve the Temporary Construction Easements for the Walking Trail as presented.</i>	
d. Call for Bids for LTFM Projects	394
<i>I move to call for bids on the Long Term Facilities Maintenance Projects as attached.</i>	
e. Second Reading of Policies	395
<i>I move to accept the second reading of policies as presented.</i>	
9. ADDITIONS TO AGENDA	
10. FUTURE MEETING(S) INFORMATION	
Executive Planning- Dec 12, 4:15pm	
Finance Committee- Dec 18, 4:30pm	
Regular Board Meeting- Dec 18, 6:00pm	
11. MOTION TO CLOSE BOARD MEETING TO DISCUSS OAK LAND PROPERTY	
<i>Pursuant to Minnesota Statutes Section 13D.05, Subdivision 2(b), I move to close the meeting for discussion of Oak Land property.</i>	
12. OPEN MEETING	
13. ADJOURN	
14. INFORMATION	

Call to Order and Pledge of Allegiance

The regular meeting of the School Board of District #477 was called to order by Chair Eric Minks on the **16th day of October, at 6:00 p.m.** in the District Center Board Room.

Roll Call: Members Present: Eric Minks, Howard Vaillancourt, Chad Young, Sue VanHooser, Craig Johnson, Deb Ulm and Eric Strandberg.

Others present: Superintendent Ben Barton, Director of Human Resources Jason Senne, Director of Business Services Michelle Czech, Primary School Principal Sarah Marxhausen, Intermediate School Principal John Beach, Student Council Representative, Ellie Pomerleau.

REPORTS

Board committee meeting(s) and school events each Board member attended.

Deb Ulm	Long Range Planning
Craig Johnson	None
Chad Young	Policy Committee
Eric Minks	Executive Planning; Long Range Planning
Sue VanHooser	Policy Committee
Eric Strandberg	Executive Planning; Long Range Planning
Howard Vaillancourt	Policy Committee; High School Conferences

Student Council Report: Student council advisory group surveyed high school students after homecoming to gather ideas and suggestions for next year.

Superintendent Report: Building plan to bolster communication in the district through newsletters, student advisory group, Coffee & Conversation, and articles in the Union Times. District administration is meeting next week to discuss organizational structure.

APPROVE AGENDA

Motion made by Craig Johnson, seconded by Eric Strandberg, **to approve the agenda as presented.** Motion passed unanimously.

DISCUSS and ACT on PREVIOUS BOARD MEETING MINUTES

Motion made by Deb Ulm, seconded Howard Vaillancourt, **to approve the October 2nd regular meeting minutes.** Motion passed unanimously.

CONSENT AGENDA

Motion made by Howard Vaillancourt, seconded by Sue VanHooser **to approve the consent agenda as presented.** Personnel, Gifts, Bills, Wire Transfers, Treasurer's Report. Motion passed unanimously.

WORK SESSION

The board started their Work Session at 6:07 p.m. The topics for discussion were:

- Primary School Updates
- Intermediate School Updates
- Sick Leave MOU
- Concession Stands
- Process for \$4.5M Bond
- Enrollment Update
- Levy Update
- Long Range Planning for Facilities

ACTION

Sick Leave MOU

Motion to accept the Sick Leave MOU as presented was made by Eric Strandberg and seconded by Sue VanHooser. Motion passed unanimously.

Second Reading of Policies

Motion to accept the second reading of policies as presented was made by Sue VanHooser and seconded by Howard Vaillancourt. Motion passed unanimously.

Resolution of Intent to Issue Facilities Maintenance Bonds

Motion to accept the Resolution of Intent to Issue Facilities Maintenance Bonds as presented was made by Chad Young and seconded by Deb Ulm. Upon roll call the following voted in favor: Howard Vaillancourt, Eric Strandberg, Sue VanHooser, Eric Minks, Chad Young, Craig Johnson, and Deb Ulm. Motion passed unanimously.

ADDITIONS TO AGENDA

No board meeting on November 6th. November 20th Policy Meeting was cancelled and Finance Committee will take place instead.

FUTURE MEETINGS INFORMATION

Long Range Planning- Oct 29, 4:00pm
Public Engagement Engagement- Nov 12, 4:00pm
Finance Committee- Nov 20, 4:30pm
Regular Board Meeting- Nov 20, 6:00pm

ADJOURN

The work session was adjourned at 8:02 p.m.

Chair Eric Minks

Clerk Sue VanHooser

Recorder- Emily McKinnon

Call to Order and Pledge of Allegiance

The regular meeting of the School Board of District #477 was called to order by Chair Eric Strandberg on the **13th day of November, at 3:30 p.m.** in the District Center Board Room.

Roll Call: Members Present: Howard Vaillancourt, Chad Young, Sue VanHooser, Deb Ulm and Eric Strandberg.

Members Absent: Eric Minx and Craig Johnson.

Others present: Superintendent Ben Barton, Director of Human Resources Jason Senne, Director of Business Services Michelle Czech,

Resolution for Canvassing the Return of Votes from the General Election for three school board members. - Motion made by Chad Young and seconded by Howard Vaillancourt to approve the resolution canvassing returns of votes of school District General election and to approve the resolution authorizing issuance of Certificates of Election. Upon roll call the following voted for: Deb Ulm, Howard Vaillancourt, Chad Young, Sue VanHooser, and Eric Strandberg. Motion passed unanimously.

ADJOURN

The special board meeting was adjourned at 3:34 p.m.

11.20.18

Status	Last Name	First Name	Building	Job Title	Group	Replacing	Effective Date	Wage
New Hire	Schultz	Jeff	HS	Interim HS Counselor	PEA		TBD	\$59,556.95
New Hire	Van Dyke	Jason	HS	Day Lead Custodian	Custodians	Brian Noack	11.12.18	\$21.16 / hr
New Hire	Johnson	Alaina	FC	Tiger Club Assistant	Community Ed		10.26.18	\$9.65 / hr
Status	Last Name	First Name	Building	Job Title	Group	Replacing	Effective Date	Wage
Resignation	Patnode	Mary	HS	Volleyball Coach	Activities		11.11.18	
Resignation	Meixell	Darrien	MS	Wrestling Coach	Activities		10.22.18	
Resignation	Schneider	Anita	MS	Lunchroom Para	Food Service		11.14.18	
Resignation	Porttiin	Annie	PS	Volleyball Coach	Activities		11.15.18	
Status	Last Name	First Name	Building	Job Title	Group	Replacing	Effective Date	Wage
Change in Assignment	Wallace	Cori	SS	1.03 to 1.08 Para	Paras		10.22.18	
Change in Assignment	Baumann	Tammy	SS	1.03 to 1.08 Para	Paras		10.22.18	
Status	Last Name	First Name	Building	Job Title	Group	Replacing	Effective Date	Wage
Extra Duty	Jennrich	Anna	MS	MS Speech Coach	Activities	Nicole Trujillo	11.5.18-5.31.18	\$2,017.00
Extra Duty	Bragg	Jennifer	Primary	Yearbook Advisor	Activities	Karen Donais & Chris Hazelton	Fall 2018	\$1,210.00
Extra Duty	Schultz	William	MS	MS Wrestling Coach	Activities	Darren Meixell	11.19.18	\$2,017.00

Princeton Public Schools #477
Detail Payment Register By Check No.
Fund Summary

Fund Description	Total
01 General Fund	\$1,471,919.49
02 Food Service	\$98,837.93
04 Community Service	\$21,852.46
10 Student Activities	\$32,253.59
Report Total	\$1,624,863.47

Princeton Public Schools #477
Check Register by Bank and Check Number

Batch	Co	Bank	Pynt No	Check No	Pay Type	Grp	Code	Rcd	Vendor	Print	Recon	Void	Currency	Pmt/Void Date	Amount
0477		001	77604	170405	Check	1	4480	1	M.S.H.S.C.A.	Yes	Yes	No	USD	10/11/2018	170.00
			77615	170406	Check	1	13308		BALL ANDREW	Yes	No	No	USD	10/12/2018	73.00
			77625	170407	Check	1	15913		BAYFIELD FRUIT COMPANY	Yes	Yes	No	USD	10/12/2018	910.00
			77616	170408	Check	1	1409		BERNICK'S PEPSI-COLA	Yes	Yes	No	USD	10/12/2018	1,358.32
			77661	170409	Check	1	8866	1	BLICK ART MATERIALS	Yes	Yes	No	USD	10/12/2018	301.19
			77632	170410	Check	1	16147		BORER CHRISTOPHER	Yes	Yes	No	USD	10/12/2018	120.00
			77623	170411	Check	1	15236		CAREI - CENTER FOR APPLIED RESI	Yes	Yes	No	USD	10/12/2018	1,250.00
			77621	170412	Check	1	14530		CENTENNIAL ISD 12	Yes	Yes	No	USD	10/12/2018	4,516.22
			77641	170413	Check	1	4290		CENTERPOINT ENERGY	Yes	Yes	No	USD	10/12/2018	1,878.52
			77630	170414	Check	1	16145		CIRIACKS SCOTT	Yes	Yes	No	USD	10/12/2018	89.00
			77658	170415	Check	1	8491		COUNTRY SIDE PEST CONTROL, INC	Yes	Yes	No	USD	10/12/2018	375.00
			77617	170416	Check	1	14163		CRISISGO, INC.	Yes	Yes	No	USD	10/12/2018	1,400.00
			77605	170417	Check	1	10069		DALCO	Yes	Yes	No	USD	10/12/2018	4,188.89
			77611	170418	Check	1	11656		DEAN FOODS NORTH CENTRAL	Yes	Yes	No	USD	10/12/2018	2,088.14
			77626	170419	Check	1	15976		ECO SHRED MN, INC.	Yes	Yes	No	USD	10/12/2018	111.00
			77624	170420	Check	1	15302		EICHACKER ERIC	Yes	Yes	No	USD	10/12/2018	73.00
			77607	170421	Check	1	11022		FIRST CHOICE FOOD & BEVERAGE	Yes	Yes	No	USD	10/12/2018	241.80
			77657	170422	Check	1	8477		GESSELL MARY	Yes	No	No	USD	10/12/2018	125.00
			77653	170423	Check	1	6645		GRAINGER	Yes	Yes	No	USD	10/12/2018	1,107.75
			77613	170424	Check	1	12308		HIESTAND DEB	Yes	No	No	USD	10/12/2018	121.00
			77619	170425	Check	1	14517		HORIZON COMMERCIAL POOL SUPP	Yes	Yes	No	USD	10/12/2018	657.88
			77637	170426	Check	1	3241	2	I.S.D. #181	Yes	Yes	No	USD	10/12/2018	645.15
			77638	170427	Check	1	3344		INTERMEDIATE DISTRICT 287	Yes	Yes	No	USD	10/12/2018	4,325.90
			77635	170428	Check	1	16150		KINGBIRD DON	Yes	Yes	No	USD	10/12/2018	120.00
			77612	170429	Check	1	11986		LAVOI JANA	Yes	Yes	No	USD	10/12/2018	85.00
			77660	170430	Check	1	8566		LIESER JOHN	Yes	Yes	No	USD	10/12/2018	120.00
			77631	170431	Check	1	16146		LINDSEY RICHARD	Yes	Yes	No	USD	10/12/2018	89.00
			77662	170432	Check	1	9786		M. GROEBNER CONSTRUCTION, INC	Yes	Yes	No	USD	10/12/2018	1,280.00
			77639	170433	Check	1	4062		MAWSECO #938	Yes	Yes	No	USD	10/12/2018	18,168.42
			77606	170434	Check	1	10432	2	MEI TOTAL ELEVATOR SOLUTIONS	Yes	Yes	No	USD	10/12/2018	299.15
			77640	170435	Check	1	4136		MENARDS	Yes	Yes	No	USD	10/12/2018	746.39
			77610	170436	Check	1	11477		MINUTEMAN PRESS	Yes	Yes	No	USD	10/12/2018	98.93
			77642	170437	Check	1	4349	5	MN DEPARTMENT OF HEALTH	Yes	Yes	No	USD	10/12/2018	35.00
			77633	170438	Check	1	16148		NOLAN KEITH	Yes	Yes	No	USD	10/12/2018	121.00
			77654	170439	Check	1	6992		OFTEDAL DICK	Yes	Yes	No	USD	10/12/2018	125.00
			77656	170440	Check	1	7149		OLMSCHIED BRIAN D	Yes	Yes	No	USD	10/12/2018	120.00
			77636	170441	Check	1	1693		PETTY CASH-MARGARET DEGLMAN	Yes	Yes	No	USD	10/12/2018	392.00
			77643	170442	Check	1	5040		PIZZA BARN	Yes	Yes	No	USD	10/12/2018	30.07
			77644	170443	Check	1	5129		PRINCETON FLORAL & GIFT	Yes	Yes	No	USD	10/12/2018	24.00
			77622	170444	Check	1	14886		QP PHOTOGRAPHY	Yes	Yes	No	USD	10/12/2018	192.00
			77629	170445	Check	1	16144		REAMER MARK	Yes	Yes	No	USD	10/12/2018	89.00

Princeton Public Schools #477

Check Register by Bank and Check Number

Batch Co	Bank	Pymt No	Check No	Pay Type	Grp	Code	Rcd	Vendor	Print	Recon	Void	Currency	Pmt/Void Date	Amount
0477	001	77614	170446	Check	1	12648		REBYL SPORTS, INC.	Yes	Yes	No	USD	10/12/2018	467.00
		77659	170447	Check	1	8562	1	REGION 7AA	Yes	Yes	No	USD	10/12/2018	128.00
		77646	170448	Check	1	5297		RENAISSANCE LEARNING INC	Yes	Yes	No	USD	10/12/2018	126.75
		77609	170449	Check	1	11372		SCHERBER DREW	Yes	No	No	USD	10/12/2018	125.00
		77620	170450	Check	1	14527		SCHIMETZ SCOTT	Yes	Yes	No	USD	10/12/2018	89.00
		77627	170451	Check	1	16027		SCHMIDT RICHARD	Yes	Yes	No	USD	10/12/2018	125.00
		77634	170452	Check	1	16149		SCHREPPER ANTHONY	Yes	Yes	No	USD	10/12/2018	131.00
		77647	170453	Check	1	5604		SCIENCE MUSEUM OF MINNESOTA	Yes	Yes	No	USD	10/12/2018	1,560.00
		77608	170454	Check	1	11189	2	SCSCC	Yes	No	No	USD	10/12/2018	36.00
		77648	170455	Check	1	5682		SHERWIN WILLIAMS CO.	Yes	Yes	No	USD	10/12/2018	45.60
		77628	170456	Check	1	16143		SIMMONS CARL	Yes	Yes	No	USD	10/12/2018	250.00
		77618	170457	Check	1	14477		TEACHERS ON CALL	Yes	Yes	No	USD	10/12/2018	15,282.50
		77649	170458	Check	1	6079		TEAM SPORTING GOODS INC	Yes	Yes	No	USD	10/12/2018	820.98
		77650	170459	Check	1	6231		TRIO SUPPLY COMPANY	Yes	Yes	No	USD	10/12/2018	1,607.61
		77645	170460	Check	1	5156		UNION TIMES	Yes	Yes	No	USD	10/12/2018	76.00
		77651	170461	Check	1	6376		VIKING COCA COLA BOTTLING	Yes	Yes	No	USD	10/12/2018	254.75
		77652	170462	Check	1	6461		WATSON CO. INC.	Yes	Yes	No	USD	10/12/2018	485.62
		77655	170463	Check	1	7098		WILES DAVE	Yes	Yes	No	USD	10/12/2018	89.00
		77664	170464	Check	1	14313		D.S. Erickson & Associates, PLLC	Yes	Yes	No	USD	10/15/2018	240.44
		77672	170465	Check	1	14758		DELTA DENTAL OF MINNESOTA	Yes	Yes	No	USD	10/16/2018	20,936.86
		77674	170466	Check	1	7706	3	AMAZON.COM	Yes	Yes	No	USD	10/16/2018	10,630.30
		77673	170467	Check	1	13262	1	WALMART COMMUNITY/GECRB	Yes	Yes	No	USD	10/16/2018	2,142.76
		77675	170468	Check	1	11053		BIRDIE MARKETING INC	Yes	No	No	USD	10/16/2018	1,420.00
		77679	170469	Check	1	10795	1	ACE SOLID WASTE, INC	Yes	Yes	No	USD	10/19/2018	4,292.78
		77684	170470	Check	1	1137		AMERIPRIDE SERVICES INC.	Yes	Yes	No	USD	10/19/2018	1,557.22
		77692	170471	Check	1	1409		BERNICK'S PEPSI-COLA	Yes	Yes	No	USD	10/19/2018	293.81
		77677	170472	Check	1	10584		CARD SERVICES	Yes	Yes	No	USD	10/19/2018	1,538.61
		77719	170473	Check	1	7705		CHEELEY PETE	Yes	Yes	No	USD	10/19/2018	120.00
		77725	170474	Check	1	9177		CITI CARDS	Yes	Yes	No	USD	10/19/2018	60.00
		77693	170475	Check	1	14103		CULLIGAN BOTTLED WATER	Yes	Yes	No	USD	10/19/2018	142.65
		77685	170476	Check	1	11656		DEAN FOODS NORTH CENTRAL	Yes	Yes	No	USD	10/19/2018	2,529.16
		77705	170477	Check	1	2278		ECOWATER SYSTEMS	Yes	Yes	No	USD	10/19/2018	23.00
		77717	170478	Check	1	7122		EDSTROM FRED	Yes	Yes	No	USD	10/19/2018	58.00
		77724	170479	Check	1	9068		EDUCATORS BENEFIT CONSULTANT	Yes	Yes	No	USD	10/19/2018	332.77
		77687	170480	Check	1	12468		FEIGUM DAN	Yes	Yes	No	USD	10/19/2018	90.00
		77718	170481	Check	1	7142		FREESE DALE	Yes	Yes	No	USD	10/19/2018	120.00
		77721	170482	Check	1	8216	1	GERADS JOHN	Yes	Yes	No	USD	10/19/2018	89.00
		77706	170483	Check	1	2778	1	GOPHER STATE ONE CALL INC	Yes	Yes	No	USD	10/19/2018	21.60
		77707	170484	Check	1	2842		GREAT RIVER EDUCATIONAL ARTS	Yes	No	No	USD	10/19/2018	553.00
		77699	170485	Check	1	14895		GUSTAFSON ZACHARY	Yes	Yes	No	USD	10/19/2018	180.00
		77708	170486	Check	1	2891		GUTHRIE THEATER GROUP SALES	Yes	Yes	No	USD	10/19/2018	5,658.00

Princeton Public Schools #477
Check Register by Bank and Check Number

Batch Co	Bank	Pymt No	Check No	Pay Type	Grp	Code	Rcd	Vendor	Print	Recon	Void	Currency	Pmt/Void Date	Amount
0477	001	77682	170487	Check	1	11150		HENKEMEYER DICK	Yes	Yes	No	USD	10/19/2018	120.00
		77686	170488	Check	1	11796		HENNINGTON ART	Yes	Yes	No	USD	10/19/2018	90.00
		77720	170489	Check	1	7762		HUGHES CHUCK	Yes	Yes	No	USD	10/19/2018	89.00
		77681	170490	Check	1	11134		I.S.D. #6079	Yes	Yes	No	USD	10/19/2018	51,668.16
		77700	170491	Check	1	15415		INDEPENDENT EMERGENCY SERVICE	Yes	Yes	No	USD	10/19/2018	75.39
		77680	170492	Check	1	10909	2	INNOVATIVE OFFICE SOLUTIONS	Yes	Yes	No	USD	10/19/2018	285.20
		77676	170493	Check	1	10237		INTEGRATED SYSTEMS CORPORATION	Yes	Yes	No	USD	10/19/2018	416.67
		77696	170494	Check	1	14738		JAMIESON ROBERT	Yes	Yes	No	USD	10/19/2018	90.00
		77694	170495	Check	1	14411		KENMARK, INC.	Yes	Yes	No	USD	10/19/2018	1,153.00
		77678	170496	Check	1	10785		LARRABEE DIANE	Yes	No	No	USD	10/19/2018	36.30
		77703	170497	Check	1	16154		LUNDE LOGAN	Yes	Yes	No	USD	10/19/2018	89.00
		77715	170498	Check	1	6823		LUNDE TIM	Yes	Yes	No	USD	10/19/2018	89.00
		77709	170499	Check	1	4090		M.C.E.A.	Yes	No	No	USD	10/19/2018	399.00
		77722	170500	Check	1	8388	1	METRO SALES INC	Yes	Yes	No	USD	10/19/2018	1,888.58
		77723	170501	Check	1	8514		MID MN DAMAGE PREVENTION	Yes	Yes	No	USD	10/19/2018	629.25
		77688	170502	Check	1	12957	1	MIDCONTINENT COMMUNICATIONS	Yes	Yes	No	USD	10/19/2018	1,674.18
		77690	170503	Check	1	13882	1	MN DEPT OF HUMAN SERVICES	Yes	Yes	No	USD	10/19/2018	171.00
		77704	170504	Check	1	16156		MTCA - MN TENNIS COACHES ASSN.	Yes	No	No	USD	10/19/2018	75.00
		77716	170505	Check	1	6856		NORMAN TODD	Yes	Yes	No	USD	10/19/2018	89.00
		77710	170506	Check	1	4868	1	PAN-O-GOLD BAKING CO.	Yes	Yes	No	USD	10/19/2018	1,982.14
		77698	170507	Check	1	14886		QP PHOTOGRAPHY	Yes	Yes	No	USD	10/19/2018	774.00
		77711	170508	Check	1	5214	1	QUILL CORPORATION	Yes	No	No	USD	10/19/2018	439.99
		77713	170509	Check	1	6317		RESERVE ACCOUNT	Yes	Yes	No	USD	10/19/2018	2,000.00
		77683	170510	Check	1	11189	2	SCSCC	Yes	No	No	USD	10/19/2018	18.00
		77701	170511	Check	1	15737		SHEEHAN JAMES D.	Yes	No	No	USD	10/19/2018	300.00
		77712	170512	Check	1	5617	11	ST CLOUD STATE UNIVERSITY	Yes	Yes	No	USD	10/19/2018	300.00
		77695	170513	Check	1	14477		TEACHERS ON CALL	Yes	Yes	No	USD	10/19/2018	13,756.58
		77689	170514	Check	1	13389	1	THE MCDOWELL AGENCY, INC.	Yes	Yes	No	USD	10/19/2018	758.80
		77702	170515	Check	1	16132	1	THEATRE WORLD	Yes	Yes	No	USD	10/19/2018	1,342.91
		77697	170516	Check	1	14868		U.S. BANK EQUIPMENT FINANCE	Yes	Yes	No	USD	10/19/2018	1,606.78
		77691	170517	Check	1	13908		VERIZON WIRELESS	Yes	Yes	No	USD	10/19/2018	320.16
		77714	170518	Check	1	6523	2	WHITE BEAR LAKE AREA HIGH SCHOOL	Yes	No	No	USD	10/19/2018	250.00
		77788	170519	Check	1	14820		NATIONAL INSURANCE SERVICES of	Yes	Yes	No	USD	10/22/2018	8,255.21
		77789	170520	Check	1	15250		AMITY INSTITUTE	Yes	No	No	USD	10/25/2018	10,200.00
		77794	170521	Check	1	15504		DAHL DENIS	Yes	No	No	USD	10/25/2018	45.00
		77796	170522	Check	1	16134		DOSE BENJAMIN	Yes	No	No	USD	10/25/2018	90.00
		77791	170523	Check	1	12468		FEIGUM DAN	Yes	Yes	No	USD	10/25/2018	90.00
		77797	170524	Check	1	16135		FEIGUM ERIC	Yes	Yes	No	USD	10/25/2018	45.00
		77798	170525	Check	1	9420		GUIDARELLI JOE	Yes	No	No	USD	10/25/2018	135.00
		77793	170526	Check	1	14895		GUSTAFSON ZACHARY	Yes	Yes	No	USD	10/25/2018	180.00
		77795	170527	Check	1	15579		HANSEN DARREN	Yes	No	No	USD	10/25/2018	45.00

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Batch	Co	Bank	Pyemt No	Check No	Pay Type	Grp	Code	Rcd	Vendor	Print	Recon	Void	Currency	Pmt/Void Date	Amount
0477		001	77790	170528	Check	1	11796		HENNINGTON ART	Yes	Yes	No	USD	10/25/2018	45.00
			77792	170529	Check	1	14738		JAMIESON ROBERT	Yes	Yes	No	USD	10/25/2018	135.00
			77807	170530	Check	1	1168		ANDERSON'S	Yes	No	No	USD	10/26/2018	195.98
			77808	170531	Check	1	1259	1	AUDIO COMMUNICATIONS	Yes	No	No	USD	10/26/2018	1,790.00
			77839	170532	Check	1	3561		BERGAN KDV	Yes	Yes	No	USD	10/26/2018	18,000.00
			77823	170533	Check	1	15172		BORICH MEGAN	Yes	No	No	USD	10/26/2018	9.00
			77821	170534	Check	1	1511		BRAND MANUFACTURING	Yes	Yes	No	USD	10/26/2018	56.90
			77820	170535	Check	1	1505		BRANSON-LARKIN ELECTRONICS	Yes	No	No	USD	10/26/2018	425.00
			77829	170536	Check	1	1840		C.M.E.R.D.C.	Yes	Yes	No	USD	10/26/2018	1,799.29
			77841	170537	Check	1	3954	4	CDW-G INC	Yes	Yes	No	USD	10/26/2018	192.53
			77855	170538	Check	1	7321	1	COMMITTEE FOR CHILDREN	Yes	Yes	No	USD	10/26/2018	6,516.00
			77806	170539	Check	1	11656		DEAN FOODS NORTH CENTRAL	Yes	Yes	No	USD	10/26/2018	2,120.59
			77830	170540	Check	1	2115	1	DEMCO INC	Yes	Yes	No	USD	10/26/2018	39.93
			77831	170541	Check	1	2265		ECKROTH MUSIC CO.	Yes	Yes	No	USD	10/26/2018	48.48
			77832	170542	Check	1	2270		ECM PUBLISHERS INC.	Yes	Yes	No	USD	10/26/2018	674.55
			77824	170543	Check	1	15192		EMPLOYEE BENEFITS CORPORATIC	Yes	Yes	No	USD	10/26/2018	240.80
			77826	170544	Check	1	16119		FULL COMPASS SYSTEMS LTC	Yes	Yes	No	USD	10/26/2018	723.22
			77815	170545	Check	1	14049		FUN EXPRESS, LLC	Yes	Yes	No	USD	10/26/2018	166.93
			77827	170546	Check	1	16157		GOPHER STATE EVENTS, LLC	Yes	Yes	No	USD	10/26/2018	1,263.50
			77814	170547	Check	1	13869		GRANT ASSIST CONSULTING	Yes	Yes	No	USD	10/26/2018	895.00
			77833	170548	Check	1	2864		GROTH MUSIC	Yes	Yes	No	USD	10/26/2018	394.35
			77828	170549	Check	1	16159		HELMINICK MARK	Yes	Yes	No	USD	10/26/2018	111.00
			77834	170550	Check	1	3121	1	HI-TECH REFRIGERATION	Yes	No	No	USD	10/26/2018	310.72
			77835	170551	Check	1	3183	2	HOUGHTON - MIFFLIN CO.	Yes	Yes	No	USD	10/26/2018	800.00
			77836	170552	Check	1	3271		I.S.D. #728	Yes	No	No	USD	10/26/2018	1,350.54
			77837	170553	Check	1	3273		I.S.D. #742	Yes	No	No	USD	10/26/2018	2,207.04
			77804	170554	Check	1	10909	2	INNOVATIVE OFFICE SOLUTIONS	Yes	Yes	No	USD	10/26/2018	48.30
			77803	170555	Check	1	10548		J.Q. FRUIT FARM & ORCHARD	Yes	No	No	USD	10/26/2018	75.00
			77838	170556	Check	1	3511	2	J.W. PEPPER & SON INC.	Yes	Yes	No	USD	10/26/2018	1,331.97
			77816	170557	Check	1	14382		KELVIN TECHNOLOGY	Yes	Yes	No	USD	10/26/2018	679.03
			77811	170558	Check	1	13027	1	LEARNING SCIENCES INTERNATION	Yes	Yes	No	USD	10/26/2018	15,900.00
			77840	170559	Check	1	3774		LEE'S PRO SHOP	Yes	Yes	No	USD	10/26/2018	44.21
			77818	170560	Check	1	14702		LIFETRACK SERVICES, INC.	Yes	Yes	No	USD	10/26/2018	3,696.00
			77809	170561	Check	1	12647		LOFFLER COMPANIES - 131511	Yes	Yes	No	USD	10/26/2018	1,944.35
			77844	170562	Check	1	4326	1	M.M.E.A.	Yes	No	No	USD	10/26/2018	393.00
			77842	170563	Check	1	4093	6	MCGRAW-HILL SCHOOL EDUCATION	Yes	Yes	No	USD	10/26/2018	334.56
			77856	170564	Check	1	7938	2	MEDCO SUPPLY COMPANY	Yes	Yes	No	USD	10/26/2018	11.88
			77843	170565	Check	1	4121	1	MEEKER-WRIGHT SPECIAL ED COO	Yes	Yes	No	USD	10/26/2018	381.64
			77819	170566	Check	1	14862		MERIDIAN CONSULTING GROUP, LLC	Yes	Yes	No	USD	10/26/2018	1,800.00
			77810	170567	Check	1	12957	1	MIDCONTINENT COMMUNICATIONS	Yes	Yes	No	USD	10/26/2018	226.26
			77805	170568	Check	1	11477		MINUTEMAN PRESS	Yes	Yes	No	USD	10/26/2018	519.68

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			77846	170570	Check	1	4555		NATIONAL FFA ORGANIZATION	Yes	Yes	No	USD	10/26/2018	325.00
			77857	170571	Check	1	8753		NATIONAL PEN	Yes	No	No	USD	10/26/2018	69.94
			77812	170572	Check	1	13355	1	PALMER BUS SERVICE, INC.	Yes	No	No	USD	10/26/2018	165,060.00
			77847	170573	Check	1	5040		PIZZA BARN	Yes	No	No	USD	10/26/2018	286.58
			77858	170574	Check	1	9183		POSTAUDIO INC	Yes	No	No	USD	10/26/2018	576.00
			77848	170575	Check	1	5118		PRINCETON CHAMBER OF COMMER	Yes	No	No	USD	10/26/2018	825.00
			77849	170576	Check	1	5214	1	QUILL CORPORATION	Yes	No	No	USD	10/26/2018	686.69
			77859	170577	Check	1	9439	1	RELIABLE MEDICAL SUPPLY	Yes	Yes	No	USD	10/26/2018	3,663.20
			77850	170578	Check	1	5305		RESOURCE TRAINING & SOLUTIONS	Yes	Yes	No	USD	10/26/2018	384.00
			77813	170579	Check	1	13559		RUPP, ANDERSON, SQUIRES & WALI	Yes	Yes	No	USD	10/26/2018	378.28
			77851	170580	Check	1	5553	6	SCHOLASTIC INC	Yes	Yes	No	USD	10/26/2018	1,956.43
			77822	170581	Check	1	15161		SOUTHSIDE ELECTRIC, INC	Yes	Yes	No	USD	10/26/2018	3,653.50
			77852	170582	Check	1	5873	5	STAR TRIBUNE	Yes	No	No	USD	10/26/2018	551.10
			77817	170583	Check	1	14477		TEACHERS ON CALL	Yes	Yes	No	USD	10/26/2018	16,874.12
			77825	170584	Check	1	15226		ULTIMATE SPORTS AND APPAREL	Yes	Yes	No	USD	10/26/2018	19.99
			77853	170585	Check	1	6376		VIKING COCA COLA BOTTLING	Yes	Yes	No	USD	10/26/2018	218.25
			77854	170586	Check	1	6461		WATSON CO. INC.	Yes	Yes	No	USD	10/26/2018	254.52
			77862	170587	Check	1	14021		BEYOND SPORT MARTIAL ARTS & FI	Yes	Yes	No	USD	10/26/2018	406.40
			77863	170588	Check	1	15218		HERRICK CHARLENE	Yes	Yes	No	USD	10/26/2018	225.00
			77865	170589	Check	1	8698		MINN SPRA	Yes	No	No	USD	10/26/2018	199.00
			77864	170590	Check	1	4713		NORTH JR HIGH	Yes	No	No	USD	10/26/2018	25.00
			77860	170591	Check	1	11189	2	SCSCC	Yes	No	No	USD	10/26/2018	40.00
			77866	170592	Check	1	9494	1	SNA	Yes	Yes	No	USD	10/26/2018	15.00
			77861	170593	Check	1	13021		WHITCOMB GAIL	Yes	Yes	No	USD	10/26/2018	550.00
			77878	170594	Check	1	4593		EDUCATION MINNESOTA	Yes	No	No	USD	10/31/2018	935.46
			77875	170595	Check	1	3177		HORACE MANN LIFE INS. CO.	Yes	No	No	USD	10/31/2018	120.54
			77876	170596	Check	1	4332		MN BENEFIT ASSN	Yes	No	No	USD	10/31/2018	182.18
			77877	170597	Check	1	4584	2	NCPERS MINNESOTA	Yes	No	No	USD	10/31/2018	64.00
			77879	170598	Check	1	4936		PEA DUES ACCT.	Yes	No	No	USD	10/31/2018	19,587.20
			77880	170599	Check	1	5121		PRINCETON CUSTODIANS	Yes	No	No	USD	10/31/2018	1,414.01
			77881	170600	Check	1	5126		PRINCETON PARAPROFESSIONALS	Yes	No	No	USD	10/31/2018	2,806.21
			77882	170601	Check	1	5587		SEIU LOCAL 284	Yes	No	No	USD	10/31/2018	972.66
			77883	170602	Check	1	14756		SOURCEWELL	Yes	No	No	USD	11/02/2018	269,633.77
			77900	170603	Check	1	13099		ASL INTERPRETING SERVICES, INC.	Yes	No	No	USD	11/02/2018	9,730.00
			77889	170604	Check	1	11427	1	AT&T MOBILITY	Yes	No	No	USD	11/02/2018	171.20
			77949	170605	Check	1	16176		AUGUSTUS RACHEL	Yes	No	No	USD	11/02/2018	50.00
			77912	170606	Check	1	1409		BERNICK'S PEPSI-COLA	Yes	No	No	USD	11/02/2018	140.76
			77952	170607	Check	1	16179		BIERINGER KENNETH J	Yes	No	No	USD	11/02/2018	50.00
			77926	170608	Check	1	15466		BILDEN JANET	Yes	No	No	USD	11/02/2018	40.00
			77935	170609	Check	1	16162		BIRKAKER CRAIG	Yes	No	No	USD	11/02/2018	50.00

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0477	001	77915	170610	Check	1	14928		BISHMAN ERIN	Yes	No	No	USD	11/02/2018	50.00
		77941	170611	Check	1	16168		BLOMGREN MICHAEL	Yes	No	No	USD	11/02/2018	50.00
		77936	170612	Check	1	16163		BOEKE KAREN	Yes	No	No	USD	11/02/2018	50.00
		77884	170613	Check	1	10364		BORDER STATES ELECTRIC SUPPLY	Yes	No	No	USD	11/02/2018	59.13
		77953	170614	Check	1	16180		BROECKERT MELISA	Yes	No	No	USD	11/02/2018	84.45
		77963	170615	Check	1	4290		CENTERPOINT ENERGY	Yes	No	No	USD	11/02/2018	3,413.73
		77906	170616	Check	1	13773		COIL'S FLAGS & FLAGPOLES	Yes	No	No	USD	11/02/2018	223.00
		77893	170617	Check	1	11876		DAVE'S SPORT SHOP	Yes	No	No	USD	11/02/2018	19,984.00
		77891	170618	Check	1	11656		DEAN FOODS NORTH CENTRAL	Yes	No	No	USD	11/02/2018	1,031.37
		77897	170619	Check	1	12875		DVS RENEWAL	Yes	No	No	USD	11/02/2018	51.00
		77956	170620	Check	1	2265		ECKROTH MUSIC CO.	Yes	No	No	USD	11/02/2018	199.99
		77957	170621	Check	1	2270		ECM PUBLISHERS INC.	Yes	No	No	USD	11/02/2018	148.89
		77896	170622	Check	1	12623		ECOLAB INSTITUTIONAL	Yes	No	No	USD	11/02/2018	3,727.35
		77977	170623	Check	1	7874	1	ELECTRONIC DESIGN COMPANY	Yes	No	No	USD	11/02/2018	566.50
		77943	170624	Check	1	16170		FEHRMANN SETH	Yes	No	No	USD	11/02/2018	50.00
		77886	170625	Check	1	11022		FIRST CHOICE FOOD & BEVERAGE	Yes	No	No	USD	11/02/2018	241.80
		77944	170626	Check	1	16171		FRANTESL ANGIE	Yes	No	No	USD	11/02/2018	50.00
		77974	170627	Check	1	7142		FREESE DALE	Yes	No	No	USD	11/02/2018	80.00
		77911	170628	Check	1	14049		FUN EXPRESS, LLC	Yes	No	No	USD	11/02/2018	57.88
		77899	170629	Check	1	13030		GIFTS & GADGETS GALORE	Yes	No	No	USD	11/02/2018	316.47
		77905	170630	Check	1	13751		GRAPHENTEN TAMMY	Yes	No	No	USD	11/02/2018	16.50
		77958	170631	Check	1	2895	1	H&B SPECIALIZED PRODUCTS	Yes	No	No	USD	11/02/2018	41,422.00
		77894	170632	Check	1	12366		HAMERS JENNIFER	Yes	No	No	USD	11/02/2018	100.00
		77918	170633	Check	1	15334		HANSON MICHELLE	Yes	No	No	USD	11/02/2018	50.00
		77976	170634	Check	1	7294		HARDWARE DISTRIBUTORS, LTD	Yes	No	No	USD	11/02/2018	479.75
		77904	170635	Check	1	13581		HEIN ELISSA	Yes	No	No	USD	11/02/2018	45.00
		77888	170636	Check	1	11150		HENKEMEYER DICK	Yes	No	No	USD	11/02/2018	80.00
		77934	170637	Check	1	16161		HILSTROM AMMY	Yes	No	No	USD	11/02/2018	50.00
		77927	170638	Check	1	15546		HOPPE COURTNEY	Yes	No	No	USD	11/02/2018	50.00
		77950	170639	Check	1	16177		HOWLAND ASHLEY	Yes	No	No	USD	11/02/2018	50.00
		77887	170640	Check	1	11134		I.S.D. #6079	Yes	No	No	USD	11/02/2018	100,057.54
		77885	170641	Check	1	10909	2	INNOVATIVE OFFICE SOLUTIONS	Yes	No	No	USD	11/02/2018	3,413.72
		77959	170642	Check	1	3511	2	J.W. PEPPER & SON INC.	Yes	No	No	USD	11/02/2018	229.59
		77942	170643	Check	1	16169		JOHNSON TRAVIS	Yes	No	No	USD	11/02/2018	100.00
		77973	170644	Check	1	6768		JULSON SARAH	Yes	No	No	USD	11/02/2018	50.00
		77937	170645	Check	1	16164		KAISER KRISTIE	Yes	No	No	USD	11/02/2018	50.00
		77960	170646	Check	1	3623		KOEHLER & DRAMM INC.	Yes	No	No	USD	11/02/2018	164.29
		77919	170647	Check	1	15346		KOPACEK MIKE	Yes	No	No	USD	11/02/2018	50.00
		77975	170648	Check	1	7266		LAWRENCE MARYTINA	Yes	No	No	USD	11/02/2018	50.00
		77933	170649	Check	1	16142		LEARN BY DOING, INC.	Yes	No	No	USD	11/02/2018	1,860.00
		77980	170650	Check	1	8566		LIESER JOHN	Yes	No	No	USD	11/02/2018	80.00

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			77932	170652	Check	1	16117		LONE STAR PERCUSSION	Yes	No	No	USD	11/02/2018	40.99
			77948	170653	Check	1	16175		MAYO LANA	Yes	No	No	USD	11/02/2018	50.00
			77961	170654	Check	1	4087		MCDOWALL COMPANY	Yes	No	No	USD	11/02/2018	756.00
			77962	170655	Check	1	4136		MENARDS	Yes	No	No	USD	11/02/2018	184.45
			77981	170656	Check	1	9667	2	MID AMERICA SOLUTIONS, INC	Yes	No	No	USD	11/02/2018	65.00
			77898	170657	Check	1	12957	1	MIDCONTINENT COMMUNICATIONS	Yes	No	No	USD	11/02/2018	406.65
			77907	170658	Check	1	13864		MINKS GERVEA	Yes	No	No	USD	11/02/2018	100.00
			77890	170659	Check	1	11477		MINUTEMAN PRESS	Yes	No	No	USD	11/02/2018	2,126.33
			77964	170660	Check	1	4349		MN DEPARTMENT OF HEALTH	Yes	No	No	USD	11/02/2018	70.00
			77914	170661	Check	1	14885		MN SHAPE	Yes	No	No	USD	11/02/2018	125.00
			77925	170662	Check	1	15358		NELSON SARA	Yes	No	No	USD	11/02/2018	40.00
			77929	170663	Check	1	15730		OPG-3 INC.	Yes	No	No	USD	11/02/2018	3,300.00
			77982	170664	Check	1	9725		OTHOUDT KIMBERLY	Yes	No	No	USD	11/02/2018	50.00
			77947	170665	Check	1	16174		OTHOUDT ROBERT	Yes	No	No	USD	11/02/2018	50.00
			77901	170666	Check	1	13355	1	PALMER BUS SERVICE, INC.	Yes	No	No	USD	11/02/2018	9,186.88
			77892	170667	Check	1	11693		PAXTON KIMBERLY	Yes	No	No	USD	11/02/2018	50.00
			77916	170668	Check	1	15221	2	PEARSON EDUCATION, INC.	Yes	No	No	USD	11/02/2018	1,854.16
			77954	170669	Check	1	16181		PERFECTION PROPERTY RESTORA	Yes	No	No	USD	11/02/2018	11,176.79
			77940	170670	Check	1	16167		PETERS JUSTIN	Yes	No	No	USD	11/02/2018	50.00
			77951	170671	Check	1	16178		PETRY SHANTEL	Yes	No	No	USD	11/02/2018	50.00
			77955	170672	Check	1	1693		PETTY CASH-MARGARET DEGLMAN	Yes	No	No	USD	11/02/2018	41.84
			77945	170673	Check	1	16172		PIKULA ALLEN	Yes	No	No	USD	11/02/2018	50.00
			77965	170674	Check	1	5040		PIZZA BARN	Yes	No	No	USD	11/02/2018	702.67
			77928	170675	Check	1	15699	1	CULINEX	Yes	No	No	USD	11/02/2018	399.58
			77966	170676	Check	1	5127		PRINCETON ELECTRIC	Yes	No	No	USD	11/02/2018	120.00
			77967	170677	Check	1	5214	1	QUILL CORPORATION	Yes	No	No	USD	11/02/2018	944.47
			77968	170678	Check	1	5254	2	REALLY GOOD STUFF	Yes	No	No	USD	11/02/2018	859.79
			77979	170679	Check	1	8562	1	REGION 7AA	Yes	No	No	USD	11/02/2018	1,762.00
			77969	170680	Check	1	5523	6	SCHOLASTIC BOOK CLUBS INC	Yes	No	No	USD	11/02/2018	29.00
			77970	170681	Check	1	5525	3	SCHOLASTIC BOOK FAIRS - 15	Yes	No	No	USD	11/02/2018	5,043.68
			77930	170682	Check	1	15779		SHIMEK AMANDA	Yes	No	No	USD	11/02/2018	50.00
			77946	170683	Check	1	16173		SMUDA KIMBERLY	Yes	No	No	USD	11/02/2018	50.00
			77920	170684	Check	1	15348		SNOW CASEY	Yes	No	No	USD	11/02/2018	50.00
			77908	170685	Check	1	13948		SODERHOLM AMY	Yes	No	No	USD	11/02/2018	50.00
			77978	170686	Check	1	8484		SOUTHPAW ENTERPRISES	Yes	No	No	USD	11/02/2018	196.08
			77913	170687	Check	1	14477		TEACHERS ON CALL	Yes	No	No	USD	11/02/2018	5,186.00
			77971	170688	Check	1	6079		TEAM SPORTING GOODS INC	Yes	No	No	USD	11/02/2018	757.70
			77910	170689	Check	1	14018		TEAMWORKS INTERNATIONAL INC.	Yes	No	No	USD	11/02/2018	225.00
			77902	170690	Check	1	13389	1	THE MCDOWELL AGENCY, INC.	Yes	No	No	USD	11/02/2018	1,342.20
			77931	170691	Check	1	15938	1	TRIMARK	Yes	No	No	USD	11/02/2018	34.80

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		77895	170693	Check	1	12404	1	TUMBLEWEED PRESS INC	Yes	No	No	USD	11/02/2018	539.10
		77922	170694	Check	1	15352		UHRICH ANGELA	Yes	No	No	USD	11/02/2018	50.00
		77923	170695	Check	1	15353		WARDARSKI SHELLY	Yes	No	No	USD	11/02/2018	100.00
		77903	170696	Check	1	13408		WHITING BRANDON	Yes	No	No	USD	11/02/2018	100.00
		77938	170697	Check	1	16165		WOLFSTELLER JANEEN	Yes	No	No	USD	11/02/2018	50.00
		77924	170698	Check	1	15354		WOOD CARRIE	Yes	No	No	USD	11/02/2018	50.00
		77921	170699	Check	1	15350		YETZER JANE	Yes	No	No	USD	11/02/2018	50.00
		77939	170700	Check	1	16166		ZARLETTI VINCENT	Yes	No	No	USD	11/02/2018	50.00
		77909	170701	Check	1	13952		ZEROTH AMANDA	Yes	No	No	USD	11/02/2018	50.00
		78009	170702	Check	1	15890	1	ART OF PROBLEM SOLVING	Yes	No	No	USD	11/09/2018	1,080.00
		78014	170703	Check	1	1840		C.M.E.R.D.C.	Yes	No	No	USD	11/09/2018	600.00
		77988	170704	Check	1	10584		CARD SERVICES	Yes	No	No	USD	11/09/2018	1,749.52
		78000	170705	Check	1	13412		CRAWFORD'S EQUIPMENT	Yes	No	No	USD	11/09/2018	383.15
		78015	170706	Check	1	2012		CURRICULUM ASSOCIATES	Yes	No	No	USD	11/09/2018	218.40
		78012	170707	Check	1	16186		D & S BANNER SIGNS	Yes	No	No	USD	11/09/2018	105.50
		77987	170708	Check	1	10069		DALCO	Yes	No	No	USD	11/09/2018	4,209.83
		77992	170709	Check	1	11656		DEAN FOODS NORTH CENTRAL	Yes	No	No	USD	11/09/2018	2,237.07
		78016	170710	Check	1	2270		ECM PUBLISHERS INC.	Yes	No	No	USD	11/09/2018	151.45
		78010	170711	Check	1	15976		ECO SHRED MN, INC.	Yes	No	No	USD	11/09/2018	162.00
		77997	170712	Check	1	13229	3	FAIRVIEW HEALTH SERVICES	Yes	No	No	USD	11/09/2018	149.00
		78024	170713	Check	1	6645		GRAINGER	Yes	No	No	USD	11/09/2018	135.62
		77999	170714	Check	1	13371		GREEN BARN GARDEN CENTER	Yes	No	No	USD	11/09/2018	1,518.75
		78017	170715	Check	1	3140		HOFMAN OIL CO. INC.	Yes	No	No	USD	11/09/2018	681.00
		77996	170716	Check	1	13217		HOLT-PETERSON CHARTER BUS	Yes	No	No	USD	11/09/2018	1,035.00
		78025	170717	Check	1	6761		I.S.D. #727	Yes	No	No	USD	11/09/2018	25.00
		77990	170718	Check	1	11238		ICS CONSULTING, INC	Yes	No	No	USD	11/09/2018	2,336.30
		78008	170719	Check	1	15415		INDEPENDENT EMERGENCY SERVI	Yes	No	No	USD	11/09/2018	75.39
		78001	170720	Check	1	13446		KARLSBURGER FOODS, INC.	Yes	No	No	USD	11/09/2018	89.40
		78026	170721	Check	1	6941	2	M.M.S.A.	Yes	No	No	USD	11/09/2018	997.50
		78018	170722	Check	1	4028		MARV'S TRUE VALUE	Yes	No	No	USD	11/09/2018	1,633.08
		78027	170723	Check	1	7938	2	MEDCO SUPPLY COMPANY	Yes	No	No	USD	11/09/2018	93.33
		77995	170724	Check	1	12957	1	MIDCONTINENT COMMUNICATIONS	Yes	No	No	USD	11/09/2018	1,330.60
		77991	170725	Check	1	11477		MINUTEMAN PRESS	Yes	No	No	USD	11/09/2018	45.00
		78019	170726	Check	1	4537		NASCO	Yes	No	No	USD	11/09/2018	151.60
		78013	170727	Check	1	1693		PETTY CASH-MARGARET DEGLMAN	Yes	No	No	USD	11/09/2018	34.33
		78020	170728	Check	1	5040		PIZZA BARN	Yes	No	No	USD	11/09/2018	64.12
		77993	170729	Check	1	12243		PROVISION MEDIA INC	Yes	No	No	USD	11/09/2018	2,610.00
		77994	170730	Check	1	12648		REBYL SPORTS, INC.	Yes	No	No	USD	11/09/2018	1,553.25
		78021	170731	Check	1	5310		REYNOLDS BALLOON & PARTY	Yes	No	No	USD	11/09/2018	85.50
		78003	170732	Check	1	14420		ROBOTICS EDUCATION & COMPETI	Yes	No	No	USD	11/09/2018	100.00

Princeton Public Schools #477
Check Register by Bank and Check Number

Batch Co	Bank	Pymt No	Check No	Pay Type	Grp	Code	Rcd	Vendor	Print	Recon	Void	Currency	Pmt/Void Date	Amount
0477	001	78022	170733	Check	1	5472	4	SAM'S CLUB	Yes	No	No	USD	11/09/2018	651.08
		78011	170734	Check	1	16185		SPAY, INC.	Yes	No	No	USD	11/09/2018	1,400.00
		77989	170735	Check	1	11232		TAMARACK LAKE PHEASANTS	Yes	No	No	USD	11/09/2018	595.00
		78004	170736	Check	1	14477		TEACHERS ON CALL	Yes	No	No	USD	11/09/2018	16,515.34
		78028	170737	Check	1	8283		THREE RIVERS PARK DISTRICT	Yes	No	No	USD	11/09/2018	397.50
		78023	170738	Check	1	6149		TIEMENS TOM	Yes	No	No	USD	11/09/2018	85.00
		78005	170739	Check	1	14868		U.S. BANK EQUIPMENT FINANCE	Yes	No	No	USD	11/09/2018	1,416.54
		78006	170740	Check	1	15226		ULTIMATE SPORTS AND APPAREL	Yes	No	No	USD	11/09/2018	411.95
		78007	170741	Check	1	15293		VISUAL EDGE INC.	Yes	No	No	USD	11/09/2018	31.37
		77998	170742	Check	1	13262	1	WALMART COMMUNITY/GECRB	Yes	No	No	USD	11/09/2018	918.81
		78002	170743	Check	1	13827		WOLD ARCHITECTS AND ENGINEER	Yes	No	No	USD	11/09/2018	1,800.22
		78029	170744	Check	1	7706	3	AMAZON.COM	Yes	No	No	USD	11/12/2018	6,800.28
		78043	170745	Check	1	1243	1	ASCD	Yes	No	No	USD	11/20/2018	239.00
		78046	170746	Check	1	1276	1	B & H PHOTO-VIDEO	Yes	No	No	USD	11/20/2018	744.47
		78048	170747	Check	1	13417		BECKY'S TECH SUPPORT	Yes	No	No	USD	11/20/2018	840.00
		78064	170748	Check	1	1840		C.M.E.R.D.C.	Yes	No	No	USD	11/20/2018	7,863.75
		78063	170749	Check	1	1721		CENTRAL MCGOWAN INC.	Yes	No	No	USD	11/20/2018	735.74
		78061	170750	Check	1	15699	1	CULINEX	Yes	No	No	USD	11/20/2018	391.48
		78066	170751	Check	1	2128		D.ERVASTI SALES CO.	Yes	No	No	USD	11/20/2018	1,639.78
		78037	170752	Check	1	10069		DALCO	Yes	No	No	USD	11/20/2018	6,376.78
		78065	170753	Check	1	2072		DAYTONA COUNTRY CLUB	Yes	No	No	USD	11/20/2018	663.00
		78068	170754	Check	1	2270		ECM PUBLISHERS INC.	Yes	No	No	USD	11/20/2018	474.87
		78067	170755	Check	1	2269		ECMECC	Yes	No	No	USD	11/20/2018	7,912.14
		78044	170756	Check	1	12623		ECOLAB INSTITUTIONAL	Yes	No	No	USD	11/20/2018	647.32
		78093	170757	Check	1	9068		EDUCATORS BENEFIT CONSULTANT	Yes	No	No	USD	11/20/2018	332.77
		78069	170758	Check	1	2331		EGAN COMPANY	Yes	No	No	USD	11/20/2018	3,417.67
		78058	170759	Check	1	15318		EKON-O-PAC	Yes	No	No	USD	11/20/2018	113.00
		78070	170760	Check	1	2557		FLINN SCIENTIFIC INC.	Yes	No	No	USD	11/20/2018	24.60
		78052	170761	Check	1	14049		FUN EXPRESS, LLC	Yes	No	No	USD	11/20/2018	299.31
		78071	170762	Check	1	2778	1	GOPHER STATE ONE CALL INC	Yes	No	No	USD	11/20/2018	16.20
		78062	170763	Check	1	15939		GOPHERMODS, LLC	Yes	No	No	USD	11/20/2018	160.00
		78090	170764	Check	1	6645		GRAINGER	Yes	No	No	USD	11/20/2018	804.47
		78051	170765	Check	1	13869		GRANT ASSIST CONSULTING	Yes	No	No	USD	11/20/2018	1,380.00
		78072	170766	Check	1	2955		HANDYMAN'S INC.	Yes	No	No	USD	11/20/2018	305.26
		78091	170767	Check	1	7294		HARDWARE DISTRIBUTORS, LTD	Yes	No	No	USD	11/20/2018	464.36
		78073	170768	Check	1	3121	1	HI-TECH REFRIGERATION	Yes	No	No	USD	11/20/2018	1,144.14
		78074	170769	Check	1	3183	2	HOUGHTON - MIFFLIN CO.	Yes	No	No	USD	11/20/2018	5,900.00
		78041	170770	Check	1	11134		I.S.D. #6079	Yes	No	No	USD	11/20/2018	170,274.00
		78040	170771	Check	1	10909	2	INNOVATIVE OFFICE SOLUTIONS	Yes	No	No	USD	11/20/2018	209.45
		78039	170772	Check	1	10237		INTEGRATED SYSTEMS CORPORATI	Yes	No	No	USD	11/20/2018	416.67
		78075	170773	Check	1	3511	2	J.W. PEPPER & SON INC.	Yes	No	No	USD	11/20/2018	63.00

**Princeton Public Schools #477
Check Register by Bank and Check Number**

Batch	Co	Bank	Pymt No	Check No	Pay Type	Grp	Code	Rcd	Vendor	Print	Recon	Void	Currency	Pmt/Void Date	Amount
0477		001	78049	170774	Check	1	13446		KARLSBURGER FOODS, INC.	Yes	No	No	USD	11/20/2018	426.45
			78054	170775	Check	1	14531		LAKE COUNTRY SCALE WORKS, INC	Yes	No	No	USD	11/20/2018	1,167.75
			78076	170776	Check	1	3701		LAKESHORE	Yes	No	No	USD	11/20/2018	509.92
			78045	170777	Check	1	12647		LOFFLER COMPANIES - 131511	Yes	No	No	USD	11/20/2018	461.00
			78094	170778	Check	1	9166	1	MCKENZIE	Yes	No	No	USD	11/20/2018	247.16
			78092	170779	Check	1	7938	2	MEDCO SUPPLY COMPANY	Yes	No	No	USD	11/20/2018	2,223.79
			78042	170780	Check	1	11477		MINUTEMAN PRESS	Yes	No	No	USD	11/20/2018	2,138.04
			78055	170781	Check	1	14587		MW LEASING	Yes	No	No	USD	11/20/2018	840.00
			78077	170782	Check	1	4707		NORCOSTCO INC.	Yes	No	No	USD	11/20/2018	179.09
			78056	170783	Check	1	15148		OFFISOURCE, INC	Yes	No	No	USD	11/20/2018	1,220.00
			78047	170784	Check	1	13355	1	PALMER BUS SERVICE, INC.	Yes	No	No	USD	11/20/2018	157,058.16
			78060	170785	Check	1	15566		PC PARTS PLUS, LLC	Yes	No	No	USD	11/20/2018	2,522.24
			78078	170786	Check	1	5038	1	PITNEY BOWES	Yes	No	No	USD	11/20/2018	252.00
			78079	170787	Check	1	5127		PRINCETON ELECTRIC	Yes	No	No	USD	11/20/2018	4,664.07
			78080	170788	Check	1	5194		PRINCETON PUBLIC UTILITIES	Yes	No	No	USD	11/20/2018	78,055.66
			78081	170789	Check	1	5214	1	QUILL CORPORATION	Yes	No	No	USD	11/20/2018	722.22
			78082	170790	Check	1	5297		RENAISSANCE LEARNING INC	Yes	No	No	USD	11/20/2018	7,469.00
			78059	170791	Check	1	15403	1	RENNEBERG HARDWOODS	Yes	No	No	USD	11/20/2018	1,559.94
			78083	170792	Check	1	5521		SCANTRON CORPORATION	Yes	No	No	USD	11/20/2018	135.81
			78084	170793	Check	1	5593	5	SCHOOL SPECIALTY INC.	Yes	No	No	USD	11/20/2018	1,492.78
			78057	170794	Check	1	15161		SOUTHSIDE ELECTRIC, INC	Yes	No	No	USD	11/20/2018	475.00
			78038	170795	Check	1	10207		SWEETWATER SOUND, INC.	Yes	No	No	USD	11/20/2018	448.29
			78085	170796	Check	1	6031	1	SYLVA CORPORATION INC	Yes	No	No	USD	11/20/2018	330.75
			78086	170797	Check	1	6079		TEAM SPORTING GOODS INC	Yes	No	No	USD	11/20/2018	467.50
			78087	170798	Check	1	6226	1	TRIARCO ARTS & CRAFTS	Yes	No	No	USD	11/20/2018	1,112.82
			78088	170799	Check	1	6231		TRIO SUPPLY COMPANY	Yes	No	No	USD	11/20/2018	2,033.82
			78053	170800	Check	1	14333		UPPER LAKES FOODS, INC.	Yes	No	No	USD	11/20/2018	59,943.57
			78089	170801	Check	1	6505		WEST MUSIC COMPANY	Yes	No	No	USD	11/20/2018	212.30
			78050	170802	Check	1	13827		WOLD ARCHITECTS AND ENGINEER	Yes	No	No	USD	11/20/2018	1,906.46
														Bank Total: 001	\$1,624,863.47
														Report Total:	\$1,624,863.47

**PRINCETON PUBLIC SCHOOLS
TREASURER'S REPORT
MONTHLY CASH FLOW REPORT FOR OCTOBER 2018**

FUND	BEGINNING BALANCE	MONTHLY RECEIPTS	MONTHLY DISBURSEMENTS	JOURNAL ENTRIES	ENDING BALANCE
01 General	13,177,476.73	2,858,782.07	3,203,532.60	1,185.17	12,832,726.20
02 Food Service	491,653.18	189,823.41	169,011.69	(3,231.81)	512,464.90
04 Community Service	401,569.70	208,170.69	114,115.13	(1,434.06)	495,625.26
07 Debt Service	1,959,094.16	508,330.65	0.00	0.00	2,467,424.81
10 Activities	109,710.48	61,684.58	20,829.63	710.28	150,565.43
TOTAL	16,139,504.25	3,826,791.40	3,507,489.05		16,458,806.60

Bank Accounts

AP/PR Account (Bremer)	556,299.32
MSDLAF+	4,684,993.96
Investments (Fd01)	<u>11,563,213.76</u>
	16,804,507.04
O/S Accts Pay Checks	(222,090.51)
O/S Payroll Checks	(6,741.90)
O/S Wires	(119,464.74)
NSF Checks	<u>2,596.71</u>
TOTAL	16,458,806.60

Princeton Public Schools - ISD #477

Wire Transfer Report

November 20, 2018

<u>Date:</u>	<u>Amount:</u>	<u>Description:</u>
10/15/2018	\$ 595,238.52	ACH File Transfer
10/15/2018	\$ 194,985.14	Federal Tax Wire Transfer
10/15/2018	\$ 33,207.09	State Tax Wire Transfer
10/15/2018	\$ 13,588.82	Select Account HSA
10/15/2018	\$ 96,209.83	TRA File Transfer
10/15/2018	\$ 36,278.16	PERA File Transfer
10/15/2018	\$ 241.50	MN Child Support File Transfer
10/15/2018	\$ 58,781.75	TSA File Transfer
10/31/2018	\$ 632,070.39	ACH File Transfer
10/31/2018	\$ 205,938.51	Federal Tax Wire Transfer
10/31/2018	\$ 35,053.88	State Tax Wire Transfer
10/31/2018	\$ 13,479.70	Select Account H S A
10/31/2018	\$ 366.19	MN Revenue
10/31/2018	\$ 98,847.08	TRA File Transfer
10/31/2018	\$ 40,480.04	PERA File Transfer
10/31/2018	\$ 241.50	MN Child Support File Transfer
10/31/2018	\$ 70,323.47	TSA File Transfer
11/5/2018	\$ 15,326.51	BMO Harris Bank - (Pcards)
11/5/2018	\$ 166.00	MN Revenue - (Sales tax)
10/4/2018	\$ 2,171.48	Further
10/11/2018	\$ 1,134.50	Further
10/18/2018	\$ 1,422.95	Further
10/20/2018	\$ 393.30	Further
10/25/2018	\$ 1,003.20	Further
	\$	
TOTAL	\$ 2,146,949.51	

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: Park Industries

Description of gift: \$1,000 Sponsorship

Pre-Condition, Condition, or Limitation on use:

For use by VEX IQ Robotics

How this gift specifically relates to the program or school:

equipment / needs of VEX IQ Robotics Team

This gift meets all requirements of Policy 706

Accepted Not Accepted

[Signature]
Principal or Director

Brenda Baird

Staff Name

Date: 11/6/18

Accepted Not Accepted

[Signature]
Superintendent

Date: 11/7/18

Accepted Not Accepted

School Board Chairperson

Date: _____

Code Assigned: _____ Program Name _____

Routing:

Principal or Director (thank you note attached)

Copy to Building

Business Services

Board Approval

Revised: October 29, 2013

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: Boys Soccer Boosters

Description of gift: \$400 to upgrade to a coach bus for

Pre-Condition, Condition, or Limitation on use:

Extra money to be placed in fund "10" account should there be a positive balance

How this gift specifically relates to the program or school:

- Post Season Luxury

This gift meets all requirements of Policy 706

Accepted Not Accepted [Signature] Staff Name _____ Date: 10/11/18
Principal or Director

Accepted Not Accepted [Signature] Date: 10/15/18
Superintendent

Accepted Not Accepted _____ Date: _____
School Board Chairperson

Code Assigned: 10-350-298-226-000-401 Program Name Boys Soccer

Routing:
Principal or Director (thank you note attached) Team will sign. Copy to Building
Business Services

Board Approval

Revised: October 29, 2013

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: Mystic Riders Snowmobile Club

Description of gift: \$1000⁰⁰ donation

Pre-Condition, Condition, or Limitation on use:

PBIS / Tiger Pride initiatives -
Book - The Big Umbrella for
classrooms

How this gift specifically relates to the program or school:

We are incorporating SEL into PBIS -
The Big Umbrella speaks to this as well
as our other PBIS / Tiger Pride initiatives.

This gift meets all requirements of Policy 706

Accepted Not Accepted

Sarah Maxhauer
Staff Name
[Signature]
Principal or Director Date: 10/11/2012

Accepted Not Accepted

[Signature]
Superintendent Date: 10/15/12

Accepted Not Accepted

School Board Chairperson Date: _____

Code Assigned: _____ Program Name _____

Routing:
Principal or Director (thank you note attached) Copy to Building
Business Services

Board Approval

Revised: October 29, 2013

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: Bremer Bank

Description of gift: \$ 25.00 towards opening a saving acct.

Pre-Condition, Condition, or Limitation on use:

How this gift specifically relates to the program or school: Helpo support our students through recognition from the Student Of The Month program.

This gift meets all requirements of Policy 706

Accepted Not Accepted Barb Mucker Kristi Adkins
Principal or Director Staff Name Date: 10-22-18

Accepted Not Accepted _____ Date: 10/25
Superintendent

Accepted Not Accepted _____ Date: _____
School Board Chairperson

Code Assigned: _____ Program Name _____

Routing:

Principal or Director (thank you note attached) Copy to Building

Business Services

Board Approval

Already Sent

Revised: October 29, 2013

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: Princeton Rotary

Description of gift: lunch for student + a staff member Monthly
X 8 MOS.

Pre-Condition, Condition, or Limitation on use:

How this gift specifically relates to the program or school: Helps support our
Students through recognition from the Student Of The Month
Program.

This gift meets all requirements of Policy 706

Accepted Not Accepted Justi Alderina Staff Name
Bart Muckenhu Principal or Director Date: 10-22-18

Accepted Not Accepted [Signature] Superintendent Date: 10/25/18

Accepted Not Accepted _____ Date: _____
School Board Chairperson

Code Assigned: _____ Program Name _____

Routing:
Principal or Director (thank you note attached) Already sent
Business Services Copy to Building

Board Approval

Revised: October 29, 2013

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: Jaco Johns

Description of gift: \$5.00 Gift Cert. X9 each Month for SOTM recipient.

Pre-Condition, Condition, or Limitation on use:

How this gift specifically relates to the program or school: Helps support our students through recognition at the Student Of The Month breakfasts.

This gift meets all requirements of Policy 706

Accepted Not Accepted Barb Muckeader Principal or Director Date: 10-22-18
Staff Name: Anjali Adarand

Accepted Not Accepted _____ Superintendent Date: 10/25/18

Accepted Not Accepted _____ School Board Chairperson Date: _____

Code Assigned: _____ Program Name _____

Routing: Principal or Director (thank you note attached) Copy to Building

Business Services

Board Approval

Already Sent

Revised: October 29, 2013

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: Pizza Barn

Description of gift: 1 topping Lg. Pizza x 9 Monthly
for SOTM recipient.

Pre-Condition, Condition, or Limitation on use:

How this gift specifically relates to the program or school: helps support our
students through recognition at the Student Of The Month
breakfasts.

This gift meets all requirements of Policy 706
 Accepted Not Accepted Barb Mulken Trust Adams
Principal or Director Staff Name Date: 10/27/18

Accepted Not Accepted _____ Date: 10/25/18
Superintendent

Accepted Not Accepted _____ Date: _____
School Board Chairperson

Code Assigned: _____ Program Name _____

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

Revised: October 29, 2013

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: Mystic Riders

Description of gift: \$500 (ck #3374)

Pre-Condition, Condition, or Limitation on use:

None
split between Boys + Girls Basketball Fund 10 account

How this gift specifically relates to the program or school: will be used for Basketball expenses

This gift meets all requirements of Policy 706

Accepted Not Accepted Erik Jacobs Staff Name
[Signature] Date: 10/22/18
Principal or Director

Accepted Not Accepted [Signature] Date: 10/25/18
Superintendent

Accepted Not Accepted _____ Date: _____
School Board Chairperson

Code Assigned: _____ Program Name _____

Routing:
Principal or Director (thank you note attached)
Business Services SENT Copy to Building

Board Approval

Revised: October 29, 2013

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: Andres Family

Description of gift: \$ 50 for VEX Middle School Team

Pre-Condition, Condition, or Limitation on use:

MS VEX Team

How this gift specifically relates to the program or school: to be used for VEX MS needs

This gift meets all requirements of Policy 706

Accepted Not Accepted

Principal or Director

[Signature]
Principal or Director

Brenda Baird

Staff Name

Date: 10/31/18

Accepted Not Accepted

Superintendent

[Signature]
Superintendent

Date: 10/31

Accepted Not Accepted

School Board Chairperson

School Board Chairperson

Date: _____

Code Assigned: _____ Program Name _____

Routing:

Principal or Director (thank you note attached)

Copy to Building

Business Services

Board Approval

Revised: October 29, 2013

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: Bordeaux Family

Description of gift: \$25

Pre-Condition, Condition, or Limitation on use:
for VEX IQ team

How this gift specifically relates to the program or school:
for VEX IQ Team

This gift meets all requirements of Policy 706

Accepted Not Accepted [Signature] Brenda Baird
Principal or Director Staff Name Date: 10/31/18

Accepted Not Accepted [Signature]
Superintendent Date: 10/31

Accepted Not Accepted _____ Date: _____
School Board Chairperson

Code Assigned: _____ Program Name _____

Routing:
Principal or Director (thank you note attached) Copy to Building
Business Services

Board Approval Revised: October 29, 2013

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: Princeton Jo Volleyball Club

Description of gift: \$1,000

Pre-Condition, Condition, or Limitation on use:

to spend on lower level volleyball needs
(Middle school)

How this gift specifically relates to the program or school: will use for
equipment needs

This gift meets all requirements of Policy 706

Accepted Not Accepted [Signature] Staff Name _____
Principal or Director Date: 10/16/18

Accepted Not Accepted [Signature] Date: 10/25/18
Superintendent

Accepted Not Accepted _____ Date: _____
School Board Chairperson

Code Assigned: _____ Program Name _____

Routing:

Principal or Director (thank you note attached)

Copy to Building

Business Services

Board Approval

Revised: October 29, 2013

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: Amy Rettig

Description of gift: \$ 25 donation to VEX Robotics Team

Pre-Condition, Condition, or Limitation on use:

Robotics

How this gift specifically relates to the program or school: Robotics equipment

This gift meets all requirements of Policy 706

Accepted Not Accepted

[Signature]
Principal or Director

Brenda Baird

Staff Name

Date: 10/24/18

Accepted Not Accepted

[Signature]
Superintendent

Date: 10/25/18

Accepted Not Accepted

School Board Chairperson

Date: _____

Code Assigned: _____ Program Name _____

Routing:

Principal or Director (thank you note attached)

Copy to Building

Business Services

Board Approval

Revised: October 29, 2013

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: Fussy Family

Description of gift: \$20

Pre-Condition, Condition, or Limitation on use:
for VEX IQ Team

How this gift specifically relates to the program or school:
for VEX IQ Team

This gift meets all requirements of Policy 706

Accepted Not Accepted [Signature] Brenda Baird
Principal or Director Staff Name Date: 10/31/18

Accepted Not Accepted [Signature]
Superintendent Date: 10/31

Accepted Not Accepted _____ Date: _____
School Board Chairperson

Code Assigned: _____ Program Name _____

Routing:
Principal or Director (thank you note attached) Copy to Building
Business Services

Board Approval Revised: October 29, 2013

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: Rannow Family

Description of gift: \$25 for VEX IQ Team

Pre-Condition, Condition, or Limitation on use:

for VEX IQ team

How this gift specifically relates to the program or school:

for VEX IQ team

This gift meets all requirements of Policy 706

Accepted Not Accepted

[Signature] Brenda Baird
Principal or Director Staff Name
Date: 10/31/18

Accepted Not Accepted

[Signature]
Superintendent Date: 10/31/18

Accepted Not Accepted

School Board Chairperson Date: _____

Code Assigned: _____ Program Name _____

Routing:
Principal or Director (thank you note attached)

Copy to Building

Business Services

Board Approval

Revised: October 29, 2013

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: Hermanson Family

Description of gift: \$ 50

Pre-Condition, Condition, or Limitation on use:

for VEX IQ Team

How this gift specifically relates to the program or school:

for VEX IQ Team

This gift meets all requirements of Policy 706

Accepted Not Accepted

[Signature] Brenda Baird
Principal or Director Staff Name Date: 10/31/18

Accepted Not Accepted

[Signature]
Superintendent Date: 10/31

Accepted Not Accepted

School Board Chairperson Date: _____

Code Assigned: _____ Program Name _____

Routing:

Principal or Director (thank you note attached)

Copy to Building

Business Services

Board Approval

Revised: October 29, 2013

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: Zehringer Family

Description of gift: \$50 donation

Pre-Condition, Condition, or Limitation on use:

for use by VEX IQ Robotics Team

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

VEX IQ Robotics

This gift meets all requirements of Policy 706

Accepted Not Accepted *gk* Brenda Baird
Principal or Director Staff Name Date: 11/6/18

Accepted Not Accepted _____
Superintendent Date: 11/7/18

Accepted Not Accepted _____
School Board Chairperson Date: _____

Code Assigned: _____ Program Name _____

Routing:
Principal or Director (thank you note attached) Copy to Building

Business Services

Board Approval

Revised: October 29, 2013



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: Justine Lawson

Description of gift: Puzzles

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

How this gift specifically relates to the program or school: Preschool Puzzles

Animal, 25 piece sets & Floor puzzles

This gift meets all requirements of Policy 706 Kelly Breault
Staff Name

Accepted Not Accepted [Signature] Date: 11.7.18
Principal or Director

Accepted Not Accepted [Signature] Date: 11/14
Superintendent

Accepted Not Accepted _____ Date: _____
School Board Chairperson

Code Assigned: _____ Program Name _____

Routing:

Principal or Director (thank you note attached)

Copy to Building

Business Services

Board Approval

Revised: October 18, 2016

2018-2019 EVENT WORKERS PAY					
LOCAL OFFICIALS		LOCAL EVENT WORKERS			
Amounts listed are per game.		TICKET TAKERS/SELLERS	\$26.49	Teacher Contract	
VOLLEYBALL		TICKET TAKERS/SELLERS	\$9.65/HR/Min. Wage	Hourly Staff	
JV	\$70.00	VARSITY ANNOUNCER ALL SPORTS	\$30.00		
9TH GRADE	\$55.00	V/JV/9 CLOCK OPERATOR	\$40.00		
8TH GRADE	\$55.00	V/JV SCOREBOOK	\$30.00		
7TH GRADE	\$55.00	V/JV VOLLEYBALL LINES	\$30.00		
		SWIM TABLE WORKERS	\$40.00		
BASKETBALL		VARSITY FOOTBALL CHAINS	\$30.00		
JV	\$70.00	TRACK EVENT WORKERS	\$45.00		
9TH GRADE	\$55.00	CROSS COUNTRY WORKERS	\$45.00		
8TH GRADE	\$55.00	EVENT SUPERVISORS	\$50.00		
7TH GRADE	\$55.00	FOOTBALL PATROLLERS	\$50.00		
		MUSIC USHERS	\$45.00		
BASEBALL		ACTIVITIES(OTHER) & ATHLETIC TRAINEE	\$25.00	Hourly	
JV	\$70.00	STARTER-TRACK	\$150.00		
9TH GRADE	\$55.00				
8TH GRADE	\$55.00	Note:			
7TH GRADE	\$55.00	Minumum Wage: Adjusts January 1 of each year.			
SOFTBALL		Wrestling: Assigners are used at all levels, rate of pay is set by the assigner.			
JV	\$70.00	Football 9-12: Assigners are used and the rate of pay is set by the assigner.			
9TH GRADE	\$55.00	Soccer 9-12: Assigners are used and the rate of pay is set by the assigner.			
8TH GRADE	\$55.00	Varsity Level: Assigners are used and the rate of pay is set by the assigner.			
7TH GRADE	\$55.00	Note: Assigner's may be used for any activity do to lack of officials. Assigners set the rate of pay.			
FOOTBALL					
8TH GRADE	\$65.00				
7TH GRADE	\$65.00				
SOCCER					
8TH GRADE	\$55.00				
7TH GRADE	\$55.00				

FIELD TRIP REQUEST FORM

Submit to Activities Director (activity-related & extended) or Principal (instructional & supplemental)

Name of Field Trip Supervisor: <i>6th Grade Teachers</i>	Name of group, club, or department: <i>6th Grade</i>
Descriptive name of this field trip? (i.e. FFA State Convention, college visit, Valley Fair Physics Day) <i>Deep Portage</i>	Destination: <i>Deep Portage</i> Round Trip Miles: <i>Hackensack, MN</i>
Number of Students expected to participate: Number of Teacher/Advisor Chaperones: <i>5/team</i> Number of adult volunteers/chaperones: <i>25/team</i> # male students _____ #female students _____ (if Perkins funded)	Grade level/s of student participants: (circle all that apply) K 1 2 3 4 5 6 7 8 9 10 11 12
Date of Departure: <i>January 28th, 2019</i> Time of Departure: <i>8:30 a.m 6th Mon Wed</i>	Date of Return: <i>February 1, 2019</i> Time of Return: <i>3:00 p.m 6A Wed - Fri</i>
School Hours Missed: (for single day trips) <i>Trip is a</i> 1 2 3 4 5 (circle hours that apply) <i>6th grade</i> <input type="checkbox"/> outside the school day <i>field trip</i>	# School Days Missed: (if more than one day) 1.5 2 2.5 3 3.5 4 other _____ <input type="checkbox"/> outside the school day
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No This field trip extends past 6:00 p.m. on a Wednesday.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No This field trip occurs on a Sunday.

How will this field trip be funded? (Check all that apply)

- Department budget (Code: _____)
- Students will be assessed a fee to cover transportation and/or registration/admission fee
- Students will pay for their own lunch
- Building funds are requested
- Grant funds (name of grant: *Donations from Lions, Rotary and others which will provide scholarships for those that*)
- Outside group, booster club, individual, or agency funding (Name: _____)

A. What is the purpose of this field trip? (choose 1 CATEGORY only)

can't make full payment

- CATEGORY A: Instructional** (policy 610: takes place during the school day, relates directly to a course of study)
 (Section F of this form is required for instructional trips)
 (check all that apply)
 - Required for all students enrolled in the course
 - Only students in selected section/s of this course will participate
 - Students participate by choice
- CATEGORY B: Supplemental** (policy 610: students voluntarily participate, usually take place outside the regular school day) (check all that apply)
 - All students in a course or club/activity will participate
 - Students participate by choice or selection
 - This is an enrichment opportunity
- CATEGORY C: Extended** (policy 610: trip that covers more than 400 miles round trip, or involves at least one overnight stay) (check all that apply) **ATTACH ITINERARY**
 - Regional or state level competition, training or meeting
 - have qualified
 - anticipating to qualify
 - Selected or invited to participate in honorary event or competition
 - have been invited or selected - *all 6th gr. students invited*
 - have applied to be invited or selected
 - will apply to be invited or selected

(OVER)

E. What are the estimated costs of the field trip? (If codes are unknown, leave blank. Complete cost estimate calculations.)

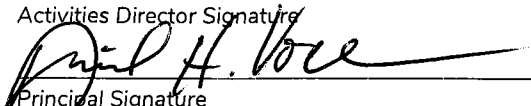
I.	Transportation Code: _____ # of round trip miles _____ X \$1.45 = \$ _____ # of hours _____ X \$17.34 = \$ _____ # of buses needed _____ X the combination of the two subtotals above = _____ (A)
II.	Lodging Code: _____ # of rooms _____ X # of nights _____ = total rooms _____ X cost of room _____ = \$ _____ (B)
III.	Registration Code: _____ # of students _____ X cost of registration _____ = \$ _____ (C) # of adults _____ X cost of registration _____ = \$ _____ (D)
IV.	Substitute Code: _____ # of teachers needing a substitute _____ X # of hours _____ X \$25 (approx) = \$ _____ (E) OR # of teachers needing a substitute _____ X # of days _____ X \$125 (approx) = \$ _____ (F)
V.	Meals Code: _____ # of students & adults _____ X approximate cost of meal _____ X # of meals = \$ _____ (G)
TOTAL ESTIMATED COST OF FIELD TRIP (Add A-G): \$ _____	

F. Complete this section for instructional field trip requests.

1. Name of course: _____
2. What critical content statement does this field trip align to? # _____
 It does not align to any critical content statements.
4. Is this trip part of this course for all course sections regardless of the teacher or the trimester in which is it taught?
 Yes
 No (Provide explanation below)

Date Received (Office): _____

G. Building Administrative Review

Activities Director Signature 	Date 11/2/18	Approved <input type="checkbox"/>	Not Approved <input type="checkbox"/>
Principal Signature	Date	Approved <input checked="" type="checkbox"/>	Not Approved <input type="checkbox"/>
District Review for Extended Trips			
Superintendent Signature	Date	Approved <input type="checkbox"/>	Not Approved <input type="checkbox"/>
School Board Chairperson Signature	Date	Approved <input type="checkbox"/>	Not Approved <input type="checkbox"/>

Team 6B – Trip to Deep Portage is scheduled for Monday, Jan. 28th – Wed, Jan. 30th



Mrs. Vogel
389-6760

Mr.
Steinbrecher
389-6731

Ms. Blomberg
389-6720

Mrs. Roby
389-6745

November 2018

Dear Parents of Sixth Grade Students,

Mark your calendars now for your child's trip to Deep Portage Conservation Camp! This is a 3 day/2 night experience for all 6th graders who earn the privilege to go.

What is Deep Portage?

Deep Portage Conservation Camp is located near Hackensack, MN. It is five miles long, two miles wide, and contains five lakes. It services many Minnesota schools during the year. While at camp, students participate in a variety of environmental education activities both indoors and out. We stay indoors in the Resources Heritage Center, which is a 27,000 square foot building that includes classrooms, a theater, "bunk" rooms, kitchen facilities, dining hall, administrative offices, and a library. Your child will be assigned a room in this building. Each room has between 6-9 beds and a bathroom with a shower. Chaperones will be in their own rooms next to the student rooms. If you would like more information about Deep Portage, their website can be accessed at [HYPERLINK](http://www.deep-portage.org)

"<http://www.deep-portage.org>" <http://www.deep-portage.org>

The total cost of our trip is \$125 per student. This covers transportation, food, evening snack, lodging, and the instructional program for 3 days. Payments will not be due until January 11th. Payment options include; via check (made out to PMS, cash, or online at PMS website. Checks or cash can be brought in to Greta in the main office. There will be a limited amount of scholarship funds available for families indicating they may need financial assistance.

Discipline referrals may affect your child's ability to attend this trip.

Forms to be returned by December 7th, 2018

- Student Permission Slip/Health Form
- Chaperone Application (optional)

Thank you.

DEEP PORTAGE HEALTH AND PERMISSION FORM

Student Name _____ Date of Birth _____ Age _____

Parent or Guardian Name _____

Home Phone _____ Work Phone _____

Home Address _____

City _____ State _____ Zip _____

Name of Health Insurance _____ Policy Number _____

Physician _____

Clinic Name _____ Clinic Phone _____

Current Health Information: *please answer all questions that apply to the above student.*

- Asthma: List triggers _____ Treatment currently used? _____
- Diabetes: please use the back of this form to describe insulin, snacks, and when to call you.
- Special dietary regimen or food allergies: please describe _____
- Other allergies: list _____ Does child carry epinephrine? _____
- Bleeding disorder: please describe _____ What is the treatment? _____
- Seizures: list all medications and when used _____
- Muscle-Bone-Joint condition: list _____ What is the treatment _____
- Activity restrictions: describe _____
- Heart condition: describe _____
- Sleep problems: bedwetting sleep-walking other _____
- Other: describe _____
- Date of last tetanus booster _____

Current Medications:

Please list all prescription medication your child will be taking while at Deep Portage.

Include inhalers, nebulizer, ritalin, etc. Use back of form in needed.

All prescription medication must be in a current pharmacy labeled bottle.

- Medication #1: Name of medication _____
Reason given _____
Amount given _____ Time given _____
Name of physician prescribing medication _____ Phone _____
- Medication #2: Name of medication _____
Reason given _____
Amount given _____ Time given _____
Name of physician prescribing medication _____ Phone _____
- Will take an over-the-counter medication at Deep Portage (headaches, etc.) as needed
Name of medication: (Include Tylenol, Ibuprofen, Sudafed) _____
Reason given _____
Amount given _____ Time given _____

All medication must be sent from home in the original over-the-counter container

No aspirin will be given. Child will receive only the recommended dose.

DEEP PORTAGE HEALTH AND PERMISSION FORM

Permission and Emergency Authorization for the Above Named Student:

- 1) The student has my permission to participate in Deep Portage.
- 2) Staff has my permission to give my child the above medications.
- 3) Deep Portage staff has permission to transport the student for educational and/or emergency reasons
- 4) Permission is granted, in a medical emergency, to the physician selected by the student's teacher or Deep Portage Staff to hospitalize, secure treatment for, and/or order injection, anesthesia, or surgery for student. I understand every effort will be made to reach me at the phone numbers listed above or if I can't be reached call:

Name: _____ Phone: _____

Directions to the contrary or additional health information must be attached to this form.

- 5) I believe all precautions will be taken for student care and supervision. I will not hold Deep Portage Staff, teachers, or chaperones responsible.

Signature of Parent or Guardian _____ Date _____

SPACE FOR ADDITIONAL INFORMATION:

ISD #477 SCHOOL POLICY 610 REGARDING FIELD TRIPS:

"ALL RULES OF SCHOOL SHALL APPLY FOR FIELD TRIPS"

In the event a serious discipline problem develops we will contact the parents advising the parents of the problem and ask parents to pick their child up immediately at parent expense.

Deep Portage Chaperone Application Form

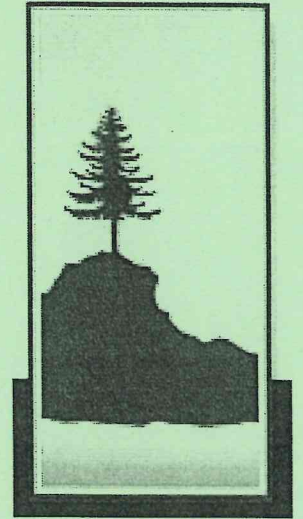
Your Name: _____

Your child's name: _____

Phone number(s):

Cell: _____

Home: _____



Please explain why you would like to chaperone this field trip: _____

Do you have any medical training? _____

Please note:

There is a Deep Portage cost of \$125 for each chaperone, which pays for your food and lodging. Princeton School District requires all chaperones to complete an online background check that will have to be completed and approved prior to attending this trip.

Please return this form by Friday, December 7th.

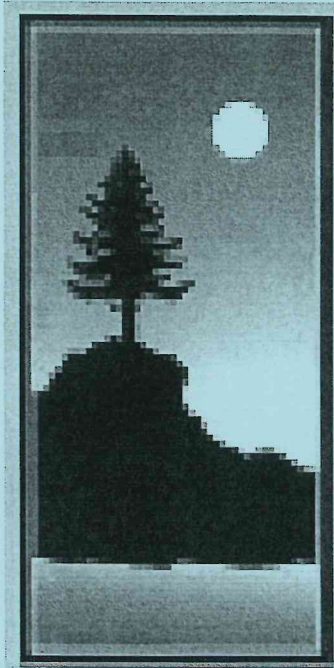
Upon receiving this form, the directions for the background check will be sent home with your son or daughter.

Thank you for your interest!

6th grade teachers

Team 6A – Trip to Deep Portage is scheduled for Wednesday, Jan. 30th – Friday, Feb. 1st

November 2018



Mrs. Bloom
389-6752

Mrs. Majerus
389-6727

Mrs. Mathson
389-6726

Mrs. Borich
389-6728

Dear Parents of Sixth Grade Students,

Mark your calendars now for your child's trip to Deep Portage Conservation Camp! This is a 3 day/2 night experience for all 6th graders who earn the privilege to go.

What is Deep Portage?

Deep Portage Conservation Camp is located near Hackensack, MN. It is five miles long, two miles wide, and contains five lakes. It services many Minnesota schools during the year. While at camp, students participate in a variety of environmental education activities both indoors and out. We stay indoors in the Resources Heritage Center, which is a 27,000 square foot building that includes classrooms, a theater, "bunk" rooms, kitchen facilities, dining hall, administrative offices, and a library. Your child will be assigned a room in this building. Each room has between 6-9 beds and a bathroom with a shower. Chaperones will be in their own rooms next to the student rooms. If you would like more information about Deep Portage, their website can be accessed at [HYPERLINK](http://www.deep-portage.org)

"<http://www.deep-portage.org>" <http://www.deep-portage.org>

The total cost of our trip is \$125 per student. This covers transportation, food, evening snack, lodging, and the instructional program for 3 days. Payments will not be due until January 11th. Payment options include; via check (Made out to PMS), cash, or online at PMS website. Checks or cash can be brought in to Greta in the main office. There will be a limited amount of scholarship funds available for families indicating they may need financial assistance.

Discipline referrals may affect your child's ability to attend this trip.

Forms to be returned by December 7, 2018

- Student Permission Slip/Health Form
- Chaperone Application

Thank you.

DEEP PORTAGE HEALTH AND PERMISSION FORM

Student Name _____ Date of Birth _____ Age _____

Parent or Guardian Name _____

Home Phone _____ Work Phone _____

Home Address _____

City _____ State _____ Zip _____

Name of Health Insurance _____ Policy Number _____

Physician _____

Clinic Name _____ Clinic Phone _____

Current Health Information: *please answer all questions that apply to the above student.*

- Asthma:** List triggers _____ Treatment currently used? _____
- Diabetes:** please use the back of this form to describe insulin, snacks, and when to call you.
- Special dietary regimen or food allergies:** please describe _____
- Other allergies:** list _____ Does child carry epinephrine? _____
- Bleeding disorder:** please describe _____ What is the treatment? _____
- Seizures:** list all medications and when used _____
- Muscle-Bone-Joint condition:** list _____ What is the treatment _____
- Activity restrictions:** describe _____
- Heart condition:** describe _____
- Sleep problems:** bedwetting sleep-walking other _____
- Other:** describe _____
- Date of last tetanus booster** _____

Current Medications:

Please list all prescription medication your child will be taking while at Deep Portage.

Include inhalers, nebulizer, ritalin, etc. Use back of form in needed.

All prescription medication must be in a current pharmacy labeled bottle.

- Medication #1:** Name of medication _____
Reason given _____
Amount given _____ Time given _____
Name of physician prescribing medication _____ Phone _____
- Medication #2:** Name of medication _____
Reason given _____
Amount given _____ Time given _____
Name of physician prescribing medication _____ Phone _____
- Will take an over-the-counter medication at Deep Portage**
Name of medication: (Include Tylenol, Ibuprofen, Sudafed) _____
Reason given _____
Amount given _____ Time given _____

All medication must be sent from home in the original over-the-counter container

No aspirin will be given. Child will receive only the recommended dose.

DEEP PORTAGE HEALTH AND PERMISSION FORM

Permission and Emergency Authorization for the Above Named Student:

- 1) The student has my permission to participate in Deep Portage.
- 2) Staff has my permission to give my child the above medications.
- 3) Deep Portage staff has permission to transport the student for educational and/or emergency reasons
- 4) Permission is granted, in a medical emergency, to the physician selected by the student's teacher or Deep Portage Staff to hospitalize, secure treatment for, and/or order injection, anesthesia, or surgery for student. I understand every effort will be made to reach me at the phone numbers listed above or if I can't be reached call:

Name: _____ Phone: _____

Directions to the contrary or additional health information must be attached to this form.

- 5) I believe all precautions will be taken for student care and supervision. I will not hold Deep Portage Staff, teachers, or chaperones responsible.

Signature of Parent or Guardian _____ Date _____

SPACE FOR ADDITIONAL INFORMATION:

ISD #477 SCHOOL POLICY 610 REGARDING FIELD TRIPS:

"ALL RULES OF SCHOOL SHALL APPLY FOR FIELD TRIPS"

In the event a serious discipline problem develops we will contact the parents advising the parents of the problem and ask parents to pick their child up immediately at parent expense.

Deep Portage Chaperone Application Form

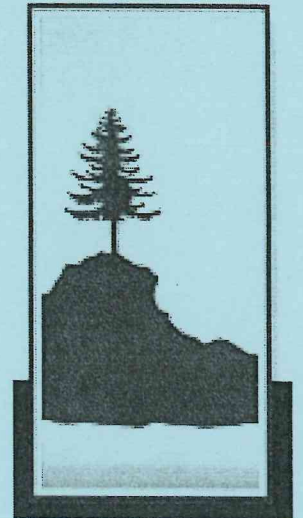
Your Name: _____

Your child's name: _____

Phone number(s):

Cell: _____

Home: _____



Please explain why you would like to chaperone this field trip: _____

Do you have any medical training? _____

Please note:

There is a Deep Portage cost of \$125 for each chaperone, which pays for your food and lodging. Princeton School District requires all chaperones to complete an online background check that will have to be completed and approved prior to attending this trip.

Please return this form by Friday, December 7th.

Upon receiving this form, the directions for the background check will be sent home with your son or daughter.

Thank you for your interest!

6th grade teachers

Deep Portage Medical Addendum

A few clarifications and reminders

- Parents please be aware that no over the counter medications will be available at Deep Portage. If you feel your child would benefit from having the option of taking Ibuprofen, Tylenol, Melatonin etc. while there, please provide a small, unopened bottle and fill out the “over-the-counter medication” section of the form.
- If you wish for your child to self-carry their inhaler, please indicate that on the medication form. Inhalers will be the only allowed self carry item, remaining medications must be sent through the health office and dispensed by staff.
- Medications will be returned to students prior to boarding bus on final day of camp prior to dismissal home. Please verify the medications have been returned to your home at that time.
- During the Deep Portage trip, school staff will follow ISD #477 School Policy 516 regarding Student Medication and the Princeton School District Standing Orders. These policies are available online for viewing.

**ADDENDUM TO INTERAGENCY FAMILY
FACILITATOR SERVICES AGREEMENT**

The parties to this Addendum (“Addendum”) to an existing Interagency Family Facilitator Services Agreement (“Agreement”) are Independent District No. 477 (“District”) and Mille Lacs County Community Services Collaborative (“Collaborative”).

WHEREAS, the District and the Collaborative are parties to an Agreement with a term that began on July 1, 2018;

WHEREAS, pursuant to the Agreement, the Collaborative assigns a duly licensed and trained social worker (“Social Worker”) to provide services each week to children and youth who are enrolled in the District and to their families;

WHEREAS, Minnesota Statutes section 124D.23, subdivision 5 states:

(a) The school district, county, and public health entity members of a family services collaborative may inform each other as to whether an individual or family is being served by the member, without the consent of the subject of the data. If further information sharing is necessary in order for the collaborative to carry out duties under subdivision 2 or 3, the collaborative may share data if the individual, as defined in section 13.02, subdivision 8, gives written informed consent. Data on individuals shared under this subdivision retain the original classification as defined under section 13.02, as to each member of the collaborative with whom the data is shared.

(b) If a federal law or regulation impedes information sharing that is necessary in order for a collaborative to carry out duties under subdivision 2 or 3, the appropriate state agencies shall seek a waiver or exemption from the applicable law or regulation.

WHEREAS, among other services, the Social Worker performs institutional services and functions that would otherwise be performed by a District employee; and

WHEREAS, the parties want to amend the Agreement to identify the Social Worker as a “school official” solely for purposes of the Family Educational Rights Privacy Act (“FERPA”), 20 U.S.C. § 1232g, its implementing regulations at 34 C.F.R. § 99.31(a), and the Minnesota Government Data Practices Act (“MGDPA”), Minnesota Statutes section 13.32;

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

1. **Designation as School Official.** To the extent that the Social Worker performs services that would otherwise be performed by a District employee, the parties hereby amend the Agreement to designate the Social Worker as a “school official” solely for purposes of

FERPA, its implementing regulations, and the MGDPA. By way of example, but without limitation, the Social Worker performs services that would otherwise be performed by a District employee when the Social Worker makes home visits at the request of a District employee, responds to allegations or concerns of neglect that were raised by a District employee, or acts in response to a truancy report from a District employee. When the Social Worker performs such services, the Social Worker will be under the direct control of the District with respect to the use and maintenance of “education records” and other “educational data” that the Social Worker accesses while acting as a school official.

2. **Definitions.** For purposes of this Addendum, “education records” are records that are maintained by the District (or a person acting for the District) and directly relate to a current or former student of the District. Educational data mean data that are maintained in any recorded form by the District (including a person acting for the District) and directly relate to a current or former student of the District.
3. **No Unauthorized Disclosure.** To the extent that the Social Worker creates, collects, receives, stores, or accesses confidential education records or private educational data as a result of acting as a school official under this Agreement, the Social Worker must comply with FERPA and the MGDPA in administering the data. The Social Work may not disclose confidential education records or private educational data to a third party outside the school system, unless the Social Worker: (a) is legally authorized to make the disclosure as a school official under FERPA and the MGDPA; (b) makes the disclosure in order to perform a legally appropriate function of a school official; (c) has received prior written consent from the parent or from the student, if the student is 18 years of age or older; (d) has received a lawfully issued subpoena or court order and has, in consultation with the District, provided advance notice of the subpoena or court order to the parent or student (if 18 or older) in compliance with FERPA. This provision may not be construed to prohibit the social worker from making any type of mandatory report.
4. **Relationship of the Parties.** The Collaborative and the District are not changing their relationship and are not entering into a partnership or a joint venture. Each party is considered to be an independent contractor relative to the other party, and the Social Worker is considered to be an employee of the Collaborative for all purposes, including, but not limited to, supervision and evaluation, payroll and deductions, maintenance of all required insurance (e.g. workers’ compensation insurance, unemployment insurance, liability insurance), any labor disputes or grievances, and any employment disputes.
5. **Conflict with Agreement.** To the limited extent that this Addendum conflicts with the Agreement, the terms of this Addendum control and modify the Agreement. Those provisions of the Agreement that do not conflict with this Addendum remain in full force and effect. To be valid, this Addendum must be signed by duly authorized representatives for each party. A signed copy of this Addendum will have the same legal effect as the original.

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

FOR MILLE LACS COUNTY FAMILY SERVICES COLLABORATIVE

Mille Lacs County Family
Services Collaborative

Date

Chairperson, Mille Lacs County
Commissioners

Date

INDEPENDENT SCHOOL DISTRICT NO. 477

School Board Chair
Independent District 477

Date

School Board Clerk
Independent District No. 477

Date

PRINCETON PUBLIC SCHOOLS

Gift Solicitation Request Form

All employees are required to complete this form before soliciting gifts from any civic organizations.

Staff Member(s) Name: Jon Steinbrecher

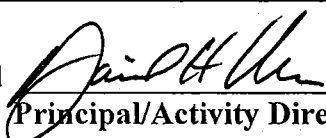
Representing: 6th Grade Deep Portage

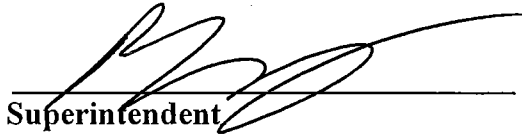
Request to (Name of Business/Organization):

Requesting to approach businesses and organization
to collect funds that will be used to scholarship
students in need of it in order to attend this trip

Amount of Request (Detail how funds are to be used):

Amount donated is up to each organization and business.

Accepted Not Accepted  Date: 10/16/18
Principal/Activity Director

Accepted Not Accepted  Date: 10/25/18
Superintendent

Accepted Not Accepted _____ Date: _____
School Board Chairperson

- Distribute:
- Organization
- Copy to Originator
- Copy to Board Minutes



PRINCETON

STUDENT SERVICES

2018 Fall School Board Update



Department of Student Services Programs

- Princeton Area Learning Center
- Princeton Online Academy
- Princeton Educational Options
- Onward
- Special Education



Positive Behavioral Interventions and Support

- In Our Community, We Are:
 - Safe
 - Compassionate
 - Engaged

Princeton Area Learning Center

- Highlights from 2017-18
 - Full to capacity
 - Increased Teaching Staff
 - Special Education and General Education
 - 9 programs graduates
 - High rates of student attendance
- 2018-19
 - Started year full
 - Wait list of 10+ students
 - Additional support for work experience opportunities





Princeton Online Academy

- Highlights from 2017-18
 - Serving approximately 150-240 students each trimester
 - Increased staff to address course enrollment.
 - Ongoing support to students through WiFi Hotspots
- 2018-19
 - Adjusted program to serve grades 9-12 only
 - 1.2 FTE of staff at HS to support supplemental students
 - Tri 1 enrollment of 310 students between FT and supplemental
 - Highest enrollment since beginning in 2015
 - Continuing to explore improvements for 2019 -20



Princeton Educational Options

- Highlights from 2017-18
 - Increased exposure to community opportunities
 - Valuable support for district students with mental health needs
 - Multiple successful transitions to home district/building
- 2018-19
 - Access to K-5 math curriculum and training
 - Increased focus on teaching social skills expected in traditional program
 - Continued community opportunities



Onward Program

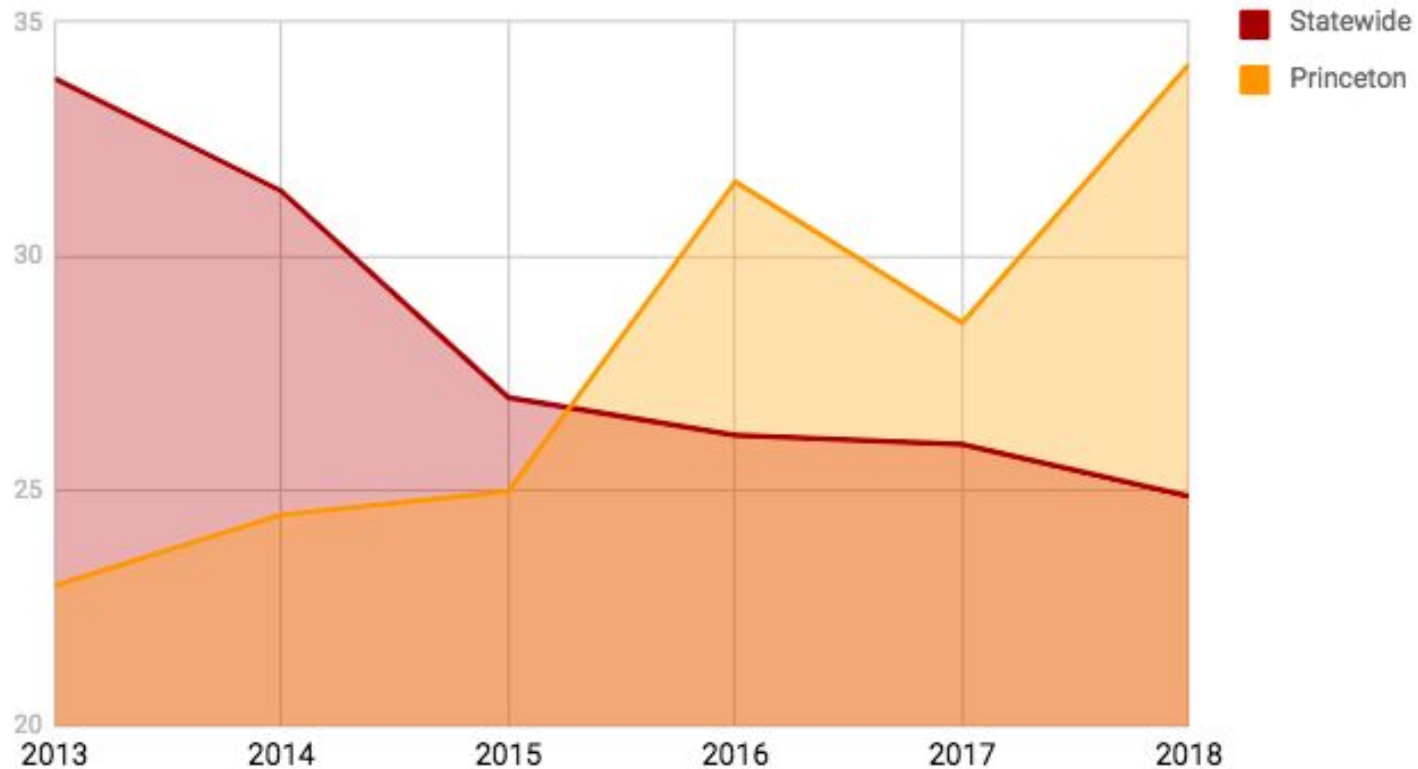
- Highlights from 2017-18
 - Increased opportunities for instruction in the community.
 - Successful program completion for multiple students.
- 2018-19
 - Increased opportunities for job experiences-Fairview Hospital.
 - Increased enrollment to 13 students.
 - Increased staff to support diversity of student needs.
 - Further renovations to meet student needs.




Special Education Update

- Year 2 of Autism Navigator Grant-Support for parents of infants and toddlers with autism-Approximately \$21,500
- Collaborative work-Social Emotional Learning
- Work Coordinator for students with disabilities at Onward and High School
- Co-Taught Math added at Princeton Middle School
- Completed special education financial audit
 - Minor citations found.
 - Corrective action completed.
- MDE site visit phase of due process compliance audit underway

Statewide and Princeton-2018 MCA Math



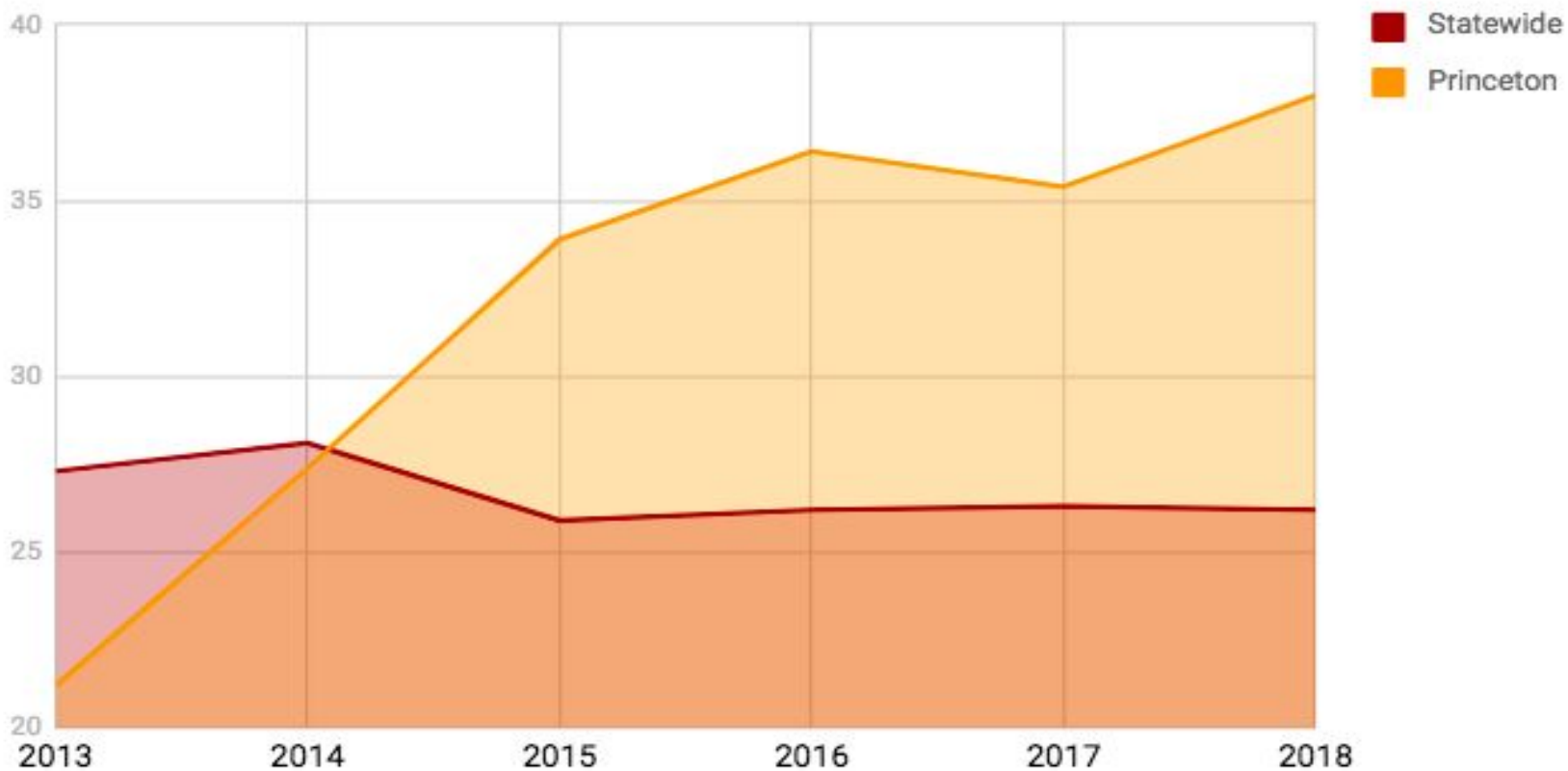


2018 Special Education Data- MCA Math

Year	Statewide	Princeton
2013	33.8	23
2014	31.4	24.5
2015	27	25
2016	26.2	31.6
2017	26	28.6
2018	24.9	34.1

Statewide and Princeton-2018 MCA Reading

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2018 Special Education Data- MCA Reading

Year	Statewide	Princeton
2013	27.3	21.2
2014	28.1	27.4
2015	25.9	33.9
2016	26.2	36.4
2017	26.3	35.4
2018	26.2	38



Princeton Student Services Site Goals

- **Math:** The percentage of all students in grades K-12 enrolled for 120 days or more at Princeton Student Services (Area Learning Center, Online Academy or Educational Options) who meet (low risk) or exceed (college pathway) the benchmark on the FAST aMath in Math will increase from 53.04% in 2018 to 55.04% in 2019.
- **Reading:** The percentage of all students in grades K-12 enrolled for 120 days or more at Princeton Student Services (Area Learning Center, Online Academy or Educational Options) who meet (low risk) or exceed (college pathway) the benchmark on the FAST aReading in Reading will increase from 71.43% in 2018 to 73.43% in 2019.



Action Steps to Achieve Our Goals

1. Explore and Implement the MEIRS Protocol
 - a. Minnesota Early Indicator and Response System
2. Design effective intervention and data management strategies
3. Align ELA course content between High School and Online Academy
4. Research high leverage instructional practices for special education

Early Childhood 2017/18

Our Staff



Changes in 2017/18 - 18/19

- Jeff Hague went from being the Tiger Club coordinator to also taking on the tuition billing responsibilities for preschool and enrollment for both preschool and ECFE
- Tiger Club preschool childcare went from enrollment of 37 in 2017/18 to 46 at the start of 18/19. Summer childcare (ages 3 - 12) enrollment was 182 in summer 2017 and went to 218 in summer 2018 (up by 36 students).
- The Tigers in training program went from sending out tokens of Tigerhood to sending 3 invitations per year to special early childhood events.

Spanish Immersion

15/16

- Enrollment - 11 students (10 of which are now in K-Immersion)
 - Shift in teaching staff in October
 - Yimi Arguetta - Here 1 year and is now doing missionary work in Nepal.
-

- Enrollment - 8 students
- Mari Peterson (Mexico) and Astrid Peterson (Columbia)
- Low ratios/Day 3 students using Spanish language

16/17

Preschool

15/16

- **Final Enrollment 2015/16 - 230** (176 on the first day of school)
 - IEP 64 year end (Approx. 30 added throughout the year)
 - 54 total students added throughout the year
- 280 students max capacity (14 sections)

72

16/17

- **Enrollment - 219** first day of school (up by 43)
 - All day everyday = 38
 - IEP 44 start of year
- 308 students max capacity (16 sections)

Projected Final Enrollment 2016/17 - 273 (219 + 54)

Tigers in Training Program

- 3 event invite postcards to 900 families
 - Drama camp performance June (@ 15 families)
 - Football Game Sept. (@ 15 families)
 - Early Childhood Fair April 84 families attended

15/16

Letters and tokens of tigerhood sent out in January to all families

- 3 event invite postcards to 900 families
 - Drama camp performance July exceeded maximum capacity of PAC
 - Football Game Sept. (@ 15 families)
 - Early Childhood Fair scheduled for April 29 2017

16/17



ECFE (Early Childhood Family Education)

15/16

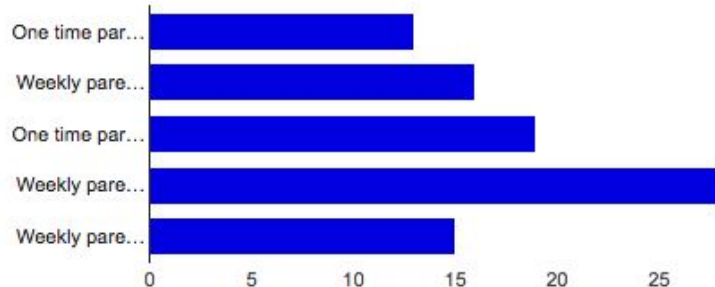
- Enrollment - 449 unduplicated participants
 - 198 parents and grandparents
 - 243 different children birth up to 5 years of age



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Community Needs Assessment informs us on what we should offer:

What type of ECFE class are you most likely to attend?



One time parent only class on specific topic with childcare provided.	13	23.2%
Weekly parent only classes with childcare provided.	16	28.6%
One time parent/child events.	19	33.9%
Weekly parent/child classes with separation and parent discussion time.	28	50%
Weekly parent/child classes with no formal parent discussion time.	15	26.8%

Early Childhood Tiger Club Childcare:

- Enrollment - 28 students 2015/16
- Enrollment - 21 students start of 2016/17

Busing:

- (7) in the am and (8) in the pm riding
- 49 in the am and 38 in the pm riding (22 buses)

15/16

16/17

Grand opening - please join us

Family Center

706 First Street, Princeton MN 55371

Monday, October 17

4:30 - 6:30 PM

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

Communications Letter

June 30, 2018



**Independent School District No. 477
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Legislative Summary	19
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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, 2018, 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 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 have not been 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.

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 over financial reporting, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows: reasonably possible – the chance of the future event or events occurring is more than remote but less than likely; probable – the future event or events are likely to occur. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

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 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 26, 2018, on such statements.

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 26, 2018

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, 2018. Professional standards require that we advise you of the following matters related to our audit.

OUR RESPONSIBILITY IN RELATION TO THE FINANCIAL STATEMENT AUDIT

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

COMPLIANCE WITH ALL ETHICS REQUIREMENTS REGARDING INDEPENDENCE

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

QUALITATIVE ASPECTS OF SIGNIFICANT ACCOUNTING PRACTICES

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the District is included in the notes to financial statements. There have been no initial selection of accounting policies and no changes to significant accounting policies or their application during 2018. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates 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.

Total Other Post Employment Benefits (OPEB) Liability, Deferred Outflows of Resources Related to OPEB, and Deferred Inflows of Resources Related to OPEB – These balances are based on an actuarial study using the estimates of future obligations of the District for post employment benefits.

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

QUALITATIVE ASPECTS OF ACCOUNTING PRACTICES (CONTINUED)

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

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.

SIGNIFICANT DIFFICULTIES ENCOUNTERED DURING THE AUDIT

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

UNCORRECTED AND CORRECTED MISSTATEMENTS

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. We identified the following uncorrected misstatement of the financial statements. Management has determined its effect is immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

- Unavailable revenue related to delinquent property taxes
- State revenue and receivable

In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

DISAGREEMENTS WITH MANAGEMENT

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the District's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

REPRESENTATIONS REQUESTED FROM MANAGEMENT

We requested certain written representations from management, which are included in the management representation letter.

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

MANAGEMENT'S CONSULTATIONS WITH OTHER ACCOUNTANTS

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management has informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

OTHER SIGNIFICANT MATTERS, FINDINGS, OR ISSUES

In the normal course of our professional association with the District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating conditions affecting the District, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the District's auditors.

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 the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

**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.

Year	General Education Aid Formula Allowance	
	Amount	Percent Increase
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%
2018	6,188	2.0%
2019	6,312	2.0%

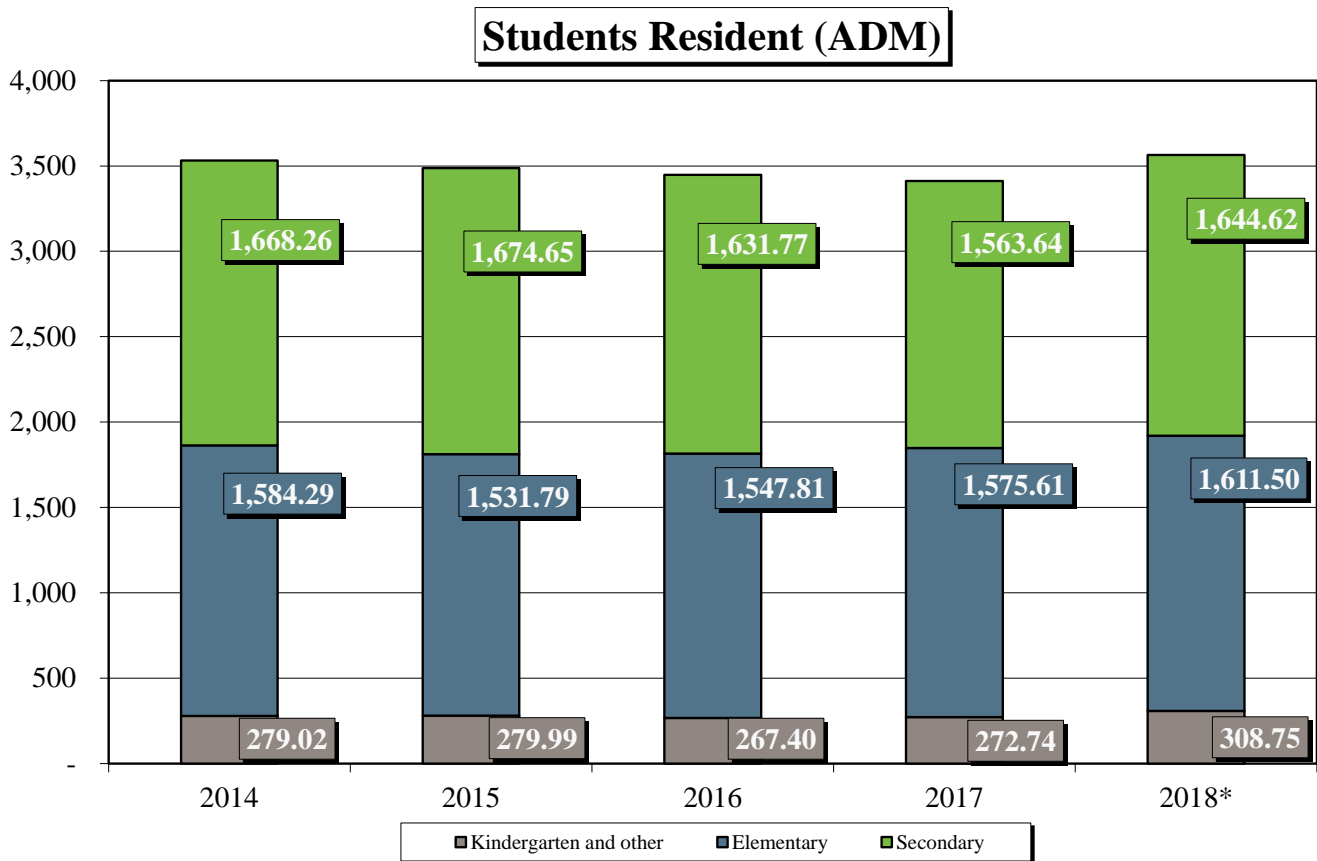
* General Education Aid - Of the \$529 increase over 2014, \$105 is for inflation at 1.9%; the remaining \$424 is a shifting of revenue to adjust for pupil weight changes, pension adjustments changes and other restructuring.

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

AVERAGE DAILY MEMBERSHIP

ADM	2014	2015	2016	2017	2018*
Kindergarten and other	279.02	279.99	267.40	272.74	308.75
Elementary	1,584.29	1,531.79	1,547.81	1,575.61	1,611.50
Secondary	1,668.26	1,674.65	1,631.77	1,563.64	1,644.62
Total Resident ADM	3,531.57	3,486.43	3,446.98	3,411.99	3,564.87

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



*Estimate

The chart and graph above illustrate the increase in resident ADM encountered by the District in the five years presented. Total resident ADM has increased 0.9% since 2014. After decreasing for three years, resident ADM increased by 4.5% from 2017 to 2018.

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**

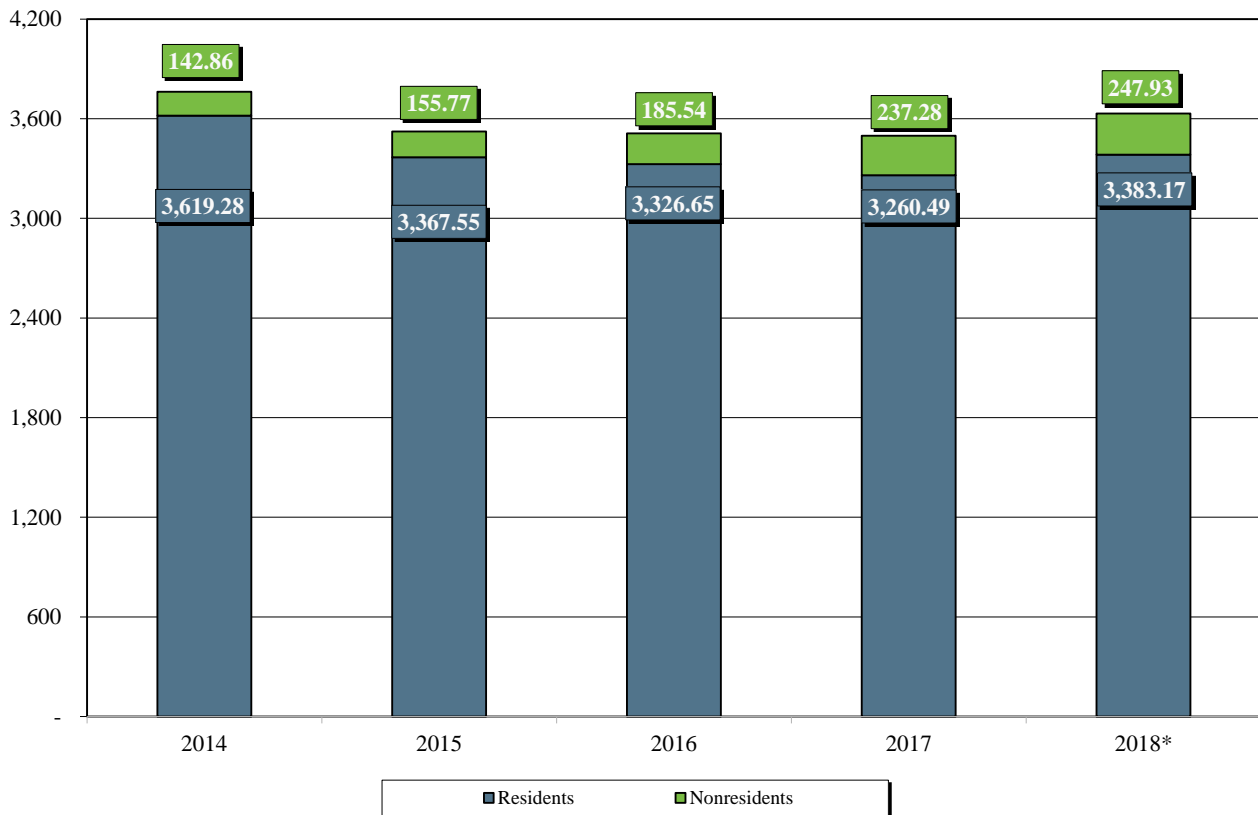
WEIGHTED AVERAGE DAILY MEMBERSHIP SERVED/PUPIL UNITS

Pupil Units Weighting						
	Pre-Kindergarten	Kindergarten Disabled	Kindergarten	Elementary Grades 1-3	Elementary Grades 4-6	Secondary
2014	1.25	1.00	0.612	1.115	1.06	1.30
2015 through 2018	1.00	1.00	1.000	1.000	1.00	1.20

WADM/PUN	2014	2015	2016	2017	2018*
Residents	4,089.53	3,821.36	3,773.34	3,724.70	3,893.79
Resident WADM going elsewhere	(470.25)	(453.81)	(446.69)	(464.21)	(510.62)
Nonresident WADM coming in	142.86	155.77	185.54	237.28	247.93
Total WADM Served/PUN	3,762.14	3,523.32	3,512.19	3,497.77	3,631.10

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 increased 133.33 or 3.8% from 2017 to 2018.

Students Served (WADM/PUN)

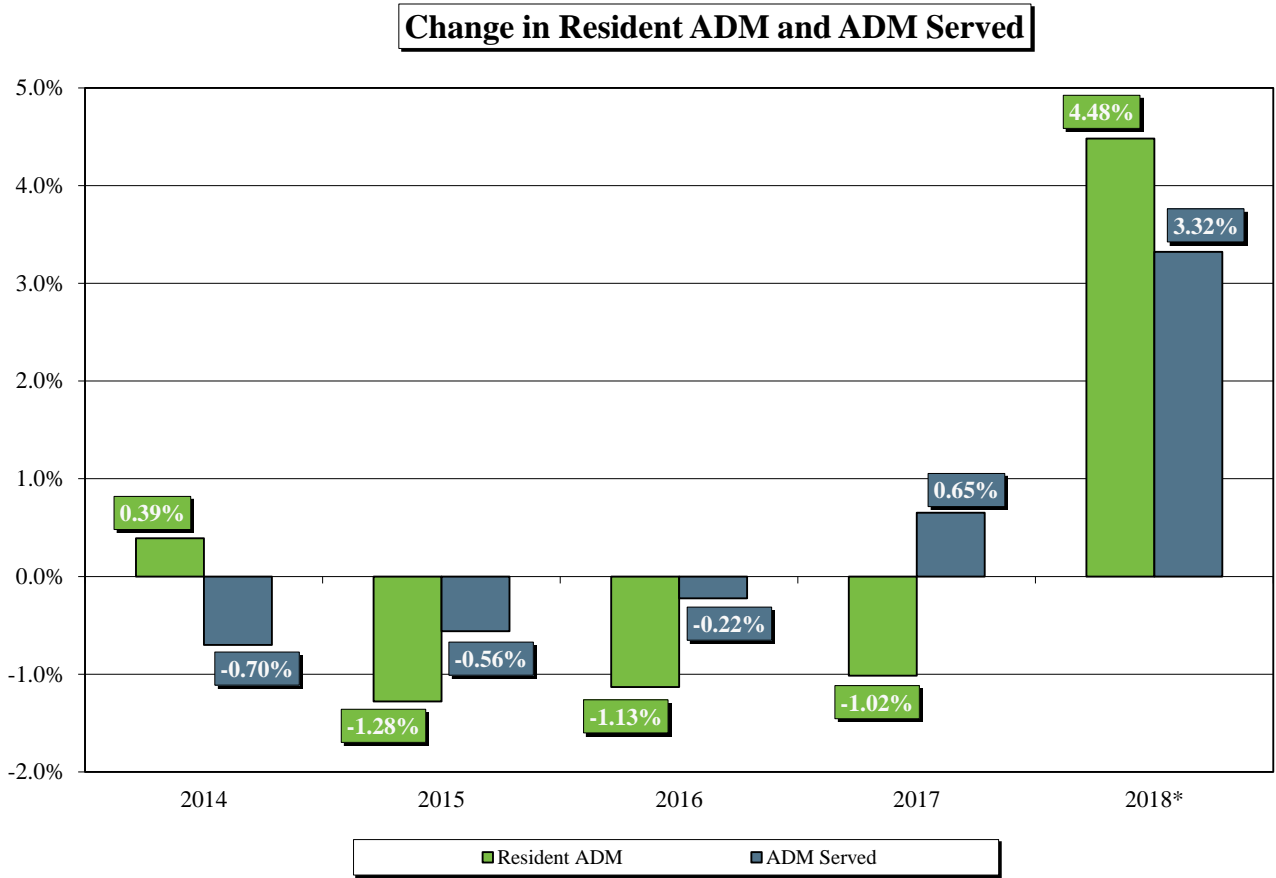


* Estimate

**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

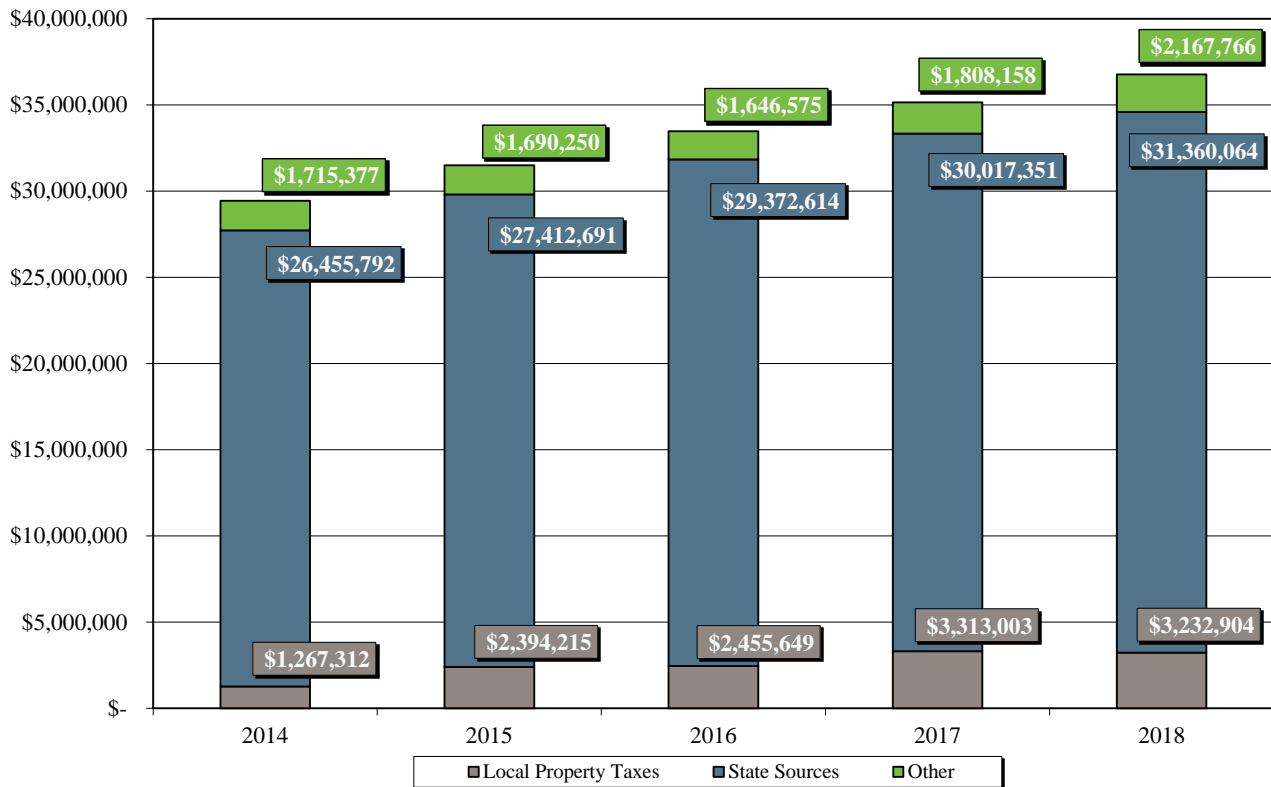
Independent School District No. 477 Financial Analysis

GENERAL FUND SOURCES OF REVENUE

Total General Fund revenue increased \$1,622,222, or 4.6%, from \$35,138,512 in 2017, to \$36,760,734 in 2018. Overall, revenues were \$7,322,253, or 24.9%, more in 2018, compared to four years ago.

State revenue, which makes up the largest percentage of the District's revenue at 85.3%, increased approximately \$1,342,342 due to a combination of a 2.0% increase in the General Education formula allowance, an increase in enrollment, and an increase in special education entitlement due to increased expenditures. Local property tax revenues, which represent 8.8% of the District's revenues, decreased \$80,099 due to a decrease in the tax levy. Other revenue, which includes other local and county, federal and sales and other conversions of assets, represents the remaining 5.9% of the District's revenue and increased \$359,608 due to an increase in federal special education entitlement and five new grants.

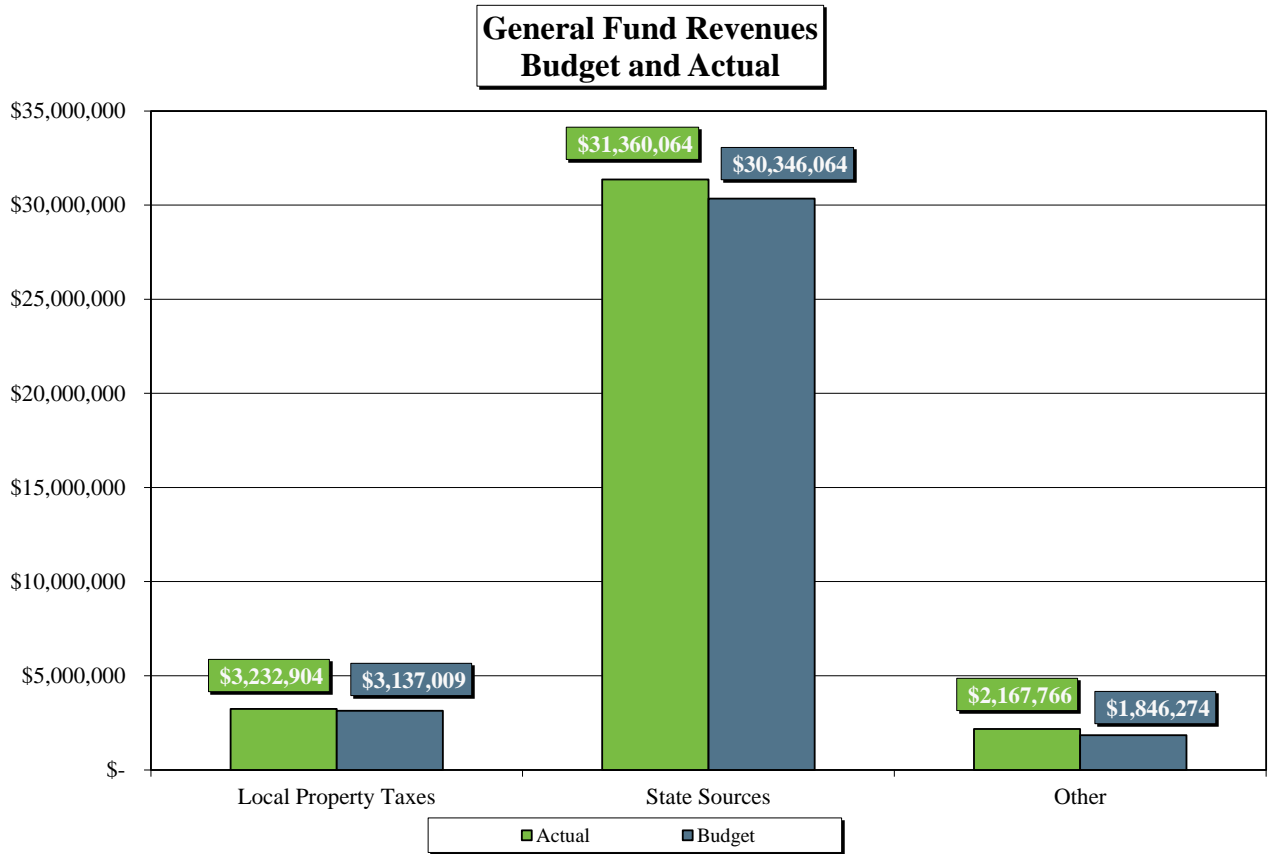
General Fund Sources of Revenue



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

GENERAL FUND BUDGET AND ACTUAL

Overall, total revenue was over budget by \$1,431,387 or 4.1%. State revenue was over budget by \$1,014,000 as a result of enrollment and the special education entitlement exceeding expectations.



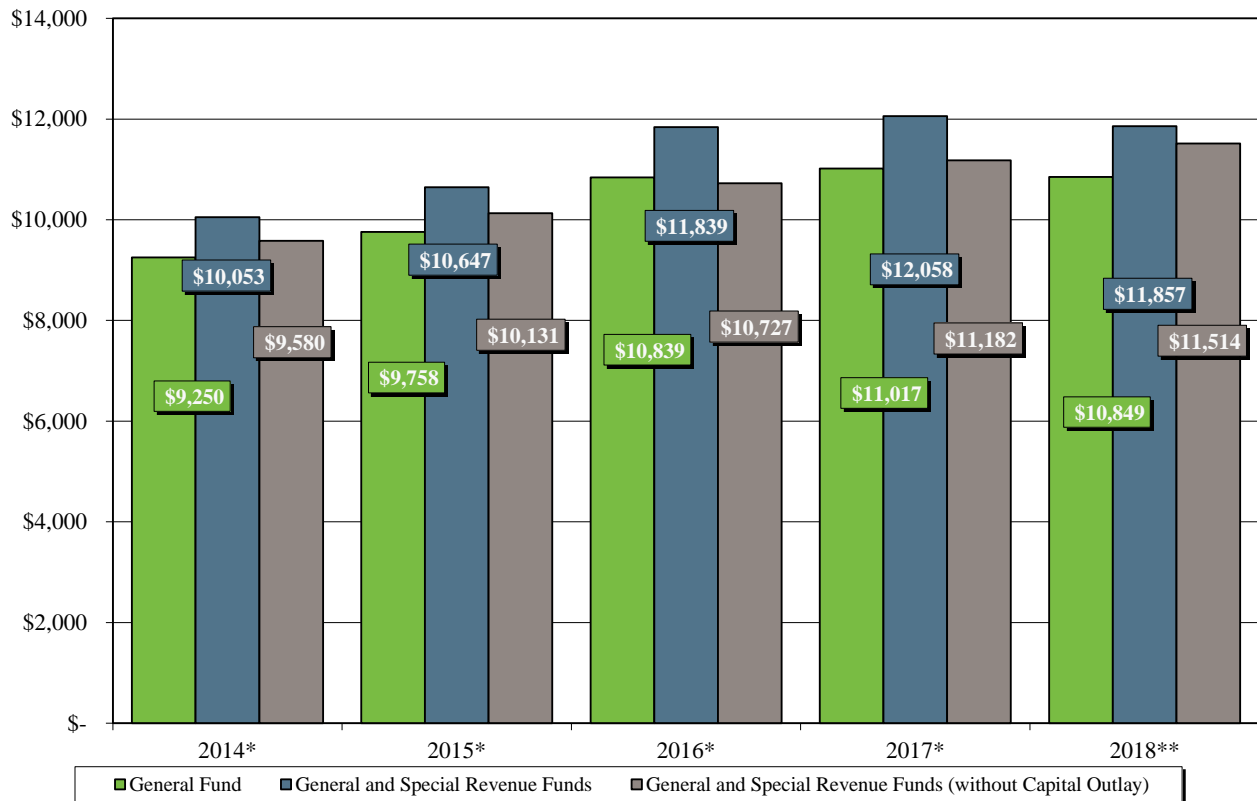
**Independent School District No. 477
Financial Analysis**

EXPENDITURES PER STUDENT

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

	2014*	2015*	2016*	2017*	2018**
General Fund	\$ 9,250	\$ 9,758	\$ 10,839	\$ 11,017	\$ 10,849
General and Special Revenue Funds	10,053	10,647	11,839	12,058	11,857
General and Special Revenue Funds (without capital outlay)	9,580	10,131	10,727	11,182	11,514

Expenditures Per Student ADM Served



* Source: *School District Profiles*

** Estimate

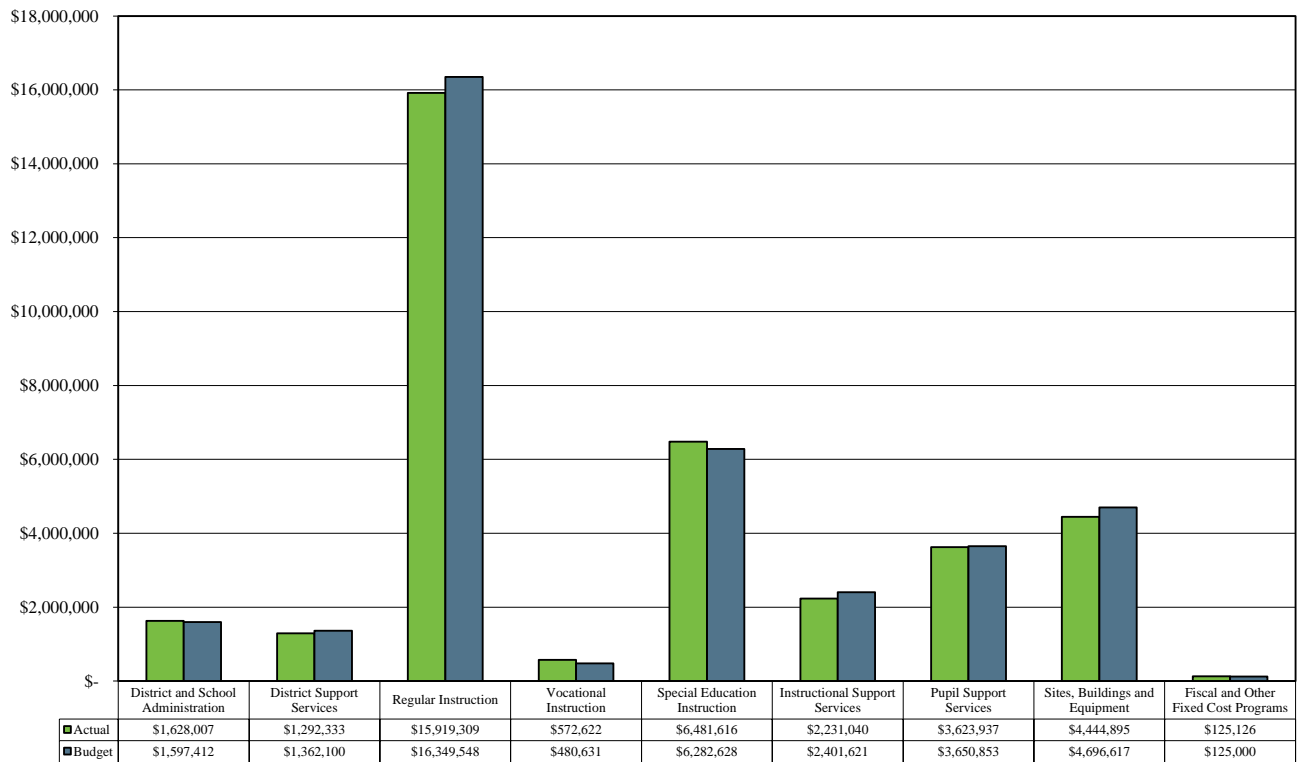
The District experienced a decrease in expenditures per student ADM from 2017 to 2018, which was the result of an increase in expenditures of \$316,275 or 0.9% and a 3.3% increase in the students served. The average 2017 expenditure per ADM served for districts in the 2,000-3,999 enrollment category was \$11,301 for the General Fund and \$12,398 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 \$627,525 or 1.7%. Regular Instruction and Instructional Support Services were under budget as a result of using a conservative budget for supplies and staff development. Special Education was over budget due to higher than anticipated costs for services purchased from Rum River.

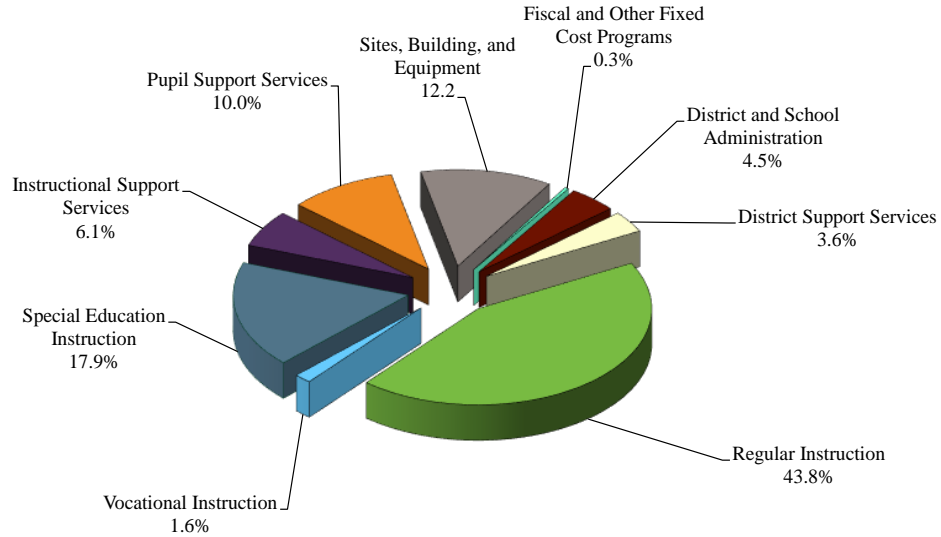
**General Fund Expenditures
Budget and Actual**



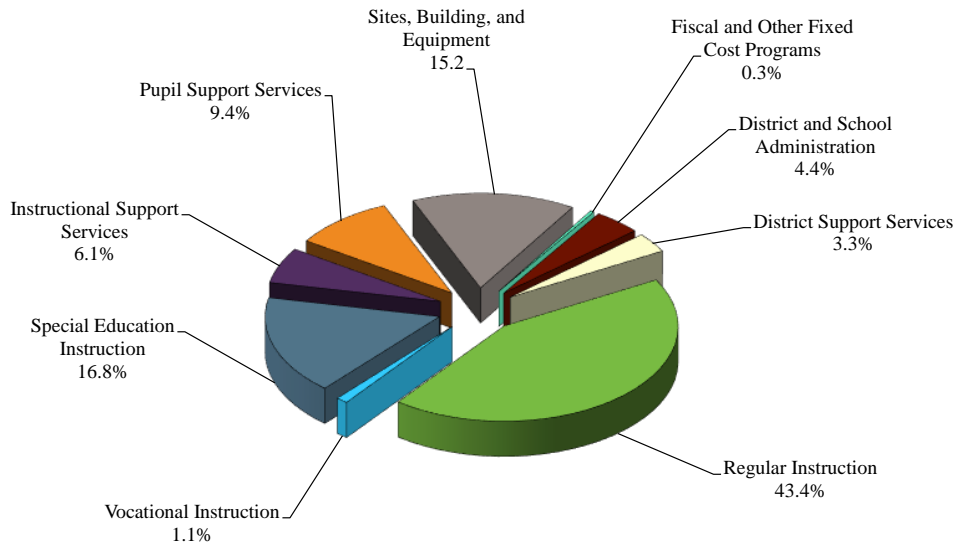
Independent School District No. 477 Financial Analysis

GENERAL FUND OPERATIONS

**2018 General Fund
Expenditures \$36,318,885**



**2017 General Fund
Expenditures \$36,002,610**



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:

	2014	2015	2016	2017	2018
Revenues	\$ 29,438,481	\$31,497,156	\$33,474,838	\$35,138,512	\$ 36,760,734
Expenditures	30,064,312	31,454,610	34,892,297	36,002,610	36,318,885
Excess of revenues over (under) expenditures	(625,831)	42,546	(1,417,459)	(864,098)	441,849
Other financing sources		-	4,917	203,298	-
Fund balance, July 1	13,134,558	12,508,727	12,551,273	11,138,731	10,477,931
Fund Balance, June 30	\$ 12,508,727	\$ 12,551,273	\$ 11,138,731	\$ 10,477,931	\$ 10,919,780

For the Year Ended June 30,	2014	2015	2016	2017	2018
Nonspendable	\$ 120,915	\$ 77,231	\$ 92,348	\$ 81,513	\$ 196,274
Reserved/restricted for					
Staff development	31,944	70,515	149,135	199,312	263,098
Operating capital	2,612,930	2,497,971	2,544,091	2,225,980	2,147,068
Deferred maintenance	63,449	57,437	163,061	-	-
Health and safety	(85,013)	(45,255)	(40,795)	-	-
Gifted and talented	53,654	39,426	40,619	24,360	-
Area learning center	-	-	-	-	49,835
Basic skills	-	-	-	-	15,672
Basic skills extended time	-	-	-	-	16,911
LTFM	-	-	-	606,617	408,023
Medical Assistance	-	-	-	7,057	8,651
Committed for					
Seperation Benefits	695,993	699,936	703,394	812,308	941,283
Assigned for					
Student activities	102,958	138,627	161,061	124,117	119,773
Q-Comp	53,235	80,869	123,419	161,349	226,244
Technology	410,504	115,278	37,264	48,463	57,595
Building improvements	3,600,000	3,600,000	1,428,076	422,542	280,537
Program initiatives	400,000	700,000	741,731	649,982	649,982
Unassigned	4,448,158	4,519,238	4,995,327	5,114,331	5,538,834
Total	\$ 12,508,727	\$ 12,551,273	\$ 11,138,731	\$ 10,477,931	\$ 10,919,780

Fund balance increased by \$441,849, including a \$424,503 increase in the unassigned portion. The unassigned balance of \$5,538,834 represents slightly less than two months of expenditures (based on year 2018 levels) or 15.0% of the 2018 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**

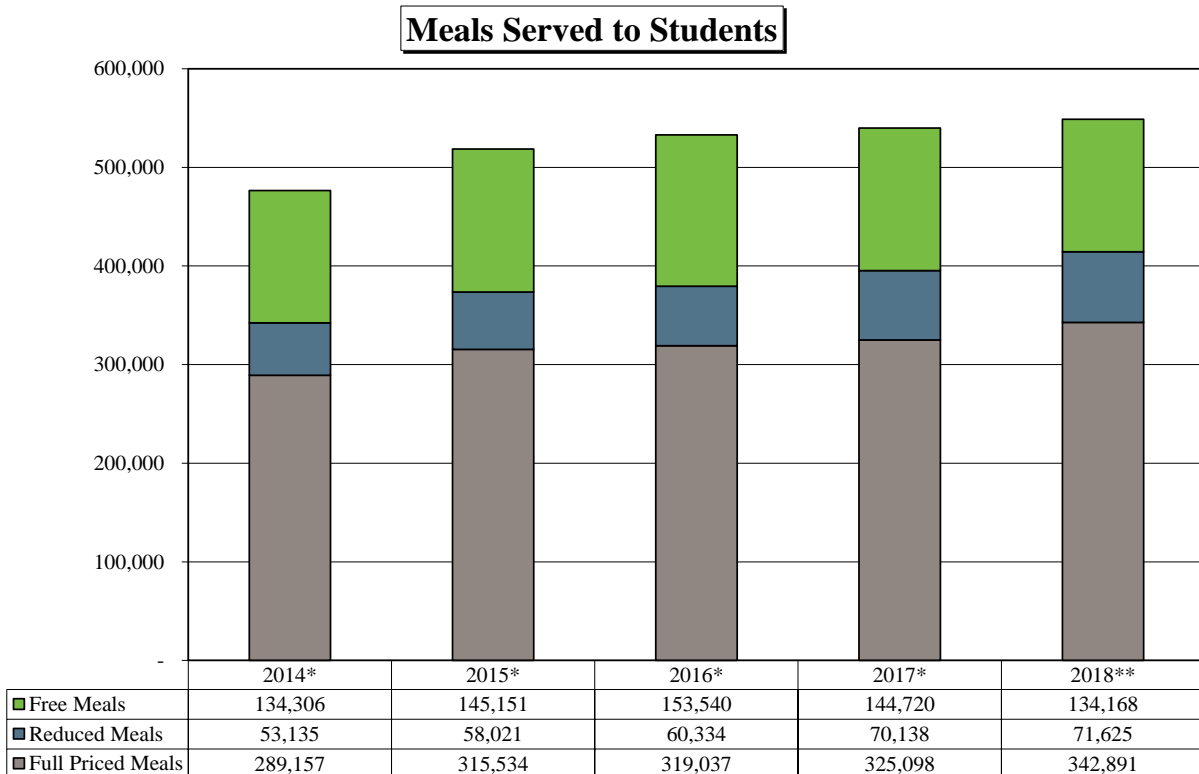
FOOD SERVICE FUND

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

For the Year Ended June 30,	2014	2015	2016	2017	2018
Revenues	\$ 1,533,309	\$ 1,694,727	\$ 1,780,006	\$ 1,872,834	\$ 1,894,240
Expenditures	1,630,740	1,660,046	1,772,360	1,792,621	1,884,315
Excess of revenues over (under) expenditures	(97,431)	34,681	7,646	80,213	9,925
Fund balance, July 1	446,263	348,832	383,513	391,159	471,372
Fund Balance, June 30	\$ 348,832	\$ 383,513	\$ 391,159	\$ 471,372	\$ 481,297

During the year ending June 30, 2018, revenues increased \$21,406 as a result of increased in lunch prices and increased meals served. Expenditures increased \$91,694 due to the purchase of condiment carts, braising pans, and digital signage. 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,	2014		2015		2016		2017		2018	
Revenues	\$	1,058,378	\$	1,225,924	\$	1,410,076	\$	1,480,860	\$	1,558,052
Expenditures		977,749		1,205,011		1,444,848		1,584,186		1,489,738
Excess of revenues over (under) expenditures		80,629		20,913		(34,772)		(103,326)		68,314
Fund balance, July 1		294,819		375,448		396,361		361,589		258,263
Fund Balance, June 30	\$	375,448	\$	396,361	\$	361,589	\$	258,263	\$	326,577

The Community Service Fund revenues exceeded expenditures for the third time in five years. During the year ending June 30, 2018, revenues increased 5.2% while expenditures decreased 6.0%. Revenues increased as a result of better collection of preschool fees and a reduction in scholarships for preschool attendance. Expenditures decreased due to a reduction in positions at the Tiger Club. 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

The formula allowance for 2018 General Education Aid was increased \$121 (2%) to \$6,188. For 2019, the formula allowance is set at \$6,312, which is also an increase of 2%.

COMPENSATORY REVENUE

The compensatory pilot grants have been added permanently to regular compensatory revenue at the 2017 level. A percentage of the total compensatory revenue (regular plus pilot grant) must be used for extended time activities. These percentages are 3.5% for 2019 and for 2020 and later it will be 3.5% plus the percentage change in the formula from 2019.

STUDENT ACHIEVEMENT LEVY

The Student Achievement Levy eliminated for 2019.

LEAD IN SCHOOL DRINKING WATER

By July 1, 2018, districts will be required to begin testing school water for lead. Testing must be completed for all schools within five years. School districts and charter schools must adopt a plan to test school water for lead at least every five years. Lead test results must be made available to the public and parents must be notified when this information is available.

The testing may be included in the ten year facilities plans and districts can use long-term facilities maintenance revenue for lead testing and remediation costs.

PAYMENTS TO NONOPERATING FUNDS

The payment schedule for nonoperating fund aids is moving to six monthly installments from July through December rather than 12 monthly installments.

SCHOOL BUILDING BOND AGRICULTURAL CREDIT

Effective for taxes payable in 2018, there will be a property tax credit on all property classified as agricultural. The credit will be equal to 40% of the tax on the property attributable to school district bonded debt levies. Total amounts available will be \$34.8 million in 2019, \$45.2 million in 2020, and \$52.5 million in 2021.

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

LONG-TERM FACILITIES MAINTENANCE REVENUE

The per pupil revenue increases from \$193/APU to \$292 for 2018 and \$380 for 2019 and later. Equalized revenue is limited to \$292 for 2018 and \$380 for 2019 and later. LTFM revenue may be used for remodeling and new construction for school security enhancements, and equipment and facility modifications related to violence prevention and facility security for projects in the LTFM plan approved in 2019 or 2020.

EQUITY REVENUE

Starting in 2017 through 2019, nonmetro school district are eligible for a 16% increase in the sliding portion of their equity revenue. The seven county metro area schools continue to receive a 25% increase over their initial calculation for revenue.

Beginning in 2020, all districts will receive the same 25% increase over the initial calculation for revenue.

SPECIAL EDUCATION

An adjustment to the prior year data and the fiscal year 2016 old formula revenue base used to calculate the hold harmless and growth cap will be necessary for closed or restructured programs.

Although there was a change in Federal law removing student awaiting foster care from the definition of "homeless", these students will still be included in the special education funding calculations.

VOLUNTARY PREKINDERGARTEN (VPK)/SCHOOL READINESS PLUS

This program changes the VPK cap from a limit on the total state aid entitlement to a limit on the number of participants. The cap for VPK and school readiness plus will be 7,160 for 2019. The new school readiness plus program continues for 2019. After 2019 the school readiness plus will be eliminated and the cap for VPK will be 3,160 participants.

EMERGENCY SCHOOL FUNDING

One-time additional school aid was approved effective for 2019 only. The aid equals \$57.73 per 2018 adjusted ADM for school districts and charter schools (\$50 million total). The aid will be paid out with the school endowment fund payment in September 2018. Aid may be used for student and staff safety or any other school-related purpose as deemed appropriate by the school board.

STAFF DEVELOPMENT SET-ASIDE WAIVER

For 2019 only, school boards may waive the 2% staff development set aside requirement or establish a different percentage reserve by board resolution without a majority vote by the licensed teachers in the District.

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

COMMUNITY SERVICE FUND TRANSFER

For 2019, Districts may permanently transfer any amount approved by the Commissioner from the restricted/reserved for community education fund balance to its undesignated fund balance.

SAFE SCHOOLS REVENUE

Revenue is increased from \$36 to \$54/PU for 2019 and to \$41.50/PU for 2020 and later with a maximum revenue of \$30,000 per District for 2019 and later. Districts must annually report safe schools expenditures to MDE by area and any new staff positions hired beginning in 2019.

Q COMP

The cap on basic Q Comp aid remains at \$88,118,000 but allows the commissioner to prorate aid for existing districts and schools. Due to enrollment growth, proration is projected to be 98.8%. Districts will be able to levy for the projected basic aid shortfall.

SCHOOL SAFETY GRANTS

The house and senate approved \$25 million in total grants to be funded from the State General Fund in 2019. Grants will be awarded by MDE on a first-come, first-serve basis, in consultation with the Department of Public Safety's Minnesota School Safety Center. Grants maybe used to predesign, design, construct, furnish and equip school facilities including renovating and expanding existing buildings and facilities. Grant awards are limited to \$500,000 for each qualifying school building. At least half of the grants must be awarded to school districts outside the 11 county metro area.

PENSION BILL

Augmentation has been eliminated for TRA members after 12/31/17, and early retirement subsidies have been phased out.

Post-retirement cost of living adjustments (COLAs) have been reduced –

- 1) TRA – lowers the COLA from 2% to 1% for 5 years; then the rate will increase by 0.1% each year until it reaches 1.5%
- 2) PERA – the increase will be 50% of the increase for Social Security announced January 1, but not less than 0.5% or more than 1.5%
- 3) Defers commencement of COLA for early retirees

The rate of interest paid on refunds of employee contributions to former employees has been reduced from 4% to 3%. TRA required contributions have increased to 7.75% for employees effective FY2024. Required employer contributions will increase 0.21% for FY 2019 to FY 2023 and 0.2% in FY2024 until a required contribution rate of 8.75% is reached.

Pension adjustment revenue will increase to match the required contribution increases.

Independent School District No. 477
Emerging Issues

Executive Summary

The following is an executive summary of financial 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. 84 – Fiduciary Activities** – GASB has issued GASB Statement No. 84 relating to accounting and financial reporting for fiduciary activities. This new statement establishes clarity to determine when a government has fiduciary responsibility for a certain activity.
- **Accounting Standard Update – GASB Statement No. 87 – Leases** – GASB has issued GASB Statement No. 87 relating to accounting and financial reporting for leases. This new statement establishes a single model for lease accounting based on the principle that leases are financing of the right to use an underlying asset.

The following are extensive summaries 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 this issue with you further and their applicability to your District.

ACCOUNTING STANDARD UPDATE – GASB STATEMENT NO. 84 – *FIDUCIARY ACTIVITIES*

The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less.

GASB Statement No. 84 describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets.

Independent School District No. 477
Emerging Issues

ACCOUNTING STANDARD UPDATE – GASB STATEMENT NO. 84 – FIDUCIARY ACTIVITIES (CONTINUED)

GASB Statement No. 84 is effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.

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

ACCOUNTING STANDARD UPDATE – GASB STATEMENT NO. 87 – LEASES

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Any contract that meets this definition should be accounted for under the leases guidance, unless specifically excluded in this Statement.

A short-term lease is defined as a lease that, at the commencement of the lease term, has a maximum possible term under the lease contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised. Lessees and lessors should recognize short-term lease payments as outflows of resources or inflows of resources, respectively, based on the payment provisions of the lease contract.

A lessee should recognize a lease liability and a lease asset at the commencement of the lease term, unless the lease is a short-term lease or it transfers ownership of the underlying asset. The lease liability should be measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease asset should be measured at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. A lessee should reduce the lease liability as payments are made and recognize an outflow of resources (for example, expense) for interest on the liability. The lessee should amortize the lease asset in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset. The notes to financial statements should include a description of leasing arrangements, the amount of lease assets recognized, and a schedule of future lease payments to be made.

Independent School District No. 477
Emerging Issues

ACCOUNTING STANDARD UPDATE – GASB STATEMENT NO. 87 – LEASES
(CONTINUED)

A lessor should recognize a lease receivable and a deferred inflow of resources at the commencement of the lease term, with certain exceptions for leases of assets held as investments, certain regulated leases, short-term leases, and leases that transfer ownership of the underlying asset. A lessor should not derecognize the asset underlying the lease. The lease receivable should be measured at the present value of lease payments expected to be received during the lease term. The deferred inflow of resources should be measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods. A lessor should recognize interest revenue on the lease receivable and an inflow of resources (for example, revenue) from the deferred inflows of resources in a systematic and rational manner over the term of the lease. The notes to financial statements should include a description of leasing arrangements and the total amount of inflows of resources recognized from leases.

GASB Statement No. 87 is effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

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

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

Financial Statements

June 30, 2018



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**Independent School District No. 477
Board of Education and Administration
June 30, 2018**

<u>Board of Education</u>	<u>Position</u>	<u>Term Expires</u>
Eric Minks	Chairperson	January 1, 2019
Eric Strandberg	Vice Chairperson	January 1, 2021
Howard Vaillancourt	Treasurer	January 1, 2021
Sue VanHooser	Clerk	January 1, 2021
Craig Johnson	Director	January 1, 2019
Deb Ulm	Director	January 1, 2019
Chad Young	Director	January 1, 2021
<u>Administration</u>		
Julia Espe	Superintendent	
Michelle Czech	Director of Business Services	

Independent Auditor's Report

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

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, 2018, and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

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.

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.

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.

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 in the first paragraph 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, 2018, 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.

Implementation of GASB 75

As discussed in Note 8 to the financial statements, the District has adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Our opinion is not modified with respect to this matter.

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 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 U.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 (Continued)

Other Information (Continued)

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 26, 2018, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

BergankDV, Ltd.

St. Cloud, Minnesota
October 26, 2018

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, 2018. 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 2017-18 year include the following:

- The District, during 2017-2018, using Long Term Facility Maintenance, was able to perform maintenance on tennis courts, roofs, heating and cooling systems.
- The District finalized purchasing property from the City of Princeton that used to be the City Police Department. The District now utilizes that space for District Center staff and the Onward Program for special needs students. Part of the District Center is in space the District is renting for 18 years from the city due to a renovation agreement between the two entities.
- In 2017 we ended with 3,201.58 ADM's and in 2018 we ended with 3,323.29 ADM's, which is a significant gain of 121.17 ADM's from the previous year.
- The District's unassigned fund balance increased by \$424,503 which makes the unassigned fund balance at 16.4% of our unassigned budgeted expenses for 2019. The School Board's policy requires the unassigned fund balance to be at least 10%.
- The District's assigned fund balance decreased by \$72,322. These are assigned funds for specific program needs and are considered one time funds. This decrease was due to planned spending on our building projects and onetime expenses in program initiatives (Spanish Immersion, ALC, Online, etc.).
- The District's restricted/reserved fund balances decreased by \$154,068. These funds are required by the state to be set aside for a specific purpose. The decrease was largely due to Long Term Facility Maintenance projects starting in the summer of 2017 which crosses two fiscal years.

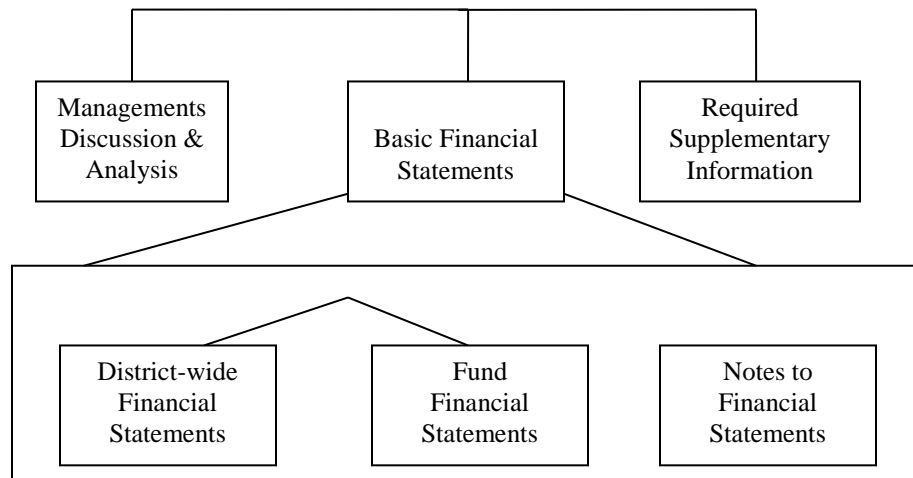
Independent School District No. 477 Management's Discussion And Analysis

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, and 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

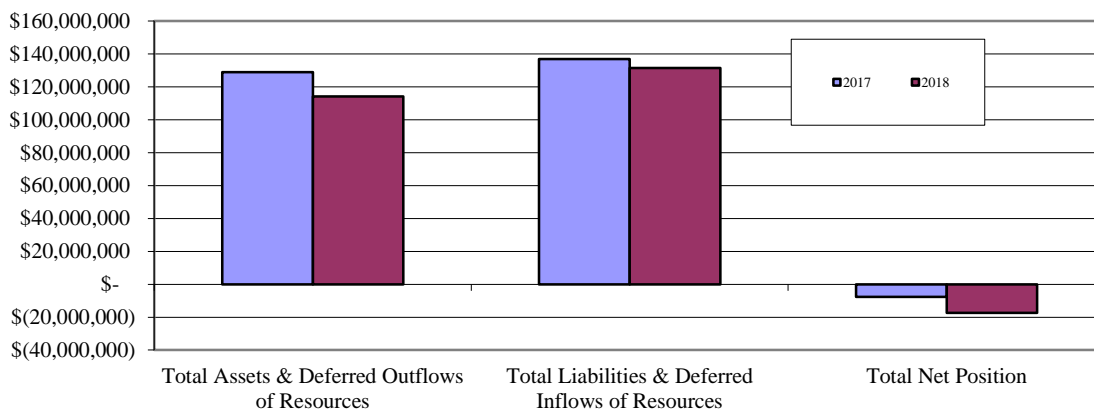
The District's combined net position was (\$17,442,185) on June 30, 2018 (see details in Table A-1). The net position continues to erode because of the recognition of PERA and TRA pension liabilities. It is important to note that the District withholds pension liabilities as required by law and forwards to the appropriate pension entity. The District does not pay out pensions as that is the responsibility of the pension entity, yet we are required by law to recognize this liability on the District's financial statements.

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

DISTRICT-WIDE STATEMENTS (CONTINUED)

**TABLE A-1
FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

	2017	2018
Assets		
Current assets	\$ 26,986,230	\$ 23,380,416
Capital assets	57,698,821	56,737,773
Total assets	<u>84,685,051</u>	<u>80,118,189</u>
Deferred Outflows of Resources		
	<u>44,351,661</u>	<u>33,965,287</u>
Total assets and deferred outflows of resources	<u>\$ 129,036,712</u>	<u>\$ 114,083,476</u>
Liabilities		
Current liabilities	\$ 4,438,763	\$ 4,581,571
Long-term liabilities	125,016,696	110,078,908
Total liabilities	<u>129,455,459</u>	<u>114,660,479</u>
Deferred Inflows of Resources		
	<u>7,368,087</u>	<u>16,865,182</u>
Net Position		
Net investment in capital assets	9,972,076	11,445,032
Restricted net position	3,883,302	3,900,417
Unrestricted net position	(21,642,212)	(32,787,634)
Total net position	<u>(7,786,834)</u>	<u>(17,442,185)</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 129,036,712</u>	<u>\$ 114,083,476</u>



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

DISTRICT-WIDE STATEMENTS (CONTINUED)

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

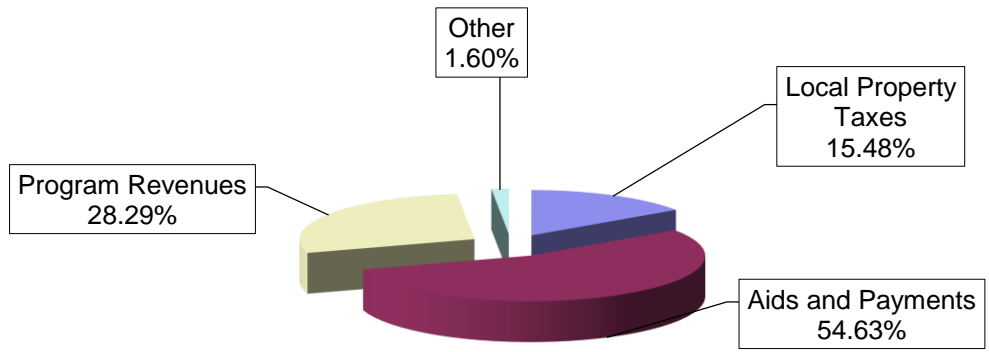
	Year	
	2017	2018
Revenues		
Program revenues		
Charges for services	\$ 2,530,100	\$ 2,588,166
Operating grants and contributions	8,069,384	9,064,694
Capital grants and contributions	1,406,113	792,363
General revenues		
Property taxes	6,938,232	6,810,389
Aids and payments from the state	22,753,990	24,026,178
Other sources	1,514,199	702,046
Total revenues	<u>43,212,018</u>	<u>43,983,836</u>
Expenses		
Administration	1,946,464	1,959,842
District support services	1,362,160	1,421,227
Elementary and secondary regular education	21,648,489	21,373,832
Vocational education	547,431	748,095
Special education	7,860,930	8,094,420
Instructional support services	2,656,202	2,587,508
Pupil support services	3,860,425	4,029,435
Site, buildings, and equipment	6,297,179	3,896,079
Fiscal and other fixed cost programs	117,462	125,126
Food Service	1,845,167	1,894,563
Community education and services	1,890,949	1,742,540
Unallocated depreciation	922,485	1,266,981
Interest and fiscal charges - long-term debt	1,718,444	1,541,601
Total expenses	<u>52,673,787</u>	<u>50,681,249</u>
Change in net position	(9,461,769)	(6,697,413)
Net Position		
Beginning	1,674,935	(7,786,834)
Change in accounting principle	-	(2,957,938)
Beginning, as restated	<u>1,674,935</u>	<u>(10,744,772)</u>
Ending	<u>\$ (7,786,834)</u>	<u>\$ (17,442,185)</u>

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

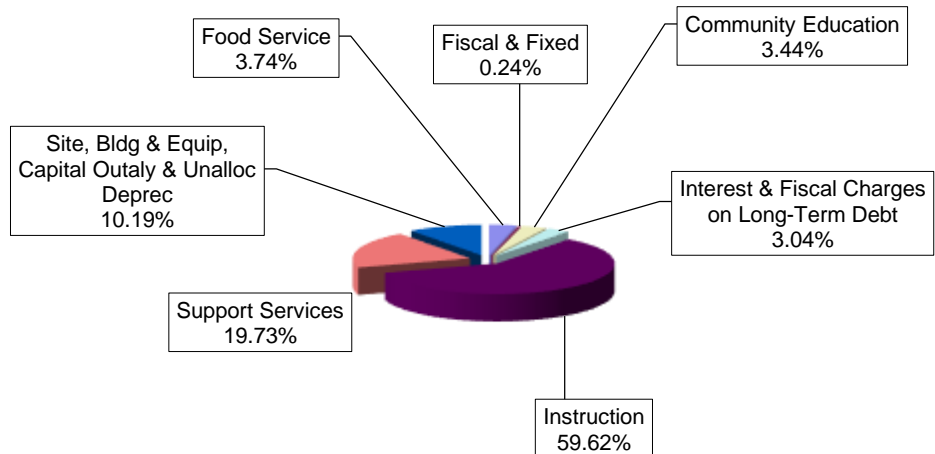
DISTRICT-WIDE STATEMENTS (CONTINUED)

The District's total revenue in 2018 consisted of program revenues of \$12,445,223, property taxes of \$6,810,389, aid payment from the State of Minnesota of \$24,026,178 and \$702,046 from miscellaneous other sources. 2018 expenses totaling \$50,681,249 consisted mainly of regular, vocational and special education instruction costs of \$30,216,347. Other areas of cost included: support services (District, administrative, instructional and pupil) \$9,998,012, site, buildings and equipment \$3,896,079, fiscal and other fixed-cost program \$125,126, food service \$1,894,563, community education and services \$1,742,540, unallocated depreciation \$1,266,981 and interest and fiscal charges on long-term debt \$1,541,601.

2018 Revenues Table A-3



2018 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

	2017		2018	
	Total Cost of Services	Net (Expense) Revenue	Total Cost of Services	Net (Expense) Revenue
Administration	\$ 1,946,464	\$ (1,929,731)	\$ 1,959,842	\$ (1,943,025)
District support services	1,362,160	(1,357,792)	1,421,227	(1,416,407)
Elementary and secondary				
Regular instruction	21,648,489	(18,331,694)	21,373,832	(17,846,342)
Vocational instruction	547,431	(464,924)	748,095	(676,403)
Special education instruction	7,860,930	(3,853,164)	8,094,420	(3,756,605)
Instructional support services	2,656,202	(2,577,462)	2,587,508	(2,033,611)
Pupil support services	3,860,425	(3,799,415)	4,029,435	(3,975,218)
Site, buildings, and equipment	6,297,179	(4,882,768)	3,896,079	(3,121,413)
Fiscal and other fixed-cost programs	117,462	(117,462)	125,126	(125,126)
Food service	1,845,167	23,877	1,894,563	(5,571)
Community education and services	1,890,949	(736,726)	1,742,540	(527,723)
Unallocated depreciation	922,485	(922,485)	1,266,981	(1,266,981)
Debt service:				
Interest and fiscal charges on long-term debt	1,718,444	(1,718,444)	1,541,601	(1,541,601)
Total	\$ 52,673,787	\$ (40,668,190)	\$ 50,681,249	\$ (38,236,026)

FUND BALANCE

The increase in the total general fund balance is due to increased enrollment that was not projected in the original budget and a special education funding increase. Past enrollment showed the District declining at a slow rate.

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the 2018 year, its governmental funds reported a combined fund balance of \$12,481,730. The combined fund balance decreased \$4,174,573 from 2017 due to advance bond refunding in which the District held funds in escrow for one year.

REVENUE AND EXPENDITURES

District's governmental funds revenue totaled \$44,017,588, while total expenditures were \$48,192,161. A summary of the revenues and expenditures reported on the governmental fund financial statements appears in Table A-6 on the next page.

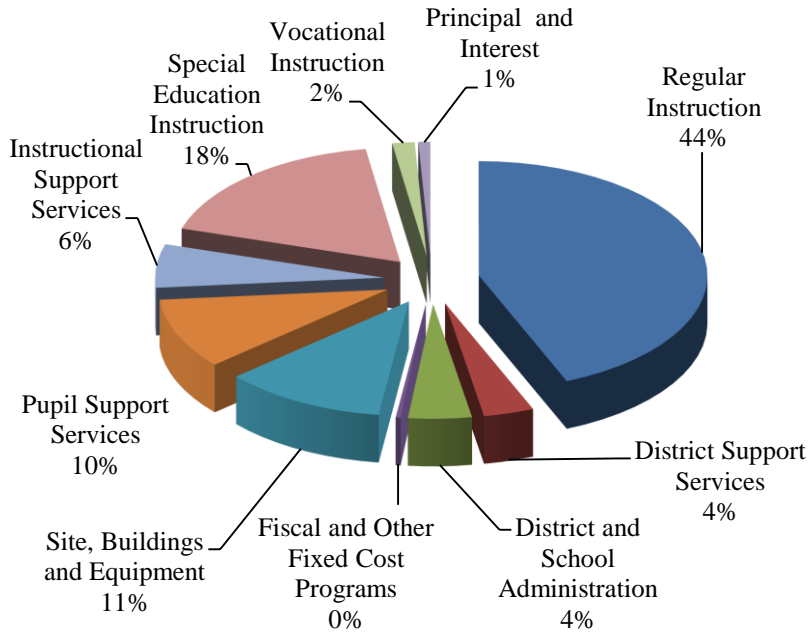
**Independent School District No. 477
Management's Discussion And Analysis**

REVENUE AND EXPENDITURES (CONTINUED)

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

	<u>Revenue</u>	<u>Expenditures</u>	<u>Fund Balance Increase</u>
General	\$ 36,760,734	\$ 36,318,885	\$ 441,849
Food Service	1,894,240	1,884,315	9,925
Community Service	1,558,052	1,489,738	68,314
Debt Service	3,803,299	8,473,926	(4,670,627)
Capital Projects	1,263	25,297	(24,034)
Total	<u>\$ 44,017,588</u>	<u>\$ 48,192,161</u>	<u>\$ (4,174,573)</u>

2018 General Fund Expenditures



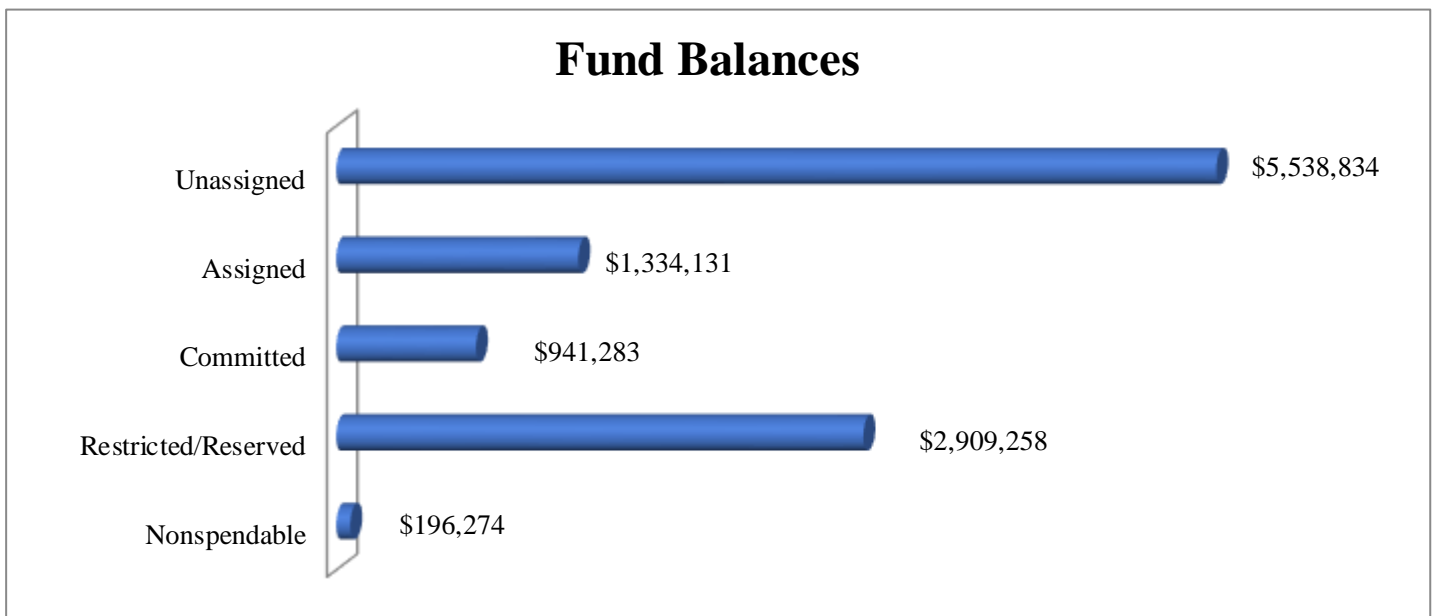
**Independent School District No. 477
Management's Discussion And Analysis**

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year ended June 30, 2018, 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 \$6,188 for the 2017-2018 school year. The District also has a board 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 up from the previous year, increasing the General Fund balance to \$10.9 million, with \$196,274 in non-spendable, \$2.9 million in restricted/reserved, \$941,283 in committed, \$1.3 million in assigned and \$5.5 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 \$987,991 before taking depreciation into consideration. This increase is due to site improvements, equipment purchases, property purchases, and the completion of construction. After taking depreciation into consideration, net capital assets decreased by \$961,048. More detailed information regarding capital assets can be found in Note 3 of the financial statements.

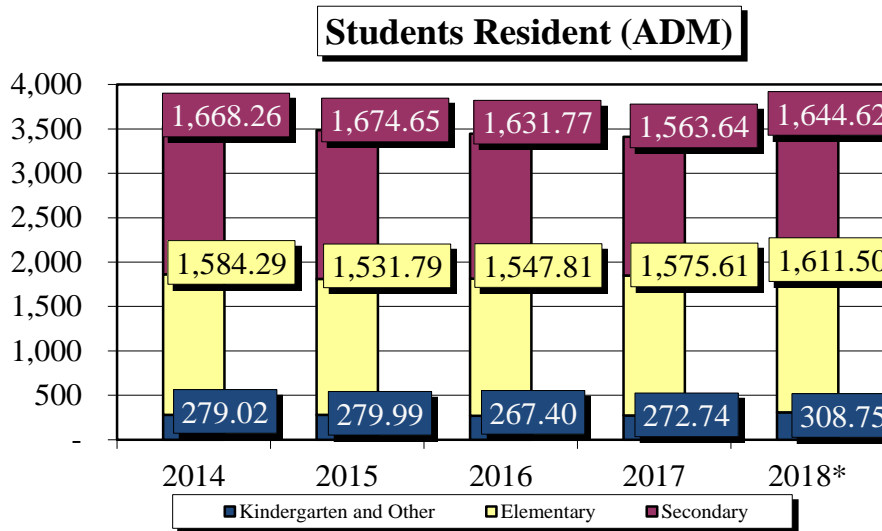
**Independent School District No. 477
Management's Discussion And Analysis**

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

Long – Term Debt

At year-end, the District had \$43,870,108 of long-term liabilities. This consisted of bonded indebtedness of \$41,660,000 and certificates of participation, capital lease and compensated absences payable of \$2,210,108. More detailed information regarding long-term liabilities can be found in Note 4 of the financial statements.

Table A-8 Students Resident (ADMs)



* Estimate

The District's resident average daily membership (ADM) increased in 2018 and is projected to increase in fiscal year 2019. The above graph illustrates this current trend.

FACTORS BEARING ON THE DISTRICT'S FUTURE

- The District has five buildings and even though the District's K-2 building has been replaced the District continues to look at the maintenance concerns regarding its other structures. A ten year facilities plan was completed in the spring of 2017 and will be used to determine the direction the District should go in order to update, replace, and maintain our other facilities. The largest projects on the facilities plan is the High School pool, High School technical education area located in 1970's pole sheds and the Middle School roof.
- The District conducted a demographic study in the spring-summer of 2013. Our enrollment decline began in the year of 2007 and the statistics showed the decline continuing for the next five years. In 2018 the District saw a significant increase in enrollment which had a positive financial impact on the District. The District will continue to review enrollment to see if a trend of enrollment increasing has started or if the 2018 increase was a one year blip.

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

FACTORS BEARING ON THE DISTRICT'S FUTURE (CONTINUED)

- In order to improve the performance of the District the following strategies were implemented over the last five years:
 - District continues to offer transportation to open enrolled students. 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 brought 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
 - STEAM Initiative at Middle School
 - ALC
 - Tigers in Training program
 - Marketing Audit
 - The District offers before and after school daycare.
 - The District offers all day everyday preschool opportunities.
 - We are continuing the marketing campaign that includes: flyers, Facebook, Twitter, Website and brand were addressed in 2017.

The District goal is to review these strategies over the next year and discuss the Districts “Big Rocks” and determine the best plan of action for improving the district’s performance.

- The District continues to plan for more robust educational programing 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, 2018

	<u>Governmental Activities</u>
Assets	
Cash and investments (including cash equivalents)	\$ 15,099,668
Current property taxes receivable	3,408,510
Delinquent property taxes receivable	112,473
Accounts receivable	38,765
Interest receivable	36,134
Due from Department of Education	3,923,932
Due from Federal Government through Department of Education	201,921
Due from other Minnesota school districts	310,692
Inventory	64,999
Prepaid items	183,322
Capital assets not being depreciated	
Land	1,286,492
Construction in progress	15,219
Capital assets being depreciated	
Land improvements	5,990,648
Buildings	68,781,075
Machinery and equipment	4,457,677
Vehicles	331,974
Less accumulated depreciation	<u>(24,125,312)</u>
Total assets	<u>80,118,189</u>
Deferred Outflows of Resources	
Deferred outflows of resources related to OPEB	217,723
Deferred outflows of resources related to pensions	<u>33,747,564</u>
Total deferred outflows of resources	<u>33,965,287</u>
 Total assets and deferred outflows of resources	 <u><u>\$ 114,083,476</u></u>
Liabilities	
Accounts and contracts payable	\$ 1,127,035
Salaries and benefits payable	2,605,992
Interest payable	665,487
Due to other Minnesota school districts	52,568
Unearned revenue	130,489
Bond principal payable (net unamortized premium)	
Payable within one year	2,160,000
Payable after one year	41,255,788
Certificates of participation	
Payable within one year	190,000
Payable after one year	1,570,000
Capital Lease Payable:	
Payable within one year	38,025
Payable after one year	78,928
Compensated absences payable	
Payable within one year	37,510
Payable after one year	295,645
Total OPEB obligation	3,648,546
Net pension liability	<u>60,804,466</u>
Total liabilities	<u>114,660,479</u>
Deferred Inflows of Resources	
Property taxes levied for subsequent year's expenditures	6,870,129
Deferred inflows of resources related to pensions	<u>9,995,053</u>
Total deferred inflows of resources	<u>16,865,182</u>
Net Position	
Net investment in capital assets	11,445,032
Restricted for	
Debt service	177,968
Other purposes	3,722,449
Unrestricted	<u>(32,787,634)</u>
Total net position	<u>(17,442,185)</u>
 Total liabilities, deferred inflows of resources, and net position	 <u><u>\$ 114,083,476</u></u>

See notes to financial statements.

Independent School District No. 477
Statement of Activities
Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities					
Administration	\$ 1,959,842	\$ 16,817	\$ -	\$ -	\$ (1,943,025)
District support services	1,421,227	-	4,820	-	(1,416,407)
Elementary and secondary regular instruction	21,373,832	649,875	2,877,615	-	(17,846,342)
Vocational education instruction	748,095	-	71,692	-	(676,403)
Special education instruction	8,094,420	87,738	4,250,077	-	(3,756,605)
Instructional support services	2,587,508	24,458	529,439	-	(2,033,611)
Pupil support services	4,029,435	15,594	38,623	-	(3,975,218)
Sites and buildings	3,896,079	-	-	774,666	(3,121,413)
Fiscal and other fixed cost programs	125,126	-	-	-	(125,126)
Food service	1,894,563	870,157	1,001,138	17,697	(5,571)
Community education and services	1,742,540	923,527	291,290	-	(527,723)
Unallocated depreciation	1,266,981	-	-	-	(1,266,981)
Interest and fiscal charges on long-term debt	1,541,601	-	-	-	(1,541,601)
Total governmental activities	\$ 50,681,249	\$ 2,588,166	\$ 9,064,694	\$ 792,363	(38,236,026)
General Revenues					
Taxes					
					3,221,271
					319,900
					3,269,218
					24,026,178
					480,701
					221,345
					31,538,613
Change in net position					(6,697,413)
Net position - beginning					(7,786,834)
Change in accounting principle (Note 8)					(2,957,938)
Net position - beginning, as restated					(10,744,772)
Net position - ending					\$ (17,442,185)

124 See notes to financial statements.

Independent School District No. 477
Balance Sheet - Governmental Funds
June 30, 2018

	General	Debt Service	Other Nonmajor Funds	Total Governmental Funds
Assets				
Cash and investments	\$ 11,633,088	\$ 2,410,269	\$ 1,056,311	\$ 15,099,668
Current property taxes receivable	1,598,489	1,640,538	169,483	3,408,510
Delinquent property taxes receivable	50,785	56,371	5,317	112,473
Accounts receivable	4,701	-	34,064	38,765
Interest receivable	36,134	-	-	36,134
Due from Department of Education	3,842,446	44,836	36,650	3,923,932
Due from Federal Government through Department of Education	166,075	-	35,846	201,921
Due from other Minnesota school districts	310,692	-	-	310,692
Inventory	15,484	-	49,515	64,999
Prepaid items	180,790	-	2,532	183,322
Total assets	<u>\$ 17,838,684</u>	<u>\$ 4,152,014</u>	<u>\$ 1,389,718</u>	<u>\$ 23,380,416</u>
Liabilities				
Accounts and contracts payable	\$ 1,044,984	\$ -	\$ 82,051	\$ 1,127,035
Salaries and benefits payable	2,573,673	-	32,319	2,605,992
Due to other Minnesota school districts	52,568	-	-	52,568
Unearned revenue	28,509	-	101,980	130,489
Total liabilities	<u>3,699,734</u>	<u>-</u>	<u>216,350</u>	<u>3,916,084</u>
Deferred Inflows of Resources				
Unavailable revenue - delinquent property taxes	50,785	56,371	5,317	112,473
Property taxes levied for subsequent year's expenditures	3,168,385	3,341,567	360,177	6,870,129
Total deferred inflows of resources	<u>3,219,170</u>	<u>3,397,938</u>	<u>365,494</u>	<u>6,982,602</u>
Fund Balances				
Nonspendable	196,274	-	52,047	248,321
Restricted	2,909,258	754,076	755,827	4,419,161
Committed	941,283	-	-	941,283
Assigned	1,334,131	-	-	1,334,131
Unassigned	5,538,834	-	-	5,538,834
Total fund balances	<u>10,919,780</u>	<u>754,076</u>	<u>807,874</u>	<u>12,481,730</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 17,838,684</u>	<u>\$ 4,152,014</u>	<u>\$ 1,389,718</u>	<u>\$ 23,380,416</u>

See notes to financial statements.

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**Independent School District No. 477
Reconciliation of the Balance Sheet to
the Statement of Net Position - Governmental Funds
June 30, 2018**

Total fund balances - governmental funds \$ 12,481,730

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	80,863,085
Less accumulated depreciation	(24,125,312)

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	(41,660,000)
Premium on bonds payable	(1,755,788)
Certificates of participation	(1,760,000)
Capital lease payable	(116,953)
Compensated absences payable	(333,155)
OPEB obligation	(3,648,546)
Net pension liability	(60,804,466)

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

Deferred outflows of resources related to OPEB	217,723
Deferred outflows of resources related to pensions	33,747,564
Deferred inflows of resources related to pensions	(9,995,053)

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.

112,473

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

(665,487)

Total net position - governmental activities

\$ (17,442,185)

Independent School District No. 477
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds
Year Ended June 30, 2018

	General	Debt Service	Other Nonmajor Funds	Total Governmental Funds
Revenues				
Local property taxes	\$ 3,232,904	\$ 3,281,982	\$ 321,056	\$ 6,835,942
Other local and county revenues	1,278,868	56,340	943,571	2,278,779
Revenue from state sources	31,360,064	464,977	422,728	32,247,769
Revenue from federal sources	837,818	-	896,293	1,734,111
Sales and other conversion of assets	51,080	-	869,907	920,987
Total revenues	<u>36,760,734</u>	<u>3,803,299</u>	<u>3,453,555</u>	<u>44,017,588</u>
Expenditures				
Current				
Administration	1,628,007	-	-	1,628,007
District support services	1,281,366	-	-	1,281,366
Elementary and secondary regular Instruction	15,749,321	-	-	15,749,321
Vocational education instruction	567,013	-	-	567,013
Special education instruction	6,472,951	-	-	6,472,951
Instructional support services	2,218,265	-	-	2,218,265
Pupil support services	3,556,486	-	-	3,556,486
Sites and buildings	3,322,069	-	25,297	3,347,366
Fiscal and other fixed cost programs	125,126	-	-	125,126
Food service	-	-	1,827,676	1,827,676
Community education and services	-	-	1,489,738	1,489,738
Capital outlay				
District support services	10,967	-	-	10,967
Elementary and secondary regular Instruction	129,039	-	-	129,039
Vocational education instruction	5,609	-	-	5,609
Special education instruction	8,665	-	-	8,665
Instructional support services	12,775	-	-	12,775
Pupil support services	67,451	-	-	67,451
Sites and buildings	856,692	-	-	856,692
Food service	-	-	56,639	56,639
Debt service				
Principal	222,098	6,650,000	-	6,872,098
Interest and fiscal charges	84,985	1,823,926	-	1,908,911
Total expenditures	<u>36,318,885</u>	<u>8,473,926</u>	<u>3,399,350</u>	<u>48,192,161</u>
Excess of revenues over (under) expenditures	441,849	(4,670,627)	54,205	(4,174,573)
Fund Balances				
Beginning of year	<u>10,477,931</u>	<u>5,424,703</u>	<u>753,669</u>	<u>16,656,303</u>
End of year	<u>\$ 10,919,780</u>	<u>\$ 754,076</u>	<u>\$ 807,874</u>	<u>\$ 12,481,730</u>

See notes to financial statements.

**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, 2018**

Net change in fund balances - total governmental funds \$ (4,174,573)

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	1,145,599
Depreciation expense	(2,104,734)
Disposal of capital assets	(1,913)

Compensated absences are recognized as paid in the governmental funds but recognized as the expense is incurred in the Statement of Activities. (9,741)

Post employment benefit obligations are recognized as paid in the governmental funds but recognized as the expense is incurred in the Statement of Activities. (100,565)

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. (8,665,341)

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. 6,872,098

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. 135,404

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. 231,906

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. (25,553)

Change in net position - governmental activities \$ (6,697,413)

Independent School District No. 477
Statement of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual - General Fund
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Local property taxes	\$ 3,117,009	\$ 3,137,009	\$ 3,232,904	\$ 95,895
Other local and county revenues	1,181,250	1,135,752	1,278,868	143,116
Revenue from state sources	29,737,690	30,346,064	31,360,064	1,014,000
Revenue from federal sources	656,801	659,442	837,818	178,376
Sales and other conversion of assets	-	51,080	51,080	-
Total revenues	<u>34,692,750</u>	<u>35,329,347</u>	<u>36,760,734</u>	<u>1,431,387</u>
Expenditures				
Current				
Administration	1,574,672	1,597,412	1,628,007	30,595
District support services	2,115,683	1,354,800	1,281,366	(73,434)
Elementary and secondary regular instruction	15,482,935	16,182,848	15,749,321	(433,527)
Vocational education instruction	392,434	474,080	567,013	92,933
Special education instruction	6,216,972	6,282,628	6,472,951	190,323
Instructional support services	2,258,180	2,329,821	2,218,265	(111,556)
Pupil support services	3,522,561	3,590,853	3,556,486	(34,367)
Sites and buildings	3,362,392	3,422,793	3,322,069	(100,724)
Fiscal and other fixed cost programs	125,000	125,000	125,126	126
Capital outlay				
District support services	7,300	7,300	10,967	3,667
Elementary and secondary regular instruction	125,700	125,700	129,039	3,339
Vocational education instruction	6,551	6,551	5,609	(942)
Special education instruction	-	-	8,665	8,665
Instructional support services	71,800	71,800	12,775	(59,025)
Pupil support services	60,000	60,000	67,451	7,451
Sites and buildings	491,000	1,007,686	856,692	(150,994)
Debt service				
Principal	226,000	226,000	222,098	(3,902)
Interest and fiscal charges	81,138	81,138	84,985	3,847
Total expenditures	<u>36,120,318</u>	<u>36,946,410</u>	<u>36,318,885</u>	<u>(627,525)</u>
Excess of revenues over (under) expenditures	<u>\$ (1,427,568)</u>	<u>\$ (1,617,063)</u>	441,849	<u>\$ 2,058,912</u>
Fund Balances				
Beginning of year			<u>10,477,931</u>	
End of year			<u>\$ 10,919,780</u>	

See notes to financial statements.

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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.

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)

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. 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 restricted resources first when an expenditure is incurred for a purpose for which both restricted and unrestricted fund balances are available. 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.

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.

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.

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. 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. Investments held investment pools are measured at amortized cost.

Cash and investments at June 30, 2018 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 MNTrust Term Series, and negotiable Certificates of Deposit. The MSDLAF and MNTrust securities are valued at amortized cost, which approximates fair value.

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.

Independent School District No. 477
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Deposits and Investments (Continued)

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.

In accordance with GASB Statement No. 79, the various MSDLAF and MNTrust securities are valued at amortized cost, which approximates fair value. There are no restrictions or limitations on withdrawals from the MSDLAF or MNTrust Investment Shares Portfolio. Investments in the MSDLAF MAX must be deposited for a minimum of 14 calendar days with the exception of direct investments of funds distributed by the State of Minnesota. Withdrawals prior to the 14-day restriction period may be subject to a penalty and there is a 24 hour hold on all requests for redemptions. Seven days' notice of redemption is required for withdrawals of investments in the MNTrust Term Series withdrawn prior to the maturity date of that series. A penalty could be assessed as necessary to recoup the Series for any charges, losses, and other costs attributable to the early redemption.

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 2017, less various components and their related adjustments as mandated by the state. These portions of that levy were recognized as revenue in fiscal year 2018. The remaining portion of the levy will be recognized when measurable and available.

G. Inventories

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.

Independent School District No. 477
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

A portion of property taxes levied is paid by the State of Minnesota through various tax credits, which are included in revenue from state sources in the financial statements.

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 20 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 two items that qualify for reporting in this category. Deferred outflow of resources relating to pension activity and deferred outflows of resources related to OPEB are reported in the Government-Wide Statement of Net Position. Deferred outflows of resources related to pensions and OPEB is recorded 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)

K. Deferred Outflows/Inflows of Resources (Continued)

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. Deferred inflows of resources related to pensions is recorded on the government-wide statements for various estimate differences that will be amortized and recognized over future years.

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.

Independent School District No. 477
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2018, the District had a balance for compensated absences payable, related to severance, of \$333,155.

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.

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.

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, 2018.

Independent School District No. 477
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 (resolution) 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.
- **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.

Independent School District No. 477
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Net Position

Net position represents the difference between assets and deferred outflows of resources; and 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.
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.

Independent School District No. 477
Notes to Financial Statements

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, 2018, 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

As of June 30, 2018 the District had the following pooled deposits:

Checking	\$ 215,023
MNTrust certificates of deposit	4,453,000
MNTrust savings deposit account	40,008
Total deposits	\$ 4,708,031

B. Investments

As of June 30, 2018, the District had the following investments:

Investment Type	Investment Maturity (In Years)		
	Fair Value	Less Than 1 Year	Rating
MSDLAF	\$ 751,998	\$ 751,998	AAA
MSDLAF MAX	3,067,023	3,067,023	AAA
MNTrust Investment Shares Portfolio	1,077,088	1,077,088	AAA
MNTrust Term Series	5,000,000	5,000,000	AAA
Negotiable Certificates of Deposit	495,528	495,528	N/A
Total investments	\$ 10,391,637	\$ 10,391,637	

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.

Independent School District No. 477
Notes to Financial Statements

NOTE 2 – DEPOSITS AND INVESTMENTS

B. Investments (Continued)

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 on previous page.

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, 2018:

- \$495,528 of investments are valued using significant other observable inputs (Level 2 inputs).

The following is a summary of total deposits and investments:

Deposits (Note 3. A.)	\$ 4,708,031
Investments (Note 3. B.)	<u>10,391,637</u>
Total deposits and investments	<u><u>\$ 15,099,668</u></u>

Deposits and investments at June 30, 2018, are presented as follows:

Statement of Net Position	
Cash and investments	<u><u>\$ 15,099,668</u></u>

Independent School District No. 477
Notes to Financial Statements

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 1,286,492	\$ -	\$ -	\$ 1,286,492
Construction in progress	-	15,219	-	15,219
Total capital assets not being depreciated	<u>1,286,492</u>	<u>15,219</u>	<u>-</u>	<u>1,301,711</u>
Capital assets Being depreciated				
Land improvements	5,757,435	233,213	-	5,990,648
Buildings	68,271,913	509,162	-	68,781,075
Furniture and equipment	4,286,757	328,528	157,608	4,457,677
Vehicles	272,497	59,477	-	331,974
Total capital assets being depreciated	<u>78,588,602</u>	<u>1,130,380</u>	<u>157,608</u>	<u>79,561,374</u>
Less accumulated Depreciation for				
Land improvements	1,239,257	263,790	-	1,503,047
Buildings	18,073,376	1,514,141	-	19,587,517
Furniture and equipment	2,635,353	306,965	155,695	2,786,623
Vehicles	228,287	19,838	-	248,125
Total accumulated depreciation	<u>22,176,273</u>	<u>2,104,734</u>	<u>155,695</u>	<u>24,125,312</u>
Total capital assets being depreciated, net	<u>56,412,329</u>	<u>(974,354)</u>	<u>1,913</u>	<u>55,436,062</u>
Governmental activities, capital assets, net	<u>\$ 57,698,821</u>	<u>\$ (959,135)</u>	<u>\$ 1,913</u>	<u>\$ 56,737,773</u>

Independent School District No. 477
Notes to Financial Statements

NOTE 3 – CAPITAL ASSETS (CONTINUED)

Depreciation expense of \$2,104,734 for the year ended June 30, 2018, was charged to the following governmental functions:

Administration	\$	379
District support services		7,260
Elementary and secondary regular instruction		63,064
Vocational instruction		1,406
Special education instruction		1,973
Instructional support services		37,639
Pupil support		120,407
Sites and buildings		578,886
Food service		26,294
Community service		445
Unallocated		1,266,981
Total depreciation expense	\$	2,104,734

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						
2014A School Building						
Bonds	07/24/14	3.00%-4.00%	\$ 29,955,000	02/01/35	\$ 29,450,000	\$ 280,000
2014B School Building						
Refunding bonds	11/25/14	2.00%-5.00%	9,120,000	02/01/24	7,540,000	1,100,000
2016A Refunding Bonds	12/15/16	2.00%	4,670,000	02/01/24	4,670,000	780,000
Total G.O. bonds					41,660,000	2,160,000
Certificates of participation	11/23/10	2.00%-4.50%	2,925,000	02/01/26	1,760,000	190,000
Capital lease obligations					116,953	38,025
Compensated absences payable					333,155	37,510
Total all long-term liabilities					\$ 43,870,108	\$ 2,425,535

Long-term bond and certificates of participation liabilities listed above were issued to finance acquisition and construction of capital facilities or to refinance (refund) previous bond issues. Other long-term liabilities, including capital lease obligations and compensated absences, are typically paid from the General Fund.

Independent School District No. 477
Notes to Financial Statements

NOTE 4 – LONG-TERM DEBT (CONTINUED)

A. Components of Long-Term Liabilities (Continued)

On December 15, 2016, the District issued \$4,670,000 G.O. Refunding Bonds, Series 2016A for a refunding of the 2008A G.O. Alternative Facilities Bonds and the 2008B G.O. Capital Facilities Bonds. The net present value savings from the refunding was \$348,836 with an aggregate difference in debt service payments of \$371,582. The call date of the 2008A and 2009B Bonds was February 1, 2018.

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
2019	\$ 2,160,000	\$ 1,517,950	\$ 3,677,950
2020	2,235,000	1,438,950	3,673,950
2021	2,320,000	1,353,800	3,673,800
2022	2,405,000	1,264,800	3,669,800
2023	2,505,000	1,171,800	3,676,800
2024-2028	11,295,000	4,592,350	15,887,350
2029-2033	12,875,000	2,658,550	15,533,550
2034-2035	5,865,000	324,000	6,189,000
Total	<u>\$ 41,660,000</u>	<u>\$ 14,322,200</u>	<u>\$ 55,982,200</u>

Year Ending June 30,	Certificate of Participation		
	Principal	Interest	Total
2019	\$ 190,000	\$ 75,125	\$ 265,125
2020	200,000	67,525	267,525
2021	205,000	59,525	264,525
2022	215,000	51,325	266,325
2023	225,000	42,188	267,188
2024-2026	725,000	66,375	791,375
Total	<u>\$ 1,760,000</u>	<u>\$ 362,063</u>	<u>\$ 2,122,063</u>

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	\$ 48,310,000	\$ -	\$ 6,650,000	\$ 41,660,000
Certificates of participation	1,945,000	-	185,000	1,760,000
Capital lease obligations	154,051	-	37,098	116,953
Compensated absences payable	323,414	26,207	16,466	333,155
Total long-term liabilities	<u>\$ 50,732,465</u>	<u>\$ 26,207</u>	<u>\$ 6,888,564</u>	<u>\$ 43,870,108</u>

D. Capital Lease Obligation

On October 7, 2016, the District entered into a lease purchase agreement for the acquisition of a scoreboard. The capital lease obligations and corresponding equipment totaled \$195,000. The capital lease agreement included annual principal and interest payments of \$40,949, through 2021.

The assets acquired with the capital leases were as follows:

Carrying value	\$ 195,000
Less accumulated depreciation	<u>(13,870)</u>
Assets net of depreciation	<u>\$ 181,130</u>

The future minimum lease obligations and the net present value of these minimum lease payments were as follows:

Year Ending June 30,	
2019	\$ 40,950
2020	40,949
2021	40,950
Total minimum lease payments	<u>122,849</u>
Less amount representing interest	<u>(5,896)</u>
Present value of minimum lease payments	<u>\$ 116,953</u>

Independent School District No. 477
Notes to Financial Statements

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.

	General Fund	Debt Service	Other Nonmajor Funds	Total
Nonspendable for				
Inventory	\$ 15,484	\$ -	\$ 49,515	\$ 64,999
Prepaid Items	180,790	-	2,532	183,322
Total nonspendable	<u>196,274</u>	<u>-</u>	<u>52,047</u>	<u>248,321</u>
Restricted/reserved for				
Staff Development	263,098	-	-	263,098
Operating Capital	2,147,068	-	-	2,147,068
Area Learning Center	49,835	-	-	49,835
Basic Skills	15,672	-	-	15,672
Basic Skills Extended Time	16,911	-	-	16,911
LTFM	408,023	-	-	408,023
Medical Assistance	8,651	-	-	8,651
Community Education	-	-	146,768	146,768
Early Childhood and Family Education	-	-	113,730	113,730
School Readiness	-	-	65,121	65,121
Fund Purpose	-	754,076	430,208	1,184,284
Total restricted/reserved	<u>2,909,258</u>	<u>754,076</u>	<u>755,827</u>	<u>4,419,161</u>
Committed for				
Separation Benefits	941,283	-	-	941,283
Assigned for				
Q-Comp	226,244	-	-	226,244
Technology	57,595	-	-	57,595
Building Improvements	280,537	-	-	280,537
Program Initiatives	649,982	-	-	649,982
Student Activities	119,773	-	-	119,773
Total assigned	<u>1,334,131</u>	<u>-</u>	<u>-</u>	<u>1,334,131</u>
Unassigned				
	<u>5,538,834</u>	<u>-</u>	<u>-</u>	<u>5,538,834</u>
Total fund balance	<u>\$ 10,919,780</u>	<u>\$ 754,076</u>	<u>\$ 807,874</u>	<u>\$ 12,481,730</u>

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

Restricted/Reserved for Area Learning Center – This balance represents amounts restricted for students attending area learning centers. Each district that sends students to an area learning center must restrict an amount equal to the sum of 1) at least 90 and no more than 100 percent of the district average General Education Revenue per adjusted pupil unit minus an amount equal to the product of the formula allowance according to *Minnesota Statutes* 126C.10, subd. 2, times .0466, calculated without basic skills revenue, local optional revenue, and transportation sparsity revenue, times the number of pupil units attending a state-approved area learning center, plus (2) the amount of basic skills revenue generated by pupils attending the area learning center. The amount restricted may only be spent on program costs associated with the area learning center.

Restricted/Reserved for Basic Skills Programs – This balance represents resources available for the basic skills uses listed in *Minnesota Statutes* 126C.15, subd. 1.

Restricted/Reserved for Basic Skills Extended Time – This balance represents resources available for the basic skills extended time uses listed in *Minnesota Statutes* 126C.15, subd. 1.

Restricted/Reserved for Long-Term Facilities Maintenance (LTFM) – This balance represents available resources to be used for LTFM projects in accordance with the 10-year plan (*Minnesota Statutes* 123B.595, subd. 12).

Restricted/Reserved for Medical Assistance – This balance represents available resources to be used for medical assistance expenditures (*Minnesota Statutes* 125A.21, subd. 3).

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.

Independent School District No. 477
Notes to Financial Statements

NOTE 5 – FUND BALANCES/NET POSITION (CONTINUED)

A. Fund Balance (Continued)

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 and the remaining aggregate resources for community service programs after other restrictions are removed.

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.

**Independent School District No. 477
Notes to Financial Statements**

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

The District participates in various pension plans, total pension expense for the year ended June 30, 2018, was \$10,362,202. The components of pension expense are noted in the following plan summaries.

Teachers' Retirement Association

A. Plan Description

The Teachers Retirement Association (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 cities of Duluth and 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.

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 1 Benefits

Tier 1	Step Rate Formula	Percentage
Basic	First ten years of service	2.2% per year
	All years after	2.7% per year
Coordinated	First ten years if service years are up to July 1, 2006	1.2% per year
	First ten years if service years are 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 July 1, 2006, or after	1.9% per year

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)

Tier I Benefits (Continued)

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.

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.

**Independent School District No. 477
Notes to Financial Statements**

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

Teachers' Retirement Association (Continued)

C. Contribution Rate

Per *Minnesota Statutes*, Chapter 354 sets the contribution rates for employees and employers. Rates for each fiscal year ended June 30, 2016, June 30, 2017, and June 30, 2018, 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. Amounts are reported in thousands.

Employer contributions reported in TRA's CAFR Statement of Changes in Fiduciary Net Position		\$ 367,791
Deduct Employer contributions not related to future contribution efforts		810
Deduct TRA's contributions not included in allocation		(456)
Total employer contributions		368,145
Total non-employer contributions		35,588
Total contributions reported in schedule of employer and non-employer pension allocations		\$ 403,733

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. Actuarial Assumptions

The total pension liability in the June 30, 2017, 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, 2017
Experience study	June 5, 2015
	November 6, 2017 (economic assumptions)
Actuarial cost method	Entry Age Normal
Actuarial assumptions	
Investment rate of return	5.12%, from the single equivalent interest rate calculation
Price inflation	2.50%
Wage growth rate	2.85% for ten years and 3.25% thereafter
Projected salary increase	2.85% to 8.85% for ten years and 3.25% to 9.25% thereafter
Cost of living adjustment	2.00%

Mortality Assumption

Pre-retirement	RP 2014 white collar employee table, male rates set back six years and female rates set back five years. Generational projection uses the MP 2015 scale.
Post-retirement	RP 2014 white collar annuitant table, male rates set back three years and female rates set back three years, with further adjustments of the rates. Generational projections uses the MP 2015 scale.
Post-disability	RP 2014 disabled retiree mortality table, without adjustment.

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 table on following page.

**Independent School District No. 477
Notes to Financial Statements**

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

Teachers' Retirement Association (Continued)

D. Actuarial Assumptions (Continued)

<u>Asset Class</u>	<u>Target</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic stocks	39 %	5.10 %
International stocks	19	5.30
Bonds	20	0.75
Alternative assets	20	5.90
Unallocated cash	2	0.00
	<hr/>	
Total	<u>100 %</u>	

The TRA actuary has determined the average of the expected remaining services lives of all members for fiscal year 2016 is six years. The "Difference Between Expected and Actual Experience", "Changes of Assumptions", and "Changes in Proportion" use the amortization period of six 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 five years as required by GASB 68.

Changes in actuarial assumptions since the 2016 valuation:

- The cost of living adjustment (COLA) was assumed to increase from 2.0% annually to 2.5% annually on July 1, 2045.
- The COLA was not assumed to increase to 2.5% but remain at 2.0% for all future years.
- Adjustments were made to the combined service annuity loads. The active load was reduced from 1.4% to 0.0%, the vested inactive load increased from 4.0% to 7.0% and the non-vested inactive load increased from 4.0% to 9.0%.
- The investment return assumption was changed from 8.0% to 7.5%.
- The price inflation assumption was lowered from 2.75% to 2.5%.
- The payroll growth assumption was lowered from 3.5% to 3.0%.
- The general wage growth assumption was lowered from 3.5% to 2.85% for ten years followed by 3.25% thereafter.
- The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.

**Independent School District No. 477
Notes to Financial Statements**

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

Teachers' Retirement Association (Continued)

E. Discount Rate

The discount rate used to measure the total pension liability was 5.12%. This is an increase from the discount rate at the prior measurement date of 4.66%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal 2017 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 depleted in 2053 and, as a result, the Municipal Bond Index Rate was used in determination of the Single Equivalent Interest Rate (SEIR). The long-term expected rate of return (7.5%) was applied to periods before 2053 and the Municipal Bond Index Rate of 3.56% was applied to periods on and after 2053, resulting in a SEIR of 5.12%. There was a change in the Municipal Bond Index Rate from the prior year measurement date (3.01%).

F. Net Pension Liability

On June 30, 2018, the District reported a liability of \$55,473,881 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, 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. The District's proportionate share was 0.2779% at the end of the measurement period and 0.2740% 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	\$ 55,473,881
State's proportionate share of the net pension liability associated with the District	5,363,121

For the year ended June 30, 2018, the District recognized pension expense of \$9,673,966. It recognized \$102,861 as an increase to this pension expense for the support provided by direct aid.

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)

On June 30, 2018, the District had deferred resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 436,552	\$ 389,526
Net difference between projected and actual earnings on plan investments	-	531,894
Changes of assumptions	29,744,051	7,771,015
Changes in proportion	783,451	126,870
Contributions to TRA subsequent to the measurement date	1,170,039	-
Total	\$ 32,134,093	\$ 8,819,305

\$1,170,039 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 reduction of the net pension liability in the year ended June 30, 2019.

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

2019		\$ 5,735,928
2020		6,739,199
2021		6,118,855
2022		5,027,545
2023		(1,476,778)
Total		\$ 22,144,749

**Independent School District No. 477
Notes to Financial Statements**

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

Teachers' Retirement Association (Continued)

G. Pension Liability Sensitivity

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 5.12% as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percent lower and 1 percent higher than the current rate.

District proportionate share of NPL		
1% decrease (4.12%)	Current (5.12%)	1% increase (6.12%)
\$ 73,214,834	\$ 55,473,881	\$ 40,516,100

The District'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.

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 plan is established and administered in accordance with *Minnesota Statutes* Chapters, 353 and 356. PERA's defined benefit pension plan is tax qualified plan under Section 401(a) of the Internal Revenue Code.

General Employees Retirement Fund (General Employees Plan)

All full-time and certain part-time employees of the District other than teachers are covered by the General Employees Plan. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

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. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public services.

Independent School District No. 477
Notes to Financial Statements

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

Public Employees' Retirement Association (Continued)

B. Benefits Provided (Continued)

General Employees Plan Benefits

General Employees Plan 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 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 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 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.

Benefit recipients will receive a future annual increase equal to 50 percent of the Social Security Cost of Living Adjustment, not less than 1.0 percent and not more than 1.5 percent, beginning January 1, 2019. For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches Normal Retirement Age (not applicable to Rule of 90 retirees, disability benefit recipients, or survivors). A benefit recipient who has been receiving a benefit for at least 12 full months as of June 30 will receive a full increase. Members receiving benefits for at least one month but less than 12 full months as of June 30 will receive a pro rata increase.

C. Contributions

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

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.5% of their annual covered salary in fiscal year 2018. The District was required to contribute 7.5% for Coordinated Plan members in the fiscal year 2018. The District's contributions to the General Employees Fund for the year ended June 30, 2018, were \$422,025. The District's contributions were equal to the required contributions as set by state statute.

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

General Employees Fund Pension Costs

At June 30, 2018, the District reported a liability of \$5,330,585 for its proportionate share of the General Employees Fund's net pension liability. The District's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million to the fund in 2017. The State of Minnesota is considered a non-employer contributing entity and the State's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the District totaled \$67,042. The net pension liability was measured as of June 30, 2017, 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, 2016, through June 30, 2017, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2017, the District's proportion was 0.0835%, which was an increase of 0.0026% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$688,236 for its proportionate share of General Employees Plans pension expense. Included in this amount, the District recognized \$1,936 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

At June 30, 2018, the District reported its proportionate share of deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, from the sources below:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 175,680	\$ 333,035
Changes in actuarial assumptions	857,435	534,392
Difference between projected and actual investments earnings	-	259,163
Changes in proportion and differences between contributions made and District's proportionate share of contributions	158,331	49,158
District's contributions to PERA subsequent to the measurement date	422,025	-
Total	\$ 1,613,471	\$ 1,175,748

**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)

\$422,025 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Pension Expense Amount
2019	\$ (32,928)
2020	330,695
2021	(55,795)
2022	(226,274)
Total	\$ 15,698

E. Actuarial Assumptions

The total pension liability in the June 30, 2017, actuarial valuation was determined using the entry age normal actuarial cost method and the following actuarial assumptions:

Inflation	2.50 % Per year
Active member payroll growth	3.25 Per year
Investment rate of return	7.50

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants were based on RP 2014 tables for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases for retirees are assumed to be 1% per year for the General Employees Plan through 2044 and then 2.5% thereafter.

Actuarial assumptions used in the June 30, 2017, valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2015.

**Independent School District No. 477
Notes to Financial Statements**

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

Public Employees' Retirement Association (Continued)

F. Actuarial Assumptions (Continued)

The following changes in actuarial assumptions occurred in 2017:

- The Combined Service Annuity (CSA) loads were changed from 0.8% for active members and 60% for vested and non-vested deferred members. The revised CSA loads are now 0.0% for active member liability, 15.0% for vested deferred member liability, and 3.0% for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.0% per year for all years to 1.0% per year through 2044 and 2.5% per year thereafter.

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 using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages.

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

Asset Class	Target Allocation	Long-Term
Domestic stocks	39%	5.10%
Internal stocks	19%	5.30
Bonds	20%	0.75
Alternative assets	20%	5.90
Cash	2%	0.00
Total	<u>100%</u>	

F. Discount Rate

The discount rate used to measure the total pension liability in 2017 was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in *Minnesota Statutes*. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Independent School District No. 477
Notes to Financial Statements**

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

Public Employees' Retirement Association (Continued)

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 (6.5%)	Discount Rate (7.5%)	1% Increase in Discount Rate (8.5%)
District's proportionate share of the PERA net pension liability	\$ 8,268,133	\$ 5,330,585	\$ 2,925,668

H. Pension Plan Fiduciary Net Position

Detailed information about the General Employees Fund's fiduciary net position is available in a separately-issued PERA financial report that includes the financial statements and required supplementary information. That report may be obtained on the Internet at www.mnpera.org.

NOTE 7 – POST EMPLOYMENT HEALTH CARE PLAN

A. Plan Description

The District's defined benefit OPEB plan provides a single-employer defined benefit health care plan to eligible retirees. The plan offers medical coverage. Medical coverage is administered by Blue Cross Blue Shield. 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. No assets are acclimated in a trust.

B. Benefits Paid

Teachers who apply for early retirement shall remain eligible to receive certain health insurance benefits until the end of the school year in which the teacher becomes Medicare eligible. Full vesting of such amounts occurs upon attaining 56 years of age.

C. Members

As of June 30, 2018, the following were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	16
Active employees	431
	447
Total	447

**Independent School District No. 477
Notes to Financial Statements**

NOTE 7 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

D. Contributions

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 Blue Cross Blue Shield. The required contributions are based on projected pay-as-you-go financing requirements. For the year 2018, the District contributed \$217,723 to the plan.

E. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Key Methods and Assumptions Used in Valuation of Total OPEB Liability

Investment rate of return	3.40%, net of investment expense
Salary increases	3.00%, including inflation
Inflation	2.50%
Healthcare cost trend increases	6.5% initially, grading to 5.0% over 6 years
Mortality Assumption	RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale

The actuarial assumptions used in the June 30, 2016, valuation were based on the results of an actuarial experience study for the period July 1, 2016 – June 30, 2017.

The discount rate used to measure the total OPEB liability was 3.4% based on 20-Year Municipal Bond Yield.

F. Total OPEB Liability

The District's total OPEB liability of \$3,648,546 was measured as of June 30, 2017, and was determined by an actuarial valuation as of that date.

**Independent School District No. 477
Notes to Financial Statements**

NOTE 7 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

F. Total OPEB Liability (Continued)

Changes in the total OPEB liability are as follows:

	<u>Total OPEB Liability</u>
Balances at July 1, 2016	<u>\$ 3,601,708</u>
Changes for the year	
Service cost	193,816
Interest	124,472
Benefit payments	<u>(271,450)</u>
Net changes	<u>46,838</u>
Balances at June 30, 2017	<u><u>\$ 3,648,546</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.0% in 2016 to 3.4% in 2017.

G. OPEB Liability Sensitivity

The following presents the District's total OPEB liability calculated using the discount rate of 3.4% as well as the liability measured using 1% lower and 1% higher than the current discount rate.

	<u>1% decrease (2.4%)</u>	<u>Current (3.4%)</u>	<u>1% increase (4.4%)</u>
Total OPEB Liability (Asset)	\$ 3,881,460	\$ 3,648,546	\$ 3,422,029

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower and 1% higher than the current healthcare cost trend rates.

	<u>1% decrease (5.5% decreasing to 4.0%)</u>	<u>Current (6.5% decreasing to 5.0%)</u>	<u>1% increase (7.5% decreasing to 6.0%)</u>
Total OPEB Liability	\$ 33,290,595	\$ 3,648,546	\$ 4,066,271

**Independent School District No. 477
Notes to Financial Statements**

NOTE 7 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

H. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the District recognized OPEB expense of \$318,288. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions made subsequent to the measurement date	\$ 217,723	-

\$217,723 reported as deferred outflows of resources related to OPEB resulting from District contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019.

NOTE 8 – CHANGE IN ACCOUNTING PRINCIPLE

For the year ended June 30, 2018, the District implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. This resulted in an adjustment to the beginning net position on the Statement of Activities of \$2,957,938 to add the beginning total OPEB liability.

NOTE 9 – GASB STANDARDS ISSUED BUT NOT YET IMPLEMENTED

GASB Statement No. 84, *Fiduciary Activities* establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This statement will be effective for the year ending June 30, 2020.

GASB Statement No. 87, *Leases* establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This statement will be effective for the year ending June 30, 2021.

NOTE 10 – COMMITMENTS

As of June 30, 2018, the District had construction commitments of \$41,281.

REQUIRED SUPPLEMENTARY INFORMATION

Independent School District No. 477
Schedule of Changes in Total OPEB Liability
and Related Ratios

	June 30, 2018
Total OPEB Liability	
Service cost	\$ 193,816
Interest	124,472
Benefit payments	(271,450)
Net change in total OPEB liability	46,838
Beginning of year	3,601,708
End of year	\$ 3,648,546
Covered payroll	\$ 19,264,520
Total OPEB liability as a percentage of covered-employee payroll	18.94%

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's and Non-Employer Proportionate Share
of Net Pension Liability
Last Ten Years General Employees Retirement Fund

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 Share of State of Minnesota's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the State of Minnesota's Share of the Net Pension Liability	District's Proportionate Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.0840%	\$ 3,945,899	\$ -	\$ 3,945,899	\$ 4,411,903	89.4%	78.7%	
2015	0.0818%	4,239,301	-	4,239,301	4,729,107	89.6%	78.2%	
2016	0.0809%	6,568,679	85,835	6,654,514	5,019,720	130.9%	68.9%	
2017	0.0835%	5,330,585	67,042	5,397,627	5,380,413	99.1%	75.9%	

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 Fund

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 Share of State of Minnesota's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the State of Minnesota's Share of the Net Pension of Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.2908%	\$ 13,399,855	\$ 942,791	\$ 14,342,646	\$ 13,276,486	100.9%	81.5%
2015	0.2738%	16,937,238	2,077,621	19,014,859	13,896,547	121.9%	76.8%
2016	0.2740%	65,355,538	6,559,937	71,915,475	14,252,667	458.5%	44.9%
2017	0.2779%	55,473,881	5,363,121	60,837,002	14,959,667	370.8%	51.6%

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
General Employees Retirement Fund
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 Payroll	Contributions as a Percentage of Covered Payroll
2014	\$ 319,863	\$ 319,863	\$ -	\$ 4,411,903	7.25%
2015	354,683	354,683	-	4,729,107	7.50%
2016	376,479	376,479	-	5,019,720	7.50%
2017	403,531	403,531	-	5,380,413	7.50%
2018	422,025	422,025	-	5,627,000	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 Fund
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 Payroll	Contributions as a Percentage of Covered Payroll
2014	\$ 929,354	\$ 929,354	\$ -	\$ 13,276,486	7.0%
2015	1,042,241	1,042,241	-	13,896,547	7.5%
2016	1,068,950	1,068,950	-	14,252,667	7.5%
2017	1,121,975	1,121,975	-	14,959,667	7.5%
2018	1,170,039	1,170,039	-	15,600,520	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 Fund

2017 Changes

Changes in Actuarial Assumptions

- The cost of living adjustment (COLA) was assumed to increase from 2.0% annually to 2.5% annually on July 1, 2045.
- The COLA was not assumed to increase to 2.5% but remain at 2.0% for all future years.
- Adjustments were made to the combined service annuity loads. The active load was reduced from 1.4% to 0.0%, the vested inactive load increased from 4.0% to 7.0% and the non-vested inactive load increased from 4.0% to 9.0%.
- The investment return assumption was changed from 8.0% to 7.5%.
- The price inflation assumption was lowered from 2.75% to 2.5%.
- The payroll growth assumption was lowered from 2.5% to 3.0%.
- The general wage growth assumption was lowered from 3.5% to 2.85% for ten years followed by 3.25% thereafter.
- The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.

2016 Changes

Changes in Actuarial Assumptions

- The COLA was not assumed to increase for funding or the GASB calculation. It remained at 2% for all future years.
- The price inflation assumption was lowered from 3% to 2.75%.
- The general wage growth and payroll growth assumptions were lowered from 3.75% to 3.5%.
- Minor changes as some durations for the merit scale of the salary increase assumption.
- The pre-retirement mortality assumption was changed to the RP 2014 white collar employee table, male rates set back 6 years and female rates set back 5 years. Generational projection uses the MP 2015 scale.
- The post-retirement mortality assumption was changed to the RP 2014 white collar annuitant table, male rates set back 3 years and female rates set back 3 years, with further adjustments of the rates. Generational projection uses the MP 2015 scale.
- The post-disability mortality assumption was changed to the RP 2014 disabled retiree mortality table, without adjustment.
- Separate retirement assumptions for members hired before or after July 1, 1989, were created to better reflect each group's behavior in light of different requirements for retirement eligibility.
- Assumed termination rates were changed to be based solely on years of service in order to better fit the observed experience.
- A minor adjustment and simplification of the assumption regarding the election of optional form of annuity payment at retirement were made.

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

TRA Retirement Fund (Continued)

2015 Changes

Changes of Benefit Terms

- The DTRFA was merged into TRA on June 30, 2015.

Changes in Actuarial 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%.

General Employees Fund

2017 Changes

Changes in Actuarial Assumptions

- The CSA loads were changed from 0.8% for active members and 60% for vested and non-vested deferred members. The revised CSA loads are now 0.0% for active member liability, 15% for vested deferred member liability and 3% for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.0% per year for all years to 1.0% per year through 2044 and 2.5% per year thereafter.

2016 Changes

Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2035 and 2.5% per year thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate was changed from 7.9% to 7.5%.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, the inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

2015 Changes

Changes in Plan Provisions

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised.

Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2030 and 2.5% per year thereafter to 1.0% per year through 2035 and 2.5% per year thereafter.

SUPPLEMENTARY INFORMATION

Independent School District No. 477
Combining Balance Sheet -
Nonmajor Governmental Funds
Year Ended June 30, 2018

	Special Revenue Funds		Capital Projects	Total Nonmajor Funds
	Food Service	Community Service		
Assets				
Cash and investments	\$ 449,927	\$ 566,376	\$ 40,008	\$ 1,056,311
Current property taxes receivable	-	169,483	-	169,483
Delinquent property taxes receivable	-	5,317	-	5,317
Accounts receivable	613	33,451	-	34,064
Due from Department of Education	-	36,650	-	36,650
Due from Federal Government through Department of Education	35,846	-	-	35,846
Inventory	49,515	-	-	49,515
Prepaid items	2,155	377	-	2,532
	<u>\$ 538,056</u>	<u>\$ 811,654</u>	<u>\$ 40,008</u>	<u>\$ 1,389,718</u>
Liabilities				
Accounts payable	\$ 17,438	\$ 24,605	\$ 40,008	\$ 82,051
Salaries and benefits payable	190	32,129	-	32,319
Unearned revenue	39,131	62,849	-	101,980
Total liabilities	<u>56,759</u>	<u>119,583</u>	<u>40,008</u>	<u>216,350</u>
Deferred Inflows of Resources				
Unavailable revenue - delinquent property taxes	-	5,317	-	5,317
Property taxes levied for subsequent year's expenditures	-	360,177	-	360,177
Total deferred inflows of resources	<u>-</u>	<u>365,494</u>	<u>-</u>	<u>365,494</u>
Fund Balances				
Nonspendable	51,670	377	-	52,047
Restricted	429,627	326,200	-	755,827
Total fund balances	<u>481,297</u>	<u>326,577</u>	<u>-</u>	<u>807,874</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 538,056</u>	<u>\$ 811,654</u>	<u>\$ 40,008</u>	<u>\$ 1,389,718</u>

Independent School District No. 477
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances - Nonmajor Governmental Funds
Year Ended June 30, 2018

	Special Revenue Funds		Capital Projects	Total Nonmajor Funds
	Food Service	Community Service		
Revenues				
Local property taxes	\$ -	\$ 321,056	\$ -	\$ 321,056
Other local and county revenues	4,961	937,347	1,263	943,571
Revenue from state sources	123,079	299,649	-	422,728
Revenue from federal sources	896,293	-	-	896,293
Sales and other conversion of assets	869,907	-	-	869,907
Total revenues	<u>1,894,240</u>	<u>1,558,052</u>	<u>1,263</u>	<u>3,453,555</u>
Expenditures				
Current				
Sites and buildings	-	-	25,297	25,297
Food service	1,827,676	-	-	1,827,676
Community education and services	-	1,489,738	-	1,489,738
Capital outlay				
Food service	56,639	-	-	56,639
Total expenditures	<u>1,884,315</u>	<u>1,489,738</u>	<u>25,297</u>	<u>3,399,350</u>
Excess of revenues over (under) expenditures	9,925	68,314	(24,034)	54,205
Fund Balances				
Beginning of year	<u>471,372</u>	<u>258,263</u>	<u>24,034</u>	<u>753,669</u>
End of year	<u>\$ 481,297</u>	<u>\$ 326,577</u>	<u>\$ -</u>	<u>\$ 807,874</u>

Independent School District No. 477
Uniform Financial Accounting and Reporting Standards
Compliance Table
Year Ended June 30, 2018

	Audit	UFARS	Audit-UFARS		Audit	UFARS	Audit-UFARS
01 General Fund				06 Building Construction Fund			
Total revenue	\$ 36,760,734	\$ 36,760,734	\$ -	Total revenue	\$ 1,263	\$ 1,263	\$ -
Total expenditures	36,318,885	36,318,886	(1)	Total expenditures	25,297	25,297	-
<i>Nonspendable:</i>				<i>Restricted/reserved:</i>			
460 Nonspendable	196,274	196,274	-	407 Capital Projects Levy	-	-	-
<i>Restricted/reserved:</i>				409 Alternative Facility Program	-	-	-
403 Staff Development	263,098	263,098	-	413 Building Projects Funded by COP/LP	-	-	-
406 Health and Safety	-	-	-	<i>Restricted:</i>			
407 Capital Projects Levy	-	-	-	464 Restricted	-	-	-
408 Cooperative Programs	-	-	-	<i>Unassigned:</i>			
409 Alternative Facility Program	-	-	-	463 Unassigned	-	-	-
413 Project Funded By Cop	-	-	-	07 Debt Service Fund			
414 Operating Debt	-	-	-	Total revenue	\$ 3,803,299	\$ 3,803,299	\$ -
416 Levy Reduction	-	-	-	Total expenditures	8,473,926	8,473,926	-
424 Operating Capital	2,147,068	2,147,068	-	<i>Restricted/reserved:</i>			
426 \$25 Taconite	-	-	-	425 Bond refunding	-	-	-
427 Disabled Accessibility	-	-	-	433 Maximum effort loan aid	-	-	-
428 Learning and Development	-	-	-	451 QZAB payments	-	-	-
434 Area Learning Center	49,835	49,835	-	<i>Restricted:</i>			
435 Contracted Alternative Programs	-	-	-	464 Restricted	754,076	754,075	1
436 State Approved Alternative Program	-	-	-	<i>Unassigned:</i>			
438 Gifted and Talented	-	-	-	463 Unassigned	-	-	-
440 Teacher Development and Evaluation	-	-	-	08 Trust Fund			
441 Basic Skills Programs	15,672	15,672	-	Total revenue	\$ -	\$ -	\$ -
445 Career Technical Programs	-	-	-	Total expenditures	-	-	-
446 First Grade Preparedness	-	-	-	<i>Reserved:</i>			
448 Achievement and Integration Revenue	-	-	-	419 Encumbrances	-	-	-
449 Safe School Crime	-	-	-	<i>Unreserved:</i>			
450 Transition For Pre-kindergarten	-	-	-	422 Net position	-	-	-
451 QZAB Payments	-	-	-	09 Agency Fund			
452 OPEB Liabilities not Held in Trust	-	-	-	<i>Unreserved:</i>			
453 Unfunded Severance and Retirement Levy	-	-	-	422 Unreserved/undesignated	\$ -	\$ -	\$ -
459 Basic Skills Extended Time	16,911	16,911	-	20 Internal Service Fund			
467 Long-term Facilities Maintenance	408,023	408,023	-	Total revenue	\$ -	\$ -	\$ -
472 Medical Assistance	8,651	8,651	-	Total expenditures	-	-	-
475 Title VII - Impact Aid	-	-	-	<i>Reserved:</i>			
476 Payments in Lieu of Taxes	-	-	-	419 Encumbrances	-	-	-
<i>Restricted:</i>				<i>Unreserved:</i>			
464 Restricted	-	-	-	422 Net position	-	-	-
<i>Committed:</i>				25 OPEB Revocable Trust			
418 Committed for separation benefits	941,283	941,283	-	Total revenue	\$ -	\$ -	\$ -
461 Committed	-	-	-	Total expenditures	-	-	-
<i>Assigned:</i>				<i>Reserved:</i>			
462 Assigned	1,334,131	1,334,132	(1)	419 Encumbrances	-	-	-
<i>Unassigned:</i>				<i>Unreserved:</i>			
422 Unassigned fund balance (net position)	5,538,834	5,538,832	2	422 Net position	-	-	-
02 Food Services Fund				45 OPEB Irrevocable Trust			
Total revenue	\$ 1,894,240	\$ 1,894,240	\$ -	Total revenue	\$ -	\$ -	\$ -
Total expenditures	1,884,315	1,884,316	(1)	Total expenditures	-	-	-
<i>Nonspendable:</i>				<i>Reserved:</i>			
460 Nonspendable	51,670	51,670	-	419 Encumbrances	-	-	-
<i>Restricted/reserved:</i>				<i>Unreserved:</i>			
452 OPEB liabilities not held in trust	-	-	-	422 Net position	-	-	-
<i>Restricted:</i>				47 OPEB Debt Service			
464 Restricted	429,627	429,627	-	Total revenue	\$ -	\$ -	\$ -
<i>Unassigned:</i>				Total expenditures	-	-	-
463 Unassigned	-	-	-	<i>Reserved:</i>			
04 Community Service Fund				425 Bond refundings	-	-	-
Total revenue	\$ 1,558,052	\$ 1,558,052	\$ -	<i>Unreserved:</i>			
Total expenditures	1,489,738	1,489,740	(2)	422 Unreserved/undesignated	-	-	-
<i>Nonspendable:</i>				47 OPEB Debt Service			
460 Nonspendable	377	377	-	Total revenue	\$ -	\$ -	\$ -
<i>Restricted/reserved:</i>				Total expenditures	-	-	-
426 \$25 Taconite	-	-	-	<i>Reserved:</i>			
431 Community Education	146,768	146,768	-	425 Bond refundings	-	-	-
432 ECFE	113,730	113,730	-	<i>Unreserved:</i>			
440 Teacher Development and Evaluation	-	-	-	422 Unreserved/undesignated	-	-	-
444 School Readiness	65,121	65,121	-	04 Community Service Fund			
447 Adult Basic Education	-	-	-	Total revenue	\$ 1,558,052	\$ 1,558,052	\$ -
452 OPEB Liabilities not Held in Trust	-	-	-	Total expenditures	1,489,738	1,489,740	(2)
<i>Restricted:</i>				<i>Nonspendable:</i>			
464 Restricted	581	580	1	460 Nonspendable	377	377	-
<i>Unassigned:</i>				<i>Restricted/reserved:</i>			
463 Unassigned	-	-	-	426 \$25 Taconite	-	-	-

Independent School District No. 477
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018

Federal Funding Source	Federal CFDA Number	Grant Name	Expenditures
Through Minnesota Department of Education			
USDOA	10.559	Summer Food Service	\$ 53,869
USDOA	10.553	School Breakfast	120,503
USDOA	10.555	Type A Lunch	564,297
USDOA	10.555	Commodities (Non Cash)	124,238
USDOA	10.555	Commodities (Rebates)	14,272
USDOA	10.556	Special Milk Program	<u>1,417</u>
Total Child Nutrition Cluster			878,596
USDOA	10.579	National School Lunch Program Equipment Grant	<u>17,697</u>
Total USDOA			896,293
USDOED	84.010	Title I, Part A	327,705
USDOED	84.367	Title II, Part A - Teacher and Principal Training and Recruiting	80,188
Through Independent School District No. 11 - Anoka-Hennepin			
USDOED	84.048A	Career and Technical	15,535
Through Rum River Special Education Cooperative			
USDOED	84.027	Special Education	232,108
USDOED	84.173	Preschool Incentive	25,693
Through Minnesota Department of Education			
USDOED	84.027A	Multi-tiered Systems Support with Fidelity -Math Focus	<u>68,617</u>
Total Special Education Cluster			326,418
USDOED	84.424A	Student Support and Academic Enrichment, Well Rounded Education	2,495
USDOED	84.424A	Student Support and Academic Enrichment, Safe and Healthy Students	<u>2,422</u>
Total Student Support and Academic Enrichment			4,917
USDOED	84.323	Special Education - SPDG/Autism Spectrum Disorders	18,900
USDOED	84.181	Infants and Toddlers Program	<u>21,721</u>
Total USDOED			<u>795,384</u>
USIMLS	45.310	Library Services Technology Act	<u>42,434</u>
Total Federal Expenditures			<u><u>\$ 1,734,111</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 used.

NOTE 4 – INDIRECT COST RATE

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

**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, 2018, and the related notes to financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 26, 2018.

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.

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

Internal Control over Financial Reporting (Continued)

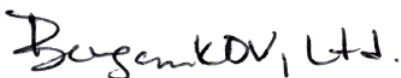
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not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

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*.

Purpose of this Report

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



St. Cloud, Minnesota
October 26, 2018

**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 U.S. *Office of Management and Budget (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, 2018. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs 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 applicable to its federal programs.

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.



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, 2018.

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 and therefore, material weaknesses or significant deficiencies may exist that were not 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.

St. Cloud, Minnesota
October 26, 2018

**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?	No
• Significant deficiency(ies) identified?	No
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 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

There were no findings.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no federal award findings or questioned costs.

SECTION IV – SCHEDULE OF PRIOR AUDIT FINDINGS

Audit Finding 2007-002 –Preparation of Financial Statements

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 this 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.

CORRECTIVE ACTION PLAN TAKEN:

The District reviewed the financial statements in conjunction with the disclosure checklist.

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, 2018, and the related notes to financial statements, and have issued our report thereon dated October 26, 2018.

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



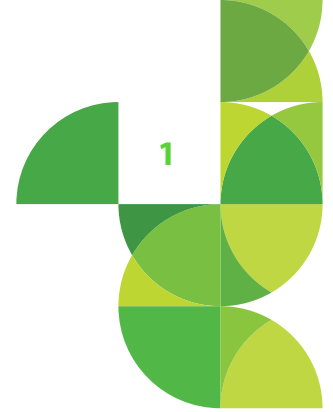
St. Cloud, Minnesota
October 26, 2018



Independent School District
No. 477
Princeton, Minnesota

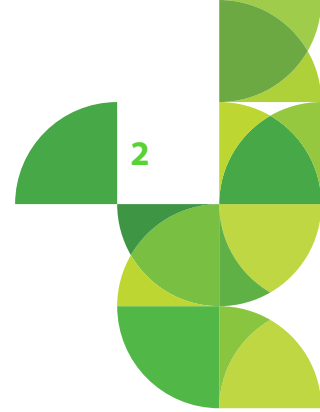
Audited Financial Statements
June 30, 2018





Independent Auditor's Report

- Unmodified opinion – best opinion an auditor can issue
- Financial statements present fairly, in all material respects, the financial position and change in financial position of the governmental activities, each major fund and the aggregate remaining funds



Other Communications

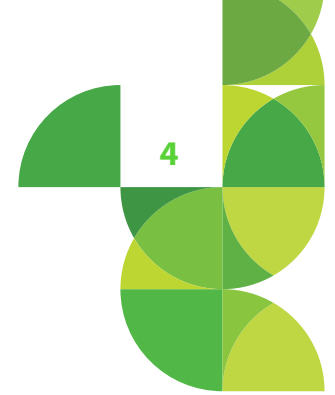
- Report related to *Government Auditing Standards*
 - No written internal control findings
 - No compliance findings
- Report on results of a Single Audit performed in accordance with *Uniform Guidance*
 - Unmodified opinion on compliance
 - No internal control findings
- Report on results of testing on *Minnesota Legal Compliance* – no findings



General Education Formula Allowance

Year	General Education Aid Formula Allowance	
	Amount	Percent Increase
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%
2018	6,188	2.0%
2019	6,312	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.

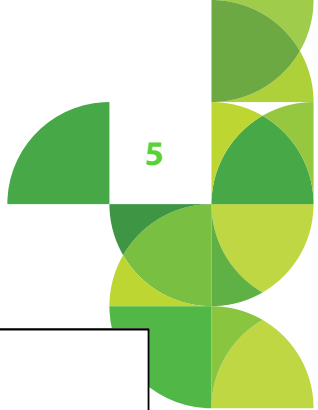


Resident Average Daily Membership (ADM)

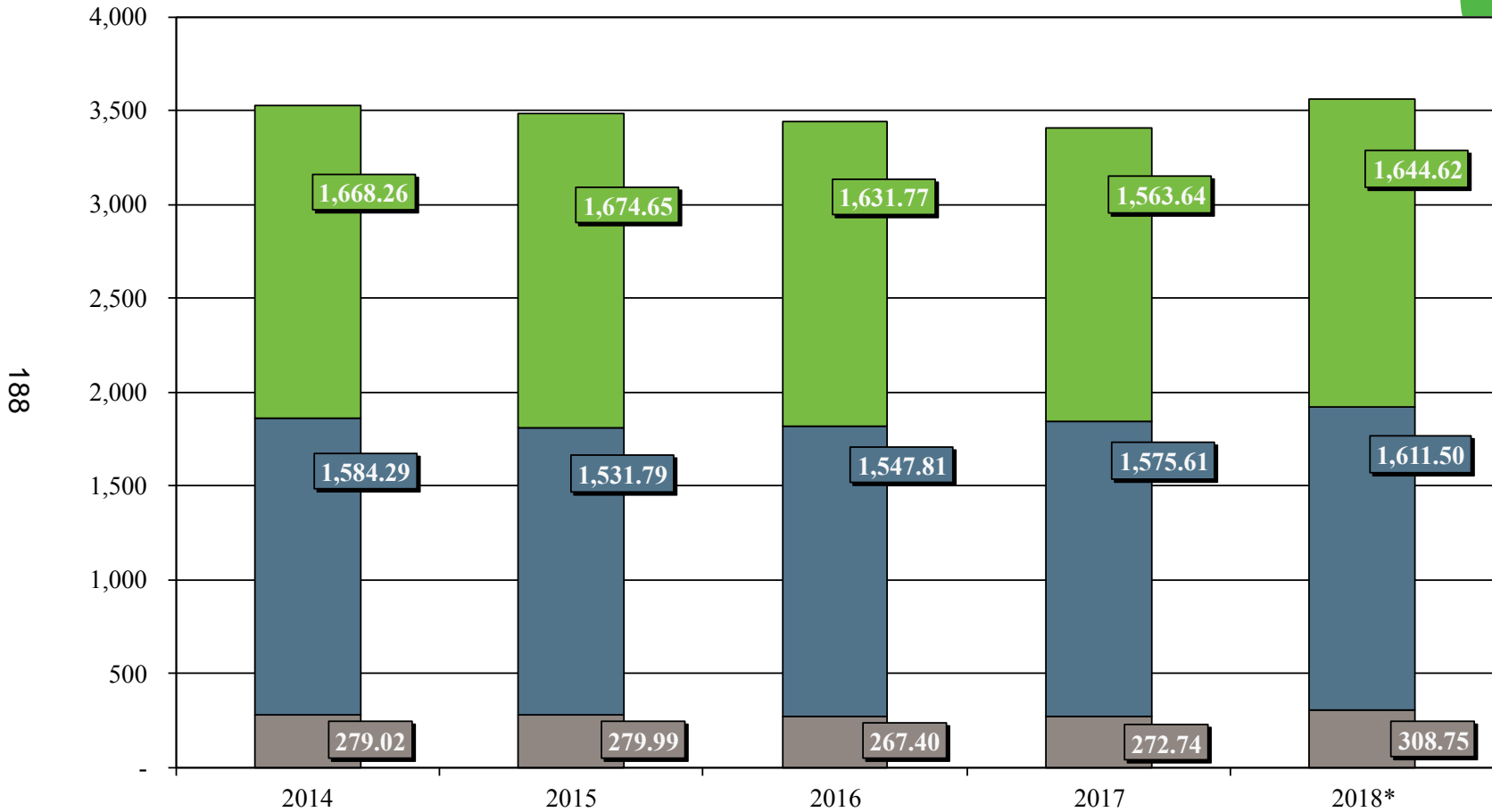
ADM	2014	2015	2016	2017	2018*
Kindergarten and other	279.02	279.99	267.40	272.74	308.75
Elementary	1,584.29	1,531.79	1,547.81	1,575.61	1,611.50
Secondary	1,668.26	1,674.65	1,631.77	1,563.64	1,644.62
Total Resident ADM	3,531.57	3,486.43	3,446.98	3,411.99	3,564.87

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* Estimate



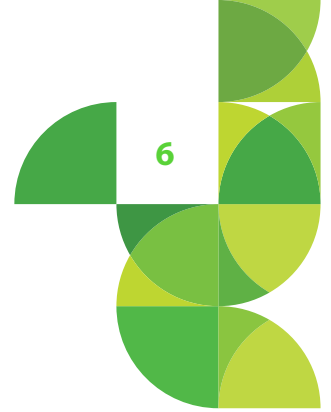
Resident ADM



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■ Kindergarten and other ■ Elementary ■ Secondary

* Estimate



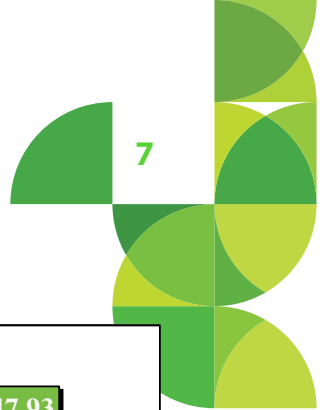
Average Daily Membership and Pupil Units

Pupil Units Weighting						
	Pre-Kindergarten	Kindergarten Disabled	Kindergarten	Elementary Grades 1-3	Elementary Grades 4-6	Secondary
2014	1.25	1.00	0.612	1.115	1.06	1.30
2015 through 2018	1.00	1.00	1.000	1.000	1.00	1.20

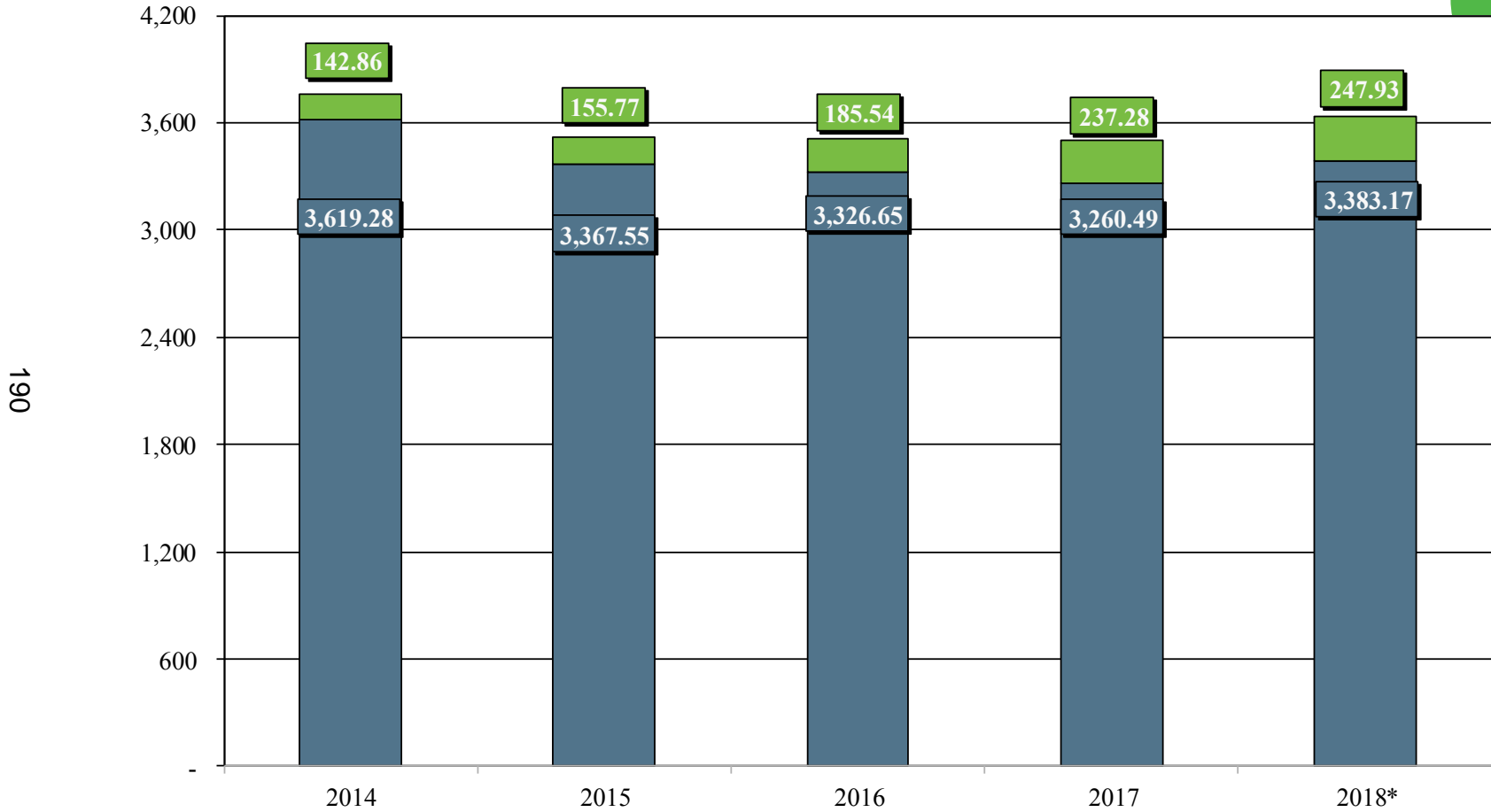
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WADM/PUN	2014	2015	2016	2017	2018*
Residents	4,089.53	3,821.36	3,773.34	3,724.70	3,893.79
Resident WADM going elsewhere	(470.25)	(453.81)	(446.69)	(464.21)	(510.62)
Nonresident WADM coming in	142.86	155.77	185.54	237.28	247.93
Total WADM Served/PUN	3,762.14	3,523.32	3,512.19	3,497.77	3,631.10

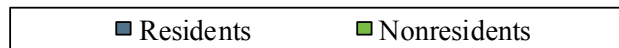
* Estimate



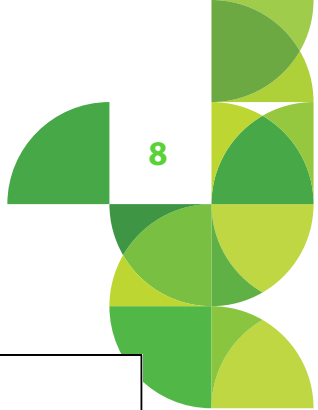
Students Served (WADM/PUN)



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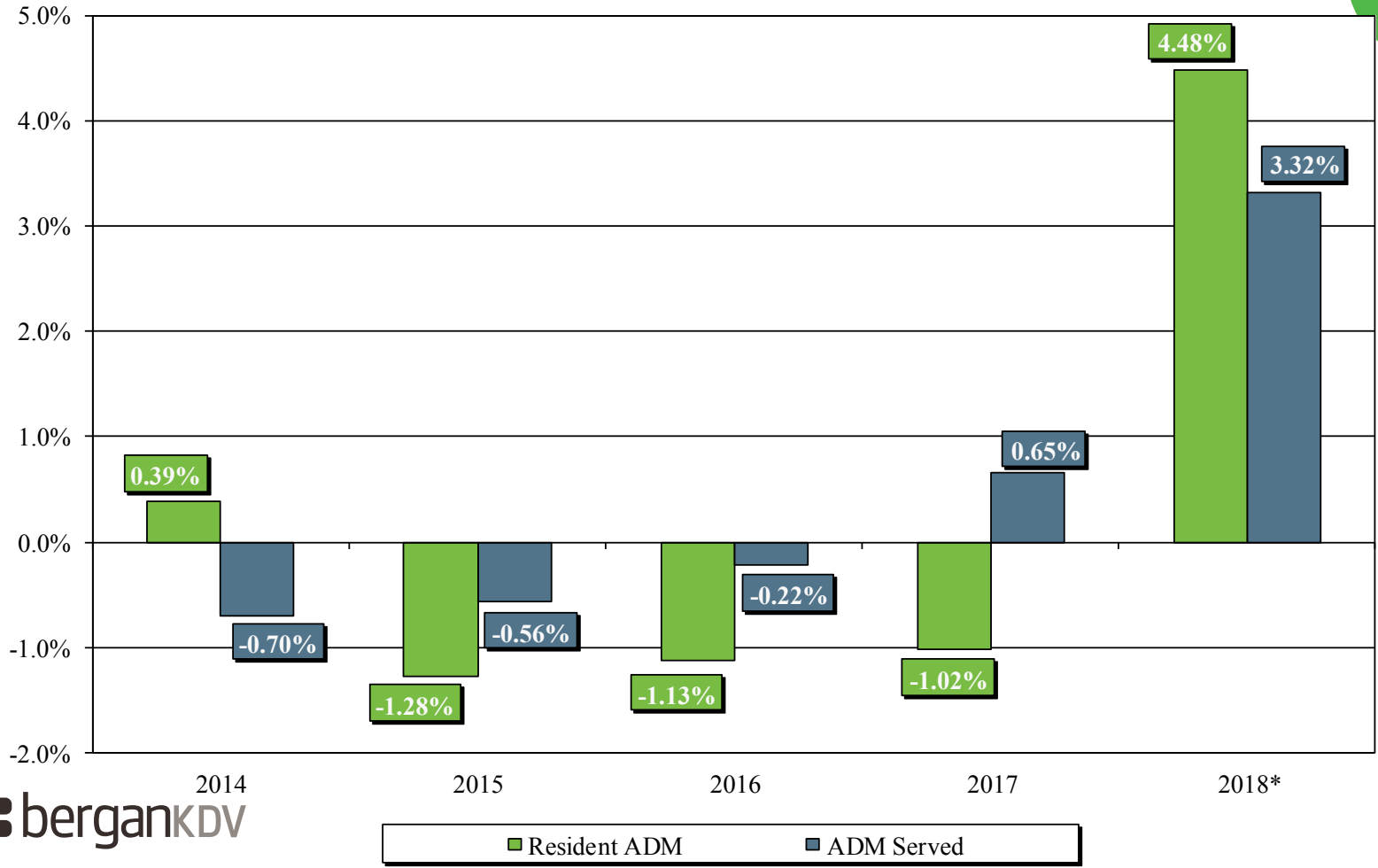


* Estimate

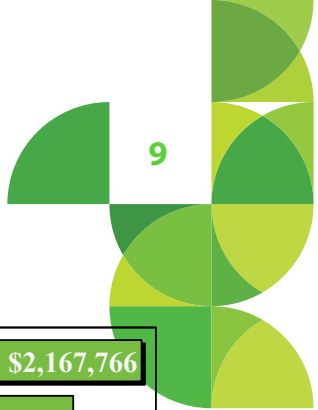


Change in Resident ADM and ADM Served

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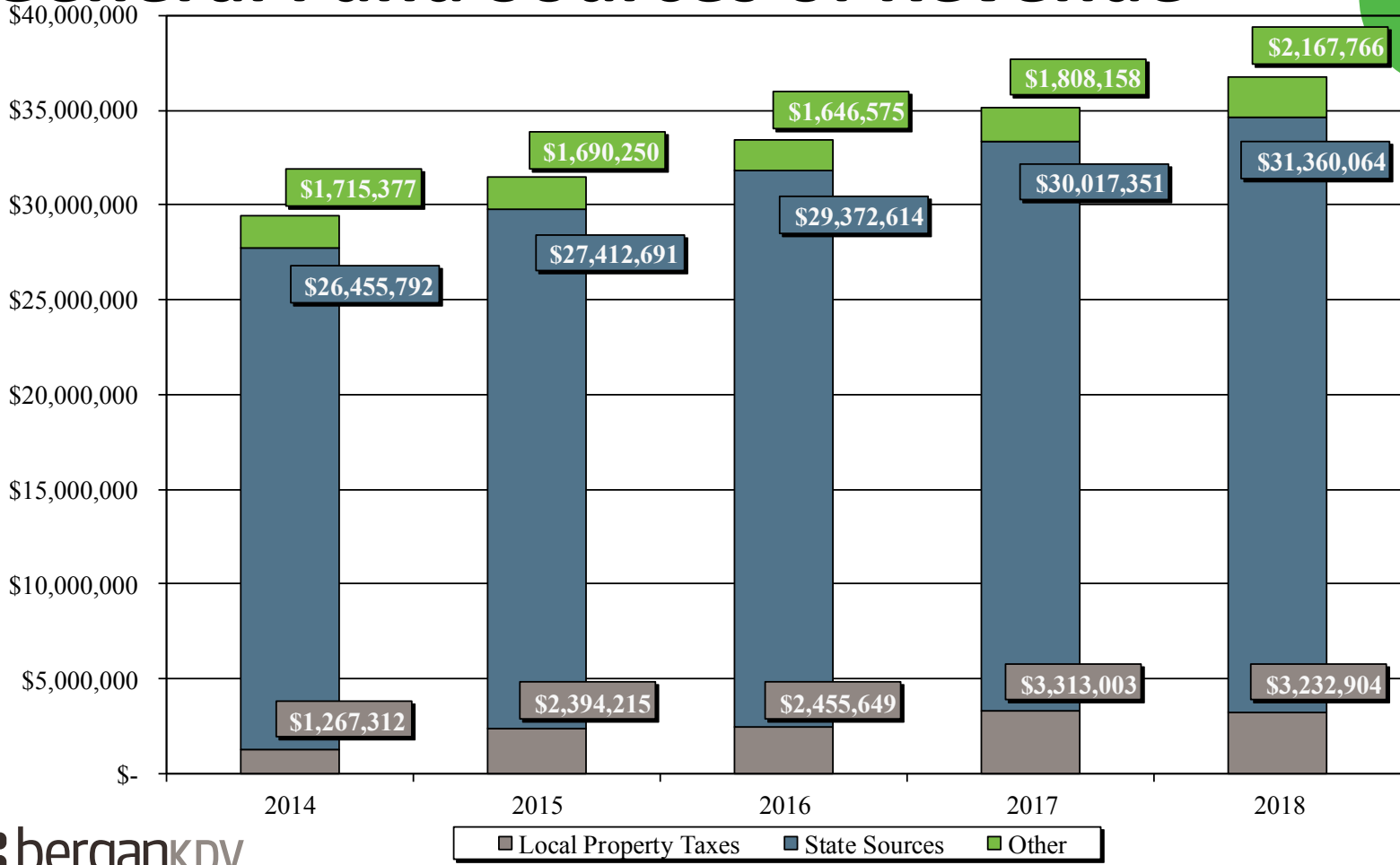


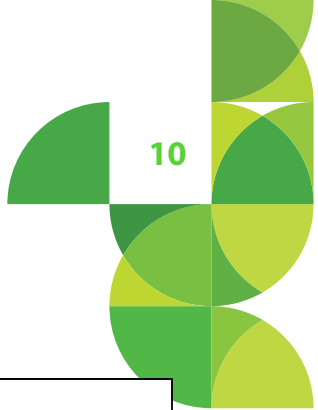
* Estimate



General Fund Sources of Revenue

192

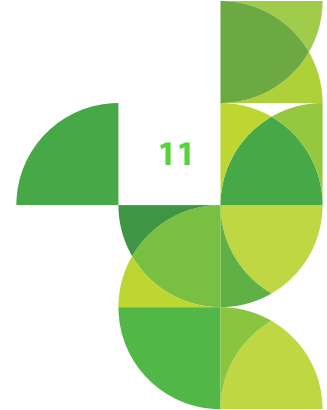




General Fund Revenues Budget and Actual

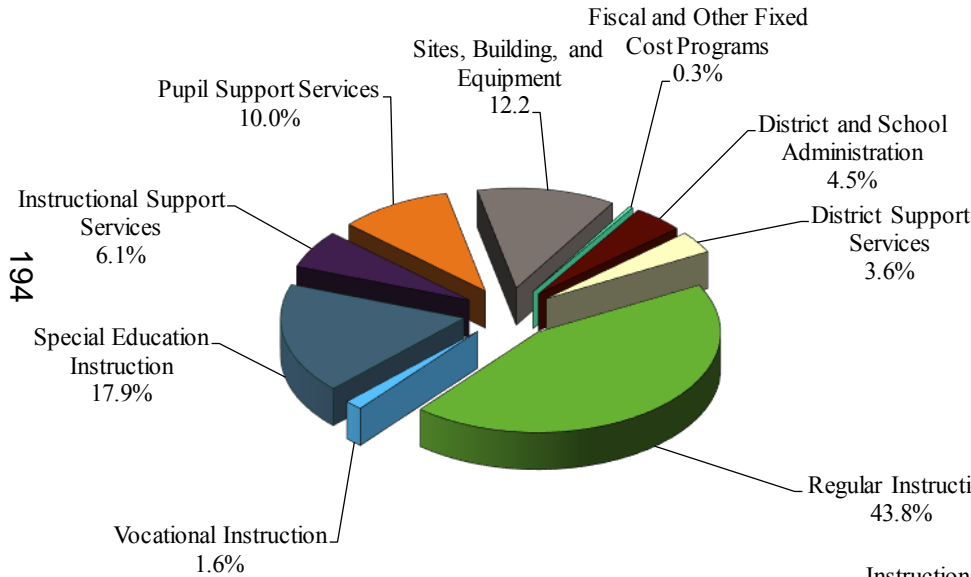
193



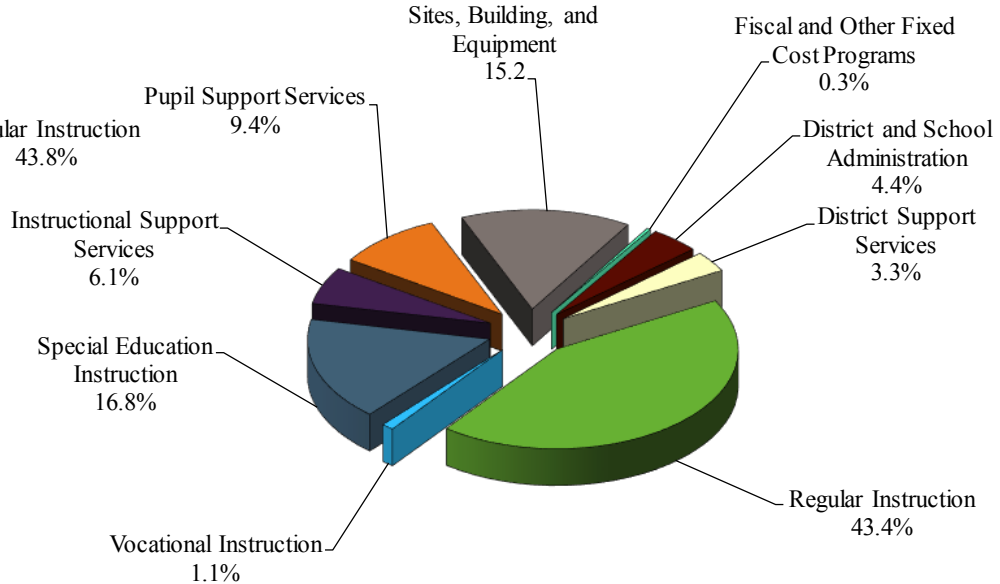


General Fund Expenditures

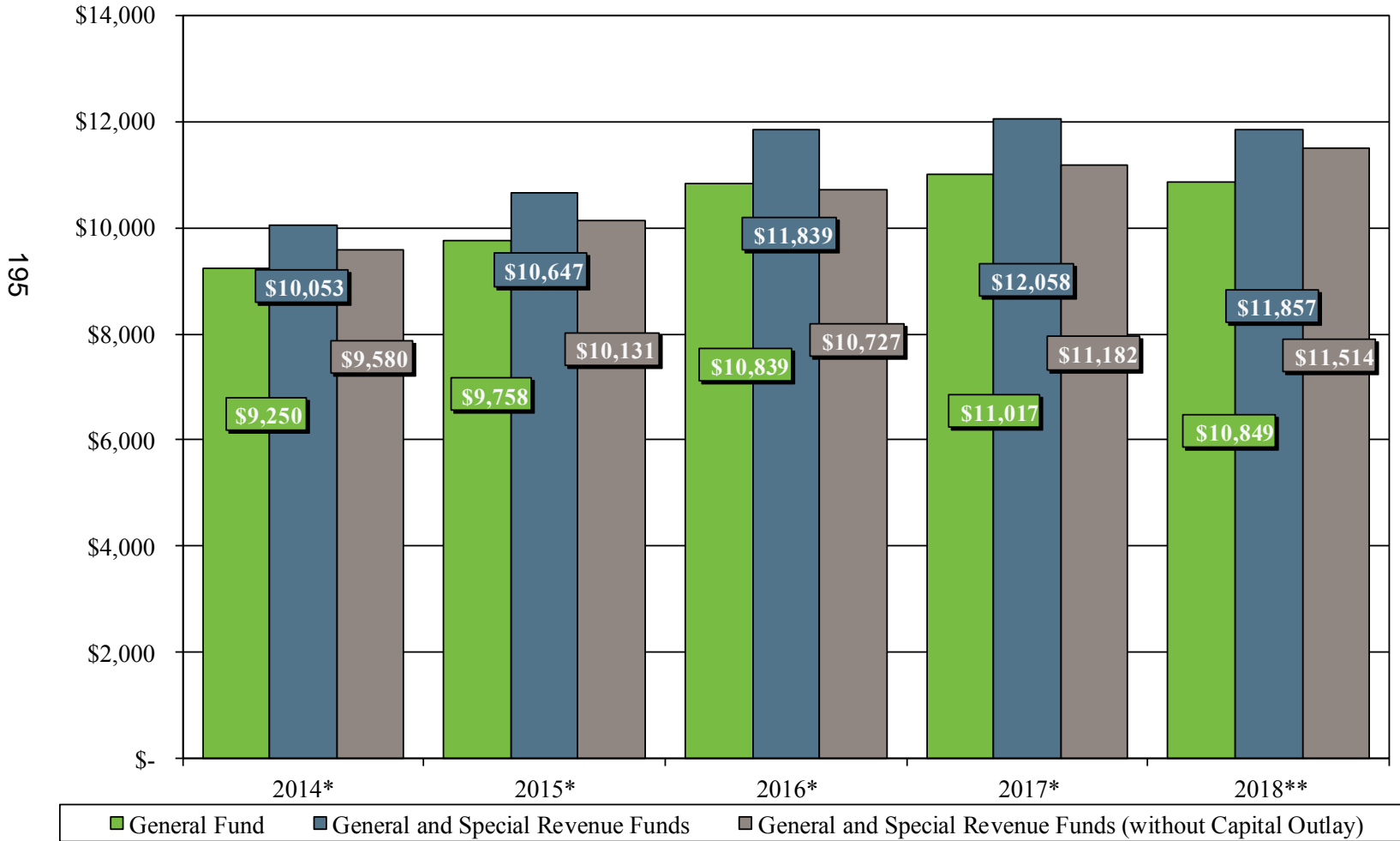
2018 General Fund Expenditures
\$36,318,885



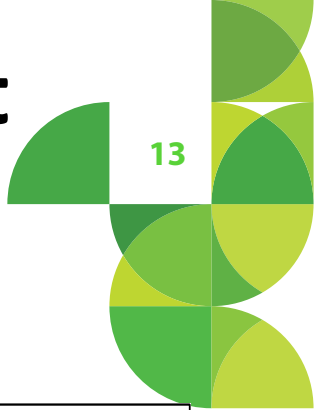
2017 General Fund Expenditures
\$36,002,610



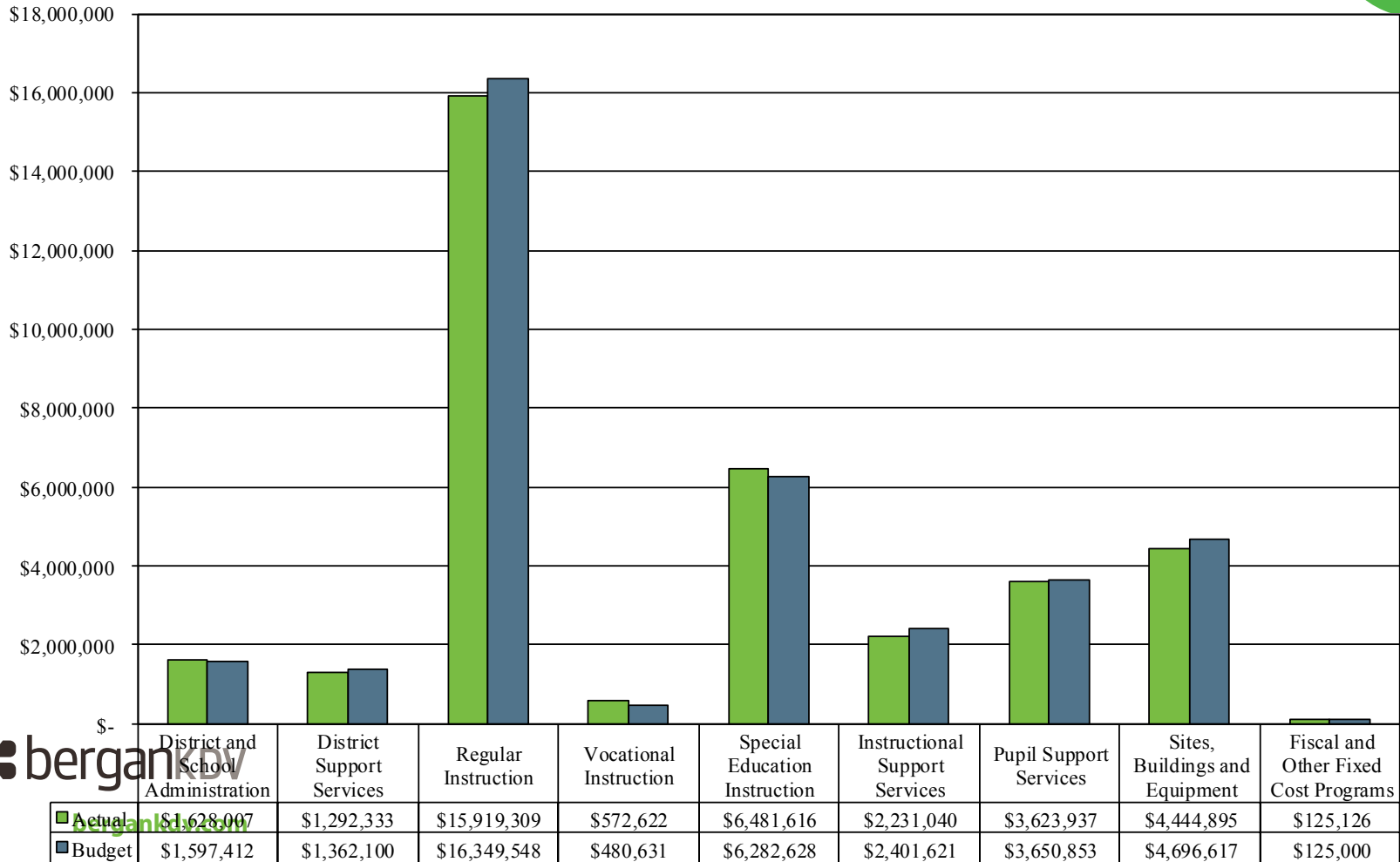
Expenditures Per Student ADM Served

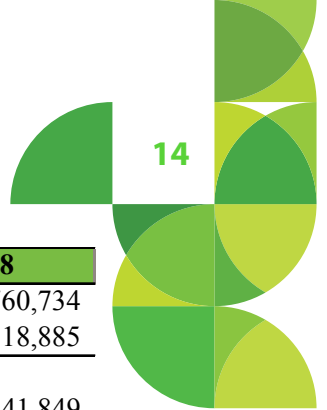


General Fund Expenditures Budget and Actual



196

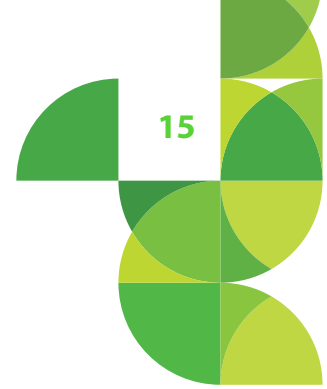




General Fund Operations

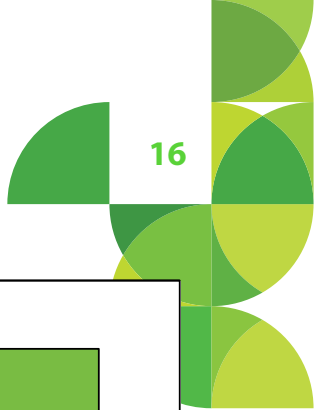
	2014	2015	2016	2017	2018
Revenues	\$ 29,438,481	\$31,497,156	\$33,474,838	\$35,138,512	\$ 36,760,734
Expenditures	30,064,312	31,454,610	34,892,297	36,002,610	36,318,885
Excess of revenues over (under) expenditures	(625,831)	42,546	(1,417,459)	(864,098)	441,849
Other financing sources		-	4,917	203,298	-
Fund balance, July 1	13,134,558	12,508,727	12,551,273	11,138,731	10,477,931
Fund Balance, June 30	\$ 12,508,727	\$ 12,551,273	\$ 11,138,731	\$ 10,477,931	\$ 10,919,780

For the Year Ended June 30,	2014	2015	2016	2017	2018
Nonspendable	\$ 120,915	\$ 77,231	\$ 92,348	\$ 81,513	\$ 196,274
Reserved/restricted for					
Staff development	31,944	70,515	149,135	199,312	263,098
Operating capital	2,612,930	2,497,971	2,544,091	2,225,980	2,147,068
Deferred maintenance	63,449	57,437	163,061	-	-
Health and safety	(85,013)	(45,255)	(40,795)	-	-
Gifted and talented	53,654	39,426	40,619	24,360	-
Area learning center	-	-	-	-	49,835
Basic skills	-	-	-	-	15,672
Basic skills extended time	-	-	-	-	16,911
LTFM	-	-	-	606,617	408,023
Medical Assistance	-	-	-	7,057	8,651
Committed for					
Seperation Benefits	695,993	699,936	703,394	812,308	941,283
Assigned for					
Student activities	102,958	138,627	161,061	124,117	119,773
Q-Comp	53,235	80,869	123,419	161,349	226,244
Technology	410,504	115,278	37,264	48,463	57,595
Building improvements	3,600,000	3,600,000	1,428,076	422,542	280,537
Program initiatives	400,000	700,000	741,731	649,982	649,982
Unassigned	4,448,158	4,519,238	4,995,327	5,114,331	5,538,834
Total	\$ 12,508,727	\$ 12,551,273	\$ 11,138,731	\$ 10,477,931	\$ 10,919,780

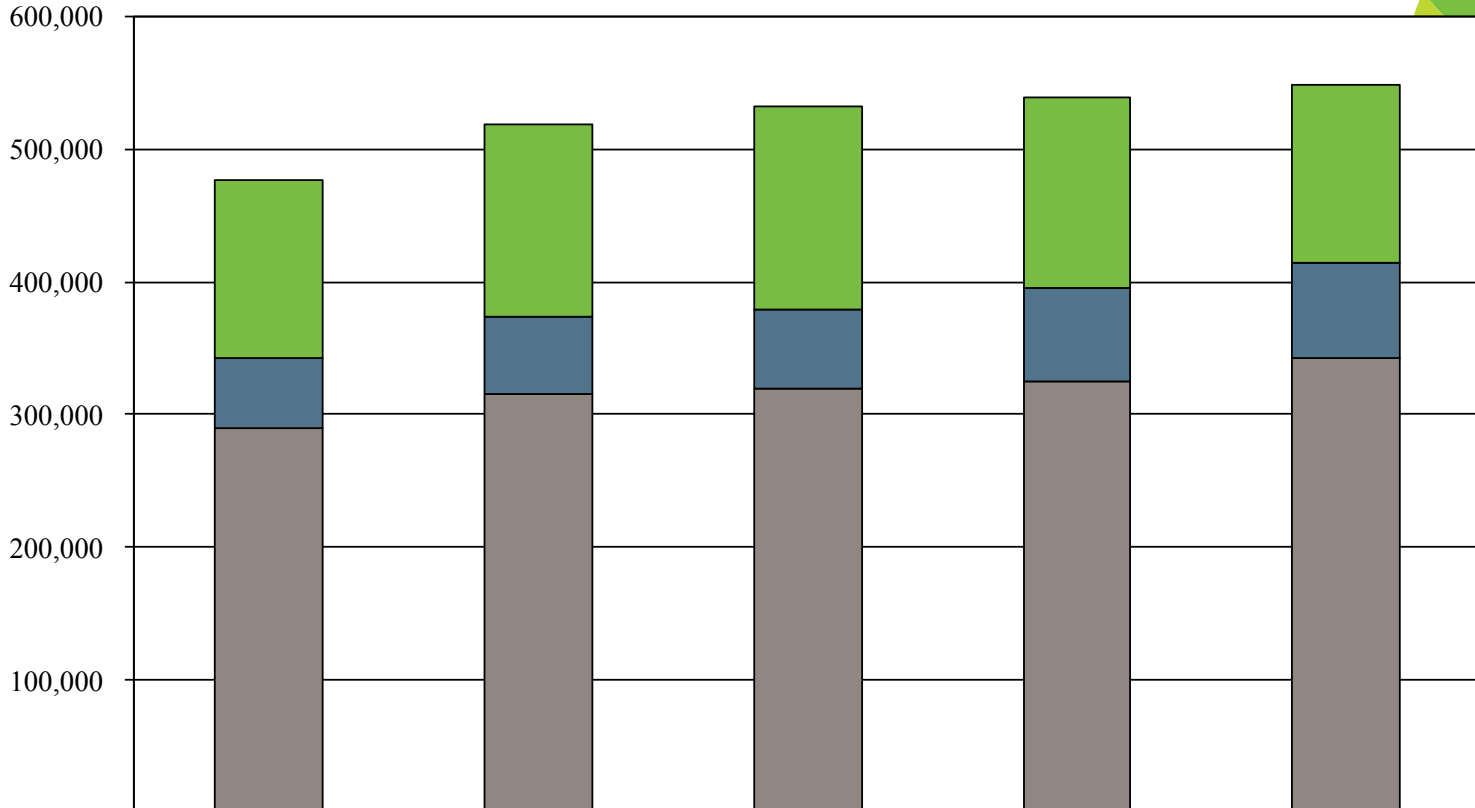


Food Service Fund

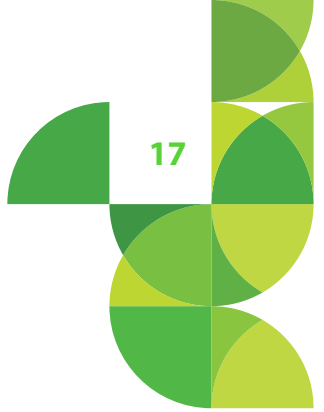
For the Year Ended June 30,	2014	2015	2016	2017	2018
Revenues	\$ 1,533,309	\$ 1,694,727	\$ 1,780,006	\$ 1,872,834	\$ 1,894,240
Expenditures	1,630,740	1,660,046	1,772,360	1,792,621	1,884,315
Excess of revenues over (under) expenditures	(97,431)	34,681	7,646	80,213	9,925
Fund balance, July 1	446,263	348,832	383,513	391,159	471,372
Fund Balance, June 30	\$ 348,832	\$ 383,513	\$ 391,159	\$ 471,372	\$ 481,297



Meals Served to Students

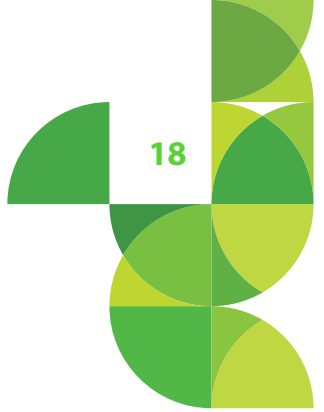


	2014*	2015*	2016*	2017*	2018**
Free Meals	134,306	145,151	153,540	144,720	134,168
Reduced Meals	53,135	58,021	60,334	70,138	71,625
Full Priced Meals	289,157	315,534	319,037	325,098	342,891



Community Service Fund

For the Year Ended June 30,	2014	2015	2016	2017	2018
Revenues	\$ 1,058,378	\$ 1,225,924	\$ 1,410,076	\$ 1,480,860	\$ 1,558,052
Expenditures	977,749	1,205,011	1,444,848	1,584,186	1,489,738
Excess of revenues over (under) expenditures	80,629	20,913	(34,772)	(103,326)	68,314
Fund balance, July 1	294,819	375,448	396,361	361,589	258,263
Fund Balance, June 30	\$ 375,448	\$ 396,361	\$ 361,589	\$ 258,263	\$ 326,577



Questions

Nancy Schulzetenberg
(320) 650-0219

Thank you!

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bergankdv.com

2019 Insurance Plans and Premium Cost

Plan Comparison											
2019 Monthly Prem											
	200	Teacher ER	Teacher EE	Para ER	Para EE	Cust/Sec ER	Cust/Sec EE	Food ER	Food EE	Principals ER	Principals EE
Single	772.32	605	167.32	599.18	173.14	628.5	143.82	511.23	261.09	1500	0
Single +1	1271.55	781	490.55	710.02	561.53	744.41	527.14	605.87	665.68	1500	0
Family	1948	915	1033	816.56	1131.44	856.08	1091.92	696.78	1251.22	1500	448
1000											
Single	643.43	605	38.43	599.18	44.25	628.5	14.93	511.23	132.2	1500	0
Single +1	1056.3	781	275.3	710.02	346.28	744.41	311.89	605.87	450.43	1500	0
Family	1620.6	915	705.6	816.56	804.04	856.08	764.52	696.78	923.82	1500	120.6
1700HSA											
Single	584.07	605	0	599.18	0	628.5	0	511.23	72.84	1500	0
Single +1	837.68	781	56.68	710.02	127.66	744.41	93.27	605.87	231.81	1500	0
Family	1468.72	915	553.72	816.56	652.16	856.08	612.64	696.78	771.94	1500	0
3375HSA											
Single	511.47	605	0	599.18	0	628.5	0	511.23	0.24	1500	0
Single +1	733.89	781	0	710.02	23.87	744.41	0	605.87	128.02	1500	0
Family	1297.43	915	382.43	816.56	480.87	856.08	441.35	696.78	600.65	1500	0

This represents the 8.5% increase from the 2018 premium revenue without plan changes.

- Open enrollment window will be November 26 to December 7
- Information Sessions:
 - November 21st 3:00-4:00 at the Primary School
 - November 28th 3:30-4:30 at the High School
 - Individual building consultation throughout the week of December 3 to 7.

2018 Rates

HEALTH Coverage - HEALTH PARTNERS													
October 1, 2018 - September 30, 2019													
	Monthly Premium	Teacher ER/Month	Teacher EE/Month	Para ER/Month	Para EE/Month	Custodian & Secretary ER/Month	Custodian & Secretary EE/Month	Food Service ER/Month	Food Service EE/Month	Principals ER/Month	Principals EE/Month	Coordinators ER/Month	Coordinators EE/Month
\$3,250 HSA Plan													
Single	\$481.01	\$481.01	\$0.00	\$481.01	\$0.00	\$481.01	\$0.00	\$481.01	\$0.00	\$481.01	\$0.00	Varies per contract	
EE + Children	\$797.98	\$781.00	\$16.98	\$710.02	\$87.96	\$744.42	\$53.56	\$605.87	\$192.11	\$797.98	\$0.00		
Family	\$1,209.56	\$915.00	\$294.56	\$816.56	\$393.00	\$856.08	\$353.48	\$696.78	\$512.78	\$1,209.56	\$0.00		
\$1,000 Deductible Plan													
Single	\$586.12	\$586.12	\$0.00	\$586.12	\$0.00	\$586.12	\$0.00	\$511.23	\$74.89	\$586.12	\$0.00		
EE + Children	\$973.52	\$781.00	\$192.52	\$710.02	\$263.50	\$744.42	\$229.10	\$605.87	\$367.65	\$973.52	\$0.00		
Family	\$1,476.55	\$915.00	\$561.55	\$816.56	\$659.99	\$856.08	\$620.47	\$696.78	\$779.77	\$1,476.55	\$0.00		
\$200 Deductible Plan													
Single	\$701.20	\$605.00	\$96.20	\$599.18	\$102.02	\$628.50	\$72.70	\$511.23	\$189.97	\$701.20	\$0.00		
EE + Children	\$1,165.40	\$781.00	\$384.40	\$710.02	\$455.38	\$744.42	\$420.98	\$605.87	\$559.53	\$1,165.40	\$0.00		
Family	\$1,768.40	\$915.00	\$853.40	\$816.56	\$951.84	\$856.08	\$912.32	\$696.78	\$1,071.62	\$1,500.00	\$268.40		



PRINCETON

PUBLIC SCHOOLS



11.20.18

Princeton Public Schools has voted to move forward with up to 4.5 million in Long Term Facility Maintenance items. This process does not increase taxes as the Long Term Facility Maintenance revenue will be used to pay for the bond payment over 8 years. Bid law requires that the District publish a notice in the local paper and to received sealed bids for any project over \$175,000.

Administration at this time is asking the Board of Education to “Call for Bid” on the following projects:

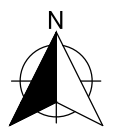
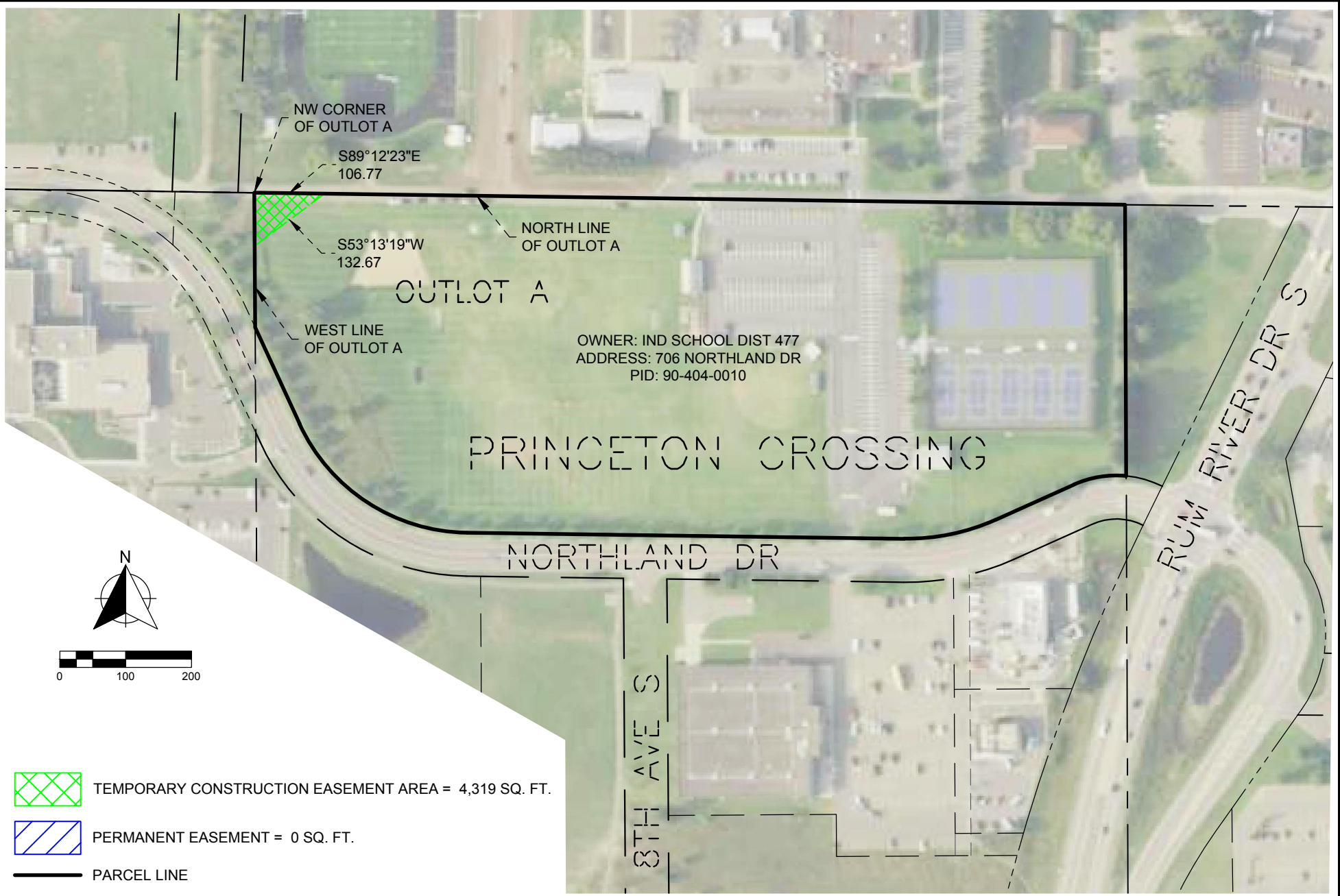
- High School Pool Restoration Project
- High School Pool HVAC Project
- Family Center HVAC Project
- High School Tennis Court Project

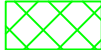
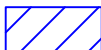

Note: ICS will guide the District in relation to all bid laws and requirements.

Core Values



K:\011000-000\Survey\Easement\011000-000-ESMT-EXBT-PARCEL-90-404-0010.dwg, 10/11/2018 1:07:24 PM



-  TEMPORARY CONSTRUCTION EASEMENT AREA = 4,319 SQ. FT.
-  PERMANENT EASEMENT = 0 SQ. FT.
-  PARCEL LINE

Prepared by:



Princeton Trail - Easement Exhibit

706 Northland Dr
 90-404-0010
 City of Princeton, Minnesota

WSB Project No. 011000-000

Date: 10/11/18



Temporary Construction Easement

City of Princeton Trail Connection

On this _____ day of _____, 2018.

FOR VALUABLE CONSIDERATION, Independent School District #477, a municipal corporation, Grantor(s), hereby grant to the City of Princeton, Grantee, a municipal corporation under the laws of the State of Minnesota, a temporary easement over and across real property in Sherburne County, described as follows:

See EXHIBIT A

Said temporary construction easement shall be in effect from January 1, 2019 to December 31, 2020.

GRANTOR(S) HEREBY AGREE to allow the grantee to alter the existing grade in the above described easement area to the extent necessary to properly grade the reconstruction project.

GRANTEE HEREBY AGREES that the easement area shall be restored to its original condition as nearly as possible except for trees, shrubs and gardens. Sod, topsoil, fences, mailboxes, and driveways will be restored.

IN WITNESS WHEREOF, the Grantors have hereunto set their hands the day and year first above written.

STATE OF MINNESOTA
COUNTY OF _____

} ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 2018,
by _____ as _____ and _____
as _____ of Independent School District #477, a municipal corporation, Grantors.

NOTORIAL STAMP OR SEAL (OR OTHER TITLE OR BANK)

SIGNATURE OF NOTARY PUBLIC OR OTHER OFFICIAL

THIS INSTRUMENT WAS DRAFTED BY:
SHERBURNE COUNTY PUBLIC WORKS DEPT.
425 JACKSON AVENUE
ELK RIVER, MN 55330

EXHIBIT A

A temporary easement for construction purposes over, under, and across all of the property described below.

That part of the Northwest Quarter of the Northwest Quarter lying Westerly of former Burlington Northern Railroad Right of Way and lying Northerly of Smith Systems Road, Section 4, Township 35, Range 26, Sherburne County, Minnesota.

K:\011000-000\Survey\Easement\011000-000-ESMT-EXBT-PARCEL-01-004-2203.dwg, 10/11/2018 1:40:08 PM

OWNER: IND SCHOOL DIST 477
ADDRESS: UNAVAILABLE
PID: 01-004-2203

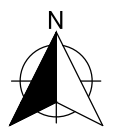
OUTLOT A

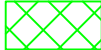
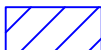

PRINCETON CROSSING

NORTHLAND DR

RUM RIVER DR S

5TH AVE S



-  TEMPORARY CONSTRUCTION EASEMENT AREA = 5,627 SQ. FT.
-  PERMANENT EASEMENT = 0 SQ. FT.
-  PARCEL LINE

Prepared by:



Princeton Trail - Easement Exhibit

Address: Unavailable
01-004-2203
City of Princeton, Minnesota

WSB Project No. 011000-000

Date: 10/11/18



Temporary Construction Easement

City of Princeton Trail Connection

On this _____ day of _____, 2018.

FOR VALUABLE CONSIDERATION, Independent School District #477, a municipal corporation, Grantor(s), hereby grant to the City of Princeton, Grantee, a municipal corporation under the laws of the State of Minnesota, a temporary easement over and across real property in Sherburne County, described as follows:

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IN WITNESS WHEREOF, the Grantors have hereunto set their hands the day and year first above written.

STATE OF MINNESOTA
COUNTY OF _____

} ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 2018,
by _____ as _____ and _____
as _____ of Independent School District #477, a municipal corporation, Grantors.

NOTORIAL STAMP OR SEAL (OR OTHER TITLE OR BANK)

SIGNATURE OF NOTARY PUBLIC OR OTHER OFFICIAL

THIS INSTRUMENT WAS DRAFTED BY:
SHERBURNE COUNTY PUBLIC WORKS DEPT.
425 JACKSON AVENUE
ELK RIVER, MN 55330

EXHIBIT A

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That part of the Northwest Quarter of the Northwest Quarter lying Westerly of former Burlington Northern Railroad Right of Way and lying Northerly of Smith Systems Road, Section 4, Township 35, Range 26, Sherburne County, Minnesota.

11.20.18 Policy Agenda

413 - Harassment and Violence Prohibition

-MSBA changes

413 - Form

-No changes

416 - Drug & Alcohol Testing

-No changes

498 - Substitute, Homebound Teachers, and Classified Staff Employment

-Corrected typo

506 - Student Discipline

-MSBA changes

506 - Form

-No changes

522 - Student Sex Nondiscrimination

-No changes

PRINCETON PUBLIC SCHOOLS
POLICY 413 - HARASSMENT AND VIOLENCE PROHIBITION

I. PURPOSE

The purpose of this policy is to maintain a learning and working environment that is free from harassment and violence on the basis of race, color, creed, religion, national origin, sex, age, marital status, familial status, status with regard to public assistance, sexual orientation, **including** gender identity **or expression**, or disability.

II. GENERAL STATEMENT OF POLICY

- A. The policy of the school district is to maintain a learning and working environment that is free from harassment and violence on the basis of race, color, creed, religion, national origin, sex, ~~gender~~, age, marital status, familial status, status with regard to public assistance, sexual orientation, **including** gender identity **or expression**, or disability. The school district prohibits any form of harassment or violence on the basis of race, color, creed, religion, national origin, sex, gender, age, marital status, familial status, status with regard to public assistance, sexual orientation, **including gender identity or expression**, or disability.
- B. A violation of this policy occurs when any pupil, teacher, administrator, or other school personnel of the school district harasses a pupil, teacher, administrator, or other school personnel or group of pupils, teachers, administrators, or other school personnel through conduct or communication based on a person's race, color, creed, religion, national origin, sex, ~~gender~~, age, marital status, familial status, status with regard to public assistance, sexual orientation, **including** gender identity **or expression**, or disability, as defined by this policy. (For purposes of this policy, school personnel includes school board members, school employees, agents, volunteers, contractors, or persons subject to the supervision and control of the district.)
- C. A violation of this policy occurs when any pupil, teacher, administrator, or other School personnel of the school district inflicts, threatens to inflict, or attempts to inflict violence upon any pupil, teacher, administrator, or other school personnel or group of pupils, teachers, administrators, or other school personnel based on a person's race, color, creed, religion, national origin, sex, ~~gender~~, age, marital status, familial status, status with regard

to public assistance, sexual orientation, **including**; gender identity or **expression**, or disability.

- D. The school district will act to investigate all complaints, either formal or informal, verbal or written, of harassment or violence based on a person's race, color, creed, religion, national origin, sex, age, marital status, familial status, status with regard to public assistance, sexual orientation, **including** gender identity or **expression**, or disability, and to discipline or take appropriate action against any pupil, teacher, administrator, or other school personnel who is found to have violated this policy.

III. DEFINITIONS

A. "Assault" is:

1. an act done with intent to cause fear in another of immediate bodily harm or death;
2. the intentional infliction of or attempt to inflict bodily harm upon another; or
3. the threat to do bodily harm to another with present ability to carry out the threat.

B. "Harassment" prohibited by this policy consists of physical or verbal conduct, including, but not limited to, electronic communications, relating to an individual's or group of individual's' race, color, creed, religion, national origin, sex, ~~gender, gender identity,~~ age, marital status, familial status, status with regard to public assistance, sexual orientation, **including** gender identity or **expression**, or disability when the conduct:

1. has the purpose or effect of creating an intimidating, hostile, or offensive working or academic environment;
2. has the purpose or effect of substantially or unreasonably interfering with an individual's work or academic performance; or
3. otherwise adversely affects an individual's employment or academic opportunities.

C. "Immediately" means as soon as possible but in no event longer than 24 hours.

D. Protected Classifications; Definitions

1. "Disability" means any condition or characteristic that renders a person a disabled person. A disabled person is any person who:
 - a) has a physical, sensory, or mental impairment which materially limits one or more major life activities;
 - b) has a record of such an impairment; or
 - c) is regarded as having such an impairment.
2. "Familial status" means the condition of one or more minors being domiciled with:
 - a) their parent or parents or the minor's legal guardian; or
 - b) the designee of the parent or parents or guardian with the written permission of the parent or parents or guardian. The protections afforded against harassment on the basis of family status apply to any person who is pregnant or is in the process of securing legal custody of an individual who has not attained the age of majority.
3. "Marital status" means whether a person is single, married, remarried, divorced, separated, or a surviving spouse and, in employment cases, includes protection against harassment on the basis of the identity, situation, actions, or beliefs of a spouse or former spouse.
4. "National origin" means the place of birth of an individual or of any of the individual's lineal ancestors.
5. "Sex" includes, but is not limited to, pregnancy, childbirth, and disabilities related to pregnancy or childbirth.
6. "Sexual orientation" means having or being perceived as having an emotional, physical, or sexual attachment to another person without regard to the sex of that person or having or being perceived as having an orientation for such attachment, or having or being perceived as having a self-image or identity not traditionally associated with one's biological maleness or

femaleness. "Sexual orientation" does not include a physical or sexual attachment to children by an adult.

7. "Gender Identity" means that the personal conception of oneself as a male or female.
8. "Status with regard to public assistance" means the condition of being a recipient of federal, state, or local assistance, including medical assistance, or of being a tenant receiving federal, state, or local subsidies, including rental assistance or rental supplements.

E. Sexual Harassment; Definition

1. Sexual harassment consists of unwelcome sexual advances, requests for sexual favors, sexually motivated physical conduct or other verbal or physical conduct or communication of a sexual nature when: submission to that conduct or communication is made a
 - a) term or condition, either explicitly or implicitly, of obtaining employment or an education; or
 - b) submission to or rejection of that conduct or communication by an individual is used as a factor in decisions affecting that individual's employment or education; or
 - c) that conduct or communication has the purpose or effect of substantially or unreasonably interfering with an individual's employment or education, or creating an intimidating, hostile, or offensive employment or educational environment.
2. Sexual harassment may include, but is not limited to:
 - a) unwelcome verbal harassment or abuse;
 - b) unwelcome pressure for sexual activity;
 - c) unwelcome, sexually motivated, or inappropriate patting, pinching, or physical contact, other than necessary restraint of pupil(s) by teachers, administrators, or other school personnel to avoid physical harm to persons or property;

- d) unwelcome sexual behavior or words, including demands for sexual favors, accompanied by implied or overt threats concerning an individual's employment or educational status;
- e) unwelcome sexual behavior or words, including demands for sexual favors, accompanied by implied or overt promises of preferential treatment with regard to an individual's employment or educational status; or
- f) unwelcome behavior or words directed at an individual because of **sexual orientation, including gender identity or expression** ~~gender~~.

F. Sexual Violence; Definition

- a) Sexual violence is a physical act of aggression or force or the threat thereof which involves the touching of another's intimate parts, or forcing a person to touch any person's intimate parts. Intimate parts, as defined in Minn. Stat. § 609.341, includes the primary genital area, groin, inner thigh, buttocks, or breast, as well as the clothing covering these areas.
- b) Sexual violence may include, but is not limited to:
 - (1) touching, patting, grabbing, or pinching another person's intimate parts, whether that person is of the same sex or the opposite sex;
 - (2) coercing, forcing, or attempting to coerce or force the touching of anyone's intimate parts;
 - (3) coercing, forcing, or attempting to coerce or force sexual intercourse or a sexual act on another; or
 - (4) threatening to force or coerce sexual acts, including the touching of intimate parts or intercourse, on another.

G. Violence; Definition

Violence prohibited by this policy is a physical act of aggression or assault upon another or group of individuals because of, or in a manner reasonably related to, race, color, creed, religion, national origin, sex, gender, age, marital status, familial status, status with regard to public assistance, sexual orientation, including gender identity or expression, or disability.

IV. REPORTING PROCEDURES

- A. Any person who believes he or she has been the victim of harassment or violence on the basis of race, color, creed, religion, national origin, sex, age, marital status, familial status, status with regard to public assistance, sexual orientation, including gender identity or expression, or disability by a pupil, teacher, administrator, or other school personnel of the school district, or any person with knowledge or belief of conduct which may constitute harassment or violence prohibited by this policy toward a pupil, teacher, administrator, or other school personnel or group of pupils, teachers, administrators, or other school personnel should report the alleged acts immediately to an appropriate school district official designated by this policy. The school district encourages the reporting party or complainant to use the report form available from the principal of each building or available from the school district office, but oral reports shall be considered complaints as well. Nothing in this policy shall prevent any person from reporting harassment or violence directly to a school district human rights officer or to the superintendent.
- B. In Each School Building. The building principal, the principal's designee, or the Building supervisor (hereinafter building report taker) is the person responsible for receiving oral or written reports of harassment or violence prohibited by this policy at the building level. Any adult school district personnel who receives a report of harassment or violence prohibited by this policy shall inform the building report taker immediately. If the complaint involves the building report taker, the complaint shall be made or filed directly with the superintendent or the school district human rights officer by the reporting party or complainant. School district personnel who fail to inform the building report taker of a report of harassment or violence in a timely manner may be subject to disciplinary action.

- C. Upon receipt of a report, the building report taker must notify the school district human rights officer immediately, without screening or investigating the report. The building report taker may request, but may not insist upon, a written complaint. A written statement of the facts alleged will be forwarded as soon as practicable by the building report taker to the human rights officer. If the report was given verbally, the building report taker shall personally reduce it to written form within 24 hours and forward it to the human rights officer. Failure to forward any harassment or violence report or complaint as provided herein may result in disciplinary action against the building report taker.
- D. In the District. The school board hereby designates the Human Resources Director as the school district human rights officer(s) to receive reports or complaints of harassment or violence prohibited by this policy. If the complaint involves a human rights officer, the complaint shall be filed directly with the superintendent.
- E. The school district shall conspicuously post the name of the human rights officer(s), including mailing addresses and telephone numbers.
- F. Submission of a good faith complaint or report of harassment or violence prohibited by this policy will not affect the complainant or reporter's future employment, grades, or work assignments.
- G. Use of formal reporting forms is not mandatory.
- H. Reports of harassment or violence prohibited by this policy are classified as private educational and/or personnel data and/or confidential investigative data and will not be disclosed except as permitted by law. The school district will respect the privacy of the complainant(s), the individual(s) against whom the complaint is filed, and the witnesses as much as possible, consistent with the school district's legal obligations to investigate, to take appropriate action, and to comply with any discovery or disclosure obligations.

V. INVESTIGATION

- A. By authority of the school district, the human rights officer, upon receipt of a report or complaint alleging harassment or violence prohibited by this policy, shall immediately undertake or authorize an investigation. The

investigation may be conducted by school district officials or by a third party designated by the school district.

- B. The investigation may consist of personal interviews with the complainant, the individual(s) against whom the complaint is filed, and others who may have knowledge of the alleged incident(s) or circumstances giving rise to the complaint. The investigation may also consist of any other methods and documents deemed pertinent by the investigator.
- C. In determining whether alleged conduct constitutes a violation of this policy, the school district should consider the surrounding circumstances, the nature of the behavior, past incidents or past or continuing patterns of behavior, the relationships between the parties involved, and the context in which the alleged incidents occurred. Whether a particular action or incident constitutes a violation of this policy requires a determination based on all the facts and surrounding circumstances.
- D. In addition, the school district may take immediate steps, at its discretion, to protect the complainant, pupils, teachers, administrators, or other school personnel pending completion of an investigation of alleged harassment or violence prohibited by this policy.
- E. The investigation will be completed as soon as practicable. The school district human rights officer shall make a written report to the superintendent upon completion of the investigation. If the complaint involves the superintendent, the report may be filed directly with the school board. The report shall include a determination of whether the allegations have been substantiated as factual and whether they appear to be violations of this policy.

VI. SCHOOL DISTRICT ACTION

- A. Upon completion of the investigation, the school district will take appropriate action. Such action may include, but is not limited to, warning, suspension, exclusion, expulsion, transfer, remediation, termination, or discharge. School district action taken for violation of this policy will be consistent with requirements of applicable collective bargaining agreements, Minnesota and federal law, and school district policies.

- B. The result of the school district's investigation of each complaint filed under these procedures will be reported in writing to the complainant by the school district in accordance with state and federal law regarding data or records privacy.

VII. REPRISAL

The school district will discipline or take appropriate action against any pupil, teacher, administrator, or other school personnel who retaliates against any person who makes a good faith report of alleged harassment or violence prohibited by this policy or any person who testifies, assists, or participates in an investigation, or who testifies, assists, or participates in a proceeding or hearing relating to such harassment or violence. Retaliation includes, but is not limited to, any form of intimidation, reprisal, harassment, or intentional disparate treatment.

VIII. RIGHT TO ALTERNATIVE COMPLAINT PROCEDURES

These procedures do not deny the right of any individual to pursue other avenues of recourse which may include filing charges with the Minnesota Department of Human Rights, initiating civil action, or seeking redress under state criminal statutes and/or federal law.

IX. HARASSMENT OR VIOLENCE AS ABUSE

- A. Under certain circumstances, alleged harassment or violence may also be possible abuse under Minnesota law. If so, the duties of mandatory reporting under Minn. Stat. § 626.556 may be applicable.
- B. Nothing in this policy will prohibit the school district from taking immediate action to protect victims of alleged harassment, violence, or abuse.

X. DISSEMINATION OF POLICY AND TRAINING

- A. This policy shall be conspicuously posted throughout each school building in areas accessible to pupils and staff members.

- B. This policy shall be given to each school district employee and independent contractor at the time of entering into the person's employment contract.
- C. This policy shall appear in the student handbook.
- D. The school district will develop a method of discussing this policy with students and employees.
- E. The school district may implement violence prevention and character development education programs to prevent and reduce policy violations. Such programs may offer instruction on character education including, but not limited to, character qualities such as attentiveness, truthfulness, respect for authority, diligence, gratefulness, self-discipline, patience, forgiveness, respect for others, peacemaking, ~~and~~ resourcefulness, ~~and/or sexual abuse prevention.~~
- F. This policy shall be reviewed at least annually for compliance with state and federal law.

Legal References: Minn. Stat. § 120B.232 (Character Development Education)
Minn. Stat. § 120B.234 (Child Sexual Abuse Prevention Education)
Minn. Stat. § 121A.03, Subd. 2 (Sexual, Religious, and Racial Harassment and Violence Policy)
Minn. Stat. Ch. 363A (Minnesota Human Rights Act)
Minn. Stat. § 609.341 (Definitions)
Minn. Stat. § 626.556 et seq. (Reporting of Maltreatment of Minors)
20 U.S.C. §§ 1681-1688 (Title IX of the Education Amendments of 1972)
29 U.S.C. § 621 et seq. (Age Discrimination in Employment Act)
29 U.S.C. § 794 (Rehabilitation Act of 1973, § 504)
42 U.S.C. § 1983 (Civil Action for Deprivation of Rights)
42 U.S.C. § 2000d et seq. (Title VI of the Civil Rights Act of 1964)
42 U.S.C. § 2000e et seq. (Title VII of the Civil Rights Act)
42 U.S.C. § 12101 et seq. (Americans with Disabilities Act)

Cross References: MSBA/MASA Model Policy 102 (Equal Educational Opportunity)

MSBA/MASA Model Policy 401 (Equal Employment Opportunity)
MSBA/MASA Model Policy 402 (Disability Nondiscrimination Policy)
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 414 (Mandated Reporting of Child Neglect or Physical or Sexual Abuse)
MSBA/MASA Model Policy 415 (Mandated Reporting of Maltreatment of Vulnerable Adults)
MSBA/MASA Model Policy 506 (Student Discipline)
MSBA/MASA Model Policy 514 (Bullying Prohibition Policy)
MSBA/MASA Model Policy 515 (Protection and Privacy of Pupil Records)
MSBA/MASA Model Policy 521 (Student Disability Nondiscrimination)
MSBA/MASA Model Policy 522 (Student Sex Nondiscrimination)
MSBA/MASA Model Policy 524 (Internet Acceptable Use and Safety Policy)
MSBA/MASA Model Policy 525 (Violence Prevention)
MSBA/MASA Model Policy 526 (Hazing Prohibition)
MSBA/MASA Model Policy 528 (Student Parental, Family, and Marital Status Nondiscrimination)

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Revised: October 20, 2015

Revised: September 6, 2016

Revised: December 18, 2018

**PRINCETON PUBLIC SCHOOL DISTRICT 477
HARASSMENT AND VIOLENCE REPORT FORM**

General Statement of Policy Prohibiting Harassment and Violence:

Independent School District No. 477 maintains a firm policy prohibiting all forms of discrimination. Harassment or violence against students or employees or groups of students or employees on the basis of race, color, creed, religion, national origin, sex, age, marital status, familial status, status with regard to public assistance, sexual orientation, or disability is strictly prohibited. All persons are to be treated with respect and dignity. Harassment or violence on the basis of race, color, creed, religion, national origin, sex, age, marital status, familial status, status with regard to public assistance, sexual orientation, or disability by any pupil, teacher, administrator, or other school personnel, which create an intimidating, hostile, or offensive environment will not be tolerated under any circumstances.

Complainant Home Address: _____

Work Address: _____

Home Phone _____ Work Phone _____

Date of Alleged Incident(s): _____

Basis of Alleged Harassment/Violence - circle as appropriate:

race \ color \ creed \ religion \ national origin \ sex \ age \ marital status \ familial status \ status
with regard to public assistance \ sexual orientation \ gender identity \ disability

Name of person(s) you believe harassed or was violent toward you or another person or group.

If the alleged harassment or violence was toward another person or group, identify that person
or group: _____

Describe the incident(s) as clearly as possible, including such things as: what force, if any, was used; any verbal statements (i.e., threats, requests, demands, etc.); what, if any, physical contact was involved; etc. (Attach additional pages if necessary.)

Where and when did the incident(s) occur?

List any witnesses that were present:

This complaint is filed based on my honest belief that _____
has harassed or has been violent to me or to another person or group. I hereby certify that the information I have provided in this complaint is true, correct, and complete to the best of my knowledge and belief.

(Complainant Signature) (Date)

Received by (Date)

**PRINCETON PUBLIC SCHOOLS
POLICY 416 - DRUG AND ALCOHOL TESTING**

I. PURPOSE

- A. The school board recognizes the significant problems created by drug and alcohol use in society in general, and the public schools in particular. The school board further recognizes the important contribution that the public schools have in shaping the youth of today into the adults of tomorrow.
- B. The school board believes that a work environment free of drug and alcohol use will be not only safer, healthier, and more productive but also more conducive to effective learning. Therefore, to provide such an environment, the purpose of this policy is to provide authority so that the school board may require all employees and/or job applicants to submit to drug and alcohol testing in accordance with the provisions of this policy and as provided in federal law and Minn. Stat. §§ 181.950-181.957.

II. GENERAL STATEMENT OF POLICY

- A. All school district employees and job applicants whose positions require a commercial driver's license will be required to undergo drug and alcohol testing in accordance with federal law and the applicable provisions of this policy. The school district also may request or require that drivers submit to drug and alcohol testing in accordance with the provisions of this policy and as provided in Minn. Stat. §§ 181.950-181.957.
- B. The school district may request or require that any school district employee or job applicant, other than an employee or applicant whose position requires a commercial driver's license, submit to drug and alcohol testing in accordance with the provisions of this policy and as provided in Minn. Stat. §§ 181.950-181.957.
- C. The use, possession, sale, purchase, transfer, or dispensing of any drugs not medically prescribed, including medical cannabis, regardless of whether it has been prescribed for the employee, is prohibited on school district property (which includes school district vehicles), while operating school district vehicles or equipment, and at any school-sponsored program or event. Use of drugs which are not medically prescribed, including medical cannabis, regardless of whether it has been prescribed for the employee, is also prohibited throughout the school or work day, including lunch or other breaks, whether or not the employee is on or off school district property. Employees under the influence of drugs which are not medically prescribed are prohibited from entering or remaining on school district property.

- D. The use, possession, sale, purchase, transfer, or dispensing of alcohol is prohibited on school district property (which includes school district vehicles), while operating school district vehicles or equipment, and at any school-sponsored program or event. Use of alcohol is also prohibited throughout the school or work day, including lunch or other breaks, whether or not the employee is on or off school district property. Employees under the influence of alcohol are prohibited from entering or remaining on school district property.
- E. Any employee who violates this section shall be subject to discipline which includes, but is not limited to, immediate suspension without pay and immediate discharge.

III. FEDERALLY MANDATED DRUG AND ALCOHOL TESTING FOR SCHOOL BUS DRIVERS

A. General Statement of Policy

All persons subject to commercial driver's license requirements shall be tested for alcohol, marijuana, including medical cannabis, cocaine, amphetamines, opiates (including heroin), and phencyclidine (PCP), pursuant to federal law. Drivers who test positive for alcohol or drugs shall be subject to disciplinary action, which may include termination of employment.

B. Definitions

1. "Actual Knowledge" means actual knowledge by the school district that a driver has used alcohol or controlled substances based on:
 - (a) direct observation of the employee's use (not observation of behavior sufficient to warrant reasonable suspicion testing);
 - (b) information provided by a previous employer;
 - (c) a traffic citation;
 - or (d) an employee's admission, except when made in connection with a qualified employee self-admission program.
2. "Alcohol Screening Device" (ASD) means a breath or saliva device, other than an Evidential Breath Testing Device (EBT), that is approved by the National Highway Traffic Safety Administration and placed on its Conforming Products List for such devices.
3. "Breath Alcohol Technician" (BAT) means an individual who instructs and assists individuals in the alcohol testing process and who operates the EBT.
4. "Commercial Motor Vehicle" (CMV) includes a vehicle which is designed to transport 16 or more passengers, including the driver.
5. "Designated Employer Representative" (DER) means a designated school district representative authorized to take immediate action to remove employees from safety-sensitive duties, to make required decisions in the testing and evaluation process, and to

receive test results and other communications for the school district.

6. "Department of Transportation" (DOT) means United States Department of Transportation.
7. "Driver" is any person who operates a CMV, including full-time, regularly employed drivers, casual, intermittent or occasional drivers, leased drivers, and independent owner-operator contractors.
8. "Evidential Breath Testing Device" (EBT) means a device approved by the National Highway Traffic Safety Administration for the evidentiary testing of breath for alcohol concentration and placed on its Conforming Products List for such devices.
9. "Medical Review Officer" (MRO) means a licensed physician responsible for receiving and reviewing laboratory results generated by the school district's drug testing program and for evaluating medical explanations for certain drug tests.
10. "Refusal to Submit" (to an alcohol or controlled substances test) means that a driver:
 - a) fails to appear for any test within a reasonable time, as determined by the school district, consistent with applicable DOT regulations, after being directed to do so;
 - b) fails to remain at the testing site until the testing process is complete;
 - c) fails to provide a urine specimen or an adequate amount of saliva or breath for any DOT drug or alcohol test;
 - d) fails to permit the observation or monitoring of the driver's provision of a specimen in the case of a directly observed or monitored collection in a drug test;
 - e) fails to provide a sufficient breath specimen or sufficient amount of urine when directed and it has been determined that there was no adequate medical explanation for the failure;
 - f) fails or declines to take an additional test as directed;
 - g) fails to undergo a medical examination or evaluation, as directed by the MRO or the DER;
 - h) fails to cooperate with any part of the testing process (e.g., refuses to empty pockets when so directed by the collector, behaves in a confrontational way that disrupts the collection process, fails to wash hands after being directed to do so by the collector, fails to sign the certification on the forms);

- i) fails to follow the observer's instructions, in an observed collection, to raise the driver's clothing above the waist, lower clothing and underpants, and to turn around to permit the observer to determine if the driver has any type of prosthetic or other device that could be used to interfere with the collection process;
 - j) possesses or wears a prosthetic or other device that could be used to interfere with the collection process;
 - k) admits to the collector or MRO that the driver adulterated or substituted the specimen; or
 - l) is reported by the MRO as having a verified adulterated or substituted test result. An applicant who fails to appear for a pre-employment test, who leaves the testing site before the pre-employment testing process commences, or who does not provide a urine specimen because he or she has left before it commences is not deemed to have refused to submit to testing.
11. "Safety-sensitive functions" are on-duty functions from the time the driver begins work or is required to be in readiness to work until relieved from work, and include such functions as driving, loading and unloading vehicles, or supervising or assisting in the loading or unloading of vehicles, servicing, repairing, obtaining assistance to repair, or remaining in attendance during the repair of a disabled vehicle.
 12. "Screening Test Technician" (STT) means anyone who instructs and assists individuals in the alcohol testing process and operates an ASD.
 13. "Stand Down" means to temporarily remove an employee from performing safety-sensitive functions after a laboratory reports a confirmed positive, an adulterated, or a substituted test result but before the MRO completes the verification process.
 14. "Substance Abuse Professional" (SAP) means a qualified person who evaluates employees who have violated a DOT drug and alcohol regulation and makes recommendations concerning education, treatment, follow-up testing, and aftercare.

C. Policy and Educational Materials

1. The school district shall provide a copy of this policy and procedures to each driver prior to the start of its alcohol and drug testing program and to each driver subsequently hired or transferred into a position requiring driving of a CMV.

2. The school district shall provide to each driver information concerning the effects of alcohol and controlled substances use on an individual's health, work, and personal life; signs and symptoms of an alcohol or drug problem; and available methods of intervening when an alcohol or drug problem is suspected, including confrontation, referral to an employee assistance program, and/or referral to management.

3. The school district shall provide written notice to representatives of employee organizations that the information described above is available.

The school district shall require each driver to sign a statement certifying that he or she has received a copy of the policy and materials. This statement should be in the form of Attachment A to this policy. The school district will maintain the original signed certificate and will provide a copy to the driver if the driver so requests.

D. Alcohol and Controlled Substances Testing Program Manager

1. The program manager will coordinate the implementation, direction, and administration of the alcohol and controlled substances testing policy for bus drivers. The program manager is the principal contact for the collection site, the testing laboratory, the MRO, the BAT, the SAP, and the person submitting to the test. Employee questions concerning this policy shall be directed to the program manager.

2. The school district shall designate a program manager and provide written notice of the designation to each driver along with this policy.

E. Specific Prohibitions for Drivers

1. Alcohol Concentration. No driver shall report for duty or remain on duty requiring the performance of safety-sensitive functions while having an alcohol concentration of 0.04 or greater. Drivers who test greater than 0.04 will be taken out of service and will be subject to evaluation by a professional and retesting at the driver's expense.

2. Alcohol Possession. No driver shall be on duty or operate a CMV while the driver possesses alcohol.

3. On-Duty Use. No driver shall use alcohol while performing safety-sensitive functions.

4. Pre-Duty Use. No driver shall perform safety-sensitive functions within our (4) hours after using alcohol.

5. Use Following an Accident. No driver required to take a post-accident test shall use alcohol for eight (8) hours following the accident, or until he or she undergoes a post-accident alcohol test, whichever occurs first.
 6. Refusal to Submit to a Required Test. No driver shall refuse to submit to an alcohol or controlled substances test required by post-accident, random, reasonable suspicion, return-to-duty, or follow-up testing requirements. A verified adulterated or substituted drug test shall be considered a refusal to test.
 7. Use of Controlled Substances. No driver shall report for duty or remain on duty requiring the performance of safety-sensitive functions when the driver uses any controlled substance, except when the use is pursuant to instructions (which have been presented to the school district) from a licensed physician who has advised the driver that the substance does not adversely affect the driver's ability to safely operate a CMV. Controlled Substance includes medical cannabis, regardless of whether the driver is enrolled in the state registry program.
 8. Positive, Adulterated, or Substituted Test for Controlled Substance. No driver shall report for duty, remain on duty, or perform a safety-sensitive function if the driver tests positive for controlled substances, including medical cannabis, or has adulterated or substituted a test specimen for controlled substances.
 9. General Prohibition. Drivers are also subject to the general policies and procedures of the school district which prohibit the possession, transfer, sale, exchange, reporting to work under the influence of drugs or alcohol, and consumption of drugs or alcohol while at work or while on school district premises or operating any school district vehicle, machinery, or equipment.
- F. Other Alcohol-Related Conduct. No driver found to have an alcohol concentration of 0.02 or greater but less than 0.04 shall perform safety-sensitive functions for at least twenty-four (24) hours following administration of the test. The school district will not take any action under this policy other than removal from safety-sensitive functions based solely on test results showing an alcohol concentration of less than 0.04 but may take action otherwise consistent with law and policy of the school district.
- G. Prescription Drugs. A driver shall inform his or her supervisor if at any time the driver is using a controlled substance pursuant to a physician's prescription. The physician's instructions shall be presented to the school district upon request. Use of a prescription drug shall be allowed if the

physician has advised the driver that the prescribed drug will not adversely affect the driver's ability to safely operate a CMV. Use of medical cannabis is prohibited notwithstanding the driver's enrollment in the patient registry.

H. Testing Requirements

1. Pre-Employment Testing

- a) A driver applicant shall undergo testing for [alcohol and] controlled substances, including medical cannabis, before the first time the driver performs safety-sensitive functions for the school district.
- b) Tests shall be conducted only after the applicant has received a conditional offer of employment.
- c) In order to be hired, the applicant must test negative and must sign an agreement in the form of Attachment B to this policy, authorizing former employers to release to the school district all information on the applicant's alcohol tests with results of blood alcohol concentration of 0.04 or higher, or verified positive results for controlled substances, including medical cannabis, or refusals to be tested (including verified adulterated or substituted drug test results), or any other violations of DOT agency drug and alcohol testing regulations, or, if the applicant violated the testing regulations, documentation of the applicant's successful completion of DOT return-to-duty requirements (including follow-up tests), within the preceding two (2) years.
- d) The applicant also must be asked whether he or she has tested positive, or refused to test, on any pre-employment drug or alcohol test administered by an employer to which the employee, during the last two (2) years, applied for, but did not obtain, safety-sensitive transportation work covered by DOT testing rules.

2. Post-Accident Testing

- a) As soon as practicable following an accident involving a CMV, the school district shall test the driver for alcohol and controlled substances if the accident involved the loss of human life or if the driver receives a citation for a moving traffic violation arising from an accident which results in bodily injury or disabling damage to a motor vehicle.
- b) Drivers should be tested for alcohol use within two (2) hours and no later than eight (8) hours after the accident.

- c) Drivers should be tested for controlled substances, including medical cannabis, no later than thirty-two (32) hours after the accident.
- d) A driver subject to post-accident testing must remain available for testing, or shall be considered to have refused to submit to the test.
- e) If a post-accident alcohol test is not administered within two (2) hours following the accident, the school district shall prepare and maintain on file a record stating the reasons the test was not promptly administered and continue to attempt to administer the alcohol test within eight (8) hours.
- f) If a post-accident alcohol test is not administered within eight (8) hours following the accident or a post-accident controlled substances test is not administered within thirty-two (32) hours following the accident, the school district shall cease attempts to administer the test, and prepare and maintain on file a record stating the reasons for not administering the test.

3. Random Testing

- a) The school district shall conduct tests on a random basis at unannounced times throughout the year, as required by the federal regulations.
- b) The school district shall test for alcohol at a minimum annual percentage rate of 10% of the average number of driver positions, and for controlled substances, including medical cannabis, at a minimum annual percentage of 50%.
- c) The school district shall adopt a scientifically valid method for selecting drivers for testing, such as random number table or a computer-based random number generator that is matched with identifying numbers of the drivers. Each driver shall have an equal chance of being tested each time selections are made.
- d) Random tests shall be unannounced. Dates for administering random tests shall be spread reasonably throughout the calendar year.
- e) Drivers shall proceed immediately to the collection site upon notification of selection; provided, however, that if the driver is performing a safety-sensitive function, other than driving, at the time of notification, the driver shall cease to perform the function and proceed to the collection site as soon as possible.

4. Reasonable Suspicion Testing

- a) The school district shall require a driver to submit to an alcohol test and/or controlled substances, including medical cannabis, test when a supervisor or school district official, who has been trained in accordance with the regulations, has reasonable suspicion to believe that the driver has used alcohol and/or controlled substances, including medical cannabis, on duty or within four (4) hours before coming on duty. The test shall be done as soon as practicable following the observation of the behavior indicative of the use of controlled substances or alcohol.
 - b) The reasonable suspicion determination must be based on specific, contemporaneous, articulable observations concerning the driver's appearance, behavior, speech, or body odors. The required observations for reasonable suspicion of a controlled substances violation may include indications of the chronic and withdrawal effects of controlled substances.
 - c) Alcohol testing shall be administered within two (2) hours following a determination of reasonable suspicion. If it is not done within two (2) hours, the school district shall prepare and maintain a record explaining why it was not promptly administered and continue to attempt to administer the alcohol test within eight (8) hours. If an alcohol test is not administered within eight (8) hours following the determination of reasonable suspicion, the school district shall cease attempts to administer the test and state in the record the reasons for not administering the test.
 - d) The supervisor or school district official who makes observations leading to a controlled substances reasonable suspicion test shall make and sign a written record of the observations within twenty-four (24) hours of the observed behavior or before the results of the drug test are released, whichever is earlier.
5. Return-To-Duty Testing. A driver found to have violated this policy shall not return to work until an SAP has determined the employee has successfully complied with prescribed education and/or treatment and until undergoing return-to-duty tests indicating an alcohol concentration of less than 0.02 and a confirmed negative result for the use of controlled substances.

6. Follow-Up Testing. When an SAP has determined that a driver is in need of assistance in resolving problems with alcohol and/or controlled substances, the driver shall be subject to unannounced follow-up testing as directed by the SAP for up to sixty (60) months after completing a treatment program.
7. Refusal to Submit and Attendant Consequences
 - a) A driver or driver applicant may refuse to submit to drug and alcohol testing.
 - b) Refusal to submit to a required drug or alcohol test subjects the driver or driver applicant to the consequences specified in federal regulations as well as the civil and/or criminal penalty provisions of 49 U.S.C. § 521(b). In addition, a refusal to submit to testing establishes a presumption that the driver or driver applicant would test positive if a test were conducted and makes the driver or driver applicant subject to discipline or disqualification under this policy.
 - c) A driver applicant who refuses to submit to testing shall be disqualified from further consideration for the conditionally offered position.
 - d) An employee who refuses to submit to testing shall not be permitted to perform safety-sensitive functions and will be considered insubordinate and subject to disciplinary action, up to and including dismissal. If an employee is offered an opportunity to return to a DOT safety-sensitive duty, the employee will be evaluated by an SAP and must submit to a return-to-duty test prior to being considered for reassignment to safety-sensitive functions.
 - e) Drivers or driver applicants who refuse to submit to required testing will be required to sign Attachment C to this policy.

I. Testing Procedures

1. Drug Testing

- a) Drug testing is conducted by analyzing a donor's urine specimen. Split urine samples will be collected in accordance with federal regulations. The donor will provide a urine sample at a designated collection site. The collection site personnel will then pour the sample into two sample bottles, labeled "primary" and "split," seal the specimen bottles, complete the chain of custody form, and prepare the specimen bottles for shipment to the testing laboratory for analysis. The specimen preparation shall be conducted in sight of the donor.

- b) If the donor is unable to provide the appropriate quantity of urine, the collection site person shall instruct the individual to drink up to forty (40) ounces of fluid distributed reasonably through a period of up to three (3) hours to attempt to provide a sample. If the individual is still unable to provide a complete sample, the test shall be discontinued and the school district notified. The DER shall refer the donor for a medical evaluation to determine if the donor's inability to provide a specimen is genuine or constitutes a refusal to test. For pre-employment testing, the school district may elect to not have a referral made, and revoke the employment offer.
- c) Drug test results are reported directly to the MRO by the testing laboratory. The MRO reports the results to the DER. If the results are negative, the school district is informed and no further action is necessary. If the test result is confirmed positive, adulterated, substituted, or invalid, the MRO shall give the donor an opportunity to discuss the test result. The MRO will contact the donor directly, on a confidential basis, to determine whether the donor wishes to discuss the test result. The MRO shall notify each donor that the donor has seventy-two (72) hours from the time of notification in which to request a test of the split specimen at the donor's expense. No split specimen testing is done for an invalid result.
- d) If the donor requests an analysis of the split specimen within seventy-two (72) hours of having been informed of a confirmed positive test, the MRO shall direct, in writing, the laboratory to provide the split specimen to another Department of Health and Human Services – SAMHSA certified laboratory for analysis. If the donor has not contacted the MRO within seventy-two (72) hours, the donor may present the MRO information documenting that serious illness, injury, inability to contact the MRO, lack of actual notice of the confirmed positive test, or other circumstances unavoidably prevented the donor from timely making contact. If the MRO concludes that there is a legitimate explanation for the donor's failure to contact him/her within seventh-two (72) hours, the MRO shall direct the analysis of the split specimen. The MRO will review the confirmed positive test result to determine whether there is

an acceptable medical reason for the positive result. The MRO shall confirm and report a positive test result to the DER and the employee when no legitimate medical reason for a positive test result as received from the testing laboratory.

- e) If, after making reasonable efforts and documenting those efforts, the MRO is unable to reach the donor directly, the MRO must contact the DER who will direct the donor to contact the MRO. If the DER is unable to contact the donor, the donor will be suspended from performing safety-sensitive functions.
- f) The MRO may confirm the test as a positive without having communicated directly with the donor about the test results under the following circumstances:
 - (1) The donor expressly declines the opportunity to discuss the test results;
 - (2) The donor has not contacted the MRO within seventy-two (72) hours of being instructed to do so by the DER; or
 - (3) The MRO and the DER, after making and documenting all reasonable efforts, have not been able to contact the donor within ten (10) days of the date the confirmed test result was received from the laboratory.

2. Alcohol Testing

- a) The federal alcohol testing regulations require testing to be administered by a BAT using an EBT or an STT using an ASD. EBTs and ASDs can be used for screening tests but only EBTs can be used for confirmation tests.
- b) Any test result less than 0.02 alcohol concentration is considered a “negative” test.
- c) If the donor is unable to provide sufficient saliva for an ASD, the DER will immediately arrange to use an EBT. If the donor attempts and fails to provide an adequate amount of breath, the school district will direct the donor to obtain a written evaluation from a licensed physician to determine if the donor’s inability to provide a breath sample is genuine or constitutes a refusal to test.
- d) If the screening test results show alcohol concentration of 0.02 or higher, a confirmatory test conducted on an EBT will

be required to be performed between fifteen (15) and thirty (30) minutes after the completion of the screening test.

e) Alcohol tests are reported directly to the DER.

J. Driver/Driver Applicant Rights

1. All drivers and driver applicants subject to the controlled substances testing provisions of this policy who receive a confirmed positive test result for the use of controlled substances have the right to request, at the driver's or driver applicant's expense, a confirming retest of the split urine sample. If the confirming retest is negative, no adverse action will be taken against the driver, and a driver applicant will be considered for employment.
2. The school district will not discharge a driver who, for the first time, receives a confirmed positive drug or alcohol test UNLESS:
 - a) The school district has first given the employee an opportunity to participate in, at the employee's own expense or pursuant to coverage under an employee benefit plan, either a drug or alcohol counseling or rehabilitation program, whichever is more appropriate, as determined by the school district after consultation with the SAP; and
 - b) The employee refuses to participate in the recommended program, or fails to successfully complete the program as evidenced by withdrawal before its completion or by a positive test result on a confirmatory test after completion of the program.
 - c) This limitation on employee discharge does not bar discharge of an employee for reasons independent of the first confirmed positive test result.

K. Testing Laboratory

The testing laboratory for controlled substances will be MEDTOX through Fairview Northland Hospital, which is a laboratory certified by the Department of Health and Human Services – SAMHSA to perform controlled substances testing pursuant to federal regulations.

L. Confidentiality of Test Results

All alcohol and controlled substances test results and required records of the drug and alcohol testing program are considered confidential information under federal law and private data on individuals as that phrase is defined in Minn. Stat. Ch. 13. Any information concerning the individual's test results and records shall not be released without written permission of the individual, except as provided for by regulation or law.

M. Recordkeeping Requirements and Retention of Records

1. The school district shall keep and maintain records in accordance with the federal regulations in a secure location with controlled access.
2. The required records shall be retained for the following minimum periods:
 - a) Basic records - 5 years
“Basic records” includes records of: (a) alcohol test results with concentration of 0.02 or greater; (b) verified positive drug test results; (c) refusals to submit to required tests (including substituted or adulterated drug test results); (d) SAP reports; (e) all follow-up tests and schedules for follow-up tests; (f) calibration documentation; (g) administration of the testing programs; and (h) each annual calendar year summary.
 - b) Information obtained from previous employers - 3 years
 - c) Collection records - 2 years
 - d) Negative and cancelled drug tests - 1 year
 - e) Alcohol tests with less than 0.02 concentration - 1 year
 - f) Education and training records - indefinite
“Education and training records” must be maintained while the individuals perform the functions which require training and for the two (2) years after ceasing to perform those functions.

N. Training

The school district shall ensure all persons designated to supervise drivers receive training. The designated employees shall receive at least sixty (60) minutes of training on alcohol misuse and at least sixty (60) minutes of training on controlled substances use. The training shall include physical, behavioral, speech, and performance indicators of probable misuse of alcohol and use of controlled substances. The training will be used by the supervisors to make determinations of reasonable suspicion.

O. Consequences of Prohibited Conduct and Enforcement

1. Removal. The school district shall remove a driver who has engaged in prohibited conduct from safety-sensitive functions. A driver shall not be permitted to return to safety-sensitive functions until and unless the return-to-duty requirements of federal DOT regulations have been completed.
2. Referral, Evaluation, and Treatment
 - a) A driver or driver applicant who has engaged in prohibited conduct shall be provided a listing of SAPs readily available

to the driver or applicant and acceptable to the school district.

- b) If the school district offers a driver an opportunity to return to a DOT safety-sensitive duty following a violation, the driver must be evaluated by an SAP and the driver is required to successfully comply with the SAP's evaluation recommendations (education, treatment, follow-up evaluation(s), and/or ongoing services). The school district is not required to provide an SAP evaluation or any subsequent recommended education or treatment.
- c) Drivers are responsible for payment for SAP evaluations and services unless a collective bargaining agreement or employee benefit plan provides otherwise.
- d) Drivers who engage in prohibited conduct also are required to comply with follow-up testing requirements.

3. Disciplinary Action

- a) Any driver who refuses to submit to post-accident, random, reasonable suspicion, or follow-up testing not only shall not perform or continue to perform safety-sensitive functions, but also may be subject to disciplinary action, which may include immediate suspension without pay and/or immediate discharge.
- b) Drivers who test positive with verification of a confirmatory test or are otherwise found to be in violation of this policy or the federal regulations shall be subject to disciplinary action, which may include immediate suspension without pay and/or immediate discharge.
- c) Nothing in this policy limits or restricts the right of the school district to discipline or discharge a driver for conduct which not only constitutes prohibited conduct under this policy but also violates the school district's other rules or policies.

P. Other Testing

The school district may request or require that drivers submit to drug and alcohol testing other than that required by federal law. For example, drivers may be requested or required to undergo drug and alcohol testing on an annual basis as part of a routine physical examination. Such additional testing of drivers will be conducted only in accordance with the provisions of this policy and as provided in Minn. Stat. §§ 181.950-181.957. For purposes of such additional, non-mandatory testing, drivers fall within the definition of "other employees" covered by Section IV. of this policy.

IV. DRUG AND ALCOHOL TESTING FOR OTHER EMPLOYEES

The school district may request or require drug and alcohol testing for other school district personnel, i.e., employees who are not school bus drivers, or job applicants for such positions. The school district does not have a legal duty to request or require any employee or job applicant to undergo drug and alcohol testing as authorized in this policy, except for school bus drivers and other drivers of CMVs who are subject to federally mandated testing. (See Section III. of this policy.) If a school bus driver is requested or required to submit to drug or alcohol testing beyond that mandated by federal law, the provisions of Section IV. of this policy will be applicable to such testing.

A. Circumstances Under Which Drug or Alcohol Testing May Be Requested or Required:

1. General Limitations

- a) The school district will not request or require an employee or job applicant whose position does not require a commercial driver's license to undergo drug or alcohol testing, unless the testing is done pursuant to this drug and alcohol testing policy; and is conducted by a testing laboratory which participates in one of the programs listed in Minn. Stat. § 181.953, Subd. 1.
- b) The school district will not request or require an employee or job applicant whose position does not require a commercial driver's license to undergo drug and alcohol testing on an arbitrary and capricious basis.

2. Job Applicant Testing

The school district may request or require any job applicant whose position does not require a commercial driver's license to undergo drug and alcohol testing, provided a job offer has been made to the applicant and the same test is requested or required of all job applicants conditionally offered employment for that position. If a job applicant has received a job offer which is contingent on the applicant's passing drug and alcohol testing, the school district may not withdraw the offer based on a positive test result from an initial screening test that has not been verified by a confirmatory test. In the event the job offer is subsequently withdrawn, the school district shall notify the job applicant of the reason for its action.

3. Random Testing

The school district may request or require employees to undergo drug and alcohol testing on a random selection basis only if they are employed in safety-sensitive positions.

4. Reasonable Suspicion Testing

The school district may request or require any employee to undergo drug and alcohol testing if the school district has a reasonable suspicion that the employee:

- a) is under the influence of drugs or alcohol;
- b) has violated the school district's written work rules prohibiting the use, possession, sale, or transfer of drugs or alcohol while the employee is working or while the employee is on the school district's premises or operating the school district's vehicles, machinery, or equipment;
- c) has sustained a personal injury, as that term is defined in Minn. Stat. § 176.011, Subd. 16, or has caused another employee to sustain a personal injury; or
- d) has caused a work-related accident or was operating or helping to operate machinery, equipment, or vehicles involved in a work-related accident.

5. Treatment Program Testing

The school district may request or require any employee to undergo drug and alcohol testing if the employee has been referred by the school district for chemical dependency treatment or evaluation or is participating in a chemical dependency treatment program under an employee benefit plan, in which case the employee may be requested or required to undergo drug and alcohol testing without prior notice during the evaluation or treatment period and for a period of up to two (2) years following completion of any prescribed chemical dependency treatment program.

6. Routine Physical Examination Testing

The school district may request or require any employee to undergo drug and alcohol testing as part of a routine physical examination provided the drug or alcohol test is requested or required no more than once annually and the employee has been given at least two weeks' written notice that a drug or alcohol test may be requested or required as part of the physical examination.

B. No Legal Duty to Test

The school district does not have a legal duty to request or require any employee or job applicant whose position does not require a commercial driver's license to undergo drug and alcohol testing.

C. Definitions

1. "Drug" means a controlled substance as defined in Minnesota Statutes, including medical cannabis, regardless of enrollment in the state registry program

2. "Drug and alcohol testing," "drug or alcohol testing," and "drug or alcohol test" mean analysis of a body component sample according to the standards established under one of the programs listed in Minn. Stat. § 181.953, Subd. 1, for the purpose of measuring the presence or absence of drugs, alcohol, or their metabolites in the sample tested.
3. "Other Employees" means any persons, independent contractors, or persons working for an independent contractor who perform services for the school district for compensation, either full time or part time, in whatever form, except for persons whose positions require a commercial driver's license, and includes both professional and nonprofessional personnel. Persons whose positions require a commercial driver's license are primarily governed by the provisions of the school district's drug and alcohol testing policy relating to school bus drivers (Section III.). To the extent that the drug and alcohol testing of persons whose positions require a commercial driver's license is not mandated by federal law and regulations, such testing shall be governed by Section IV. of this policy and the drivers shall fall within this definition of "other employees."
4. "Job applicant" means a person, independent contractor, or person working for an independent contractor who applies to become an employee of the school district in a position that does not require a commercial driver's license, and includes a person who has received a job offer made contingent on the person's passing drug or alcohol testing. Job applicants for positions requiring a commercial driver's license are governed by the provisions of the school district's drug and alcohol testing policy relating to school bus drivers (Section III.).
5. "Positive test result" means a finding of the presence of drugs, alcohol, or their metabolites in the sample tested in levels at or above the threshold detection levels contained in the standards of one of the programs listed in Minn. Stat. § 181.953, Subd. 1.
6. "Random selection basis" means a mechanism for selection of employees that:
 - a) results in an equal probability that any employee from a group of employees subject to the selection mechanism will be selected; and
 - b) does not give the school district discretion to waive the selection of any employee selected under the mechanism.

7. "Reasonable suspicion" means a basis for forming a belief based on specific facts and rational inferences drawn from those facts.
 8. "Safety-sensitive position" means a job, including any supervisory or management position, in which an impairment caused by drug or alcohol usage would threaten the health or safety of any person.
- D. Right of Other Employee or Job Applicant to Refuse Drug and Alcohol Testing and Consequences of Such Refusal
1. Right of Other Employee or Job Applicant to Refuse Drug and Alcohol Testing
Any employee or job applicant whose position does not require a commercial driver's license has the right to refuse drug and alcohol testing subject to the provisions contained in Paragraphs 2. and 3. of this Section D.
 2. Consequences of an Employee's Refusal to Undergo Drug and Alcohol Testing
Any employee in a position that does not require a commercial driver's license who refuses to undergo drug and alcohol testing in the circumstances set out in the Random Testing, Reasonable Suspicion Testing, and Treatment Program Testing provisions of this policy may be subject to disciplinary action, up to and including immediate discharge.
 3. Consequences of a Job Applicant's Refusal to Undergo Drug and Alcohol Testing
Any job applicant for a position which does not require a commercial driver's license who refuses to undergo drug and alcohol testing pursuant to the Job Applicant Testing provision of this policy shall not be employed.
- E. Reliability and Fairness Safeguards
1. Pretest Notice
Before requesting an employee or job applicant whose position does not require a commercial driver's license to undergo drug or alcohol testing, the school district shall provide the employee or job applicant with a Pretest Notice in the form of Attachment D to this policy on which to acknowledge that the employee or job applicant has received the school district's drug and alcohol testing policy.
 2. Notice of Test Results
Within three (3) working days after receipt of a test result report from the testing laboratory, the school district shall inform in writing an employee or job applicant who has undergone drug or alcohol testing of a negative test result on an initial screening test or of a negative or positive test result on a confirmatory test.

3. Notice of and Right to Test Result Report

Within three (3) working days after receipt of a test result report from the testing laboratory, the school district shall inform in writing, an employee or job applicant who has undergone drug or alcohol testing of the employee or job applicant's right to request and receive from the school district a copy of the test result report on any drug or alcohol test.

4. Notice of and Right to Explain Positive Test Result

a) If an employee or job applicant has a positive test result on a confirmatory test, the school district shall provide him or her with notice of the test results and, at the same time, written notice of the right to explain the results and to submit additional information.

b) The school district may request that the employee or job applicant indicate any over-the-counter or prescription medication that the individual is currently taking or has recently taken and any other information relevant to the reliability of, or explanation for, a positive test result.

c) The employee may present verification of enrollment in the medical cannabis patient registry as part of the employee's explanation.

d) Within three (3) working days after notice of a positive test result on a confirmatory test, an employee or job applicant may submit information (in addition to any information already submitted) to the school district to explain that result.

5. Notice of and Right to Request Confirmatory Retests

a) If an employee or job applicant has a positive test result on a confirmatory test, the school district shall provide him or her with notice of the test results and, at the same time, written notice of the right to request a confirmatory retest of the original sample at his or her expense.

b) An employee or job applicant may request a confirmatory retest of the original sample at his or her own expense after notice of a positive test result on a confirmatory test. Within five (5) working days after notice of the confirmatory test result, the employee or job applicant shall notify the school district in writing of his or her intention to obtain a confirmatory retest. Within three (3) working days after receipt of the notice, the school district shall notify the original testing laboratory that the employee or job applicant

has requested the laboratory to conduct the confirmatory retest or to transfer the sample to another laboratory licensed under Minn. Stat. § 181.953, Subd. 1 to conduct the confirmatory retest. The original testing laboratory shall ensure that appropriate chain-of-custody procedures are followed during transfer of the sample to the other laboratory. The confirmatory retest must use the same drug or alcohol threshold detection levels as used in the original confirmatory test. If the confirmatory retest does not confirm the original positive test result, no adverse personnel action based on the original confirmatory test may be taken against the employee or job applicant.

6. If an employee or job applicant has a positive test result on a confirmatory test, the school district, at the time of providing notice of the test results, shall also provide written notice to inform him or her of other rights provided under Sections F. or G., below, whichever is applicable. Attachments E and F to this policy provide the Notices described in Paragraphs 2. through 6. of this Section E.

F. Discharge and Discipline of Employees Whose Positions Do Not Require a Commercial Driver's License

1. The school district may not discharge, discipline, discriminate against, request, or require rehabilitation of an employee on the basis of a positive test result from an initial screening test that has not been verified by a confirmatory test.
2. In the case of a positive test result on a confirmatory test, the employee shall be subject to discipline which includes, but is not limited to, immediate suspension without pay and immediate discharge, pursuant to the provisions of this policy.
3. The school district may not discharge an employee for whom a positive test result on a confirmatory test was the first such result for the employee on a drug or alcohol test requested by the school district, unless the following conditions have been met:
 - a) The school district has first given the employee an opportunity to participate in, at the employee's own expense or pursuant to coverage under an employee benefit plan, either a drug or alcohol counseling or rehabilitation program, whichever is more appropriate, as determined by the school district after consultation with a certified chemical abuse counselor or a physician trained in the diagnosis and treatment of chemical dependency; and

- b) The employee has either refused to participate in the counseling or rehabilitation program or has failed to successfully complete the program, as evidenced by withdrawal from the program before its completion or by a positive test result on a confirmatory test after completion of the program.
 - 4. Notwithstanding Paragraph 1., the school district may temporarily suspend the tested employee or transfer that employee to another position at the same rate of pay pending the outcome of the confirmatory test and, if requested, the confirmatory retest, provided the school district believes that it is reasonably necessary to protect the health or safety of the employee, co-employees or the public. An employee who has been suspended without pay must be reinstated with back pay if the outcome of the confirmatory test or requested confirmatory retest is negative.
 - 5. The school district may not discharge, discipline, discriminate against, request, or require rehabilitation of an employee on the basis of medical history information or the employee's status as a patient enrolled in the medical cannabis registry program revealed to the school district, unless the employee was under an affirmative duty to provide the information before, upon or after hire, or failing to do so would violate federal law or regulations or cause the school district to lose money or licensing-related benefit under federal law or regulations.
 - 6. The school district may not discriminate against any employee in termination, discharge, or any term of condition of employment or otherwise penalize an employee based upon an employee registered patient's positive drug test for cannabis components or metabolites, unless the employee used, possessed, or was impaired by medical cannabis on school district property during the hours of employment.
 - 7. An employee must be given access to information in his or her personnel file relating to positive test result reports and other information acquired in the drug and alcohol testing process and conclusions drawn from and actions taken based on the reports or other acquired information.
- G. Withdrawal of Job Offer for an Applicant for a Position That Does Not Require a Commercial Driver's License
- If a job applicant has received a job offer made contingent on the applicant's passing drug and alcohol testing, the school district may not withdraw the offer based on a positive test result from an initial screening

test that has not been verified by a confirmatory test. In the case of a positive test result on a confirmatory test, the school district may withdraw the job offer.

H. Chain-of-Custody Procedures

The school district has established its own reliable chain-of-custody procedures to ensure proper record keeping, handling, labeling, and identification of the samples to be tested. The procedures require the following:

1. Possession of a sample must be traceable to the employee from whom the sample is collected, from the time the sample is collected through the time the sample is delivered to the laboratory;
2. The sample must always be in the possession of, must always be in view of, or must be placed in a secure area by a person authorized to handle the sample;
3. A sample must be accompanied by a written chain-of-custody record; and
4. Individuals relinquishing or accepting possession of the sample must record the time the possession of the sample was transferred and must sign and date the chain-of-custody record at the time of transfer.

I. Privacy, Confidentiality and Privilege Safeguards

1. Privacy Limitations

A laboratory may only disclose to the school district test result data regarding the presence or absence of drugs, alcohol or their metabolites in a sample tested.

2. Confidentiality Limitations

With respect to employees and job applicants, test result reports and other information acquired in the drug or alcohol testing process are private data on individuals as that phrase is defined in Minn. Stat. Ch. 13, and may not be disclosed by the school district or laboratory to another employer or to a third-party individual, governmental agency, or private organization without the written consent of the employee or job applicant tested.

3. Exceptions to Privacy and Confidentiality Disclosure Limitations

Notwithstanding Paragraphs 1. and 2., evidence of a positive test result on a confirmatory test may be: (1) used in an arbitration proceeding pursuant to a collective bargaining agreement, an administrative hearing under Minn. Stat. Ch. 43A or other applicable state or local law, or a judicial proceeding, provided that information is relevant to the hearing or proceeding; (2) disclosed to any federal agency or other unit of the United States

government as required under federal law, regulation or order, or in accordance with compliance requirements of a federal government contract; and (3) disclosed to a substance abuse treatment facility for the purpose of evaluation or treatment of the employee.

4. Privilege

Positive test results from the school district drug or alcohol testing program may not be used as evidence in a criminal action against the employee or job applicant tested.

J. Notice of Testing Policy to Affected Employees

The school district shall provide written notice of this drug and alcohol testing policy to all affected employees upon adoption of the policy, to a previously non-affected employee upon transfer to an affected position under the policy, and to a job applicant upon hire and before any testing of the applicant if the job offer is made contingent on the applicant's passing drug and alcohol testing. Affected employees and applicants will acknowledge receipt of this written notice in the form of Attachment G to this policy.

V. POSTING

The school district shall post notice in an appropriate and conspicuous location on its premises that it has adopted a drug and alcohol testing policy and that copies of the policy are available for inspection during regular business hours by its employees or job applicants in its personnel office or other suitable locations.

Legal References: Minn. Stat. Ch. 13 (Minnesota Government Data Practices Act)
Minn. Stat. Ch. 43A (State Personnel Management)
Minn. Stat. § 152.22 (Medical Cannabis, Definitions)
Minn. Stat. § 152.23 (Medical Cannabis; Limitations)
Minn. Stat. § 152.32 (Protections for Registry Program Participation)
Minn. Stat. §§ 181.950-181.957 (Drug and Alcohol Testing in the Workplace)
Minn. Stat. § 221.031 (Motor Carrier Rules)
49 U.S.C. § 31306 (Omnibus Transportation Employee Testing Act of 1991)
49 U.S.C. § 521(b) (Civil and Criminal Penalties for Violations)
49 C.F.R. Parts 40 and 382 (Department of Transportation Rules Implementing Omnibus Transportation Employee Testing Act of 1991)

Cross-References: Princeton Policy 403 (Discipline, Suspension, and Dismissal of School District Employees)
Princeton Policy 406 (Public and Private Personnel Data)
Princeton Policy 417 (Chemical Use and Abuse)
Princeton Policy 418 (Drug-Free Workplace/Drug-Free School)

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PRINCETON PUBLIC SCHOOLS
POLICY 498 - Substitute (Casual and Long-Term), Homebound Teachers,
and Classified Staff Employment

I. PURPOSE

The purpose of this policy is to ensure school administrators and staff members consistently implement and administer the wage, benefit, license, PELRA and tenure package for short-call and long-call substitute teachers.

II. GENERAL STATEMENT OF POLICY

The superintendent or his/her designee shall develop a comprehensive policy to cover issues surrounding the employment of substitute teachers.

III. DEFINITION AND LICENSURE

Under the Minnesota Rules, substitute teachers are divided into two classes, long call substitute teachers, and short call substitute teachers. Both classes are required to hold licenses, and are defined by Min.. R. 8700 as follows:

- A. Subpart. 1 Short call substitute teacher. A short call substitute teacher is one who teaches on a day-to-day basis not to exceed 15 consecutive days replacing the same teacher. A short call substitute teacher shall hold a Minnesota license or short call substitute license. These licenses are valid for functioning as a short call substitute teacher at all grade levels in all fields.
- B. Subpart. 2. Long call substitute teacher. A long call substitute teacher is one who replaces the same teacher for 15 or more consecutive days. Long call substitute teachers shall hold an entrance or continuing license for each licensure area taught or a variance must be approved by the Department of Education.

NOTE: All substitutes must be employed through Teachers on Call in order to be employed in Princeton Public Schools.

IV. DURATION AND TENURE

Minn. State.122A.44 addresses substitute teachers in the following manner:

- A. Subd. 1. The board must employ and contract with necessary qualified teachers and discharge the same for cause.
- B. Subd. 2. The board must not hire a substitute teacher except:
 - 1. For a duration of time of less than one school year to replace a regular teacher who is absent; or
 - 2. For a duration of time equal to or greater than one school year to replace a regular teacher on a leave of absence.

If a substitute teacher is hired pursuant to paragraph (a), clause (2), each full school year during which the teacher is employed by a district pursuant to that clause shall be deemed one year of the teacher's probationary period of employment pursuant to either section 122A.40, subd. 5, 122A.41, subd. 2. The teacher shall be eligible for continuing contract status pursuant to section 122A.40, subd.7, or tenure status pursuant to section 122.41, subd 4, after completion of the applicable probationary period.

V. PELRA BARGAINING UNIT STATUS

PELRA specifically states that the following employees are considered public employee:

- A. "(1) An employee hired by a school district...(i) to replace an absent teacher or faculty member who is a public employee, where the replacement employee is employed more than 30 working days as a replacement for that teacher or faculty member; or (ii) to take a teaching position created due to increased enrollment curriculum expansion, courses which are a part of the curriculum whether offered annually or not, or other appropriate reason." Minn. Stat. 179A.03, Subd. 14.

Even though substitute teachers who are hired for less than one year are not covered by continuing contract rights under Minn. Stat. 122A.44 subd.2, they are covered by PELRA if they satisfy either of the above conditions. All long call, working for more than 15 consecutive days, substitute teachers, who are deemed public employees will be

represented by the teachers bargaining unit because all substitute teachers are required to hold a license.

VI. WAGE DETERMINATION

- A. Short Call/Casual Substitutes: The daily rate of pay for casual/short call subs is \$125.00 per day; \$135.00 per day for District #4477 retirees.
- B. Long Call Substitutes: After 15 days of consecutive work in the same position, the long call substitute teacher is paid BA step A wages retroactive to the first day of consecutive work.
- C. The Superintendent may employ a long call substitute at higher wage rate if the position requires a Master's Degree.

VII. BENEFIT DETERMINATION

- 1. Short call substitute teachers are not eligible for benefits through Princeton Public Schools.
- 2. Long call substitute teachers are eligible for the following benefits:

- a. Personal Leave:

- Personal leave on a prorated basis, is available for long-call substitute teachers who have a signed contract. Personal leave is prorated based on the FTE as designated in the long call substitute contract. The maximum personal leave accrued is two (2) days per school year if the long call substitute teacher works consistently for one (1) school year. Personal leave is not carried over, or cashed out for long call substitutes.

- b. Sick Leave:

- Sick leave, on a prorated basis, is available for long call substitute teachers who have a signed contract. Sick leave is prorated on the FTE as designated in the long call substitute contract. The maximum sick leave accrued is 13 days per school year if the long call substitute teacher works consistently for one (1) school year. Sick leave is not carried over or cashed out for long call substitutes.

c. Insurance:

Health, Dental, life and disability benefits are available for long call substitute teachers who hold a position and have a signed contract for 90 working days, or more, for at least 30 scheduled hours of work per week in any given school year.

d. Other:

Benefits that are **not** available for long call substitute teachers include: 403b match, funeral, sabbatical, child care and adoption leave.

VIII. CONTRACT

A Teacher hired as a long call substitute will be put on a long call substitute teacher contract if the start and end date are known.

IX. CLASSIFIED STAFF

A. Substitutes:

The rate of pay for all Substitutes for classified employees shall be \$.25 less per hour than the lowest starting salary.

1. Classified staff covering long term absences, more than 30 days, shall be eligible for the following benefits;
 - a) Wage: Long-term substitute classified staff who are employed in the same position for more than 30 consecutive days in any calendar year shall be paid in accordance with provisions of the corresponding Master Agreement.
 - b) Sick Leave: Sick leave, on a prorated basis, is available for long call substitute employees working more than 30 consecutive days. The maximum sick leave accrued is 9 days per school year if the long call substitute teacher works consistently for one (1) school year. Sick leave is not carried over or cashed out for long call substitutes.
 - c) Insurance: Health, dental, life and disability are available for classified long call substitutes who hold a position for 90

working days, or more, for at least 30 scheduled hours of work per week in any given school year.

- d) Other: Benefits that are **not** available for long call substitute teachers include: 403 b match, funeral, sabbatical, child care and adoption leave.

B. Homebound Teachers:

The selection of homebound teachers shall be the responsibility of the respective building principals. Salary shall be paid at the rate established in negotiations. There shall be remuneration paid for mileage to and from the student's home.

Legal References: Minn. Stat. § 122A. 44
 Minn Stat. § 8700; 122A.40; 122A.41

Adopted: February 7, 2017
Revised: December 18, 2018

**PRINCETON PUBLIC SCHOOLS
POLICY 506-STUDENT DISCIPLINE**

I. PURPOSE

The purpose of this policy is to ensure that students are aware of and comply with the school district's expectations for student conduct. Such compliance will enhance the school district's ability to maintain discipline and ensure that there is no interference with the educational process. The school district will take appropriate disciplinary action when students fail to adhere to the Code of Student Conduct established by this policy.

II. GENERAL STATEMENT OF POLICY

The school board recognizes that individual responsibility and mutual respect are essential components of the educational process. The school board further recognizes that nurturing the maturity of each student is of primary importance and is closely linked with the balance that must be maintained between authority and self-discipline as the individual progresses from a child's dependence on authority to the more mature behavior of self-control.

All students are entitled to learn and develop in a setting which promotes respect of self, others and property. Proper positive discipline can only result from an environment which provides options and stresses student self-direction, decision-making and responsibility. Schools can function effectively only with internal discipline based on mutual understanding of rights and responsibilities.

Students must conduct themselves in an appropriate manner that maintains a climate in which learning can take place. Overall decorum affects student attitudes and influences student behavior. Proper student conduct is necessary to facilitate the education process and to create an atmosphere conducive to high student achievement.

Although this policy emphasizes the development of self-discipline, it is recognized that there are instances when it will be necessary to administer disciplinary measures. The position of the school district is that a fair and equitable district-wide student discipline policy will contribute to the quality of the student's educational experience. This discipline policy is adopted in accordance with and subject to the Minnesota Pupil Fair Dismissal Act, Minn. Stat. § 121A.40-121A.56.

In view of the foregoing and in accordance with Minn. Stat. § 121A.55, the school board, with the participation of school district administrators, teachers, employees, students, parents, community members, and such other individuals and organizations as appropriate, has developed this policy which governs student conduct and applies to all students of the school district.

III. AREAS OF RESPONSIBILITY

- A. The School Board. The school board holds all school personnel responsible for the maintenance of order within the school district and supports all personnel acting within the framework of this discipline policy.
- B. Superintendent. The superintendent shall establish guidelines and directives to carry out this policy, hold all school personnel, students and parents responsible for conforming to this policy, and support all school personnel performing their duties within the framework of this policy. The superintendent shall also establish guidelines and directives for using the services of appropriate agencies for assisting students and parents. Any guidelines or directives established to implement this policy shall be submitted to the school board for approval and shall be attached as an addendum to this policy.
- C. Principal. The school principal is given the responsibility and authority to formulate building rules and regulations necessary to enforce this policy, subject to final school board approval. The principal shall give direction and support to all school personnel performing their duties within the framework of this policy. The principal shall consult with parents of students conducting themselves in a manner contrary to the policy. The principal shall also involve other professional employees in the disposition of behavior referrals and shall make use of those agencies appropriate for assisting students and parents. A principal, in exercising his or her lawful authority, may use reasonable force when it is necessary under the circumstances to correct or restrain a student or prevent bodily harm or death to another.
- D. Teachers. All teachers shall be responsible for providing a well-planned teaching/learning environment and shall have primary responsibility for student conduct, with appropriate assistance from the administration. All

teachers shall enforce the Code of Student Conduct. In exercising the teacher's lawful authority, a teacher may use reasonable force when it is necessary under the circumstances to correct or restrain a student or prevent bodily harm or death to another.

E. Other School District Personnel. All school district personnel shall be responsible for contributing to the atmosphere of mutual respect within the school. Their responsibilities relating to student behavior shall be as authorized and directed by the superintendent. A school employee, school bus driver, or other agent of a school district, in exercising his or her lawful authority, may use reasonable force when it is necessary under the circumstances to restrain a student or prevent bodily harm or death to another.

F. Parents or Legal Guardians. Parents and guardians shall be held responsible for the behavior of their children as determined by law and community practice. They are expected to cooperate with school authorities and to participate regarding the behavior of their children.

G. Students. All students shall be held individually responsible for their behavior and for knowing and obeying the Code of Student Conduct and this policy.

H. Community Members. Members of the community are expected to contribute to the establishment of an atmosphere in which rights and duties are effectively acknowledged and fulfilled.

IV. STUDENT RIGHTS

All students have the right to an education and the right to learn.

V. STUDENT RESPONSIBILITIES

All students have the responsibility:

- A. For their behavior and for knowing and obeying all school rules, regulations, policies and procedures;
- B. To attend school daily, except when excused, and to be on time to all classes and other school functions;
- C. To pursue and attempt to complete the courses of study prescribed by the state and local school authorities;
- D. To make necessary arrangements for making up work when absent from school;
- E. To assist the school staff in maintaining a safe school for all students;
- F. To be aware of all school rules, regulations, policies and procedures, including those in this policy, and to conduct themselves in accord with them;
- G. To assume that until a rule or policy is waived, altered or repealed, it is in full force and effect;
- H. To be aware of and comply with federal, state and local laws;
- I. To volunteer information in disciplinary cases should they have any knowledge relating to such cases and to cooperate with school staff as appropriate;
- J. To respect and maintain the school's property and the property of others;
- K. To dress and groom in a manner which meets standards of safety and health and common standards of decency and which is consistent with applicable school district policy;
- L. To avoid inaccuracies in student newspapers or publications and refrain from indecent or obscene language;
- M. To conduct themselves in an appropriate physical or verbal manner; and
- N. To recognize and respect the rights of others.

VI. CODE OF STUDENT CONDUCT

- A. The following are examples of unacceptable behavior subject to disciplinary action by the school district. These examples are not intended to be an exclusive list. Any student who engages in any of these activities shall be disciplined in accordance with this policy. This policy applies to all school buildings, school grounds, and school property; school-sponsored activities or trips; school bus stops; school buses, school vehicles, school contracted vehicles, or any other vehicles approved for school district purposes; the area of entrance or departure from school premises or events; and all school-related functions. This policy also applies to any student whose conduct at any time or in any place interferes with or

obstructs the mission or operations of the school district or the safety or welfare of the student, other students, or employees.

1. Violations against property including, but not limited to, damage to or destruction of school property or the property of others, failure to compensate for damage or destruction of such property, arson, breaking and entering, theft, robbery, possession of stolen property, extortion, trespassing, unauthorized usage, or vandalism;
2. The use of profanity or obscene language, or the possession of obscene materials;
3. Gambling, including, but not limited to, playing a game of chance for stakes;
4. Violation of the school district's Hazing Prohibition Policy;
5. Attendance problems including, but not limited to, truancy, absenteeism, tardiness, skipping classes, or leaving school grounds without permission;
6. Violation of the school district's Student Attendance Policy;
7. Opposition to authority using physical force or violence;
8. Using, possessing, or distributing tobacco, tobacco-related devices, electronic cigarettes, or tobacco paraphernalia in violation of the school district's Tobacco-Free Environment Policy;
9. Using, possessing, distributing, intending to distribute, making a request to another person for (solicitation), or being under the influence of alcohol or other intoxicating substances or look-alike substances;
10. Using, possessing, distributing, intending to distribute, making a request to another person for (solicitation), or being under the influence of narcotics, drugs, or other controlled substances, or look-alike substances, except as prescribed by a physician, including one student sharing prescription medication with another student;
11. Using, possessing, or distributing items or articles that are illegal or harmful to persons or property including, but not limited to, drug paraphernalia;
12. Using, possessing, or distributing weapons, or look-alike weapons or other dangerous objects;
13. Violation of the school district's Weapons Policy;
14. Violation of the school district's Violence Prevention Policy;
15. Possession of ammunition including, but not limited to, bullets or other projectiles designed to be used in or as a weapon;

16. Possession, use, or distribution of explosives or any compound or mixture, the primary or common purpose or intended use of which is to function as an explosive;
17. Possession, use, or distribution of fireworks or any substance or combination of substances or article prepared for the purpose of producing a visible or an audible effect by combustion, explosion, deflagration or detonation;
18. Using an ignition device, including a butane or disposable lighter or matches, inside an educational building and under circumstances where there is a risk of fire, except where the device is used in a manner authorized by the school;
19. Violation of any local, state or federal law as appropriate;
20. Acts disruptive of the educational process, including, but not limited to, disobedience, disruptive or disrespectful behavior, defiance of authority, cheating, insolence, insubordination, failure to identify oneself, improper activation of fire alarms, or bomb threats;
21. Violation of the school district's Internet Acceptable Use and Safety Policy;
22. Possession of nuisance devices or objects which cause distractions and may facilitate cheating including, but not limited to, pagers, radios, and phones, including picture phones;
23. Violation of school bus or transportation rules or the school district's Student Transportation Safety Policy;
24. Violation of parking or school traffic rules and regulations, including, but not limited to, driving on school property in such a manner as to endanger persons or property;
25. Violation of directives or guidelines relating to lockers or improperly gaining access to a school locker;
26. Violation of the school district's Search of Student Lockers, Desks, Personal Possessions, and Student's Person Policy;
27. Violation of the school district's Student Use and Parking of Motor Vehicles; Patrols, Inspections, and Searches Policy;
28. Possession or distribution of slanderous, libelous or pornographic materials;
29. Violation of the school district' Bullying Prohibition Policy;
30. Student attire or personal grooming which creates a danger to health or safety or creates a disruption to the educational process, including clothing which bears a message which is lewd, vulgar, or obscene, apparel promoting products or activities that are illegal for

use by minors, or clothing containing objectionable emblems, signs, words, objects, or pictures communicating a message that is racist, sexist, or otherwise derogatory to a protected minority group or which connotes gang membership;

31. Criminal activity;
32. Falsification of any records, documents, notes or signatures;
33. Tampering with, changing, or altering records or documents of the school District by any method including, but not limited to, computer access or other electronic means;
34. Scholastic dishonesty which includes, but is not limited to, cheating on a school assignment or test, plagiarism, or collusion, including the use of picture phones or other technology to accomplish this end;
35. Impertinent or disrespectful language toward teachers or other school district personnel;
36. Violation of the school district's Harassment and Violence Policy;
37. Actions, including fighting or any other assaultive behavior, which causes or could cause injury to the student or other persons or which otherwise endangers the health, safety, or welfare of teachers, students, other school district personnel, or other persons;
38. Committing an act which inflicts great bodily harm upon another person, even though accidental or a result of poor judgment;
39. Violations against persons, including, but not limited to, assault or threatened assault, fighting, harassment, interference or obstruction, attack with a weapon, or look-alike weapon, sexual assault, illegal or inappropriate sexual conduct, or indecent exposure;
40. Verbal assaults, or verbally abusive behavior, including, but not limited to, use of words, symbols, acronyms, or language that is discriminatory, abusive, obscene, threatening, intimidating or that degrades other people;
41. Physical or verbal threats including, but not limited to, the staging or reporting of dangerous or hazardous situations that do not Exist;
42. Inappropriate, abusive, threatening, or demeaning actions based on race, color, creed, religion, sex, gender identity, marital status, status with regard to public assistance, disability, national origin or sexual orientation;

- 43. Violation of the school district's Distribution of Non School-Sponsored Materials on School Premises by Students and Employees Policy;
- 44. Violation of the school district's one-to-one device rules and regulations;
- 45. Violation of school rules, regulations, policies, or procedures, including, but not limited to, those policies specifically enumerated in this policy;
- 46. Other acts, as determined by the school district, which are disruptive of the educational process or dangerous or detrimental to the student or other students, school district personnel or surrounding persons, or which violate the rights of others or which damage or endanger the property of the school, or which otherwise interferes with or obstruct the mission or operations of the school district or the safety or welfare of students or employees.

VII. DISCIPLINARY ACTION OPTIONS

The general policy of the school district is to utilize progressive discipline to the extent reasonable and appropriate based upon the specific facts and circumstances of student misconduct. The specific form of discipline chosen in a particular case is solely within the discretion of the school district. At a minimum, violation of school district rules, regulations, policies or procedures will result in discussion of the violation and a verbal warning. The school district shall, however, impose more severe disciplinary sanctions for any violation, including exclusion or expulsion, if warranted by the student's misconduct, as determined by the school district. Disciplinary action may include, but is not limited to, one or more of the following:

- A. Student conference with teacher, principal, counselor or other school District personnel, and verbal warning;
- B. Confiscation by school district personnel and/or by law enforcement of any item, article, object, or thing, prohibited by, or used in the violation of, any school district policy, rule, regulation, procedure, or state or federal law. If confiscated by the school district, the confiscated item, article, object, or thing will be released only to the parent/guardian following the completion of any investigation or disciplinary action instituted or taken related to the violation.
- C. Parent contact;

- D. Parent conference;
- E. Removal from class;
- F. In-school suspension;
- G. Suspension from extracurricular activities;
- H. Detention or restriction of privileges;
- I. Loss of school privileges;
- J. In-school monitoring or revised class schedule;
- K. Referral to in-school support services;
- L. Referral to community resources or outside agency services;
- M. Financial restitution;
- N. Referral to police, other law enforcement agencies, or other appropriate authorities;
- O. A request for a petition to be filed in district court for juvenile delinquency adjudication;
- P. Out-of-school suspension under the Pupil Fair Dismissal Act;
- Q. Preparation of an admission or readmission plan;
- R. Saturday school;
- S. Expulsion under the Pupil Fair Dismissal Act;
- T. Exclusion under the Pupil Fair Dismissal Act; and/or
- U. Other disciplinary action as deemed appropriate by the school district.

VIII. REMOVAL OF STUDENTS FROM CLASS

- A. The teacher of record shall have the general control and government of the classroom. Teachers have the responsibility of attempting to modify disruptive student behavior by such means as conferring with the student, using positive reinforcement, assigning detention or other consequences, or contacting the student's parents. When such measures fail, or when the teacher determines it is otherwise appropriate based upon the student's conduct, the teacher shall have the authority to remove the student from class pursuant to the procedures established by this discipline policy. "Removal from class" and "removal" mean any actions taken by a teacher, principal, or other school district employee to prohibit a student from attending a class or activity period for a period of time not to exceed five (5) days, pursuant to this discipline policy.

Grounds for removal from class shall include any of the following:

- 1. Willful conduct that significantly disrupts the rights of others to an education, including conduct that interferes with a teacher's ability

to teach or communicate effectively with students in a class or with the ability of other students to learn;

2. Willful conduct that endangers surrounding persons, including school district employees, the student or other students, or the property of the school;
3. Willful violation of any school rules, regulations, policies or procedures, including the Code of Student Conduct in this policy; or
4. Other conduct, which in the discretion of the teacher or administration, requires removal of the student from class.

Such removal shall be for at least one (1) activity period or class period of instruction for a given course of study and shall not exceed five (5) such periods.

A student must be removed from class immediately if the student engages in assault or violent behavior. "Assault" is an act done with intent to cause fear in another of immediate bodily harm or death; or the intentional infliction of, or attempt to inflict, bodily harm upon another. The removal from class shall be for a period of time deemed appropriate by the principal, in consultation with the teacher.

- B. If a student is removed from class more than five (5) times in a school year, the school district shall notify the parent or guardian of the student's fifth removal from class and make reasonable attempts to convene a meeting with the student's parent or guardian to discuss the problem that is causing the student to be removed from class.
- C. Procedures for Removal of a Student From a Class.
 1. The Princeton School District shall follow the Minnesota Pupil Fair Dismissal Act in all cases requiring student removal from a class.
 2. Teachers may refer a student for removal to the building principal who will determine the length of time the student shall remain out of the classroom.
 3. Teachers and Principals shall use the Building Discipline Referral Form for reporting incidents requiring removal.
 4. Building shall modify these procedures to adjust for age of students.
- D. Responsibility for and Custody of a Student Removed From Class.
 1. Student shall be sent to the office of the respective building.
 2. Students shall walk to the office.

3. Students may be accompanied to the office at the discretion of the referring staff member. The office shall be responsible for providing an escort.
 4. The principal or assistant principal of the building shall have control and responsibility for the student after removal from class.
- E. Procedures for Return of a Student to a Class From Which the Student Was Removed.
1. The student shall return to class after serving the assigned amount of time.
 2. All aspects of the readmission plan spelled out in the disciplinary report must have been completed for return to class.
- F. Procedures for Notification.
1. The student shall return to class after serving the assigned amount of time.
 2. All aspects of the readmission plan spelled out in the disciplinary report must have been completed for return to class.
- G. Disabled Students; Special Provisions.
1. In the case of Special Education Students the District shall follow the provisions of the State and Federal Laws in accord with the Individuals with Disabilities Education Act. (IDEA).
 2. If circumstances warrant a Special Education Referral such referral shall be made by the classroom teacher, the building Student Assistance Team or the Parents.
- H. Procedures for Detecting and Addressing Chemical Abuse Problems of Students While on School Premises.
1. Establishment of a chemical abuse preassessment team pursuant to Minn. Stat. § 121A.26;
 2. Establishment of a school and community advisory team to address chemical abuse problems in the district pursuant to Minn. Stat. § 121A.27; and
 3. Establishment of teacher reporting procedures to the chemical abuse preassessment team pursuant to Minn. Stat. § 121A.29.
- I. Procedures for Immediate and Appropriate Interventions Tied to Violations of the Code of Student Conduct.
- J. Any Procedures Determined Appropriate for Encouraging Early Involvement of Parents or Guardians in Attempts to Improve a Student's Behavior.
- K. Any Procedures Determined Appropriate for Encouraging Early Detection of Behavioral Problems.

IX. DISMISSAL

- A. "Dismissal" means the denial of the current educational program to any student, including exclusion, expulsion and suspension. Dismissal does not include removal from class.

The school district shall not deny due process or equal protection of the law to any student involved in a dismissal proceeding which may result in suspension, exclusion or expulsion.

The school district shall not dismiss any student without attempting to provide alternative educational services before dismissal proceedings, except where it appears that the student will create an immediate and substantial danger to self or to surrounding persons or property.

- B. Violations leading to suspension, based upon severity, may also be grounds for actions leading to expulsion, and/or exclusion. A student may be dismissed on any of the following grounds:

1. Willful violation of any reasonable school board regulation, including those found in this policy;
2. Willful conduct that significantly disrupts the rights of others to an education, or the ability of school personnel to perform their duties, or school sponsored extracurricular activities; or
3. Willful conduct that endangers the student or other students, or surrounding persons, including school district employees, or property of the school.

C. Suspension Procedures

1. "Suspension" means an action by the school administration, under rules promulgated by the School Board, prohibiting a student from attending school for a period of no more than ten (10) school days; provided, however, if a suspension is longer than five (5) school days, the suspending administrator shall provide the superintendent with a reason for the longer term of suspension. This definition does not apply to dismissal for one (1) school day or less where a student with a disability does not receive regular or special education instruction during that dismissal period.
2. If a student's total days of removal from school exceed ten (10) cumulative days in a school year, the school district shall make reasonable attempts to convene a meeting with the student and the student's parent or guardian before subsequently removing the

student from school and, with the permission of the parent or guardian, arrange for a mental health screening for the student at the parent or guardian's expense. The purpose of this meeting is to attempt to determine the pupil's need for assessment or other services or whether the parent or guardian should have the student assessed or diagnosed to determine whether the student needs treatment for a mental health disorder.

3. Each suspension action may include a readmission plan. The plan shall include, where appropriate, a provision for implementing alternative educational services upon readmission which must not be used to extend the current suspension. A readmission plan must not obligate a parent or guardian to provide psychotropic drugs to their student as a condition of readmission. School administration must not use the refusal of a parent or guardian to consent to the administration of psychotropic drugs to their student or to consent to a psychiatric evaluation, screening, or examination of the student as a ground, by itself, to prohibit the student from attending class or participating in a school-related activity, or as a basis of a charge of child abuse, child neglect, or medical or educational neglect. The school administration may not impose consecutive suspensions against the same student for the same course of conduct, or incident of misconduct, except where the student will create an immediate and substantial danger to self or to surrounding persons or property or where the school district is in the process of initiating an expulsion, in which case the school administration may extend the suspension to a total of fifteen (15) days.
4. A child with a disability may be suspended. When a child with a disability has been suspended for more than five (5) consecutive days or ten (10) cumulative school days in the same year, and that suspension does not involve a recommendation for expulsion or exclusion or other change in placement under federal law, relevant members of the child's IEP team, including at least one of the child's teachers, shall meet and determine the extent to which the child needs services in order to continue to participate in the general education curriculum, although in another setting, and to progress toward meeting the goals in the child's IEP. That meeting must occur as soon as possible, but no more than ten (10) days

after the sixth (6th) consecutive day of suspension or the tenth (10th) cumulative day of suspension has elapsed.

5. The school administration shall implement alternative educational services when the suspension exceeds five (5) days. Alternative educational services may include, but are not limited to, special tutoring, modified curriculum, modified instruction, other modifications or adaptations, instruction through electronic media, special education services as indicated by appropriate assessments, homebound instruction, supervised homework, or enrollment in another district or in an alternative learning center under Minn. Stat. § 123A.05 selected to allow the pupil to progress toward meeting graduation standards under Minn. Stat. § 120B.02, although in a different setting.
6. The school administration shall not suspend a student from school without an informal administrative conference with the student. The informal administrative conference shall take place before the suspension, except where it appears that the student will create an immediate and substantial danger to self or to surrounding persons or property, in which case the conference shall take place as soon as practicable following the suspension. At the informal administrative conference, a school administrator shall notify the student of the grounds for the suspension, provide an explanation of the evidence the authorities have, and the student may present the student's version of the facts. A separate administrative conference is required for each period of suspension.
7. After school administration notifies a student of the grounds for suspension, school administration may, instead of imposing the suspension, do one or more of the following:
 - a) strongly encourage a parent or guardian of the student to attend school with the student for one day;
 - b) assign the student to attend school on Saturday as supervised by the principal or the principal's designee; and
 - c) petition the juvenile court that the student is in need of services under Minn. Stat. Ch. 260C.
8. A written notice containing the grounds for suspension, a brief statement of the facts, a description of the testimony, a readmission plan, and a copy of the Minnesota Pupil Fair Dismissal Act, Minn. Stat. § 121A.40-121A.56, shall be personally served upon the student at or before the time the suspension is to take

effect, and upon the student's parent or guardian by mail within forty-eight (48) hours of the conference. (See attached sample Notice of Suspension.)

9. The school administration shall make reasonable efforts to notify the student's parent or guardian of the suspension by telephone as soon as possible following suspension.
10. In the event a student is suspended without an informal administrative conference on the grounds that the student will create an immediate and substantial danger to surrounding persons or property, the written notice shall be served upon the student and the student's parent or guardian within forty-eight (48) hours of the suspension. Service by mail shall be complete upon mailing.
11. Notwithstanding the foregoing provisions, the student may be suspended pending the school board's decision in an expulsion or exclusion proceeding, provided that alternative educational services are implemented to the extent that suspension exceeds five (5) days.

D. Expulsion and Exclusion Procedures

1. "Expulsion" means a school board action to prohibit an enrolled student from further attendance for up to twelve (12) months from the date the student is expelled. The authority to expel rests with the school board.
2. "Exclusion" means an action taken by the school board to prevent enrollment or reenrollment of a student for a period that shall not extend beyond the school year. The authority to exclude rests with the school board.
3. All expulsion and exclusion proceedings will be held pursuant to and in accordance with the provisions of the Minnesota Pupil Fair Dismissal Act, Minn. Stat. §121A.40-121A.56.
4. No expulsion or exclusion shall be imposed without a hearing, unless the right to a hearing is waived in writing by the student and parent or guardian.
5. The student and parent or guardian shall be provided written notice of the school district's intent to initiate expulsion or exclusion proceedings. This notice shall be served upon the student and his or her parent or guardian personally or by mail, and shall contain a complete statement of the facts; a list of the witnesses and a description of their testimony; state the date, time and place of

hearing; be accompanied by a copy of the Pupil Fair Dismissal Act, Minn. Stat. § 121A.40-121A.56; describe alternative educational services accorded the student in an attempt to avoid the expulsion proceedings; and inform the student and parent or guardian of their right to: (1) have a representative of the student's own choosing, including legal counsel at the hearing; (2) examine the student's records before the hearing; (3) present evidence; and (4) confront and cross-examine witnesses. The school district shall advise the student's parent or guardian that free or low-cost legal assistance may be available and that a legal assistance resource list is available from the Minnesota Department of Education (MDE).

6. The hearing shall be scheduled within ten (10) days of the service of the written notice unless an extension, not to exceed five (5) days, is requested for good cause by the school district, student, parent or guardian.
7. All hearings shall be held at a time and place reasonably convenient to the student, parent or guardian and shall be closed, unless the student, parent or guardian requests an open hearing.
8. The school district shall record the hearing proceedings at district expense, and a party may obtain a transcript at its own expense.
9. The student shall have a right to a representative of the student's own choosing, including legal counsel, at the student's sole expense. The school district shall advise the student's parent or guardian that free or low-cost legal assistance may be available and that a legal assistance resource list is available from MDE. The school board may appoint an attorney to represent the school district in any proceeding.
10. If the student designates a representative other than the parent or guardian, the representative must have a written authorization from the student and the parent or guardian providing them with access to and/or copies of the student's records.
11. All expulsion or exclusion hearings shall take place before and be conducted by an independent hearing officer designated by the school district. The hearing shall be conducted in a fair and impartial manner. Testimony shall be given under oath and the hearing officer shall have the power to issue subpoenas and administer oaths.
12. At a reasonable time prior to the hearing, the student, parent or guardian, or authorized representative shall be given access to all

school district records pertaining to the student, including any tests or reports upon which the proposed dismissal action may be based.

13. The student, parent or guardian, or authorized representative, shall have the right to compel the presence of any school district employee or agent or any other person who may have evidence upon which the proposed dismissal action may be based, and to confront and cross-examine any witnesses testifying for the school district.
14. The student, parent or guardian, or authorized representative, shall have the right to present evidence and testimony, including expert psychological or educational testimony.
15. The student cannot be compelled to testify in the dismissal proceedings.
16. The hearing officer shall prepare findings and a recommendation based solely upon substantial evidence presented at the hearing, which must be made to the school board and served upon the parties within two (2) days after the close of the hearing.
17. The school board shall base its decision upon the findings and recommendation of the hearing officer and shall render its decision at a meeting held within five (5) days after receiving the findings and recommendation. The school board may provide the parties with the opportunity to present exceptions and comments to the hearing officer's findings and recommendation provided that neither party presents any evidence not admitted at the hearing. The decision by the school board must be based on the record, must be in writing, and must state the controlling factors on which the decision is made in sufficient detail to apprise the parties and the Commissioner of Education (Commissioner) of the basis and reason for the decision.
18. A party to an expulsion or exclusion decision made by the school board may appeal the decision to the Commissioner within twenty-one (21) calendar days of school board action pursuant to Minn. Stat. § 121A.49. The decision of the school board shall be implemented during the appeal to the Commissioner.
19. The school district shall report any suspension, expulsion or exclusion action taken to the appropriate public service agency, when the student is under the supervision of such agency.

20. The school district must report, through the MDE electronic reporting system, each expulsion or exclusion within thirty (30) days of the effective date of the action to the Commissioner. This report must include a statement of alternative educational services given the student and the reason for, the effective date, and the duration of the exclusion or expulsion. The report must also include the student's age, grade, gender, gender identity, race, and special education status. The dismissal report must include state student identification numbers of affected students.

21. Whenever a student fails to return to school within ten (10) school days of the termination of dismissal, a school administrator shall inform the student and his/her parent or guardian by mail of the student's right to attend and to be reinstated in the school district.

X. ADMISSION OR READMISSION PLAN

A school administrator shall prepare and enforce an admission or readmission plan for any student who is excluded or expelled from school. The plan may include measures to improve the student's behavior, including completing a character education program consistent with Minn. Stat. § 120B.232, Subd. 1, and require parental involvement in the admission or readmission process, and may indicate the consequences to the student of not improving the student's behavior. The readmission plan must not obligate parents to provide a sympathomimetic medication for their child as a condition of readmission.

XI. NOTIFICATION OF POLICY VIOLATIONS

Notification of any violation of this policy and resulting disciplinary action shall be as provided herein, or as otherwise provided by the Pupil Fair Dismissal Act or other applicable law. The teacher, principal or other school district official may provide additional notification as deemed appropriate.

In addition, the school district must report, through the MDE electronic reporting system, each physical assault of a school district employee by a student within thirty (30) days of the assault. This report must include a statement of the alternative educational services or other sanction, intervention, or resolution given to the student in response to the assault and the reason for, the effective date, and the duration of the exclusion or expulsion or other sanction, intervention, or resolution. The report must also include the student's age, grade, gender, race, and special education status.

XII. STUDENT DISCIPLINE RECORDS

The policy of the school district is that complete and accurate student discipline records be maintained. The collection, dissemination, and maintenance of student discipline records shall be consistent with applicable school district policies and federal and state law, including the Minnesota Government Data Practices Act, Minn. Stat. Ch. 13.

XIII. DISABLED STUDENTS

Students who are currently identified as eligible under the IDEA or Section 504 will be subject to the provisions of this policy, unless the student's IEP or 504 plan specifies a necessary modification.

Before initiating an expulsion or exclusion of a student with a disability, relevant members of the child's IEP team and the child's parent shall, consistent with federal law, conduct a manifestation determination and determine whether the child's behavior was (i) caused by or had a direct and substantial relationship to the child's disability and (ii) whether the child's conduct was a direct result of a failure to implement the child's IEP. If the student's educational program is appropriate and the behavior is not a manifestation of the student's disability, the school district will proceed with discipline – up to and including expulsion – as if the student did not have a disability, unless the student's educational program provides otherwise. If the team determines that the behavior subject to discipline is a manifestation of the student's disability, the team shall conduct a functional behavioral assessment and implement a behavioral intervention plan for such student provided that the school district had not conducted such assessment prior to the manifestation determination before the behavior that resulted in a change of placement. Where a behavioral intervention plan previously has been developed, the team will review the behavioral intervention plan and modify it as necessary to address the behavior.

When a student who has an IEP is excluded or expelled for misbehavior that is not a manifestation of the student's disability, the school district shall continue to provide special education and related services during the period of expulsion or exclusion.

XIV. OPEN ENROLLED STUDENTS

The school district may terminate the enrollment of a nonresident student enrolled under an Enrollment Option Program (Minn. Stat. § 124D.03) or Enrollment in Nonresident District (Minn. Stat. § 124D.08) at the end of a school year if the student meets the definition of a habitual truant, the student has been provided appropriate services for truancy (Minn. Stat. Ch. 260A), and the student's case has been referred to juvenile court. The school district may also terminate the enrollment of a nonresident student over the age of sixteen (16) enrolled under an Enrollment Options Program if the student is absent without lawful excuse for one or more periods of fifteen (15) school days and has not lawfully withdrawn from school.

XV. DISTRIBUTION OF POLICY

The school district will notify students and parents of the existence and contents of this policy in such manner as it deems appropriate. Copies of this discipline policy shall be made available to all students and parents at the commencement of each school year and to all new students and parents upon enrollment. This policy shall also be available upon request in each principal's office.

XVI. REVIEW OF POLICY

The principal and representatives of parents, students and staff in each school building shall confer at least annually to review this discipline policy, determine if the policy is working as intended, and to assess whether the discipline policy has been enforced. Any recommended changes shall be submitted to the superintendent for consideration by the school board, which shall conduct an annual review of this policy.

Legal References: Minn. Stat. Ch. 13 (Minnesota Government Data Practices Act)
Minn. Stat. § 120B.02 (Educational Expectations for Minnesota Students)
Minn. Stat. § 120B.232 (Character Development Education)
Minn. Stat. § 121A.26 (School Preassessment Teams)
Minn. Stat. § 121A.27 (School and Community Advisory Team)
Minn. Stat. § 121A.29 (Reporting; Chemical Abuse)
Minn. Stat. §§ 121A.40-121A.56 (Pupil Fair Dismissal Act)
Minn. Stat. § 121A.575 (Alternatives to Pupil Suspension)

Minn. Stat. § 121A.582 (Reasonable Force)
Minn. Stat. §§ 121A.60-121A.61 (Removal From Class)
Minn. Stat. § 122A.42 (General Control of Schools)
Minn. Stat. § 123A.05 (Area Learning Center Organization)
Minn. Stat. § 124D.03 (Enrollment Options Program)
Minn. Stat. § 124D.08 (Enrollment in Nonresident District)
Minn. Stat. Ch.125A (Students With Disabilities)
Minn. Stat. Ch. 260A (Truancy)
Minn. Stat. Ch. 260C (Juvenile Court Act)
20 U.S.C. § 1400-1487 (Individuals with Disabilities Education Improvement Act of 2004)
29 U.S.C. § 794 et seq. (Rehabilitation Act of 1973, § 504)
34 C.F.R. § 300.530(e)(1) (Manifestation Determination)
MSBA/MASA Model Policy 711 (Video Recording on School Buses)
MSBA/MASA Model Policy 712 (Video Surveillance Other Than on Buses)

Cross References: Princeton Policy 413 (Harassment and Violence)
Princeton Policy 501 (School Weapons)
Princeton Policy 502 (Search of Student Lockers, Desks, Personal Possessions, and Student's Person)
Princeton Policy 503 (Student Attendance)
Princeton Policy 505 (Distribution of Non School-Sponsored Materials on School Premises by Students and Employees)
Princeton Policy 514 (Bullying Prohibition Policy)
Princeton Policy 524 (Internet Acceptable Use and Safety Policy)
Princeton Policy 525 (Violence Prevention)
Princeton Policy 526 (Hazing Prohibition)
Princeton Policy 527 (Student Use and Parking of Motor Vehicles; Patrols, Inspections, and Searches)
Princeton Policy 610 (Field Trips)
Princeton Policy 709 (Student Transportation Safety Policy)

Adopted: May, 18, 1984

Revised: May, 1994

Revised: August 27, 1996

Inserted Revised Appendices: January 11, 2000

Revised: December 17, 2002

Revised: April 13, 2010

Revised: May 24, 2011
Revised: June 12, 2012
Reviewed: October 8, 2013
Revised: October 20, 2015
Revised: August 16, 2016
Revised: December 18, 2018

NOTICE OF SUSPENSION

(Date)
(Name of Parent or Guardian)
(Address)
(City, State, Zip)

Dear (Parent or Guardian)

(Name of Student) has been suspended from (name of school) for (number of days) commencing on (date).

The grounds for suspension are:

Briefly, the facts that have been determined are:

The testimony received was:

An administrative conference to determine the above was conducted before

_____, at _____ on _____
(Name of Administrator) (Time) (Date)

pursuant to Minn. Stat. §§ 121A.40-121A.56, a copy of which is enclosed.

The plan of readmission is:

Alternative educational services in the form of homework will be available to be picked up at the school after _____ [date] .

While suspended, the student may not come on any school campus except with you for the purpose of discussing conduct.

If you have any questions, please call.

Sincerely,

Administrator

Enc: Minn. Stat. §§ 121A.40-121A.56

**PRINCETON PUBLIC SCHOOLS
POLICY 522 - STUDENT SEX NONDISCRIMINATION**

I. PURPOSE

Students are protected from discrimination on the basis of sex pursuant to Title IX of the Education Amendments of 1972 and the Minnesota Human Rights Act. The purpose of this policy is to provide equal educational opportunity for all students and to prohibit discrimination on the basis of sex or gender identity.

II. GENERAL STATEMENT OF POLICY

- A. The school district provides equal educational opportunity for all students, and does not unlawfully discriminate on the basis of sex. No student will be excluded from participation in, denied the benefits of, or otherwise subjected to discrimination under any educational program or activity operated by the school district on the basis of sex or gender identity.
- B. Every school district employee shall be responsible for complying with this policy.
- C. The school board hereby designates Human Resource Director at 706 First Street, Princeton, Minnesota 55371 (763-389-6181) as its Title IX Coordinator. This employee coordinates the school district's efforts to comply with and carry out its responsibilities under Title IX.
- D. Any student, parent or guardian having questions regarding the application of Title IX and its regulations and/or this policy should discuss them with the Title IX coordinator. Questions relating solely to Title IX and its regulations may be referred to the Assistant Secretary for Civil Rights of the United States Department of Education. In the absence of a specific designee, an inquiry or complaint should be referred to the superintendent or the school district human rights officer.

III. REPORTING GRIEVANCE PROCEDURES

- A. Any student who believes he or she has been the victim of unlawful sex discrimination by a teacher, administrator or other school district personnel, or any person with knowledge or belief of conduct which may constitute unlawful sex discrimination toward a student should report the alleged acts immediately to an appropriate school district official

designated by this policy or may file a grievance. The school district encourages the reporting party or complainant to use the report form available from the principal of each building or available from the school district office, but oral reports shall be considered complaints as well. Nothing in this policy shall prevent any person from reporting unlawful sex discrimination toward a student directly to a school district human rights officer or to the superintendent.

- B. In Each School Building. The building principal is the person responsible for receiving oral or written reports or grievances of unlawful sex discrimination toward a student at the building level. Any adult school district personnel who receives a report of unlawful sex discrimination toward a student shall inform the building principal immediately.
- C. Upon receipt of a report or grievance, the principal must notify the school district human rights officer immediately, without screening or investigating the report. The principal may request, but may not insist upon a written complaint. A written statement of the facts alleged will be forwarded as soon as practicable by the principal to the human rights officer. If the report was given verbally, the principal shall personally reduce it to written form within 24 hours and forward it to the human rights officer. Failure to forward any report or complaint of unlawful sex discrimination toward a student as provided herein may result in disciplinary action against the principal. If the complaint involves the building principal, the complaint shall be made or filed directly with the superintendent or the school district human rights officer by the reporting party or complainant.
- D. The school board hereby designates Human Resource Director, at 706 1st St., Princeton, MN 55371, and phone number 763-389-6181, as the school district human rights officer(s) to receive reports, complaints or grievances of unlawful sex discrimination toward a student. If the complaint involves a human rights officer, the complaint shall be filed directly with the superintendent.
- E. The school district shall conspicuously post the names of the Human Resource Director Title IX coordinator and human rights officer(s), including office addresses of 706 1st St. Princeton, MN 55371 and telephone number 763-389-6181.

- F. Submission of a good faith complaint, grievance or report of unlawful sex discrimination toward a student will not affect the complainant or reporter's future employment, grades or work assignments.
- G. Use of formal reporting forms is not mandatory.
- H. The school district will respect the privacy of the complainant, the individual(s) against whom the complaint is filed, and the witnesses as much as possible, consistent with the school district's legal obligations to investigate, to take appropriate action, and to conform with any discovery or disclosure obligations.

IV. INVESTIGATION

- A. By authority of the school district, the human rights officer, upon receipt of a report, complaint or grievance alleging unlawful sex discrimination toward a student shall promptly undertake or authorize an investigation. The investigation may be conducted by school district officials or by a third party designated by the school district.
- B. The investigation may consist of personal interviews with the complainant, the individual(s) against whom the complaint is filed, and others who may have knowledge of the alleged incident(s) or circumstances giving rise to the complaint. The investigation may also consist of any other methods and document deemed pertinent by the investigator.
- C. In determining whether alleged conduct constitutes a violation of this policy, the school district should consider the surrounding circumstances, the nature of the behavior, past incidents or past or continuing patterns of behavior, the relationships between the parties involved and the context in which the alleged incidents occurred. Whether a particular action or incident constitutes a violation of this policy requires a determination based on all the facts and surrounding circumstances.
- D. In addition, the school district may take immediate steps, at its discretion, to protect the complainant, pupils, teachers, administrators or other school personnel pending completion of an investigation of alleged unlawful sex discrimination toward a student.

- E. The investigation will be completed as soon as practicable. The school district human rights officer shall make a written report to the superintendent upon completion of the investigation. If the complaint involves the superintendent, the report may be filed directly with the school board. The report shall include a determination of whether the allegations have been substantiated as factual and whether they appear to be violations of this policy.

V. SCHOOL DISTRICT ACTION

- A. Upon conclusion of the investigation and receipt of a report, the school district will take appropriate action. Such action may include, but is not limited to, warning, suspension, exclusion, expulsion, transfer, remediation, termination or discharge. School district action taken for violation of this policy will be consistent with requirements of applicable collective bargaining agreements, Minnesota and federal law and school district policies.
- B. The result of the school district's investigation of each complaint filed under these procedures will be reported in writing to the complainant by the school district in accordance with state and federal law regarding data or records privacy.

VI. REPRISAL

The school district will discipline or take appropriate action against any pupil, teacher, administrator or other school personnel who retaliates against any person who reports alleged unlawful sex discrimination toward a student or any person who testifies, assists or participates in an investigation, or who testifies, assists or participates in a proceeding or hearing relating to such unlawful sex discrimination. Retaliation includes, but is not limited to, any form of intimidation, reprisal or harassment.

VII. RIGHT TO ALTERNATIVE COMPLAINT PROCEDURES

These procedures do not deny the right of any individual to pursue other avenues of recourse which may include filing charges with the Minnesota Department of Human Rights, initiating civil action or seeking redress under state criminal statutes and/or federal law, or contacting the Office of Civil Rights for the United States Department of Education.

VIII. DISSEMINATION OF POLICY AND EVALUATION

- A. This policy shall be made available to all students, parents/guardians of students, staff members, employee unions and organizations.
- B. The school district shall review this policy and the school district's operation for compliance with state and federal laws prohibiting discrimination on a continuous Basis.

Legal References: Minn. Stat. § 121A.04 (Athletic Programs; Sex Discrimination)

Minn. Stat. Ch. 363 (Minnesota Human Rights Act)

20 U.S.C. §§ 1681-1688 (Title IX of the Education Amendments of 1972)

34 C.F.R. Part 106 (Implementing Regulations of Title IX)

Cross References: Princeton Policy 102 (Equal Educational Opportunity)

Princeton Policy 413 (Harassment and Violence)

Princeton Policy 528 (Student Parental, Family, and Marital Status Nondiscrimination)

Adopted: May 11, 2004

Revised: November 24, 2009

Reviewed: March 22, 2011

Reviewed: May 8, 2012

Revised: October 8, 2013

Revised: January 20, 2015

Revised: March 21, 2017

Reviewed: December 18, 2018

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

Communications Letter

June 30, 2018



**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, 2018, 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 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 have not been 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.

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 over financial reporting, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows: reasonably possible – the chance of the future event or events occurring is more than remote but less than likely; probable – the future event or events are likely to occur. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

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 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 26, 2018, on such statements.

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 26, 2018

**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, 2018. Professional standards require that we advise you of the following matters related to our audit.

OUR RESPONSIBILITY IN RELATION TO THE FINANCIAL STATEMENT AUDIT

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

COMPLIANCE WITH ALL ETHICS REQUIREMENTS REGARDING INDEPENDENCE

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

QUALITATIVE ASPECTS OF SIGNIFICANT ACCOUNTING PRACTICES

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the District is included in the notes to financial statements. There have been no initial selection of accounting policies and no changes to significant accounting policies or their application during 2018. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates 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.

Total Other Post Employment Benefits (OPEB) Liability, Deferred Outflows of Resources Related to OPEB, and Deferred Inflows of Resources Related to OPEB – These balances are based on an actuarial study using the estimates of future obligations of the District for post employment benefits.

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

QUALITATIVE ASPECTS OF ACCOUNTING PRACTICES (CONTINUED)

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

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.

SIGNIFICANT DIFFICULTIES ENCOUNTERED DURING THE AUDIT

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

UNCORRECTED AND CORRECTED MISSTATEMENTS

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. We identified the following uncorrected misstatement of the financial statements. Management has determined its effect is immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

- Unavailable revenue related to delinquent property taxes
- State revenue and receivable

In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

DISAGREEMENTS WITH MANAGEMENT

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the District's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

REPRESENTATIONS REQUESTED FROM MANAGEMENT

We requested certain written representations from management, which are included in the management representation letter.

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

MANAGEMENT'S CONSULTATIONS WITH OTHER ACCOUNTANTS

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management has informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

OTHER SIGNIFICANT MATTERS, FINDINGS, OR ISSUES

In the normal course of our professional association with the District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating conditions affecting the District, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the District's auditors.

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 the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

**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.

Year	General Education Aid Formula Allowance	
	Amount	Percent Increase
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%
2018	6,188	2.0%
2019	6,312	2.0%

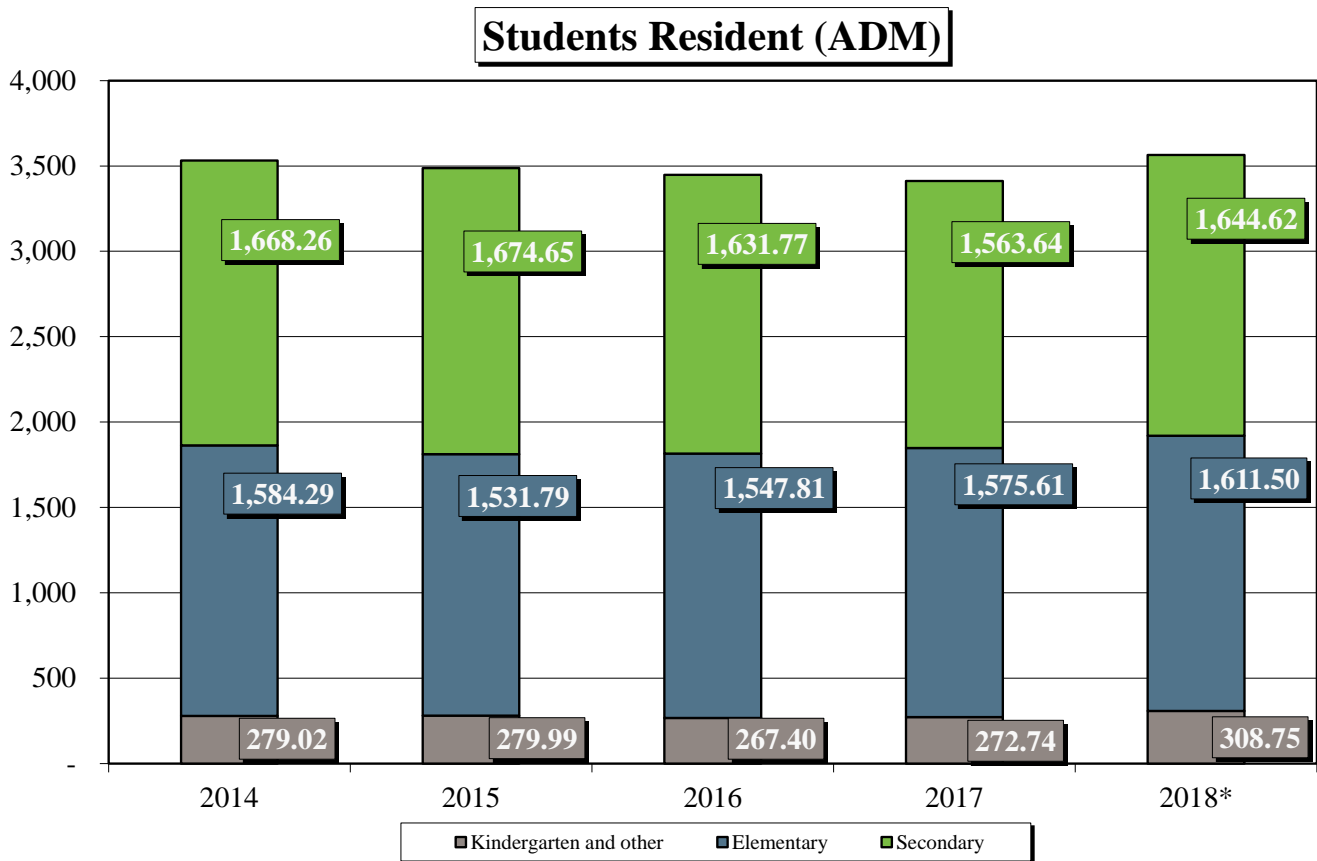
* General Education Aid - Of the \$529 increase over 2014, \$105 is for inflation at 1.9%; the remaining \$424 is a shifting of revenue to adjust for pupil weight changes, pension adjustments changes and other restructuring.

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

AVERAGE DAILY MEMBERSHIP

ADM	2014	2015	2016	2017	2018*
Kindergarten and other	279.02	279.99	267.40	272.74	308.75
Elementary	1,584.29	1,531.79	1,547.81	1,575.61	1,611.50
Secondary	1,668.26	1,674.65	1,631.77	1,563.64	1,644.62
Total Resident ADM	3,531.57	3,486.43	3,446.98	3,411.99	3,564.87

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



*Estimate

The chart and graph above illustrate the increase in resident ADM encountered by the District in the five years presented. Total resident ADM has increased 0.9% since 2014. After decreasing for three years, resident ADM increased by 4.5% from 2017 to 2018.

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**

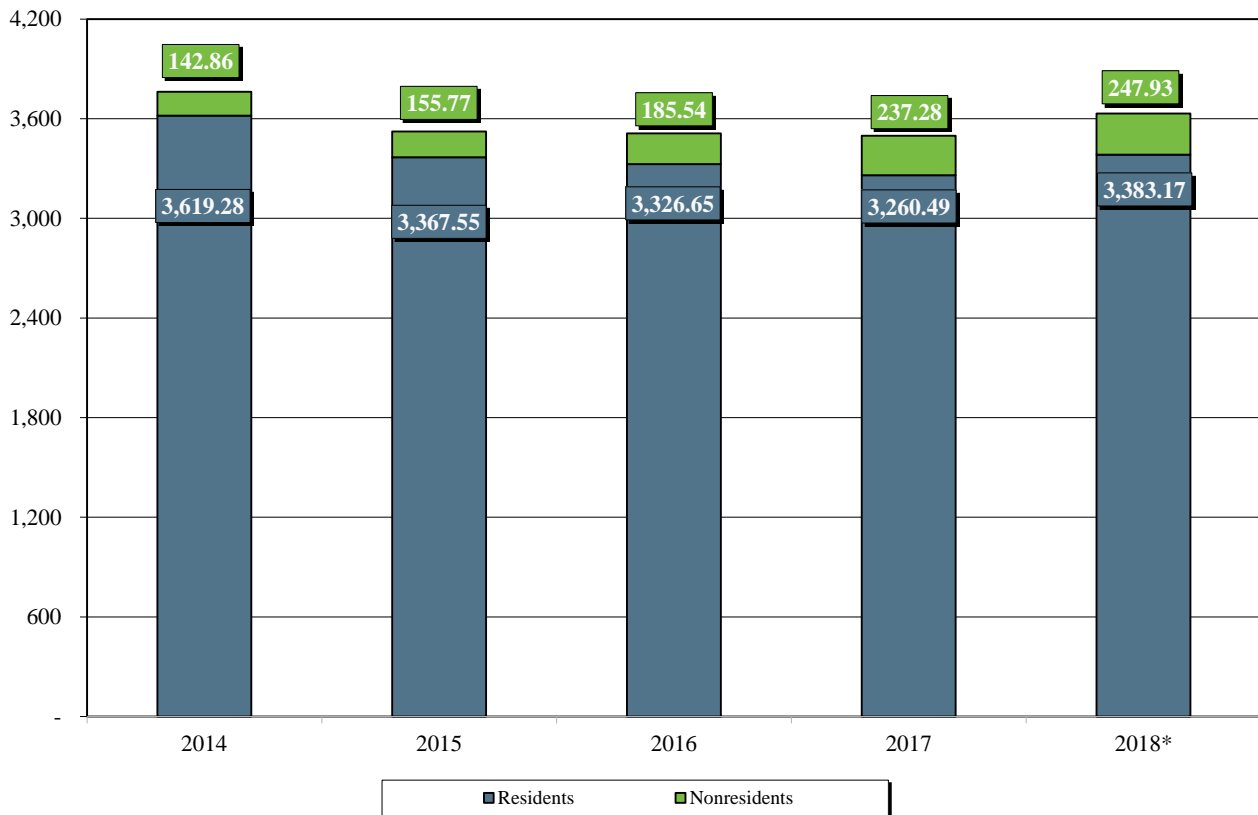
WEIGHTED AVERAGE DAILY MEMBERSHIP SERVED/PUPIL UNITS

Pupil Units Weighting						
	Pre-Kindergarten	Kindergarten Disabled	Kindergarten	Elementary Grades 1-3	Elementary Grades 4-6	Secondary
2014	1.25	1.00	0.612	1.115	1.06	1.30
2015 through 2018	1.00	1.00	1.000	1.000	1.00	1.20

WADM/PUN	2014	2015	2016	2017	2018*
Residents	4,089.53	3,821.36	3,773.34	3,724.70	3,893.79
Resident WADM going elsewhere	(470.25)	(453.81)	(446.69)	(464.21)	(510.62)
Nonresident WADM coming in	142.86	155.77	185.54	237.28	247.93
Total WADM Served/PUN	3,762.14	3,523.32	3,512.19	3,497.77	3,631.10

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 increased 133.33 or 3.8% from 2017 to 2018.

Students Served (WADM/PUN)

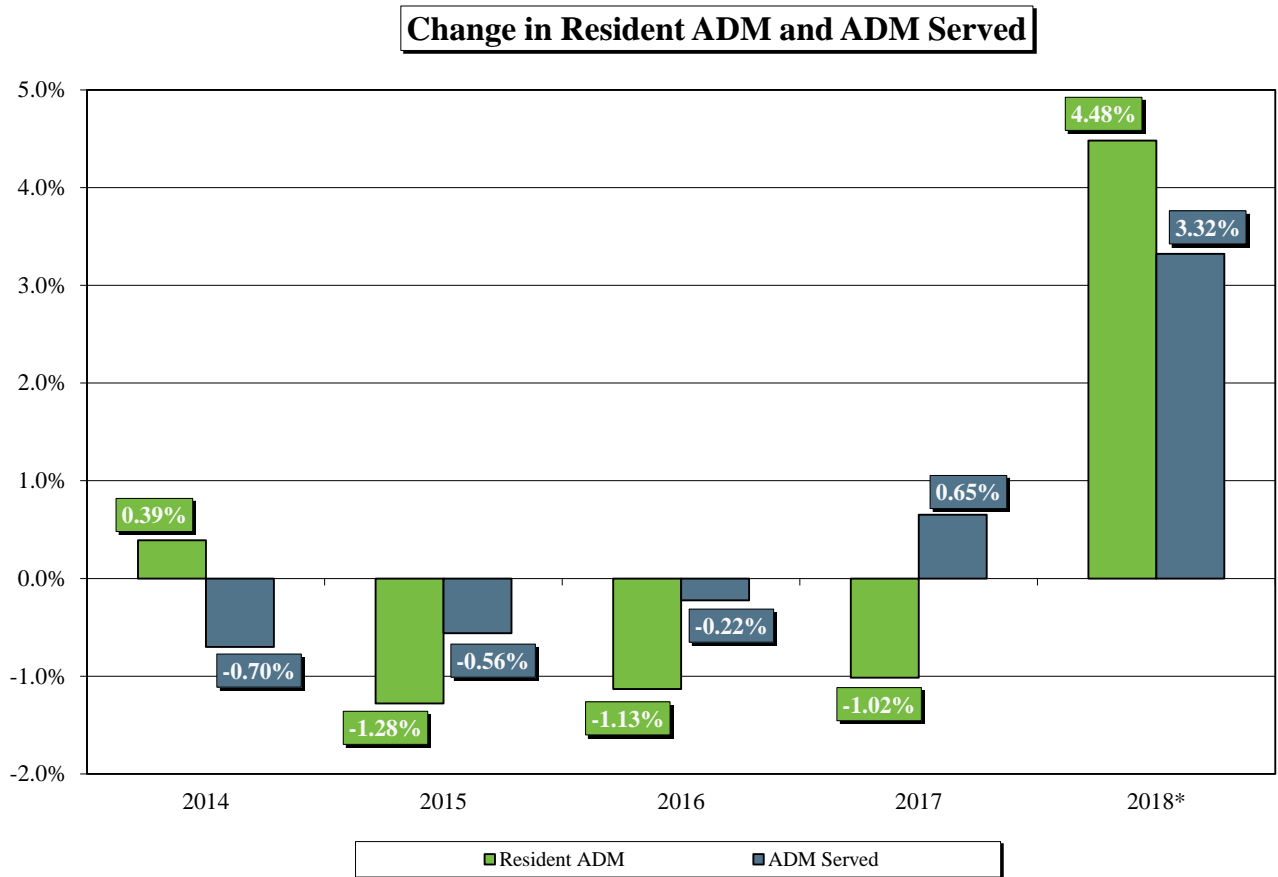


* Estimate

**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

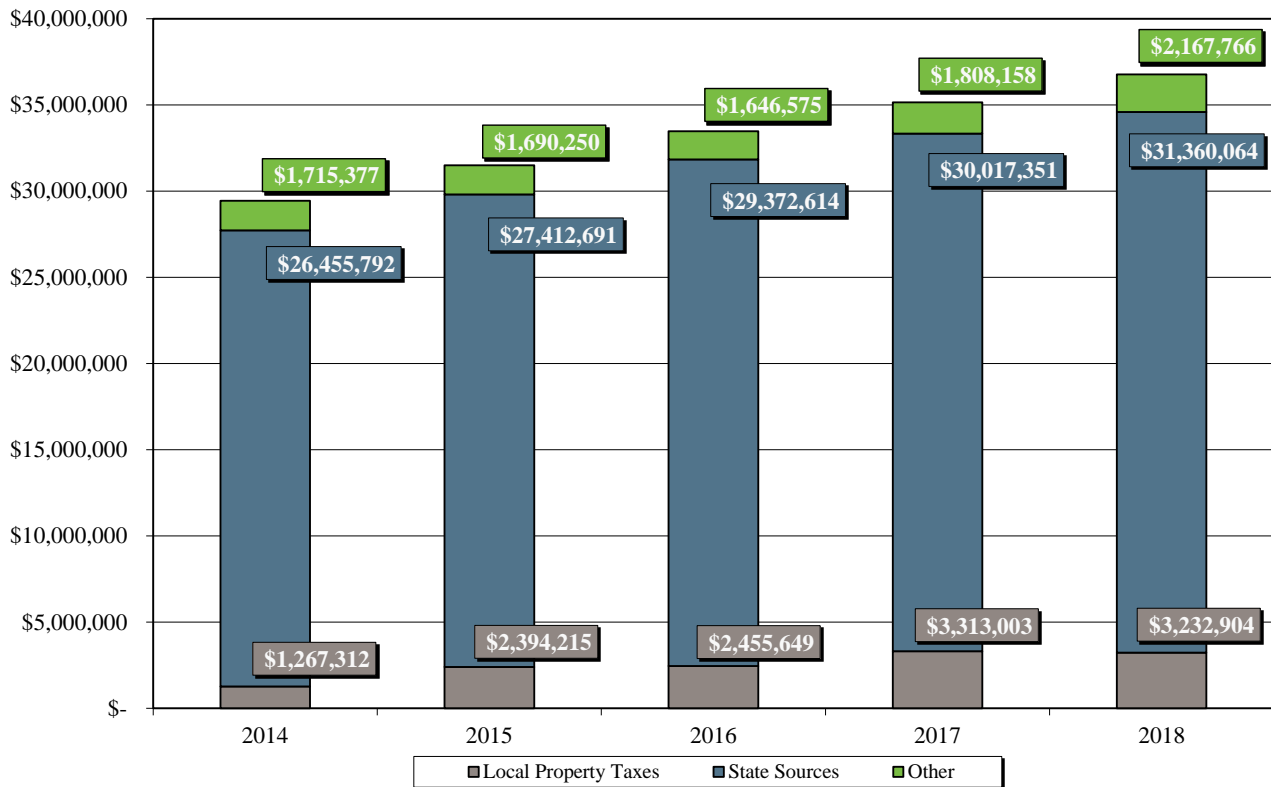
**Independent School District No. 477
Financial Analysis**

GENERAL FUND SOURCES OF REVENUE

Total General Fund revenue increased \$1,622,222, or 4.6%, from \$35,138,512 in 2017, to \$36,760,734 in 2018. Overall, revenues were \$7,322,253, or 24.9%, more in 2018, compared to four years ago.

State revenue, which makes up the largest percentage of the District's revenue at 85.3%, increased approximately \$1,342,342 due to a combination of a 2.0% increase in the General Education formula allowance, an increase in enrollment, and an increase in special education entitlement due to increased expenditures. Local property tax revenues, which represent 8.8% of the District's revenues, decreased \$80,099 due to a decrease in the tax levy. Other revenue, which includes other local and county, federal and sales and other conversions of assets, represents the remaining 5.9% of the District's revenue and increased \$359,608 due to an increase in federal special education entitlement and five new grants.

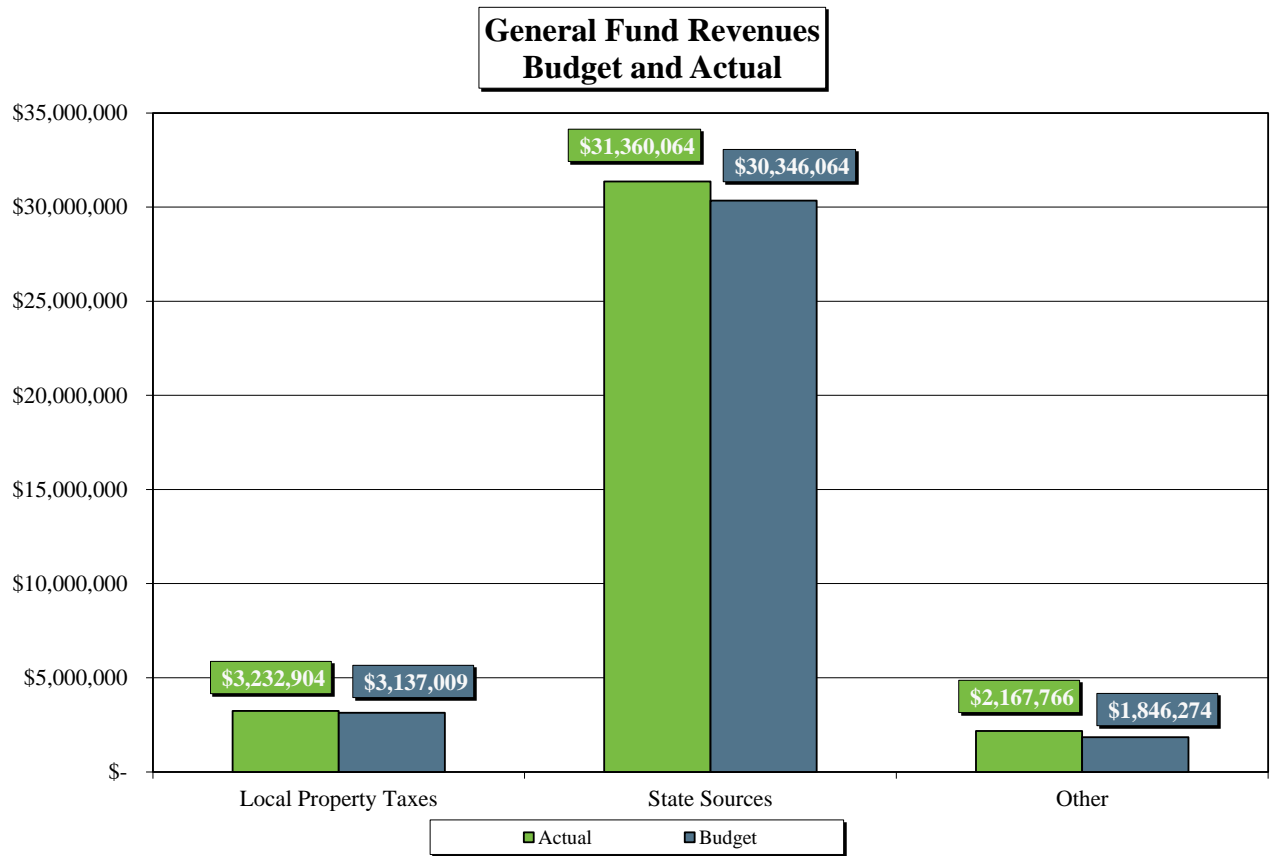
General Fund Sources of Revenue



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

GENERAL FUND BUDGET AND ACTUAL

Overall, total revenue was over budget by \$1,431,387 or 4.1%. State revenue was over budget by \$1,014,000 as a result of enrollment and the special education entitlement exceeding expectations.



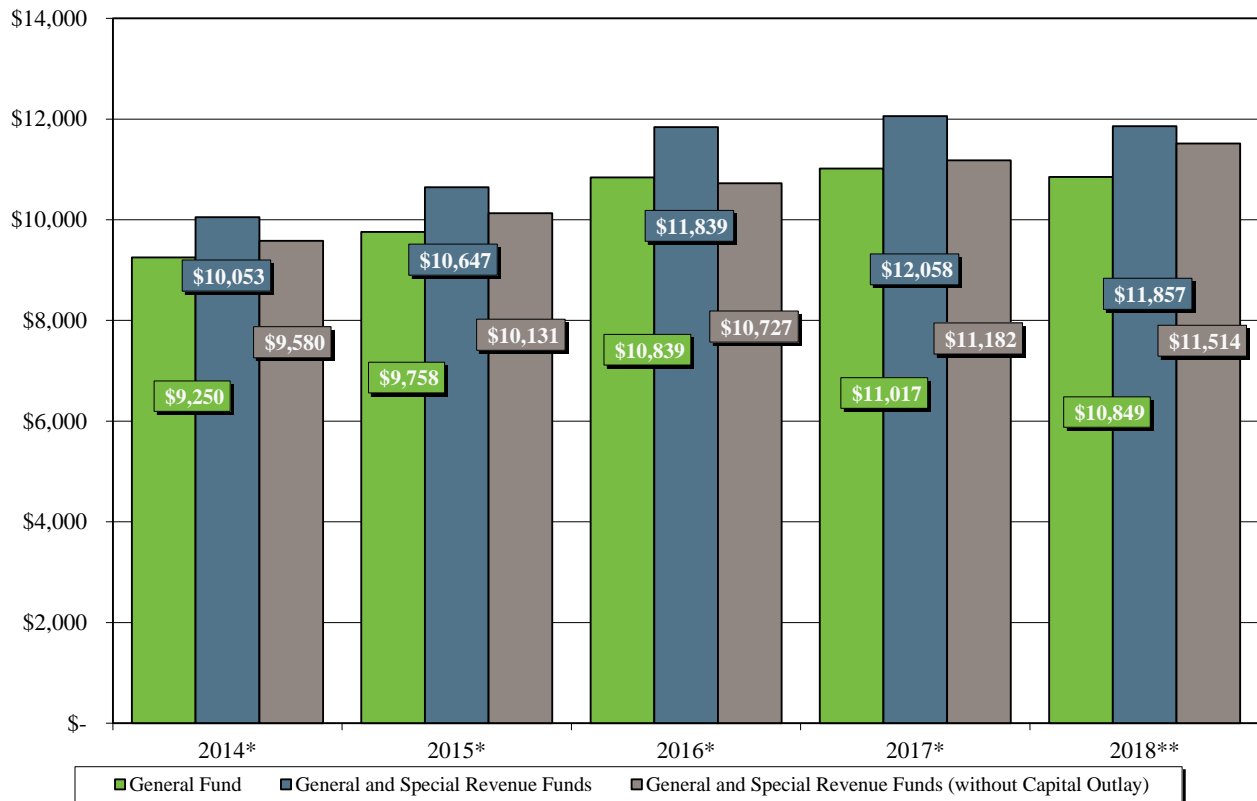
**Independent School District No. 477
Financial Analysis**

EXPENDITURES PER STUDENT

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

	2014*	2015*	2016*	2017*	2018**
General Fund	\$ 9,250	\$ 9,758	\$ 10,839	\$ 11,017	\$ 10,849
General and Special Revenue Funds	10,053	10,647	11,839	12,058	11,857
General and Special Revenue Funds (without capital outlay)	9,580	10,131	10,727	11,182	11,514

Expenditures Per Student ADM Served



* Source: *School District Profiles*

** Estimate

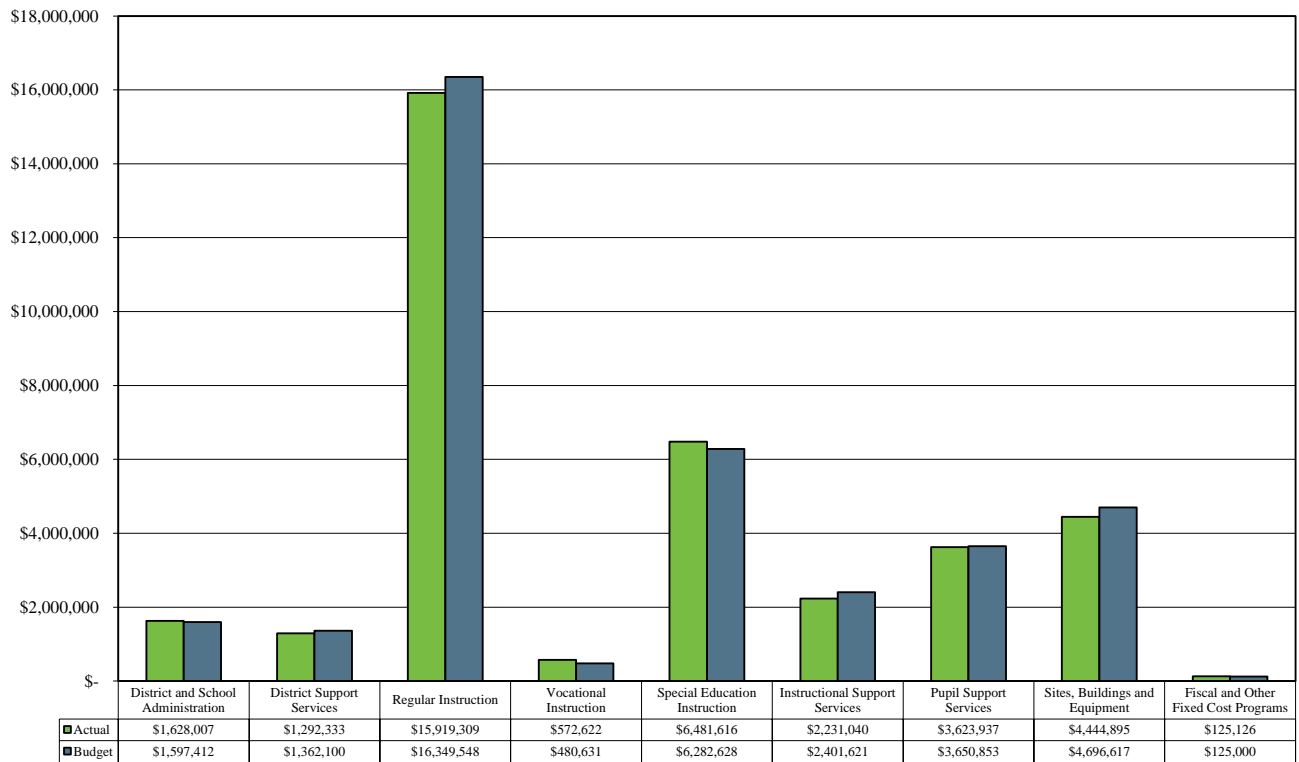
The District experienced a decrease in expenditures per student ADM from 2017 to 2018, which was the result of an increase in expenditures of \$316,275 or 0.9% and a 3.3% increase in the students served. The average 2017 expenditure per ADM served for districts in the 2,000-3,999 enrollment category was \$11,301 for the General Fund and \$12,398 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 \$627,525 or 1.7%. Regular Instruction and Instructional Support Services were under budget as a result of using a conservative budget for supplies and staff development. Special Education was over budget due to higher than anticipated costs for services purchased from Rum River.

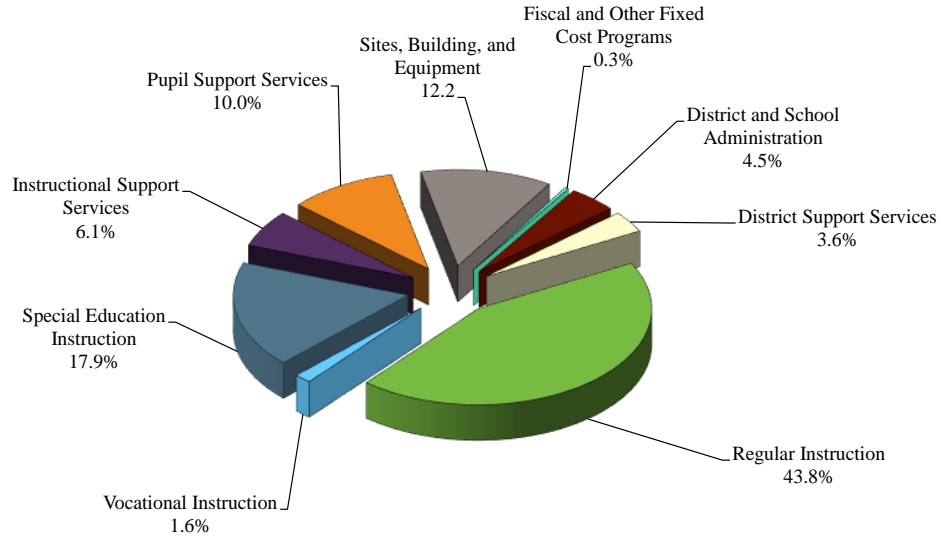
**General Fund Expenditures
Budget and Actual**



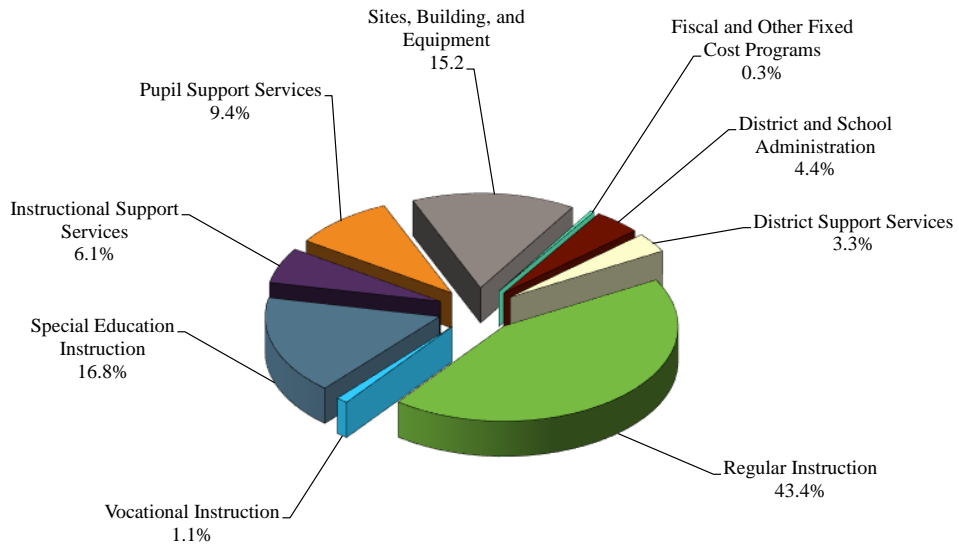
Independent School District No. 477 Financial Analysis

GENERAL FUND OPERATIONS

**2018 General Fund
Expenditures \$36,318,885**



**2017 General Fund
Expenditures \$36,002,610**



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:

	2014	2015	2016	2017	2018
Revenues	\$ 29,438,481	\$31,497,156	\$33,474,838	\$35,138,512	\$ 36,760,734
Expenditures	30,064,312	31,454,610	34,892,297	36,002,610	36,318,885
Excess of revenues over (under) expenditures	(625,831)	42,546	(1,417,459)	(864,098)	441,849
Other financing sources		-	4,917	203,298	-
Fund balance, July 1	13,134,558	12,508,727	12,551,273	11,138,731	10,477,931
Fund Balance, June 30	\$ 12,508,727	\$ 12,551,273	\$ 11,138,731	\$ 10,477,931	\$ 10,919,780

For the Year Ended June 30,	2014	2015	2016	2017	2018
Nonspendable	\$ 120,915	\$ 77,231	\$ 92,348	\$ 81,513	\$ 196,274
Reserved/restricted for					
Staff development	31,944	70,515	149,135	199,312	263,098
Operating capital	2,612,930	2,497,971	2,544,091	2,225,980	2,147,068
Deferred maintenance	63,449	57,437	163,061	-	-
Health and safety	(85,013)	(45,255)	(40,795)	-	-
Gifted and talented	53,654	39,426	40,619	24,360	-
Area learning center	-	-	-	-	49,835
Basic skills	-	-	-	-	15,672
Basic skills extended time	-	-	-	-	16,911
LTFM	-	-	-	606,617	408,023
Medical Assistance	-	-	-	7,057	8,651
Committed for					
Seperation Benefits	695,993	699,936	703,394	812,308	941,283
Assigned for					
Student activities	102,958	138,627	161,061	124,117	119,773
Q-Comp	53,235	80,869	123,419	161,349	226,244
Technology	410,504	115,278	37,264	48,463	57,595
Building improvements	3,600,000	3,600,000	1,428,076	422,542	280,537
Program initiatives	400,000	700,000	741,731	649,982	649,982
Unassigned	4,448,158	4,519,238	4,995,327	5,114,331	5,538,834
Total	\$ 12,508,727	\$ 12,551,273	\$ 11,138,731	\$ 10,477,931	\$ 10,919,780

Fund balance increased by \$441,849, including a \$424,503 increase in the unassigned portion. The unassigned balance of \$5,538,834 represents slightly less than two months of expenditures (based on year 2018 levels) or 15.0% of the 2018 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**

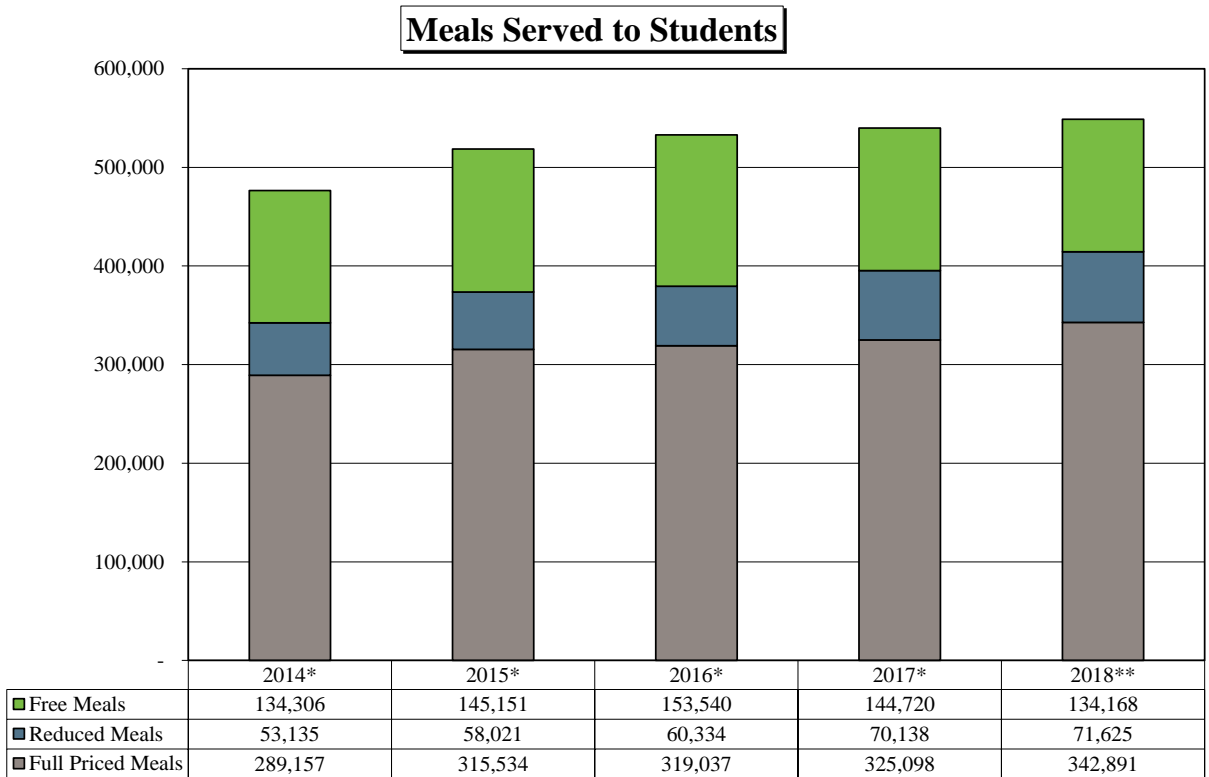
FOOD SERVICE FUND

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

For the Year Ended June 30,	2014	2015	2016	2017	2018
Revenues	\$ 1,533,309	\$ 1,694,727	\$ 1,780,006	\$ 1,872,834	\$ 1,894,240
Expenditures	1,630,740	1,660,046	1,772,360	1,792,621	1,884,315
Excess of revenues over (under) expenditures	(97,431)	34,681	7,646	80,213	9,925
Fund balance, July 1	446,263	348,832	383,513	391,159	471,372
Fund Balance, June 30	\$ 348,832	\$ 383,513	\$ 391,159	\$ 471,372	\$ 481,297

During the year ending June 30, 2018, revenues increased \$21,406 as a result of increased in lunch prices and increased meals served. Expenditures increased \$91,694 due to the purchase of condiment carts, braising pans, and digital signage. 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,	2014		2015		2016		2017		2018	
Revenues	\$	1,058,378	\$	1,225,924	\$	1,410,076	\$	1,480,860	\$	1,558,052
Expenditures		977,749		1,205,011		1,444,848		1,584,186		1,489,738
Excess of revenues over (under) expenditures		80,629		20,913		(34,772)		(103,326)		68,314
Fund balance, July 1		294,819		375,448		396,361		361,589		258,263
Fund Balance, June 30	\$	375,448	\$	396,361	\$	361,589	\$	258,263	\$	326,577

The Community Service Fund revenues exceeded expenditures for the third time in five years. During the year ending June 30, 2018, revenues increased 5.2% while expenditures decreased 6.0%. Revenues increased as a result of better collection of preschool fees and a reduction in scholarships for preschool attendance. Expenditures decreased due to a reduction in positions at the Tiger Club. 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

The formula allowance for 2018 General Education Aid was increased \$121 (2%) to \$6,188. For 2019, the formula allowance is set at \$6,312, which is also an increase of 2%.

COMPENSATORY REVENUE

The compensatory pilot grants have been added permanently to regular compensatory revenue at the 2017 level. A percentage of the total compensatory revenue (regular plus pilot grant) must be used for extended time activities. These percentages are 3.5% for 2019 and for 2020 and later it will be 3.5% plus the percentage change in the formula from 2019.

STUDENT ACHIEVEMENT LEVY

The Student Achievement Levy eliminated for 2019.

LEAD IN SCHOOL DRINKING WATER

By July 1, 2018, districts will be required to begin testing school water for lead. Testing must be completed for all schools within five years. School districts and charter schools must adopt a plan to test school water for lead at least every five years. Lead test results must be made available to the public and parents must be notified when this information is available.

The testing may be included in the ten year facilities plans and districts can use long-term facilities maintenance revenue for lead testing and remediation costs.

PAYMENTS TO NONOPERATING FUNDS

The payment schedule for nonoperating fund aids is moving to six monthly installments from July through December rather than 12 monthly installments.

SCHOOL BUILDING BOND AGRICULTURAL CREDIT

Effective for taxes payable in 2018, there will be a property tax credit on all property classified as agricultural. The credit will be equal to 40% of the tax on the property attributable to school district bonded debt levies. Total amounts available will be \$34.8 million in 2019, \$45.2 million in 2020, and \$52.5 million in 2021.

Independent School District No. 477
Legislative Summary

LONG-TERM FACILITIES MAINTENANCE REVENUE

The per pupil revenue increases from \$193/APU to \$292 for 2018 and \$380 for 2019 and later. Equalized revenue is limited to \$292 for 2018 and \$380 for 2019 and later. LTFM revenue may be used for remodeling and new construction for school security enhancements, and equipment and facility modifications related to violence prevention and facility security for projects in the LTFM plan approved in 2019 or 2020.

EQUITY REVENUE

Starting in 2017 through 2019, nonmetro school district are eligible for a 16% increase in the sliding portion of their equity revenue. The seven county metro area schools continue to receive a 25% increase over their initial calculation for revenue.

Beginning in 2020, all districts will receive the same 25% increase over the initial calculation for revenue.

SPECIAL EDUCATION

An adjustment to the prior year data and the fiscal year 2016 old formula revenue base used to calculate the hold harmless and growth cap will be necessary for closed or restructured programs.

Although there was a change in Federal law removing student awaiting foster care from the definition of "homeless", these students will still be included in the special education funding calculations.

VOLUNTARY PREKINDERGARTEN (VPK)/SCHOOL READINESS PLUS

This program changes the VPK cap from a limit on the total state aid entitlement to a limit on the number of participants. The cap for VPK and school readiness plus will be 7,160 for 2019. The new school readiness plus program continues for 2019. After 2019 the school readiness plus will be eliminated and the cap for VPK will be 3,160 participants.

EMERGENCY SCHOOL FUNDING

One-time additional school aid was approved effective for 2019 only. The aid equals \$57.73 per 2018 adjusted ADM for school districts and charter schools (\$50 million total). The aid will be paid out with the school endowment fund payment in September 2018. Aid may be used for student and staff safety or any other school-related purpose as deemed appropriate by the school board.

STAFF DEVELOPMENT SET-ASIDE WAIVER

For 2019 only, school boards may waive the 2% staff development set aside requirement or establish a different percentage reserve by board resolution without a majority vote by the licensed teachers in the District.

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

COMMUNITY SERVICE FUND TRANSFER

For 2019, Districts may permanently transfer any amount approved by the Commissioner from the restricted/reserved for community education fund balance to its undesignated fund balance.

SAFE SCHOOLS REVENUE

Revenue is increased from \$36 to \$54/PU for 2019 and to \$41.50/PU for 2020 and later with a maximum revenue of \$30,000 per District for 2019 and later. Districts must annually report safe schools expenditures to MDE by area and any new staff positions hired beginning in 2019.

Q COMP

The cap on basic Q Comp aid remains at \$88,118,000 but allows the commissioner to prorate aid for existing districts and schools. Due to enrollment growth, proration is projected to be 98.8%. Districts will be able to levy for the projected basic aid shortfall.

SCHOOL SAFETY GRANTS

The house and senate approved \$25 million in total grants to be funded from the State General Fund in 2019. Grants will be awarded by MDE on a first-come, first-serve basis, in consultation with the Department of Public Safety's Minnesota School Safety Center. Grants maybe used to predesign, design, construct, furnish and equip school facilities including renovating and expanding existing buildings and facilities. Grant awards are limited to \$500,000 for each qualifying school building. At least half of the grants must be awarded to school districts outside the 11 county metro area.

PENSION BILL

Augmentation has been eliminated for TRA members after 12/31/17, and early retirement subsidies have been phased out.

Post-retirement cost of living adjustments (COLAs) have been reduced –

- 1) TRA – lowers the COLA from 2% to 1% for 5 years; then the rate will increase by 0.1% each year until it reaches 1.5%
- 2) PERA – the increase will be 50% of the increase for Social Security announced January 1, but not less than 0.5% or more than 1.5%
- 3) Defers commencement of COLA for early retirees

The rate of interest paid on refunds of employee contributions to former employees has been reduced from 4% to 3%. TRA required contributions have increased to 7.75% for employees effective FY2024. Required employer contributions will increase 0.21% for FY 2019 to FY 2023 and 0.2% in FY2024 until a required contribution rate of 8.75% is reached.

Pension adjustment revenue will increase to match the required contribution increases.

Independent School District No. 477
Emerging Issues

Executive Summary

The following is an executive summary of financial 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. 84 – Fiduciary Activities** – GASB has issued GASB Statement No. 84 relating to accounting and financial reporting for fiduciary activities. This new statement establishes clarity to determine when a government has fiduciary responsibility for a certain activity.
- **Accounting Standard Update – GASB Statement No. 87 – Leases** – GASB has issued GASB Statement No. 87 relating to accounting and financial reporting for leases. This new statement establishes a single model for lease accounting based on the principle that leases are financing of the right to use an underlying asset.

The following are extensive summaries 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 this issue with you further and their applicability to your District.

ACCOUNTING STANDARD UPDATE – GASB STATEMENT NO. 84 – *FIDUCIARY ACTIVITIES*

The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less.

GASB Statement No. 84 describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets.

Independent School District No. 477
Emerging Issues

ACCOUNTING STANDARD UPDATE – GASB STATEMENT NO. 84 – FIDUCIARY ACTIVITIES (CONTINUED)

GASB Statement No. 84 is effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.

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

ACCOUNTING STANDARD UPDATE – GASB STATEMENT NO. 87 – LEASES

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Any contract that meets this definition should be accounted for under the leases guidance, unless specifically excluded in this Statement.

A short-term lease is defined as a lease that, at the commencement of the lease term, has a maximum possible term under the lease contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised. Lessees and lessors should recognize short-term lease payments as outflows of resources or inflows of resources, respectively, based on the payment provisions of the lease contract.

A lessee should recognize a lease liability and a lease asset at the commencement of the lease term, unless the lease is a short-term lease or it transfers ownership of the underlying asset. The lease liability should be measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease asset should be measured at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. A lessee should reduce the lease liability as payments are made and recognize an outflow of resources (for example, expense) for interest on the liability. The lessee should amortize the lease asset in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset. The notes to financial statements should include a description of leasing arrangements, the amount of lease assets recognized, and a schedule of future lease payments to be made.

Independent School District No. 477
Emerging Issues

ACCOUNTING STANDARD UPDATE – GASB STATEMENT NO. 87 – LEASES
(CONTINUED)

A lessor should recognize a lease receivable and a deferred inflow of resources at the commencement of the lease term, with certain exceptions for leases of assets held as investments, certain regulated leases, short-term leases, and leases that transfer ownership of the underlying asset. A lessor should not derecognize the asset underlying the lease. The lease receivable should be measured at the present value of lease payments expected to be received during the lease term. The deferred inflow of resources should be measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods. A lessor should recognize interest revenue on the lease receivable and an inflow of resources (for example, revenue) from the deferred inflows of resources in a systematic and rational manner over the term of the lease. The notes to financial statements should include a description of leasing arrangements and the total amount of inflows of resources recognized from leases.

GASB Statement No. 87 is effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

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

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

Financial Statements

June 30, 2018



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**Independent School District No. 477
Board of Education and Administration
June 30, 2018**

<u>Board of Education</u>	<u>Position</u>	<u>Term Expires</u>
Eric Minks	Chairperson	January 1, 2019
Eric Strandberg	Vice Chairperson	January 1, 2021
Howard Vaillancourt	Treasurer	January 1, 2021
Sue VanHooser	Clerk	January 1, 2021
Craig Johnson	Director	January 1, 2019
Deb Ulm	Director	January 1, 2019
Chad Young	Director	January 1, 2021
<u>Administration</u>		
Julia Espe	Superintendent	
Michelle Czech	Director of Business Services	

Independent Auditor's Report

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

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, 2018, and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

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.

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.

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.

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 in the first paragraph 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, 2018, 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.

Implementation of GASB 75

As discussed in Note 8 to the financial statements, the District has adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Our opinion is not modified with respect to this matter.

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 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 U.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 (Continued)

Other Information (Continued)

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 26, 2018, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "BergankDV, Ltd." in a cursive, slightly slanted script.

St. Cloud, Minnesota
October 26, 2018

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, 2018. 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 2017-18 year include the following:

- The District, during 2017-2018, using Long Term Facility Maintenance, was able to perform maintenance on tennis courts, roofs, heating and cooling systems.
- The District finalized purchasing property from the City of Princeton that used to be the City Police Department. The District now utilizes that space for District Center staff and the Onward Program for special needs students. Part of the District Center is in space the District is renting for 18 years from the city due to a renovation agreement between the two entities.
- In 2017 we ended with 3,201.58 ADM's and in 2018 we ended with 3,323.29 ADM's, which is a significant gain of 121.17 ADM's from the previous year.
- The District's unassigned fund balance increased by \$424,503 which makes the unassigned fund balance at 16.4% of our unassigned budgeted expenses for 2019. The School Board's policy requires the unassigned fund balance to be at least 10%.
- The District's assigned fund balance decreased by \$72,322. These are assigned funds for specific program needs and are considered one time funds. This decrease was due to planned spending on our building projects and onetime expenses in program initiatives (Spanish Immersion, ALC, Online, etc.).
- The District's restricted/reserved fund balances decreased by \$154,068. These funds are required by the state to be set aside for a specific purpose. The decrease was largely due to Long Term Facility Maintenance projects starting in the summer of 2017 which crosses two fiscal years.

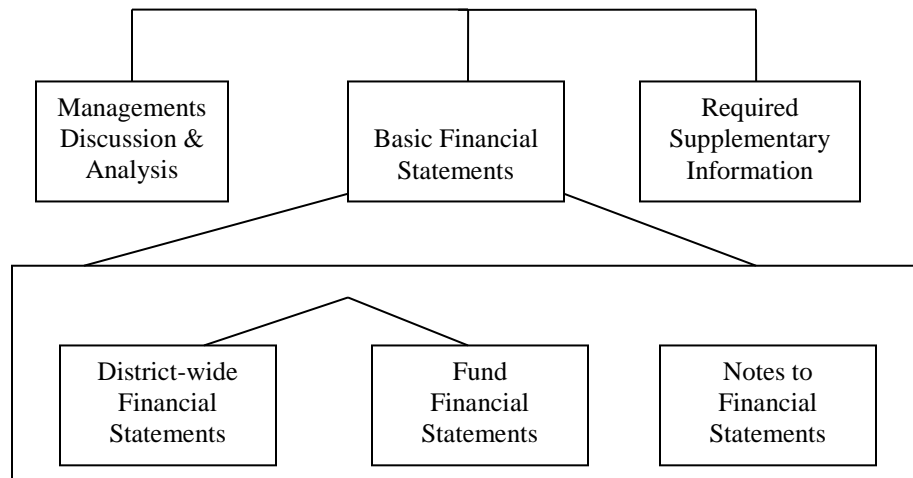
Independent School District No. 477 Management's Discussion And Analysis

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, and 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

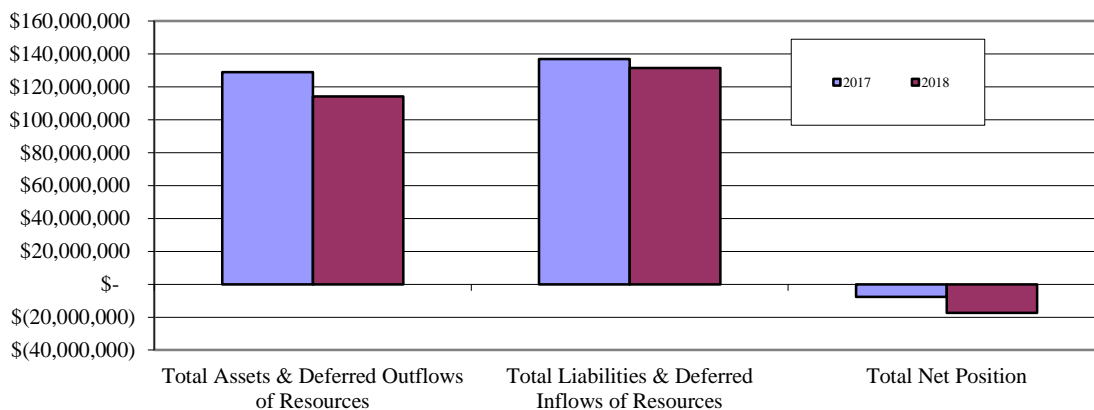
The District's combined net position was (\$17,442,185) on June 30, 2018 (see details in Table A-1). The net position continues to erode because of the recognition of PERA and TRA pension liabilities. It is important to note that the District withholds pension liabilities as required by law and forwards to the appropriate pension entity. The District does not pay out pensions as that is the responsibility of the pension entity, yet we are required by law to recognize this liability on the District's financial statements.

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

DISTRICT-WIDE STATEMENTS (CONTINUED)

**TABLE A-1
FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

	2017	2018
Assets		
Current assets	\$ 26,986,230	\$ 23,380,416
Capital assets	57,698,821	56,737,773
Total assets	<u>84,685,051</u>	<u>80,118,189</u>
Deferred Outflows of Resources	<u>44,351,661</u>	<u>33,965,287</u>
 Total assets and deferred outflows of resources	 <u>\$ 129,036,712</u>	 <u>\$ 114,083,476</u>
Liabilities		
Current liabilities	\$ 4,438,763	\$ 4,581,571
Long-term liabilities	125,016,696	110,078,908
Total liabilities	<u>129,455,459</u>	<u>114,660,479</u>
Deferred Inflows of Resources	<u>7,368,087</u>	<u>16,865,182</u>
Net Position		
Net investment in capital assets	9,972,076	11,445,032
Restricted net position	3,883,302	3,900,417
Unrestricted net position	(21,642,212)	(32,787,634)
Total net position	<u>(7,786,834)</u>	<u>(17,442,185)</u>
 Total liabilities, deferred inflows of resources, and net position	 <u>\$ 129,036,712</u>	 <u>\$ 114,083,476</u>



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

DISTRICT-WIDE STATEMENTS (CONTINUED)

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

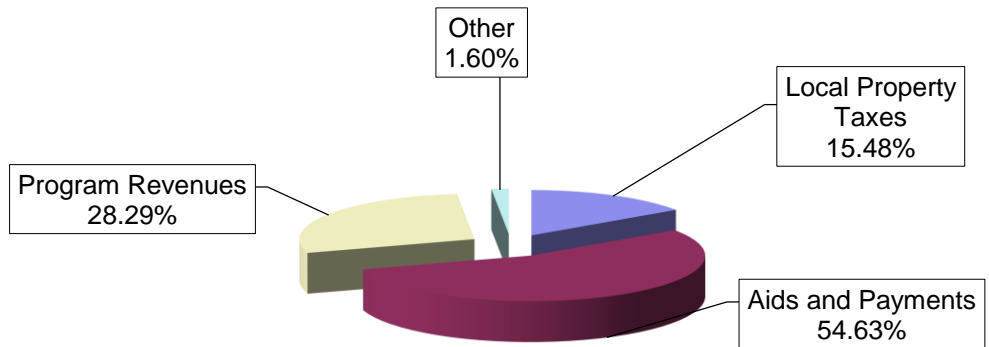
	Year	
	2017	2018
Revenues		
Program revenues		
Charges for services	\$ 2,530,100	\$ 2,588,166
Operating grants and contributions	8,069,384	9,064,694
Capital grants and contributions	1,406,113	792,363
General revenues		
Property taxes	6,938,232	6,810,389
Aids and payments from the state	22,753,990	24,026,178
Other sources	1,514,199	702,046
Total revenues	<u>43,212,018</u>	<u>43,983,836</u>
Expenses		
Administration	1,946,464	1,959,842
District support services	1,362,160	1,421,227
Elementary and secondary regular education	21,648,489	21,373,832
Vocational education	547,431	748,095
Special education	7,860,930	8,094,420
Instructional support services	2,656,202	2,587,508
Pupil support services	3,860,425	4,029,435
Site, buildings, and equipment	6,297,179	3,896,079
Fiscal and other fixed cost programs	117,462	125,126
Food Service	1,845,167	1,894,563
Community education and services	1,890,949	1,742,540
Unallocated depreciation	922,485	1,266,981
Interest and fiscal charges - long-term debt	1,718,444	1,541,601
Total expenses	<u>52,673,787</u>	<u>50,681,249</u>
Change in net position	(9,461,769)	(6,697,413)
Net Position		
Beginning	1,674,935	(7,786,834)
Change in accounting principle	-	(2,957,938)
Beginning, as restated	<u>1,674,935</u>	<u>(10,744,772)</u>
Ending	<u>\$ (7,786,834)</u>	<u>\$ (17,442,185)</u>

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

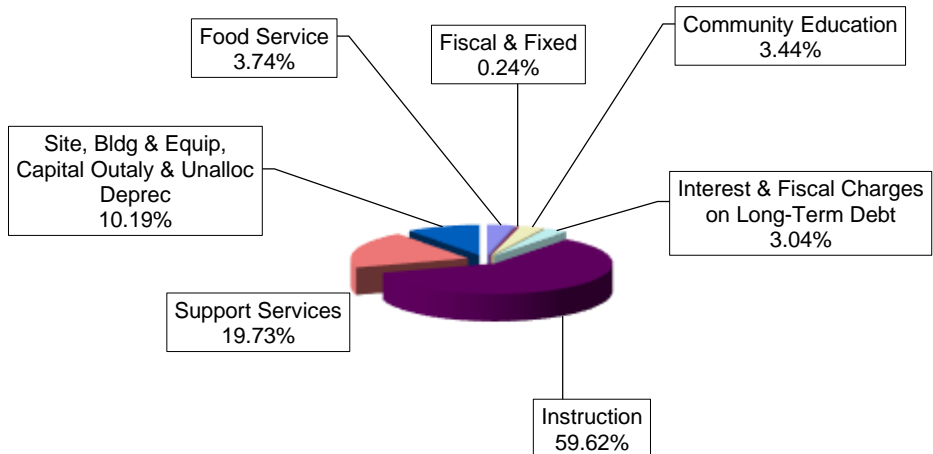
DISTRICT-WIDE STATEMENTS (CONTINUED)

The District's total revenue in 2018 consisted of program revenues of \$12,445,223, property taxes of \$6,810,389, aid payment from the State of Minnesota of \$24,026,178 and \$702,046 from miscellaneous other sources. 2018 expenses totaling \$50,681,249 consisted mainly of regular, vocational and special education instruction costs of \$30,216,347. Other areas of cost included: support services (District, administrative, instructional and pupil) \$9,998,012, site, buildings and equipment \$3,896,079, fiscal and other fixed-cost program \$125,126, food service \$1,894,563, community education and services \$1,742,540, unallocated depreciation \$1,266,981 and interest and fiscal charges on long-term debt \$1,541,601.

2018 Revenues Table A-3



2018 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

	2017		2018	
	Total Cost of Services	Net (Expense) Revenue	Total Cost of Services	Net (Expense) Revenue
Administration	\$ 1,946,464	\$ (1,929,731)	\$ 1,959,842	\$ (1,943,025)
District support services	1,362,160	(1,357,792)	1,421,227	(1,416,407)
Elementary and secondary				
Regular instruction	21,648,489	(18,331,694)	21,373,832	(17,846,342)
Vocational instruction	547,431	(464,924)	748,095	(676,403)
Special education instruction	7,860,930	(3,853,164)	8,094,420	(3,756,605)
Instructional support services	2,656,202	(2,577,462)	2,587,508	(2,033,611)
Pupil support services	3,860,425	(3,799,415)	4,029,435	(3,975,218)
Site, buildings, and equipment	6,297,179	(4,882,768)	3,896,079	(3,121,413)
Fiscal and other fixed-cost programs	117,462	(117,462)	125,126	(125,126)
Food service	1,845,167	23,877	1,894,563	(5,571)
Community education and services	1,890,949	(736,726)	1,742,540	(527,723)
Unallocated depreciation	922,485	(922,485)	1,266,981	(1,266,981)
Debt service:				
Interest and fiscal charges on long-term debt	1,718,444	(1,718,444)	1,541,601	(1,541,601)
Total	\$ 52,673,787	\$ (40,668,190)	\$ 50,681,249	\$ (38,236,026)

FUND BALANCE

The increase in the total general fund balance is due to increased enrollment that was not projected in the original budget and a special education funding increase. Past enrollment showed the District declining at a slow rate.

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the 2018 year, its governmental funds reported a combined fund balance of \$12,481,730. The combined fund balance decreased \$4,174,573 from 2017 due to advance bond refunding in which the District held funds in escrow for one year.

REVENUE AND EXPENDITURES

District's governmental funds revenue totaled \$44,017,588, while total expenditures were \$48,192,161. A summary of the revenues and expenditures reported on the governmental fund financial statements appears in Table A-6 on the next page.

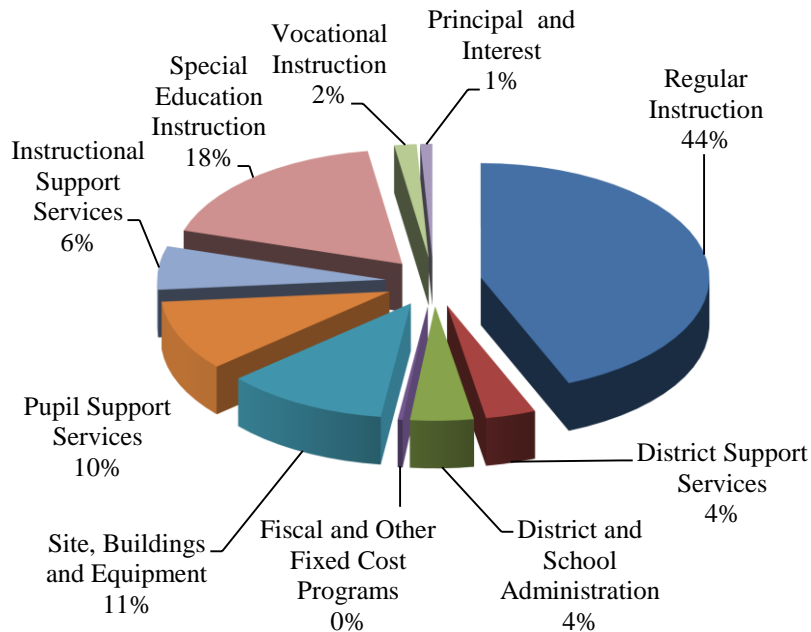
**Independent School District No. 477
Management's Discussion And Analysis**

REVENUE AND EXPENDITURES (CONTINUED)

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

	<u>Revenue</u>	<u>Expenditures</u>	<u>Fund Balance Increase</u>
General	\$ 36,760,734	\$ 36,318,885	\$ 441,849
Food Service	1,894,240	1,884,315	9,925
Community Service	1,558,052	1,489,738	68,314
Debt Service	3,803,299	8,473,926	(4,670,627)
Capital Projects	1,263	25,297	(24,034)
Total	<u>\$ 44,017,588</u>	<u>\$ 48,192,161</u>	<u>\$ (4,174,573)</u>

2018 General Fund Expenditures



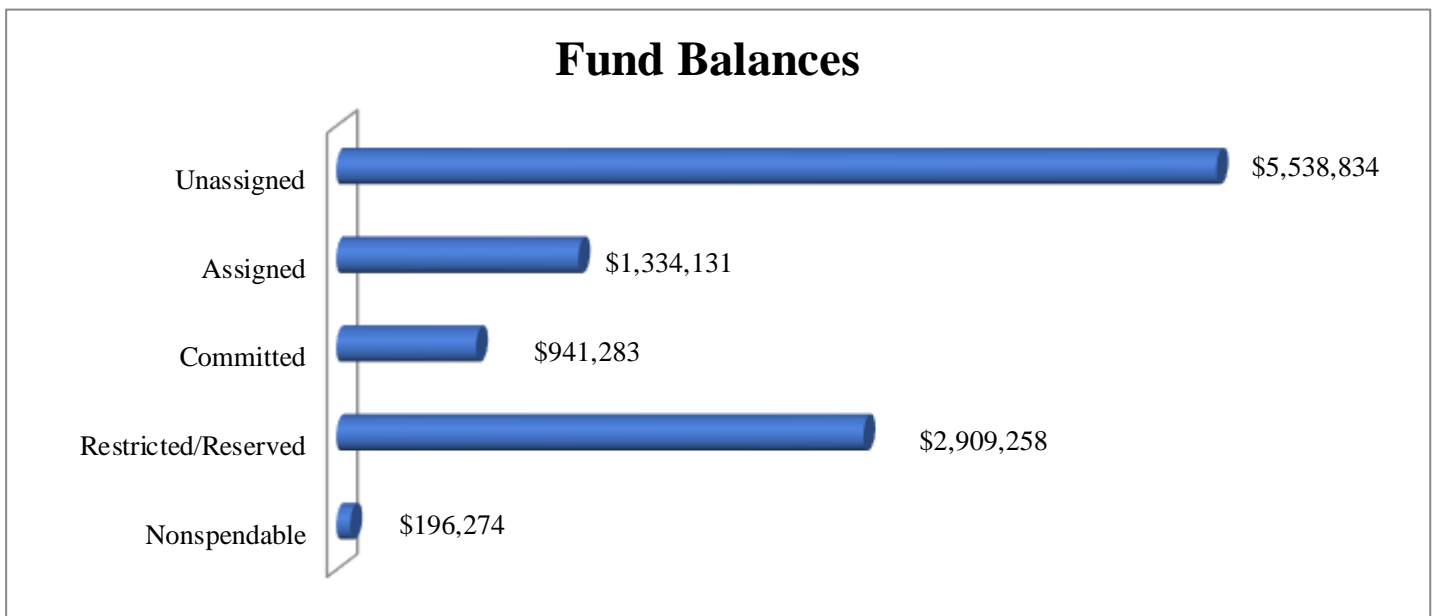
**Independent School District No. 477
Management's Discussion And Analysis**

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year ended June 30, 2018, 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 \$6,188 for the 2017-2018 school year. The District also has a board 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 up from the previous year, increasing the General Fund balance to \$10.9 million, with \$196,274 in non-spendable, \$2.9 million in restricted/reserved, \$941,283 in committed, \$1.3 million in assigned and \$5.5 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 \$987,991 before taking depreciation into consideration. This increase is due to site improvements, equipment purchases, property purchases, and the completion of construction. After taking depreciation into consideration, net capital assets decreased by \$961,048. More detailed information regarding capital assets can be found in Note 3 of the financial statements.

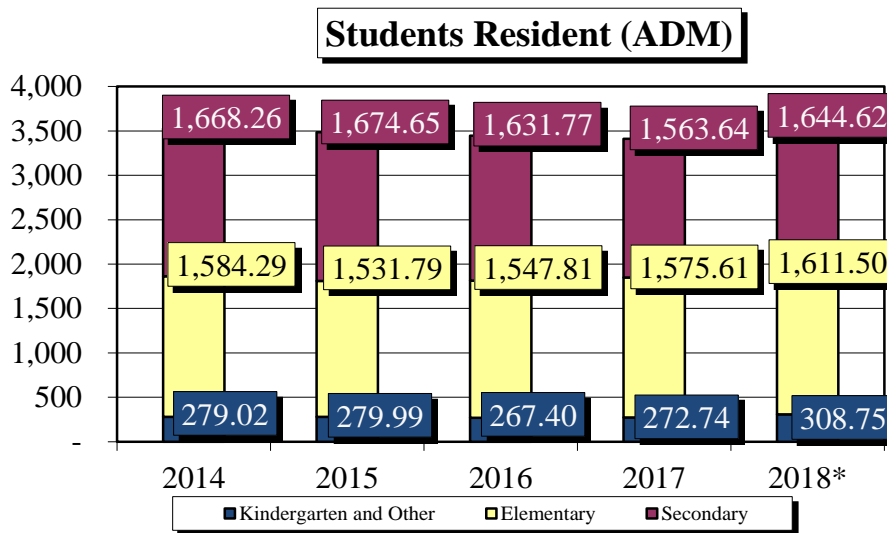
**Independent School District No. 477
Management's Discussion And Analysis**

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

Long – Term Debt

At year-end, the District had \$43,870,108 of long-term liabilities. This consisted of bonded indebtedness of \$41,660,000 and certificates of participation, capital lease and compensated absences payable of \$2,210,108. More detailed information regarding long-term liabilities can be found in Note 4 of the financial statements.

Table A-8 Students Resident (ADMs)



* Estimate

The District's resident average daily membership (ADM) increased in 2018 and is projected to increase in fiscal year 2019. The above graph illustrates this current trend.

FACTORS BEARING ON THE DISTRICT'S FUTURE

- The District has five buildings and even though the District's K-2 building has been replaced the District continues to look at the maintenance concerns regarding its other structures. A ten year facilities plan was completed in the spring of 2017 and will be used to determine the direction the District should go in order to update, replace, and maintain our other facilities. The largest projects on the facilities plan is the High School pool, High School technical education area located in 1970's pole sheds and the Middle School roof.
- The District conducted a demographic study in the spring-summer of 2013. Our enrollment decline began in the year of 2007 and the statistics showed the decline continuing for the next five years. In 2018 the District saw a significant increase in enrollment which had a positive financial impact on the District. The District will continue to review enrollment to see if a trend of enrollment increasing has started or if the 2018 increase was a one year blip.

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

FACTORS BEARING ON THE DISTRICT'S FUTURE (CONTINUED)

- In order to improve the performance of the District the following strategies were implemented over the last five years:
 - District continues to offer transportation to open enrolled students. 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 brought 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
 - STEAM Initiative at Middle School
 - ALC
 - Tigers in Training program
 - Marketing Audit
 - The District offers before and after school daycare.
 - The District offers all day everyday preschool opportunities.
 - We are continuing the marketing campaign that includes: flyers, Facebook, Twitter, Website and brand were addressed in 2017.

The District goal is to review these strategies over the next year and discuss the Districts “Big Rocks” and determine the best plan of action for improving the district’s performance.

- The District continues to plan for 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, 2018

	<u>Governmental Activities</u>
Assets	
Cash and investments (including cash equivalents)	\$ 15,099,668
Current property taxes receivable	3,408,510
Delinquent property taxes receivable	112,473
Accounts receivable	38,765
Interest receivable	36,134
Due from Department of Education	3,923,932
Due from Federal Government through Department of Education	201,921
Due from other Minnesota school districts	310,692
Inventory	64,999
Prepaid items	183,322
Capital assets not being depreciated	
Land	1,286,492
Construction in progress	15,219
Capital assets being depreciated	
Land improvements	5,990,648
Buildings	68,781,075
Machinery and equipment	4,457,677
Vehicles	331,974
Less accumulated depreciation	<u>(24,125,312)</u>
Total assets	<u>80,118,189</u>
Deferred Outflows of Resources	
Deferred outflows of resources related to OPEB	217,723
Deferred outflows of resources related to pensions	<u>33,747,564</u>
Total deferred outflows of resources	<u>33,965,287</u>
 Total assets and deferred outflows of resources	 <u><u>\$ 114,083,476</u></u>
Liabilities	
Accounts and contracts payable	\$ 1,127,035
Salaries and benefits payable	2,605,992
Interest payable	665,487
Due to other Minnesota school districts	52,568
Unearned revenue	130,489
Bond principal payable (net unamortized premium)	
Payable within one year	2,160,000
Payable after one year	41,255,788
Certificates of participation	
Payable within one year	190,000
Payable after one year	1,570,000
Capital Lease Payable:	
Payable within one year	38,025
Payable after one year	78,928
Compensated absences payable	
Payable within one year	37,510
Payable after one year	295,645
Total OPEB obligation	3,648,546
Net pension liability	<u>60,804,466</u>
Total liabilities	<u>114,660,479</u>
Deferred Inflows of Resources	
Property taxes levied for subsequent year's expenditures	6,870,129
Deferred inflows of resources related to pensions	<u>9,995,053</u>
Total deferred inflows of resources	<u>16,865,182</u>
Net Position	
Net investment in capital assets	11,445,032
Restricted for	
Debt service	177,968
Other purposes	3,722,449
Unrestricted	<u>(32,787,634)</u>
Total net position	<u>(17,442,185)</u>
 Total liabilities, deferred inflows of resources, and net position	 <u><u>\$ 114,083,476</u></u>

See notes to financial statements.

Independent School District No. 477
Statement of Activities
Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities					
Administration	\$ 1,959,842	\$ 16,817	\$ -	\$ -	\$ (1,943,025)
District support services	1,421,227	-	4,820	-	(1,416,407)
Elementary and secondary regular instruction	21,373,832	649,875	2,877,615	-	(17,846,342)
Vocational education instruction	748,095	-	71,692	-	(676,403)
Special education instruction	8,094,420	87,738	4,250,077	-	(3,756,605)
Instructional support services	2,587,508	24,458	529,439	-	(2,033,611)
Pupil support services	4,029,435	15,594	38,623	-	(3,975,218)
Sites and buildings	3,896,079	-	-	774,666	(3,121,413)
Fiscal and other fixed cost programs	125,126	-	-	-	(125,126)
Food service	1,894,563	870,157	1,001,138	17,697	(5,571)
Community education and services	1,742,540	923,527	291,290	-	(527,723)
Unallocated depreciation	1,266,981	-	-	-	(1,266,981)
Interest and fiscal charges on long-term debt	1,541,601	-	-	-	(1,541,601)
Total governmental activities	\$ 50,681,249	\$ 2,588,166	\$ 9,064,694	\$ 792,363	(38,236,026)
General Revenues					
Taxes					
					3,221,271
					319,900
					3,269,218
					24,026,178
					480,701
					221,345
					31,538,613
Change in net position					(6,697,413)
Net position - beginning					(7,786,834)
Change in accounting principle (Note 8)					(2,957,938)
Net position - beginning, as restated					(10,744,772)
Net position - ending					\$ (17,442,185)

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Independent School District No. 477
Balance Sheet - Governmental Funds
June 30, 2018

	General	Debt Service	Other Nonmajor Funds	Total Governmental Funds
Assets				
Cash and investments	\$ 11,633,088	\$ 2,410,269	\$ 1,056,311	\$ 15,099,668
Current property taxes receivable	1,598,489	1,640,538	169,483	3,408,510
Delinquent property taxes receivable	50,785	56,371	5,317	112,473
Accounts receivable	4,701	-	34,064	38,765
Interest receivable	36,134	-	-	36,134
Due from Department of Education	3,842,446	44,836	36,650	3,923,932
Due from Federal Government through Department of Education	166,075	-	35,846	201,921
Due from other Minnesota school districts	310,692	-	-	310,692
Inventory	15,484	-	49,515	64,999
Prepaid items	180,790	-	2,532	183,322
Total assets	<u>\$ 17,838,684</u>	<u>\$ 4,152,014</u>	<u>\$ 1,389,718</u>	<u>\$ 23,380,416</u>
Liabilities				
Accounts and contracts payable	\$ 1,044,984	\$ -	\$ 82,051	\$ 1,127,035
Salaries and benefits payable	2,573,673	-	32,319	2,605,992
Due to other Minnesota school districts	52,568	-	-	52,568
Unearned revenue	28,509	-	101,980	130,489
Total liabilities	<u>3,699,734</u>	<u>-</u>	<u>216,350</u>	<u>3,916,084</u>
Deferred Inflows of Resources				
Unavailable revenue - delinquent property taxes	50,785	56,371	5,317	112,473
Property taxes levied for subsequent year's expenditures	3,168,385	3,341,567	360,177	6,870,129
Total deferred inflows of resources	<u>3,219,170</u>	<u>3,397,938</u>	<u>365,494</u>	<u>6,982,602</u>
Fund Balances				
Nonspendable	196,274	-	52,047	248,321
Restricted	2,909,258	754,076	755,827	4,419,161
Committed	941,283	-	-	941,283
Assigned	1,334,131	-	-	1,334,131
Unassigned	5,538,834	-	-	5,538,834
Total fund balances	<u>10,919,780</u>	<u>754,076</u>	<u>807,874</u>	<u>12,481,730</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 17,838,684</u>	<u>\$ 4,152,014</u>	<u>\$ 1,389,718</u>	<u>\$ 23,380,416</u>

See notes to financial statements.

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**Independent School District No. 477
Reconciliation of the Balance Sheet to
the Statement of Net Position - Governmental Funds
June 30, 2018**

Total fund balances - governmental funds \$ 12,481,730

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	80,863,085
Less accumulated depreciation	(24,125,312)

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	(41,660,000)
Premium on bonds payable	(1,755,788)
Certificates of participation	(1,760,000)
Capital lease payable	(116,953)
Compensated absences payable	(333,155)
OPEB obligation	(3,648,546)
Net pension liability	(60,804,466)

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

Deferred outflows of resources related to OPEB	217,723
Deferred outflows of resources related to pensions	33,747,564
Deferred inflows of resources related to pensions	(9,995,053)

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.

112,473

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

(665,487)

Total net position - governmental activities

\$ (17,442,185)

Independent School District No. 477
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds
Year Ended June 30, 2018

	General	Debt Service	Other Nonmajor Funds	Total Governmental Funds
Revenues				
Local property taxes	\$ 3,232,904	\$ 3,281,982	\$ 321,056	\$ 6,835,942
Other local and county revenues	1,278,868	56,340	943,571	2,278,779
Revenue from state sources	31,360,064	464,977	422,728	32,247,769
Revenue from federal sources	837,818	-	896,293	1,734,111
Sales and other conversion of assets	51,080	-	869,907	920,987
Total revenues	<u>36,760,734</u>	<u>3,803,299</u>	<u>3,453,555</u>	<u>44,017,588</u>
Expenditures				
Current				
Administration	1,628,007	-	-	1,628,007
District support services	1,281,366	-	-	1,281,366
Elementary and secondary regular Instruction	15,749,321	-	-	15,749,321
Vocational education instruction	567,013	-	-	567,013
Special education instruction	6,472,951	-	-	6,472,951
Instructional support services	2,218,265	-	-	2,218,265
Pupil support services	3,556,486	-	-	3,556,486
Sites and buildings	3,322,069	-	25,297	3,347,366
Fiscal and other fixed cost programs	125,126	-	-	125,126
Food service	-	-	1,827,676	1,827,676
Community education and services	-	-	1,489,738	1,489,738
Capital outlay				
District support services	10,967	-	-	10,967
Elementary and secondary regular Instruction	129,039	-	-	129,039
Vocational education instruction	5,609	-	-	5,609
Special education instruction	8,665	-	-	8,665
Instructional support services	12,775	-	-	12,775
Pupil support services	67,451	-	-	67,451
Sites and buildings	856,692	-	-	856,692
Food service	-	-	56,639	56,639
Debt service				
Principal	222,098	6,650,000	-	6,872,098
Interest and fiscal charges	84,985	1,823,926	-	1,908,911
Total expenditures	<u>36,318,885</u>	<u>8,473,926</u>	<u>3,399,350</u>	<u>48,192,161</u>
Excess of revenues over (under) expenditures	441,849	(4,670,627)	54,205	(4,174,573)
Fund Balances				
Beginning of year	<u>10,477,931</u>	<u>5,424,703</u>	<u>753,669</u>	<u>16,656,303</u>
End of year	<u>\$ 10,919,780</u>	<u>\$ 754,076</u>	<u>\$ 807,874</u>	<u>\$ 12,481,730</u>

See notes to financial statements.

**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, 2018**

Net change in fund balances - total governmental funds \$ (4,174,573)

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	1,145,599
Depreciation expense	(2,104,734)
Disposal of capital assets	(1,913)

Compensated absences are recognized as paid in the governmental funds but
recognized as the expense is incurred in the Statement of Activities. (9,741)

Post employment benefit obligations are recognized as paid in the governmental
funds but recognized as the expense is incurred in the Statement of Activities. (100,565)

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. (8,665,341)

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. 6,872,098

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. 135,404

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. 231,906

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. (25,553)

Change in net position - governmental activities \$ (6,697,413)

Independent School District No. 477
Statement of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual - General Fund
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Local property taxes	\$ 3,117,009	\$ 3,137,009	\$ 3,232,904	\$ 95,895
Other local and county revenues	1,181,250	1,135,752	1,278,868	143,116
Revenue from state sources	29,737,690	30,346,064	31,360,064	1,014,000
Revenue from federal sources	656,801	659,442	837,818	178,376
Sales and other conversion of assets	-	51,080	51,080	-
Total revenues	<u>34,692,750</u>	<u>35,329,347</u>	<u>36,760,734</u>	<u>1,431,387</u>
Expenditures				
Current				
Administration	1,574,672	1,597,412	1,628,007	30,595
District support services	2,115,683	1,354,800	1,281,366	(73,434)
Elementary and secondary regular instruction	15,482,935	16,182,848	15,749,321	(433,527)
Vocational education instruction	392,434	474,080	567,013	92,933
Special education instruction	6,216,972	6,282,628	6,472,951	190,323
Instructional support services	2,258,180	2,329,821	2,218,265	(111,556)
Pupil support services	3,522,561	3,590,853	3,556,486	(34,367)
Sites and buildings	3,362,392	3,422,793	3,322,069	(100,724)
Fiscal and other fixed cost programs	125,000	125,000	125,126	126
Capital outlay				
District support services	7,300	7,300	10,967	3,667
Elementary and secondary regular instruction	125,700	125,700	129,039	3,339
Vocational education instruction	6,551	6,551	5,609	(942)
Special education instruction	-	-	8,665	8,665
Instructional support services	71,800	71,800	12,775	(59,025)
Pupil support services	60,000	60,000	67,451	7,451
Sites and buildings	491,000	1,007,686	856,692	(150,994)
Debt service				
Principal	226,000	226,000	222,098	(3,902)
Interest and fiscal charges	81,138	81,138	84,985	3,847
Total expenditures	<u>36,120,318</u>	<u>36,946,410</u>	<u>36,318,885</u>	<u>(627,525)</u>
Excess of revenues over (under) expenditures	<u>\$ (1,427,568)</u>	<u>\$ (1,617,063)</u>	441,849	<u>\$ 2,058,912</u>
Fund Balances				
Beginning of year			<u>10,477,931</u>	
End of year			<u>\$ 10,919,780</u>	

See notes to financial statements.

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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.

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)

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. 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 restricted resources first when an expenditure is incurred for a purpose for which both restricted and unrestricted fund balances are available. 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.

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.

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.

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. 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. Investments held investment pools are measured at amortized cost.

Cash and investments at June 30, 2018 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 MNTrust Term Series, and negotiable Certificates of Deposit. The MSDLAF and MNTrust securities are valued at amortized cost, which approximates fair value.

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.

Independent School District No. 477
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Deposits and Investments (Continued)

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.

In accordance with GASB Statement No. 79, the various MSDLAF and MNTrust securities are valued at amortized cost, which approximates fair value. There are no restrictions or limitations on withdrawals from the MSDLAF or MNTrust Investment Shares Portfolio. Investments in the MSDLAF MAX must be deposited for a minimum of 14 calendar days with the exception of direct investments of funds distributed by the State of Minnesota. Withdrawals prior to the 14-day restriction period may be subject to a penalty and there is a 24 hour hold on all requests for redemptions. Seven days' notice of redemption is required for withdrawals of investments in the MNTrust Term Series withdrawn prior to the maturity date of that series. A penalty could be assessed as necessary to recoup the Series for any charges, losses, and other costs attributable to the early redemption.

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 2017, less various components and their related adjustments as mandated by the state. These portions of that levy were recognized as revenue in fiscal year 2018. The remaining portion of the levy will be recognized when measurable and available.

G. Inventories

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.

Independent School District No. 477
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

A portion of property taxes levied is paid by the State of Minnesota through various tax credits, which are included in revenue from state sources in the financial statements.

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 20 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 two items that qualify for reporting in this category. Deferred outflow of resources relating to pension activity and deferred outflows of resources related to OPEB are reported in the Government-Wide Statement of Net Position. Deferred outflows of resources related to pensions and OPEB is recorded 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)

K. Deferred Outflows/Inflows of Resources (Continued)

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. Deferred inflows of resources related to pensions is recorded on the government-wide statements for various estimate differences that will be amortized and recognized over future years.

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.

Independent School District No. 477
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2018, the District had a balance for compensated absences payable, related to severance, of \$333,155.

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.

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.

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, 2018.

Independent School District No. 477
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 (resolution) 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.
- **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.

Independent School District No. 477
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Net Position

Net position represents the difference between assets and deferred outflows of resources; and 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.
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.

Independent School District No. 477
Notes to Financial Statements

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, 2018, 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

As of June 30, 2018 the District had the following pooled deposits:

Checking	\$ 215,023
MNTrust certificates of deposit	4,453,000
MNTrust savings deposit account	40,008
Total deposits	\$ 4,708,031

B. Investments

As of June 30, 2018, the District had the following investments:

Investment Type	Investment Maturity (In Years)		
	Fair Value	Less Than 1 Year	Rating
MSDLAF	\$ 751,998	\$ 751,998	AAA
MSDLAF MAX	3,067,023	3,067,023	AAA
MNTrust Investment Shares Portfolio	1,077,088	1,077,088	AAA
MNTrust Term Series	5,000,000	5,000,000	AAA
Negotiable Certificates of Deposit	495,528	495,528	N/A
Total investments	\$ 10,391,637	\$ 10,391,637	

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.

Independent School District No. 477
Notes to Financial Statements

NOTE 2 – DEPOSITS AND INVESTMENTS

B. Investments (Continued)

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 on previous page.

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, 2018:

- \$495,528 of investments are valued using significant other observable inputs (Level 2 inputs).

The following is a summary of total deposits and investments:

Deposits (Note 3. A.)	\$ 4,708,031
Investments (Note 3. B.)	<u>10,391,637</u>
Total deposits and investments	<u><u>\$ 15,099,668</u></u>

Deposits and investments at June 30, 2018, are presented as follows:

Statement of Net Position	
Cash and investments	<u><u>\$ 15,099,668</u></u>

Independent School District No. 477
Notes to Financial Statements

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 1,286,492	\$ -	\$ -	\$ 1,286,492
Construction in progress	-	15,219	-	15,219
Total capital assets not being depreciated	<u>1,286,492</u>	<u>15,219</u>	<u>-</u>	<u>1,301,711</u>
Capital assets Being depreciated				
Land improvements	5,757,435	233,213	-	5,990,648
Buildings	68,271,913	509,162	-	68,781,075
Furniture and equipment	4,286,757	328,528	157,608	4,457,677
Vehicles	272,497	59,477	-	331,974
Total capital assets being depreciated	<u>78,588,602</u>	<u>1,130,380</u>	<u>157,608</u>	<u>79,561,374</u>
Less accumulated Depreciation for				
Land improvements	1,239,257	263,790	-	1,503,047
Buildings	18,073,376	1,514,141	-	19,587,517
Furniture and equipment	2,635,353	306,965	155,695	2,786,623
Vehicles	228,287	19,838	-	248,125
Total accumulated depreciation	<u>22,176,273</u>	<u>2,104,734</u>	<u>155,695</u>	<u>24,125,312</u>
Total capital assets being depreciated, net	<u>56,412,329</u>	<u>(974,354)</u>	<u>1,913</u>	<u>55,436,062</u>
Governmental activities, capital assets, net	<u>\$ 57,698,821</u>	<u>\$ (959,135)</u>	<u>\$ 1,913</u>	<u>\$ 56,737,773</u>

Independent School District No. 477
Notes to Financial Statements

NOTE 3 – CAPITAL ASSETS (CONTINUED)

Depreciation expense of \$2,104,734 for the year ended June 30, 2018, was charged to the following governmental functions:

Administration	\$ 379
District support services	7,260
Elementary and secondary regular instruction	63,064
Vocational instruction	1,406
Special education instruction	1,973
Instructional support services	37,639
Pupil support	120,407
Sites and buildings	578,886
Food service	26,294
Community service	445
Unallocated	<u>1,266,981</u>
 Total depreciation expense	 <u><u>\$ 2,104,734</u></u>

NOTE 4 – LONG-TERM DEBT

A. Components of Long-Term Liabilities

	<u>Issue Date</u>	<u>Interest Rates</u>	<u>Original Issue</u>	<u>Final Maturity</u>	<u>Principal Outstanding</u>	<u>Due Within One year</u>
Long-term liabilities						
G.O. bonds including						
Refunding bonds						
2014A School Building						
Bonds	07/24/14	3.00%-4.00%	\$ 29,955,000	02/01/35	\$ 29,450,000	\$ 280,000
2014B School Building						
Refunding bonds	11/25/14	2.00%-5.00%	9,120,000	02/01/24	7,540,000	1,100,000
2016A Refunding Bonds	12/15/16	2.00%	4,670,000	02/01/24	<u>4,670,000</u>	<u>780,000</u>
Total G.O. bonds					<u>41,660,000</u>	<u>2,160,000</u>
 Certificates of participation	11/23/10	2.00%-4.50%	2,925,000	02/01/26	1,760,000	190,000
Capital lease obligations					116,953	38,025
Compensated absences payable					<u>333,155</u>	<u>37,510</u>
 Total all long-term liabilities					 <u><u>\$ 43,870,108</u></u>	 <u><u>\$ 2,425,535</u></u>

Long-term bond and certificates of participation liabilities listed above were issued to finance acquisition and construction of capital facilities or to refinance (refund) previous bond issues. Other long-term liabilities, including capital lease obligations and compensated absences, are typically paid from the General Fund.

Independent School District No. 477
Notes to Financial Statements

NOTE 4 – LONG-TERM DEBT (CONTINUED)

A. Components of Long-Term Liabilities (Continued)

On December 15, 2016, the District issued \$4,670,000 G.O. Refunding Bonds, Series 2016A for a refunding of the 2008A G.O. Alternative Facilities Bonds and the 2008B G.O. Capital Facilities Bonds. The net present value savings from the refunding was \$348,836 with an aggregate difference in debt service payments of \$371,582. The call date of the 2008A and 2009B Bonds was February 1, 2018.

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
2019	\$ 2,160,000	\$ 1,517,950	\$ 3,677,950
2020	2,235,000	1,438,950	3,673,950
2021	2,320,000	1,353,800	3,673,800
2022	2,405,000	1,264,800	3,669,800
2023	2,505,000	1,171,800	3,676,800
2024-2028	11,295,000	4,592,350	15,887,350
2029-2033	12,875,000	2,658,550	15,533,550
2034-2035	5,865,000	324,000	6,189,000
Total	<u>\$ 41,660,000</u>	<u>\$ 14,322,200</u>	<u>\$ 55,982,200</u>

Year Ending June 30,	Certificate of Participation		
	Principal	Interest	Total
2019	\$ 190,000	\$ 75,125	\$ 265,125
2020	200,000	67,525	267,525
2021	205,000	59,525	264,525
2022	215,000	51,325	266,325
2023	225,000	42,188	267,188
2024-2026	725,000	66,375	791,375
Total	<u>\$ 1,760,000</u>	<u>\$ 362,063</u>	<u>\$ 2,122,063</u>

Independent School District No. 477
Notes to Financial Statements

NOTE 4 – LONG-TERM DEBT (CONTINUED)

C. Changes in Long-Term Liabilities

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Long-term liabilities				
G.O. bonds	\$ 48,310,000	\$ -	\$ 6,650,000	\$ 41,660,000
Certificates of participation	1,945,000	-	185,000	1,760,000
Capital lease obligations	154,051	-	37,098	116,953
Compensated absences payable	323,414	26,207	16,466	333,155
	<u>\$ 50,732,465</u>	<u>\$ 26,207</u>	<u>\$ 6,888,564</u>	<u>\$ 43,870,108</u>

D. Capital Lease Obligation

On October 7, 2016, the District entered into a lease purchase agreement for the acquisition of a scoreboard. The capital lease obligations and corresponding equipment totaled \$195,000. The capital lease agreement included annual principal and interest payments of \$40,949, through 2021.

The assets acquired with the capital leases were as follows:

Carrying value	\$ 195,000
Less accumulated depreciation	<u>(13,870)</u>
Assets net of depreciation	<u>\$ 181,130</u>

The future minimum lease obligations and the net present value of these minimum lease payments were as follows:

<u>Year Ending June 30,</u>	
2019	\$ 40,950
2020	40,949
2021	40,950
Total minimum lease payments	<u>122,849</u>
Less amount representing interest	<u>(5,896)</u>
Present value of minimum lease payments	<u>\$ 116,953</u>

Independent School District No. 477
Notes to Financial Statements

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.

	General Fund	Debt Service	Other Nonmajor Funds	Total
Nonspendable for				
Inventory	\$ 15,484	\$ -	\$ 49,515	\$ 64,999
Prepaid Items	180,790	-	2,532	183,322
Total nonspendable	<u>196,274</u>	<u>-</u>	<u>52,047</u>	<u>248,321</u>
Restricted/reserved for				
Staff Development	263,098	-	-	263,098
Operating Capital	2,147,068	-	-	2,147,068
Area Learning Center	49,835	-	-	49,835
Basic Skills	15,672	-	-	15,672
Basic Skills Extended Time	16,911	-	-	16,911
LTFM	408,023	-	-	408,023
Medical Assistance	8,651	-	-	8,651
Community Education	-	-	146,768	146,768
Early Childhood and Family Education	-	-	113,730	113,730
School Readiness	-	-	65,121	65,121
Fund Purpose	-	754,076	430,208	1,184,284
Total restricted/reserved	<u>2,909,258</u>	<u>754,076</u>	<u>755,827</u>	<u>4,419,161</u>
Committed for				
Separation Benefits	941,283	-	-	941,283
Assigned for				
Q-Comp	226,244	-	-	226,244
Technology	57,595	-	-	57,595
Building Improvements	280,537	-	-	280,537
Program Initiatives	649,982	-	-	649,982
Student Activities	119,773	-	-	119,773
Total assigned	<u>1,334,131</u>	<u>-</u>	<u>-</u>	<u>1,334,131</u>
Unassigned	<u>5,538,834</u>	<u>-</u>	<u>-</u>	<u>5,538,834</u>
Total fund balance	<u>\$ 10,919,780</u>	<u>\$ 754,076</u>	<u>\$ 807,874</u>	<u>\$ 12,481,730</u>

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

Restricted/Reserved for Area Learning Center – This balance represents amounts restricted for students attending area learning centers. Each district that sends students to an area learning center must restrict an amount equal to the sum of 1) at least 90 and no more than 100 percent of the district average General Education Revenue per adjusted pupil unit minus an amount equal to the product of the formula allowance according to *Minnesota Statutes* 126C.10, subd. 2, times .0466, calculated without basic skills revenue, local optional revenue, and transportation sparsity revenue, times the number of pupil units attending a state-approved area learning center, plus (2) the amount of basic skills revenue generated by pupils attending the area learning center. The amount restricted may only be spent on program costs associated with the area learning center.

Restricted/Reserved for Basic Skills Programs – This balance represents resources available for the basic skills uses listed in *Minnesota Statutes* 126C.15, subd. 1.

Restricted/Reserved for Basic Skills Extended Time – This balance represents resources available for the basic skills extended time uses listed in *Minnesota Statutes* 126C.15, subd. 1.

Restricted/Reserved for Long-Term Facilities Maintenance (LTFM) – This balance represents available resources to be used for LTFM projects in accordance with the 10-year plan (*Minnesota Statutes* 123B.595, subd. 12).

Restricted/Reserved for Medical Assistance – This balance represents available resources to be used for medical assistance expenditures (*Minnesota Statutes* 125A.21, subd. 3).

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.

Independent School District No. 477
Notes to Financial Statements

NOTE 5 – FUND BALANCES/NET POSITION (CONTINUED)

A. Fund Balance (Continued)

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 and the remaining aggregate resources for community service programs after other restrictions are removed.

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.

**Independent School District No. 477
Notes to Financial Statements**

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

The District participates in various pension plans, total pension expense for the year ended June 30, 2018, was \$10,362,202. The components of pension expense are noted in the following plan summaries.

Teachers' Retirement Association

A. Plan Description

The Teachers Retirement Association (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 cities of Duluth and 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.

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 1 Benefits

Tier 1	Step Rate Formula	Percentage
Basic	First ten years of service	2.2% per year
	All years after	2.7% per year
Coordinated	First ten years if service years are up to July 1, 2006	1.2% per year
	First ten years if service years are 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 July 1, 2006, or after	1.9% per year

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)

Tier I Benefits (Continued)

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.

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.

**Independent School District No. 477
Notes to Financial Statements**

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

Teachers' Retirement Association (Continued)

C. Contribution Rate

Per *Minnesota Statutes*, Chapter 354 sets the contribution rates for employees and employers. Rates for each fiscal year ended June 30, 2016, June 30, 2017, and June 30, 2018, 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. Amounts are reported in thousands.

Employer contributions reported in TRA's CAFR Statement of Changes in Fiduciary Net Position		\$ 367,791
Deduct Employer contributions not related to future contribution efforts		810
Deduct TRA's contributions not included in allocation		(456)
Total employer contributions		368,145
Total non-employer contributions		35,588
Total contributions reported in schedule of employer and non-employer pension allocations		\$ 403,733

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. Actuarial Assumptions

The total pension liability in the June 30, 2017, 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, 2017
Experience study	June 5, 2015
	November 6, 2017 (economic assumptions)
Actuarial cost method	Entry Age Normal
Actuarial assumptions	
Investment rate of return	5.12%, from the single equivalent interest rate calculation
Price inflation	2.50%
Wage growth rate	2.85% for ten years and 3.25% thereafter
Projected salary increase	2.85% to 8.85% for ten years and 3.25% to 9.25% thereafter
Cost of living adjustment	2.00%

Mortality Assumption

Pre-retirement	RP 2014 white collar employee table, male rates set back six years and female rates set back five years. Generational projection uses the MP 2015 scale.
Post-retirement	RP 2014 white collar annuitant table, male rates set back three years and female rates set back three years, with further adjustments of the rates. Generational projections uses the MP 2015 scale.
Post-disability	RP 2014 disabled retiree mortality table, without adjustment.

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 table on following page.

**Independent School District No. 477
Notes to Financial Statements**

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

Teachers' Retirement Association (Continued)

D. Actuarial Assumptions (Continued)

<u>Asset Class</u>	<u>Target</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic stocks	39 %	5.10 %
International stocks	19	5.30
Bonds	20	0.75
Alternative assets	20	5.90
Unallocated cash	2	0.00
	<hr/>	
Total	<u>100 %</u>	

The TRA actuary has determined the average of the expected remaining services lives of all members for fiscal year 2016 is six years. The "Difference Between Expected and Actual Experience", "Changes of Assumptions", and "Changes in Proportion" use the amortization period of six 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 five years as required by GASB 68.

Changes in actuarial assumptions since the 2016 valuation:

- The cost of living adjustment (COLA) was assumed to increase from 2.0% annually to 2.5% annually on July 1, 2045.
- The COLA was not assumed to increase to 2.5% but remain at 2.0% for all future years.
- Adjustments were made to the combined service annuity loads. The active load was reduced from 1.4% to 0.0%, the vested inactive load increased from 4.0% to 7.0% and the non-vested inactive load increased from 4.0% to 9.0%.
- The investment return assumption was changed from 8.0% to 7.5%.
- The price inflation assumption was lowered from 2.75% to 2.5%.
- The payroll growth assumption was lowered from 3.5% to 3.0%.
- The general wage growth assumption was lowered from 3.5% to 2.85% for ten years followed by 3.25% thereafter.
- The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.

**Independent School District No. 477
Notes to Financial Statements**

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

Teachers' Retirement Association (Continued)

E. Discount Rate

The discount rate used to measure the total pension liability was 5.12%. This is an increase from the discount rate at the prior measurement date of 4.66%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal 2017 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 depleted in 2053 and, as a result, the Municipal Bond Index Rate was used in determination of the Single Equivalent Interest Rate (SEIR). The long-term expected rate of return (7.5%) was applied to periods before 2053 and the Municipal Bond Index Rate of 3.56% was applied to periods on and after 2053, resulting in a SEIR of 5.12%. There was a change in the Municipal Bond Index Rate from the prior year measurement date (3.01%).

F. Net Pension Liability

On June 30, 2018, the District reported a liability of \$55,473,881 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, 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. The District's proportionate share was 0.2779% at the end of the measurement period and 0.2740% 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	\$ 55,473,881
State's proportionate share of the net pension liability associated with the District	5,363,121

For the year ended June 30, 2018, the District recognized pension expense of \$9,673,966. It recognized \$102,861 as an increase to this pension expense for the support provided by direct aid.

**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)

On June 30, 2018, the District had deferred resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 436,552	\$ 389,526
Net difference between projected and actual earnings on plan investments	-	531,894
Changes of assumptions	29,744,051	7,771,015
Changes in proportion	783,451	126,870
Contributions to TRA subsequent to the measurement date	1,170,039	-
Total	\$ 32,134,093	\$ 8,819,305

\$1,170,039 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 reduction of the net pension liability in the year ended June 30, 2019.

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

2019	\$ 5,735,928
2020	6,739,199
2021	6,118,855
2022	5,027,545
2023	(1,476,778)
Total	\$ 22,144,749

**Independent School District No. 477
Notes to Financial Statements**

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

Teachers' Retirement Association (Continued)

G. Pension Liability Sensitivity

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 5.12% as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percent lower and 1 percent higher than the current rate.

District proportionate share of NPL		
1% decrease (4.12%)	Current (5.12%)	1% increase (6.12%)
\$ 73,214,834	\$ 55,473,881	\$ 40,516,100

The District'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.

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 plan is established and administered in accordance with *Minnesota Statutes* Chapters, 353 and 356. PERA's defined benefit pension plan is tax qualified plan under Section 401(a) of the Internal Revenue Code.

General Employees Retirement Fund (General Employees Plan)

All full-time and certain part-time employees of the District other than teachers are covered by the General Employees Plan. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

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. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public services.

Independent School District No. 477
Notes to Financial Statements

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

Public Employees' Retirement Association (Continued)

B. Benefits Provided (Continued)

General Employees Plan Benefits

General Employees Plan 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 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 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 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.

Benefit recipients will receive a future annual increase equal to 50 percent of the Social Security Cost of Living Adjustment, not less than 1.0 percent and not more than 1.5 percent, beginning January 1, 2019. For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches Normal Retirement Age (not applicable to Rule of 90 retirees, disability benefit recipients, or survivors). A benefit recipient who has been receiving a benefit for at least 12 full months as of June 30 will receive a full increase. Members receiving benefits for at least one month but less than 12 full months as of June 30 will receive a pro rata increase.

C. Contributions

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

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.5% of their annual covered salary in fiscal year 2018. The District was required to contribute 7.5% for Coordinated Plan members in the fiscal year 2018. The District's contributions to the General Employees Fund for the year ended June 30, 2018, were \$422,025. The District's contributions were equal to the required contributions as set by state statute.

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

General Employees Fund Pension Costs

At June 30, 2018, the District reported a liability of \$5,330,585 for its proportionate share of the General Employees Fund's net pension liability. The District's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million to the fund in 2017. The State of Minnesota is considered a non-employer contributing entity and the State's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the District totaled \$67,042. The net pension liability was measured as of June 30, 2017, 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, 2016, through June 30, 2017, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2017, the District's proportion was 0.0835%, which was an increase of 0.0026% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$688,236 for its proportionate share of General Employees Plans pension expense. Included in this amount, the District recognized \$1,936 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

At June 30, 2018, the District reported its proportionate share of deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, from the sources below:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual economic experience	\$ 175,680	\$ 333,035
Changes in actuarial assumptions	857,435	534,392
Difference between projected and actual investments earnings	-	259,163
Changes in proportion and differences between contributions made and District's proportionate share of contributions	158,331	49,158
District's contributions to PERA subsequent to the measurement date	<u>422,025</u>	<u>-</u>
Total	<u><u>\$ 1,613,471</u></u>	<u><u>\$ 1,175,748</u></u>

**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)

\$422,025 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Pension Expense Amount
2019	\$ (32,928)
2020	330,695
2021	(55,795)
2022	(226,274)
Total	<u>\$ 15,698</u>

E. Actuarial Assumptions

The total pension liability in the June 30, 2017, actuarial valuation was determined using the entry age normal actuarial cost method and the following actuarial assumptions:

Inflation	2.50 % Per year
Active member payroll growth	3.25 Per year
Investment rate of return	7.50

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants were based on RP 2014 tables for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases for retirees are assumed to be 1% per year for the General Employees Plan through 2044 and then 2.5% thereafter.

Actuarial assumptions used in the June 30, 2017, valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2015.

**Independent School District No. 477
Notes to Financial Statements**

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

Public Employees' Retirement Association (Continued)

F. Actuarial Assumptions (Continued)

The following changes in actuarial assumptions occurred in 2017:

- The Combined Service Annuity (CSA) loads were changed from 0.8% for active members and 60% for vested and non-vested deferred members. The revised CSA loads are now 0.0% for active member liability, 15.0% for vested deferred member liability, and 3.0% for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.0% per year for all years to 1.0% per year through 2044 and 2.5% per year thereafter.

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 using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages.

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

Asset Class	Target Allocation	Long-Term
Domestic stocks	39%	5.10%
Internal stocks	19%	5.30
Bonds	20%	0.75
Alternative assets	20%	5.90
Cash	2%	0.00
Total	<u>100%</u>	

F. Discount Rate

The discount rate used to measure the total pension liability in 2017 was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in *Minnesota Statutes*. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Independent School District No. 477
Notes to Financial Statements**

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

Public Employees' Retirement Association (Continued)

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 (6.5%)	Discount Rate (7.5%)	1% Increase in Discount Rate (8.5%)
District's proportionate share of the PERA net pension liability	\$ 8,268,133	\$ 5,330,585	\$ 2,925,668

H. Pension Plan Fiduciary Net Position

Detailed information about the General Employees Fund's fiduciary net position is available in a separately-issued PERA financial report that includes the financial statements and required supplementary information. That report may be obtained on the Internet at www.mnpera.org.

NOTE 7 – POST EMPLOYMENT HEALTH CARE PLAN

A. Plan Description

The District's defined benefit OPEB plan provides a single-employer defined benefit health care plan to eligible retirees. The plan offers medical coverage. Medical coverage is administered by Blue Cross Blue Shield. 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. No assets are acclimated in a trust.

B. Benefits Paid

Teachers who apply for early retirement shall remain eligible to receive certain health insurance benefits until the end of the school year in which the teacher becomes Medicare eligible. Full vesting of such amounts occurs upon attaining 56 years of age.

C. Members

As of June 30, 2018, the following were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	16
Active employees	431
	447
Total	447

Independent School District No. 477
Notes to Financial Statements

NOTE 7 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

D. Contributions

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 Blue Cross Blue Shield. The required contributions are based on projected pay-as-you-go financing requirements. For the year 2018, the District contributed \$217,723 to the plan.

E. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Key Methods and Assumptions Used in Valuation of Total OPEB Liability

Investment rate of return	3.40%, net of investment expense
Salary increases	3.00%, including inflation
Inflation	2.50%
Healthcare cost trend increases	6.5% initially, grading to 5.0% over 6 years
Mortality Assumption	RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale

The actuarial assumptions used in the June 30, 2016, valuation were based on the results of an actuarial experience study for the period July 1, 2016 – June 30, 2017.

The discount rate used to measure the total OPEB liability was 3.4% based on 20-Year Municipal Bond Yield.

F. Total OPEB Liability

The District's total OPEB liability of \$3,648,546 was measured as of June 30, 2017, and was determined by an actuarial valuation as of that date.

Independent School District No. 477
Notes to Financial Statements

NOTE 7 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

F. Total OPEB Liability (Continued)

Changes in the total OPEB liability are as follows:

	<u>Total OPEB Liability</u>
Balances at July 1, 2016	<u>\$ 3,601,708</u>
Changes for the year	
Service cost	193,816
Interest	124,472
Benefit payments	<u>(271,450)</u>
Net changes	<u>46,838</u>
Balances at June 30, 2017	<u><u>\$ 3,648,546</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.0% in 2016 to 3.4% in 2017.

G. OPEB Liability Sensitivity

The following presents the District's total OPEB liability calculated using the discount rate of 3.4% as well as the liability measured using 1% lower and 1% higher than the current discount rate.

	<u>1% decrease (2.4%)</u>	<u>Current (3.4%)</u>	<u>1% increase (4.4%)</u>
Total OPEB Liability (Asset)	\$ 3,881,460	\$ 3,648,546	\$ 3,422,029

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower and 1% higher than the current healthcare cost trend rates.

	<u>1% decrease (5.5% decreasing to 4.0%)</u>	<u>Current (6.5% decreasing to 5.0%)</u>	<u>1% increase (7.5% decreasing to 6.0%)</u>
Total OPEB Liability	\$ 33,290,595	\$ 3,648,546	\$ 4,066,271

**Independent School District No. 477
Notes to Financial Statements**

NOTE 7 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

H. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the District recognized OPEB expense of \$318,288. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions made subsequent to the measurement date	\$ 217,723	-

\$217,723 reported as deferred outflows of resources related to OPEB resulting from District contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019.

NOTE 8 – CHANGE IN ACCOUNTING PRINCIPLE

For the year ended June 30, 2018, the District implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. This resulted in an adjustment to the beginning net position on the Statement of Activities of \$2,957,938 to add the beginning total OPEB liability.

NOTE 9 – GASB STANDARDS ISSUED BUT NOT YET IMPLEMENTED

GASB Statement No. 84, *Fiduciary Activities* establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This statement will be effective for the year ending June 30, 2020.

GASB Statement No. 87, *Leases* establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This statement will be effective for the year ending June 30, 2021.

NOTE 10 – COMMITMENTS

As of June 30, 2018, the District had construction commitments of \$41,281.

REQUIRED SUPPLEMENTARY INFORMATION

Independent School District No. 477
Schedule of Changes in Total OPEB Liability
and Related Ratios

	June 30, 2018
Total OPEB Liability	
Service cost	\$ 193,816
Interest	124,472
Benefit payments	(271,450)
Net change in total OPEB liability	46,838
Beginning of year	3,601,708
End of year	\$ 3,648,546
Covered payroll	\$ 19,264,520
Total OPEB liability as a percentage of covered-employee payroll	18.94%

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's and Non-Employer Proportionate Share
of Net Pension Liability
Last Ten Years General Employees Retirement Fund

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 Share of State of Minnesota's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.0840%	\$ 3,945,899	\$ -	\$ 3,945,899	\$ 4,411,903	89.4%	78.7%
2015	0.0818%	4,239,301	-	4,239,301	4,729,107	89.6%	78.2%
2016	0.0809%	6,568,679	85,835	6,654,514	5,019,720	130.9%	68.9%
2017	0.0835%	5,330,585	67,042	5,397,627	5,380,413	99.1%	75.9%

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 Fund

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 Share of State of Minnesota's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the State of Minnesota's Share of the Net Pension of Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.2908%	\$ 13,399,855	\$ 942,791	\$ 14,342,646	\$ 13,276,486	100.9%	81.5%
2015	0.2738%	16,937,238	2,077,621	19,014,859	13,896,547	121.9%	76.8%
2016	0.2740%	65,355,538	6,559,937	71,915,475	14,252,667	458.5%	44.9%
2017	0.2779%	55,473,881	5,363,121	60,837,002	14,959,667	370.8%	51.6%

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
General Employees Retirement Fund
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 Payroll	Contributions as a Percentage of Covered Payroll
2014	\$ 319,863	\$ 319,863	\$ -	\$ 4,411,903	7.25%
2015	354,683	354,683	-	4,729,107	7.50%
2016	376,479	376,479	-	5,019,720	7.50%
2017	403,531	403,531	-	5,380,413	7.50%
2018	422,025	422,025	-	5,627,000	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 Fund
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 Payroll	Contributions as a Percentage of Covered Payroll
2014	\$ 929,354	\$ 929,354	\$ -	\$ 13,276,486	7.0%
2015	1,042,241	1,042,241	-	13,896,547	7.5%
2016	1,068,950	1,068,950	-	14,252,667	7.5%
2017	1,121,975	1,121,975	-	14,959,667	7.5%
2018	1,170,039	1,170,039	-	15,600,520	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 Fund

2017 Changes

Changes in Actuarial Assumptions

- The cost of living adjustment (COLA) was assumed to increase from 2.0% annually to 2.5% annually on July 1, 2045.
- The COLA was not assumed to increase to 2.5% but remain at 2.0% for all future years.
- Adjustments were made to the combined service annuity loads. The active load was reduced from 1.4% to 0.0%, the vested inactive load increased from 4.0% to 7.0% and the non-vested inactive load increased from 4.0% to 9.0%.
- The investment return assumption was changed from 8.0% to 7.5%.
- The price inflation assumption was lowered from 2.75% to 2.5%.
- The payroll growth assumption was lowered from 2.5% to 3.0%.
- The general wage growth assumption was lowered from 3.5% to 2.85% for ten years followed by 3.25% thereafter.
- The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.

2016 Changes

Changes in Actuarial Assumptions

- The COLA was not assumed to increase for funding or the GASB calculation. It remained at 2% for all future years.
- The price inflation assumption was lowered from 3% to 2.75%.
- The general wage growth and payroll growth assumptions were lowered from 3.75% to 3.5%.
- Minor changes as some durations for the merit scale of the salary increase assumption.
- The pre-retirement mortality assumption was changed to the RP 2014 white collar employee table, male rates set back 6 years and female rates set back 5 years. Generational projection uses the MP 2015 scale.
- The post-retirement mortality assumption was changed to the RP 2014 white collar annuitant table, male rates set back 3 years and female rates set back 3 years, with further adjustments of the rates. Generational projection uses the MP 2015 scale.
- The post-disability mortality assumption was changed to the RP 2014 disabled retiree mortality table, without adjustment.
- Separate retirement assumptions for members hired before or after July 1, 1989, were created to better reflect each group's behavior in light of different requirements for retirement eligibility.
- Assumed termination rates were changed to be based solely on years of service in order to better fit the observed experience.
- A minor adjustment and simplification of the assumption regarding the election of optional form of annuity payment at retirement were made.

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

TRA Retirement Fund (Continued)

2015 Changes

Changes of Benefit Terms

- The DTRFA was merged into TRA on June 30, 2015.

Changes in Actuarial 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%.

General Employees Fund

2017 Changes

Changes in Actuarial Assumptions

- The CSA loads were changed from 0.8% for active members and 60% for vested and non-vested deferred members. The revised CSA loads are now 0.0% for active member liability, 15% for vested deferred member liability and 3% for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.0% per year for all years to 1.0% per year through 2044 and 2.5% per year thereafter.

2016 Changes

Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2035 and 2.5% per year thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate was changed from 7.9% to 7.5%.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, the inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

2015 Changes

Changes in Plan Provisions

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised.

Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2030 and 2.5% per year thereafter to 1.0% per year through 2035 and 2.5% per year thereafter.

SUPPLEMENTARY INFORMATION

Independent School District No. 477
Combining Balance Sheet -
Nonmajor Governmental Funds
Year Ended June 30, 2018

	<u>Special Revenue Funds</u>		Capital Projects	Total Nonmajor Funds
	<u>Food Service</u>	<u>Community Service</u>		
Assets				
Cash and investments	\$ 449,927	\$ 566,376	\$ 40,008	\$ 1,056,311
Current property taxes receivable	-	169,483	-	169,483
Delinquent property taxes receivable	-	5,317	-	5,317
Accounts receivable	613	33,451	-	34,064
Due from Department of Education	-	36,650	-	36,650
Due from Federal Government through Department of Education	35,846	-	-	35,846
Inventory	49,515	-	-	49,515
Prepaid items	2,155	377	-	2,532
	<u>\$ 538,056</u>	<u>\$ 811,654</u>	<u>\$ 40,008</u>	<u>\$ 1,389,718</u>
Liabilities				
Accounts payable	\$ 17,438	\$ 24,605	\$ 40,008	\$ 82,051
Salaries and benefits payable	190	32,129	-	32,319
Unearned revenue	39,131	62,849	-	101,980
Total liabilities	<u>56,759</u>	<u>119,583</u>	<u>40,008</u>	<u>216,350</u>
Deferred Inflows of Resources				
Unavailable revenue - delinquent property taxes	-	5,317	-	5,317
Property taxes levied for subsequent year's expenditures	-	360,177	-	360,177
Total deferred inflows of resources	<u>-</u>	<u>365,494</u>	<u>-</u>	<u>365,494</u>
Fund Balances				
Nonspendable	51,670	377	-	52,047
Restricted	429,627	326,200	-	755,827
Total fund balances	<u>481,297</u>	<u>326,577</u>	<u>-</u>	<u>807,874</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 538,056</u>	<u>\$ 811,654</u>	<u>\$ 40,008</u>	<u>\$ 1,389,718</u>

Independent School District No. 477
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances - Nonmajor Governmental Funds
Year Ended June 30, 2018

	Special Revenue Funds		Capital Projects	Total Nonmajor Funds
	Food Service	Community Service		
Revenues				
Local property taxes	\$ -	\$ 321,056	\$ -	\$ 321,056
Other local and county revenues	4,961	937,347	1,263	943,571
Revenue from state sources	123,079	299,649	-	422,728
Revenue from federal sources	896,293	-	-	896,293
Sales and other conversion of assets	869,907	-	-	869,907
Total revenues	<u>1,894,240</u>	<u>1,558,052</u>	<u>1,263</u>	<u>3,453,555</u>
Expenditures				
Current				
Sites and buildings	-	-	25,297	25,297
Food service	1,827,676	-	-	1,827,676
Community education and services	-	1,489,738	-	1,489,738
Capital outlay				
Food service	56,639	-	-	56,639
Total expenditures	<u>1,884,315</u>	<u>1,489,738</u>	<u>25,297</u>	<u>3,399,350</u>
Excess of revenues over (under) expenditures	9,925	68,314	(24,034)	54,205
Fund Balances				
Beginning of year	<u>471,372</u>	<u>258,263</u>	<u>24,034</u>	<u>753,669</u>
End of year	<u>\$ 481,297</u>	<u>\$ 326,577</u>	<u>\$ -</u>	<u>\$ 807,874</u>

Independent School District No. 477
Uniform Financial Accounting and Reporting Standards
Compliance Table
Year Ended June 30, 2018

	Audit	UFARS	Audit-UFARS		Audit	UFARS	Audit-UFARS
01 General Fund				06 Building Construction Fund			
Total revenue	\$ 36,760,734	\$ 36,760,734	\$ -	Total revenue	\$ 1,263	\$ 1,263	\$ -
Total expenditures	36,318,885	36,318,886	(1)	Total expenditures	25,297	25,297	-
<i>Nonspendable:</i>				<i>Restricted/reserved:</i>			
460 Nonspendable	196,274	196,274	-	407 Capital Projects Levy	-	-	-
<i>Restricted/reserved:</i>				409 Alternative Facility Program	-	-	-
403 Staff Development	263,098	263,098	-	413 Building Projects Funded by COP/LP	-	-	-
406 Health and Safety	-	-	-	<i>Restricted:</i>			
407 Capital Projects Levy	-	-	-	464 Restricted	-	-	-
408 Cooperative Programs	-	-	-	<i>Unassigned:</i>			
409 Alternative Facility Program	-	-	-	463 Unassigned	-	-	-
413 Project Funded By Cop	-	-	-	07 Debt Service Fund			
414 Operating Debt	-	-	-	Total revenue	\$ 3,803,299	\$ 3,803,299	\$ -
416 Levy Reduction	-	-	-	Total expenditures	8,473,926	8,473,926	-
424 Operating Capital	2,147,068	2,147,068	-	<i>Restricted/reserved:</i>			
426 \$25 Taconite	-	-	-	425 Bond refunding	-	-	-
427 Disabled Accessibility	-	-	-	433 Maximum effort loan aid	-	-	-
428 Learning and Development	-	-	-	451 QZAB payments	-	-	-
434 Area Learning Center	49,835	49,835	-	<i>Restricted:</i>			
435 Contracted Alternative Programs	-	-	-	464 Restricted	754,076	754,075	1
436 State Approved Alternative Program	-	-	-	<i>Unassigned:</i>			
438 Gifted and Talented	-	-	-	463 Unassigned	-	-	-
440 Teacher Development and Evaluation	-	-	-	08 Trust Fund			
441 Basic Skills Programs	15,672	15,672	-	Total revenue	\$ -	\$ -	\$ -
445 Career Technical Programs	-	-	-	Total expenditures	-	-	-
446 First Grade Preparedness	-	-	-	<i>Reserved:</i>			
448 Achievement and Integration Revenue	-	-	-	419 Encumbrances	-	-	-
449 Safe School Crime	-	-	-	<i>Unreserved:</i>			
450 Transition For Pre-kindergarten	-	-	-	422 Net position	-	-	-
451 QZAB Payments	-	-	-	09 Agency Fund			
452 OPEB Liabilities not Held in Trust	-	-	-	<i>Unreserved:</i>			
453 Unfunded Severance and Retirement Levy	-	-	-	422 Unreserved/undesignated	\$ -	\$ -	\$ -
459 Basic Skills Extended Time	16,911	16,911	-	20 Internal Service Fund			
467 Long-term Facilities Maintenance	408,023	408,023	-	Total revenue	\$ -	\$ -	\$ -
472 Medical Assistance	8,651	8,651	-	Total expenditures	-	-	-
475 Title VII - Impact Aid	-	-	-	<i>Reserved:</i>			
476 Payments in Lieu of Taxes	-	-	-	419 Encumbrances	-	-	-
<i>Restricted:</i>				<i>Unreserved:</i>			
464 Restricted	-	-	-	422 Net position	-	-	-
<i>Committed:</i>				25 OPEB Revocable Trust			
418 Committed for separation benefits	941,283	941,283	-	Total revenue	\$ -	\$ -	\$ -
461 Committed	-	-	-	Total expenditures	-	-	-
<i>Assigned:</i>				<i>Reserved:</i>			
462 Assigned	1,334,131	1,334,132	(1)	419 Encumbrances	-	-	-
<i>Unassigned:</i>				<i>Unreserved:</i>			
422 Unassigned fund balance (net position)	5,538,834	5,538,832	2	422 Net position	-	-	-
02 Food Services Fund				45 OPEB Irrevocable Trust			
Total revenue	\$ 1,894,240	\$ 1,894,240	\$ -	Total revenue	\$ -	\$ -	\$ -
Total expenditures	1,884,315	1,884,316	(1)	Total expenditures	-	-	-
<i>Nonspendable:</i>				<i>Reserved:</i>			
460 Nonspendable	51,670	51,670	-	419 Encumbrances	-	-	-
<i>Restricted/reserved:</i>				<i>Unreserved:</i>			
452 OPEB liabilities not held in trust	-	-	-	422 Net position	-	-	-
<i>Restricted:</i>				47 OPEB Debt Service			
464 Restricted	429,627	429,627	-	Total revenue	\$ -	\$ -	\$ -
<i>Unassigned:</i>				Total expenditures	-	-	-
463 Unassigned	-	-	-	<i>Reserved:</i>			
04 Community Service Fund				425 Bond refundings	-	-	-
Total revenue	\$ 1,558,052	\$ 1,558,052	\$ -	<i>Unreserved:</i>			
Total expenditures	1,489,738	1,489,740	(2)	422 Unreserved/undesignated	-	-	-
<i>Nonspendable:</i>				47 OPEB Debt Service			
460 Nonspendable	377	377	-	Total revenue	\$ -	\$ -	\$ -
<i>Restricted/reserved:</i>				Total expenditures	-	-	-
426 \$25 Taconite	-	-	-	<i>Reserved:</i>			
431 Community Education	146,768	146,768	-	425 Bond refundings	-	-	-
432 ECFE	113,730	113,730	-	<i>Unreserved:</i>			
440 Teacher Development and Evaluation	-	-	-	422 Unreserved/undesignated	-	-	-
444 School Readiness	65,121	65,121	-	04 Community Service Fund			
447 Adult Basic Education	-	-	-	Total revenue	\$ 1,558,052	\$ 1,558,052	\$ -
452 OPEB Liabilities not Held in Trust	-	-	-	Total expenditures	1,489,738	1,489,740	(2)
<i>Restricted:</i>				<i>Nonspendable:</i>			
464 Restricted	581	580	1	460 Nonspendable	377	377	-
<i>Unassigned:</i>				<i>Restricted/reserved:</i>			
463 Unassigned	-	-	-	426 \$25 Taconite	-	-	-

Independent School District No. 477
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018

Federal Funding Source	Federal CFDA Number	Grant Name	Expenditures
Through Minnesota Department of Education			
USDOA	10.559	Summer Food Service	\$ 53,869
USDOA	10.553	School Breakfast	120,503
USDOA	10.555	Type A Lunch	564,297
USDOA	10.555	Commodities (Non Cash)	124,238
USDOA	10.555	Commodities (Rebates)	14,272
USDOA	10.556	Special Milk Program	<u>1,417</u>
Total Child Nutrition Cluster			878,596
USDOA	10.579	National School Lunch Program Equipment Grant	<u>17,697</u>
Total USDOA			896,293
USDOED	84.010	Title I, Part A	327,705
USDOED	84.367	Title II, Part A - Teacher and Principal Training and Recruiting	80,188
Through Independent School District No. 11 - Anoka-Hennepin			
USDOED	84.048A	Career and Technical	15,535
Through Rum River Special Education Cooperative			
USDOED	84.027	Special Education	232,108
USDOED	84.173	Preschool Incentive	25,693
Through Minnesota Department of Education			
USDOED	84.027A	Multi-tiered Systems Support with Fidelity -Math Focus	<u>68,617</u>
Total Special Education Cluster			326,418
USDOED	84.424A	Student Support and Academic Enrichment, Well Rounded Education	2,495
USDOED	84.424A	Student Support and Academic Enrichment, Safe and Healthy Students	<u>2,422</u>
Total Student Support and Academic Enrichment			4,917
USDOED	84.323	Special Education - SPDG/Autism Spectrum Disorders	18,900
USDOED	84.181	Infants and Toddlers Program	<u>21,721</u>
Total USDOED			<u>795,384</u>
USIMLS	45.310	Library Services Technology Act	<u>42,434</u>
Total Federal Expenditures			<u><u>\$ 1,734,111</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 used.

NOTE 4 – INDIRECT COST RATE

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

**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, 2018, and the related notes to financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 26, 2018.

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.

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

Internal Control over Financial Reporting (Continued)

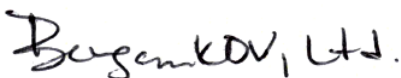
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not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

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*.

Purpose of this Report

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



St. Cloud, Minnesota
October 26, 2018

**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 U.S. *Office of Management and Budget (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, 2018. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs 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 applicable to its federal programs.

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.



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, 2018.

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 and therefore, material weaknesses or significant deficiencies may exist that were not 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 script.

St. Cloud, Minnesota
October 26, 2018

**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?	No
• Significant deficiency(ies) identified?	No
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 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

There were no findings.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no federal award findings or questioned costs.

SECTION IV – SCHEDULE OF PRIOR AUDIT FINDINGS

Audit Finding 2007-002 –Preparation of Financial Statements

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 this 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.

CORRECTIVE ACTION PLAN TAKEN:

The District reviewed the financial statements in conjunction with the disclosure checklist.

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, 2018, and the related notes to financial statements, and have issued our report thereon dated October 26, 2018.

The *Minnesota Legal Compliance Audit Guide for School Districts* promulgated by the State Auditor pursuant to *Minnesota Statutes* § 6.65, contains seven categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and uniform financial accounting and reporting standards for school districts. 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*. 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 26, 2018

2019 Insurance Plans and Premium Cost

Plan Comparison											
2019 Monthly Prem											
	200	Teacher ER	Teacher EE	Para ER	Para EE	Cust/Sec ER	Cust/Sec EE	Food ER	Food EE	Principals ER	Principals EE
Single	772.32	605	167.32	599.18	173.14	628.5	143.82	511.23	261.09	1500	0
Single +1	1271.55	781	490.55	710.02	561.53	744.41	527.14	605.87	665.68	1500	0
Family	1948	915	1033	816.56	1131.44	856.08	1091.92	696.78	1251.22	1500	448
1000											
Single	643.43	605	38.43	599.18	44.25	628.5	14.93	511.23	132.2	1500	0
Single +1	1056.3	781	275.3	710.02	346.28	744.41	311.89	605.87	450.43	1500	0
Family	1620.6	915	705.6	816.56	804.04	856.08	764.52	696.78	923.82	1500	120.6
1700HSA											
Single	584.07	605	0	599.18	0	628.5	0	511.23	72.84	1500	0
Single +1	837.68	781	56.68	710.02	127.66	744.41	93.27	605.87	231.81	1500	0
Family	1468.72	915	553.72	816.56	652.16	856.08	612.64	696.78	771.94	1500	0
3375HSA											
Single	511.47	605	0	599.18	0	628.5	0	511.23	0.24	1500	0
Single +1	733.89	781	0	710.02	23.87	744.41	0	605.87	128.02	1500	0
Family	1297.43	915	382.43	816.56	480.87	856.08	441.35	696.78	600.65	1500	0

This represents the 8.5% increase from the 2018 premium revenue without plan changes.

- Open enrollment window will be November 26 to December 7
- Information Sessions:
 - November 21st 3:00-4:00 at the Primary School
 - November 28th 3:30-4:30 at the High School
 - Individual building consultation throughout the week of December 3 to 7.

2018 Rates

HEALTH Coverage - HEALTH PARTNERS													
October 1, 2018 - September 30, 2019													
	Monthly Premium	Teacher ER/Month	Teacher EE/Month	Para ER/Month	Para EE/Month	Custodian & Secretary ER/Month	Custodian & Secretary EE/Month	Food Service ER/Month	Food Service EE/Month	Principals ER/Month	Principals EE/Month	Coordinators ER/Month	Coordinators EE/Month
\$3,250 HSA Plan													
Single	\$481.01	\$481.01	\$0.00	\$481.01	\$0.00	\$481.01	\$0.00	\$481.01	\$0.00	\$481.01	\$0.00	Varies per contract	
EE + Children	\$797.98	\$781.00	\$16.98	\$710.02	\$87.96	\$744.42	\$53.56	\$605.87	\$192.11	\$797.98	\$0.00		
Family	\$1,209.56	\$915.00	\$294.56	\$816.56	\$393.00	\$856.08	\$353.48	\$696.78	\$512.78	\$1,209.56	\$0.00		
\$1,000 Deductible Plan													
Single	\$586.12	\$586.12	\$0.00	\$586.12	\$0.00	\$586.12	\$0.00	\$511.23	\$74.89	\$586.12	\$0.00		
EE + Children	\$973.52	\$781.00	\$192.52	\$710.02	\$263.50	\$744.42	\$229.10	\$605.87	\$367.65	\$973.52	\$0.00		
Family	\$1,476.55	\$915.00	\$561.55	\$816.56	\$659.99	\$856.08	\$620.47	\$696.78	\$779.77	\$1,476.55	\$0.00		
\$200 Deductible Plan													
Single	\$701.20	\$605.00	\$96.20	\$599.18	\$102.02	\$628.50	\$72.70	\$511.23	\$189.97	\$701.20	\$0.00		
EE + Children	\$1,165.40	\$781.00	\$384.40	\$710.02	\$455.38	\$744.42	\$420.98	\$605.87	\$559.53	\$1,165.40	\$0.00		
Family	\$1,768.40	\$915.00	\$853.40	\$816.56	\$951.84	\$856.08	\$912.32	\$696.78	\$1,071.62	\$1,500.00	\$268.40		

Temporary Construction Easement

City of Princeton Trail Connection

On this _____ day of _____, 2018.

FOR VALUABLE CONSIDERATION, Independent School District #477, a municipal corporation, Grantor(s), hereby grant to the City of Princeton, Grantee, a municipal corporation under the laws of the State of Minnesota, a temporary easement over and across real property in Sherburne County, described as follows:

See EXHIBIT A

Said temporary construction easement shall be in effect from January 1, 2019 to December 31, 2020.

GRANTOR(S) HEREBY AGREE to allow the grantee to alter the existing grade in the above described easement area to the extent necessary to properly grade the reconstruction project.

GRANTEE HEREBY AGREES that the easement area shall be restored to its original condition as nearly as possible except for trees, shrubs and gardens. Sod, topsoil, fences, mailboxes, and driveways will be restored.

IN WITNESS WHEREOF, the Grantors have hereunto set their hands the day and year first above written.

STATE OF MINNESOTA
COUNTY OF _____

} ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 2018,
by _____ as _____ and _____
as _____ of Independent School District #477, a municipal corporation, Grantors.

NOTORIAL STAMP OR SEAL (OR OTHER TITLE OR BANK)

SIGNATURE OF NOTARY PUBLIC OR OTHER OFFICIAL

THIS INSTRUMENT WAS DRAFTED BY:
SHERBURNE COUNTY PUBLIC WORKS DEPT.
425 JACKSON AVENUE
ELK RIVER, MN 55330

EXHIBIT A

A temporary easement for construction purposes over, under, and across all of the property described below.

That part of the Northwest Quarter of the Northwest Quarter lying Westerly of former Burlington Northern Railroad Right of Way and lying Northerly of Smith Systems Road, Section 4, Township 35, Range 26, Sherburne County, Minnesota.

Temporary Construction Easement

City of Princeton Trail Connection

On this _____ day of _____, 2018.

FOR VALUABLE CONSIDERATION, Independent School District #477, a municipal corporation, Grantor(s), hereby grant to the City of Princeton, Grantee, a municipal corporation under the laws of the State of Minnesota, a temporary easement over and across real property in Sherburne County, described as follows:

See EXHIBIT A

Said temporary construction easement shall be in effect from January 1, 2019 to December 31, 2020.

GRANTOR(S) HEREBY AGREE to allow the grantee to alter the existing grade in the above described easement area to the extent necessary to properly grade the reconstruction project.

GRANTEE HEREBY AGREES that the easement area shall be restored to its original condition as nearly as possible except for trees, shrubs and gardens. Sod, topsoil, fences, mailboxes, and driveways will be restored.

IN WITNESS WHEREOF, the Grantors have hereunto set their hands the day and year first above

STATE OF MINNESOTA
COUNTY OF _____

} ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 2018,
by _____ as _____ and _____
as _____ of Independent School District #477, a municipal corporation, Grantors.

NOTORIAL STAMP OR SEAL (OR OTHER TITLE OR BANK)

SIGNATURE OF NOTARY PUBLIC OR OTHER OFFICIAL

THIS INSTRUMENT WAS DRAFTED BY:
SHERBURNE COUNTY PUBLIC WORKS DEPT.
425 JACKSON AVENUE
ELK RIVER, MN 55330

01-404-2203 A

A temporary easement for construction purposes over, under, and across that part of the property described below which lies northwesterly of the following described line:

Commencing at the northwest corner of said Outlot A, thence on an assumed bearing of South 89 degrees 12 minutes 23 seconds East, along the north line of said Outlot A, a distance of 106.77 feet to the point of beginning of the line to be described; thence South 53 degrees 13 minutes 19 seconds West a distance of 132.67 feet to the west line of said Outlot A, and said line there terminating.

Outlot A, Princeton Crossing, according to the plat thereof on file and of record in the office of the County Recorder, Sherburne County, Minnesota.



PRINCETON

PUBLIC SCHOOLS



11.20.18

Princeton Public Schools has voted to move forward with up to 4.5 million in Long Term Facility Maintenance items. This process does not increase taxes as the Long Term Facility Maintenance revenue will be used to pay for the bond payment over 8 years. Bid law requires that the District publish a notice in the local paper and to received sealed bids for any project over \$175,000.

Administration at this time is asking the Board of Education to “Call for Bid” on the following projects:

- High School Pool Restoration Project
- High School Pool HVAC Project
- Family Center HVAC Project
- High School Tennis Court Project

Note: ICS will guide the District in relation to all bid laws and requirements.

Core Values



10.02.18

First Reading of Policies-Summary of Changes

427 - Workload Limits for Certain Special Education Teachers

-MSBA changes

605 - Student Fees

-Renumbered to 627

-Added school handbook specific terminology to fee guidelines

605 - Alternative Programs

-Adopting MSBA policy

610 - Field trips

-Embedded Field Trip Request Form

704 - Development & Maintenance of an Inventory of Fixed Assets & a Fixed Asset Accounting System

-In section IV changed \$1500 to \$5000

PRINCETON PUBLIC SCHOOLS
POLICY 427-WORKLOAD LIMITS FOR CERTAIN SPECIAL EDUCATION TEACHERS

I. PURPOSE

The purpose of this policy is to establish general parameters for determining the workload limits of special education staff who provide services to children with disabilities receiving direct special education services 60 percent or less of the instructional day.

II. DEFINITIONS

A. Special Education Staff; Special Education Teacher

“Special education staff” and “special education teacher” both mean a teacher employed by the school district who is licensed under the rules of the Professional Educator Licensing and Standards Board~~Minnesota Board of Teaching~~ to instruct children with specific disabling conditions.

B. Direct Services

“Direct services” means special education services provided by a special education teacher when the services are related to instruction, including cooperative teaching.

C. Indirect Services

“Indirect services” means special education services provided by a special education teacher which include ongoing progress reviews; cooperative planning; consultation; demonstration teaching; modification and adaptation of the environment, curriculum, materials, or equipment; and direct contact with children with disabilities to monitor and observe.

D. Workload

“Workload” means a special education teacher’s total number of minutes required for all due process responsibilities, including direct and indirect services, evaluation and reevaluation time, management of individualized education programs (IEPs), travel time, parental contact, and other services required in the IEPs.

III. GENERAL STATEMENT OF POLICY

- A. Workload limits for special education teachers shall be determined by the appropriate special education administrator, in consultation with the building principal and the superintendent.
- B. In determining workload limits for special education staff, the school district shall take into consideration the following factors: student contact minutes, evaluation and reevaluation time, indirect services, management of IEPs, travel time, and other services required in the IEPs of eligible students.

IV. COLLECTIVE BARGAINING AGREEMENT UNAFFECTED

This policy shall not be construed as a reopening of negotiations between the school district and the special education teachers' exclusive representative, nor shall it be construed to alter or limit in any way the managerial rights or other authority of the school district set forth in the Public Employment Labor Relations Act or in the collective bargaining agreement between the school district and the special education teachers' exclusive representative.

Legal References: Minn. Stat. § 179A.07, Subd. 1 (Inherent Managerial Policy)
 Minn. Rule 3525.0210, Subps. 14, 27, 44, and 49
 (Definitions of "Direct Services," "Indirect Services,"
 "Teacher," and "Workload")
 Minn. Rule 3525.2340, Subp. 4.B. (Caseloads for
 School-Age Educational Service Alternatives)

Cross References: MSBA/MASA Model Policy 508 (Extended School Year for
 Certain Students with Individualized Education Programs)
 MSBA/MASA Model Policy 608 (Instructional Services –
 Special Education)

Adopted: August 4, 2015
Revised: September 6, 2016
Revised: October 16, 2018

**PRINCETON PUBLIC SCHOOLS
POLICY 605 - ALTERNATIVE PROGRAMS**

I. PURPOSE

The purpose of this policy is to recognize the need for alternative education programs for some school district students.

II. GENERAL STATEMENT OF POLICY

The school board recognizes the importance of alternative program options for some students. Circumstances may be such that some students are put at risk of being able to continue or to complete their education programs. It is the policy of the school board that options shall be made available for some students to select educational alternatives that will enhance their opportunity to complete their education programs, recognizing that some students may become successful learners if given an opportunity to learn in a different environment and through a different learning style.

III. RESPONSIBILITY

- A. It shall be the responsibility of the superintendent to identify alternative program opportunities to be made available to students who may be at risk, to recommend such alternative programs to the school board for approval, and to familiarize students and parents with the availability of such alternative programs. The superintendent shall, through cooperative efforts with other schools, agencies, and organizations, periodically recommend additional or modified alternative educational programs to the school board.
- B. The superintendent shall have discretionary authority to develop guidelines and directives to implement school board policy relating to alternative programs.

Legal References: Minn. Stat. § 120A.22, Subd. 8 (Compulsory Instruction)
 Minn. Stat. § 121A.41, Subd. 11 (Definitions – Alternative Educational Services)
 Minn. Stat. § 121A.45, Subd. 1 (Grounds for Dismissal)
 Minn. Stat. § 123A.06 (State-Approved Alternative Programs and Services)

Minn. Stat. § 124D.66 (Assurance of Mastery Programs)
Minn. Stat. § 124D.68 (Graduation Incentives Programs)
Minn. Stat. § 124D.74 (American Indian Language and
Cultural Educational Programs)
Minn. Stat. § 125A.50 (Alternative Delivery of Specialized
Instructional Services)

Cross References:

MSBA/MASA Model Policy 603 (Curriculum Development)
MSBA/MASA Model Policy 604 (Instructional Curriculum)

Adopted: October 16, 2018

PRINCETON PUBLIC SCHOOLS
POLICY 605627-STUDENT FEES

I. PURPOSE

The purpose of this policy is to provide clear student fee guidelines.

II. GENERAL STATEMENT OF POLICY

The policy of this school district is that student fee procedures are developed and maintained.

III. DEVELOPMENT OF STUDENT FEE PROCEDURE(S)

The Administration shall be responsible for the development and maintenance of a student fee procedure. The procedure shall be operated in compliance with UGG, UFARS, and all other state and federal rules and regulations.

IV. STUDENT FEE PROCEDURE GUIDELINE(S)

It is the policy of the school district to provide that public education shall be free, and no student will be denied an education because of economic inability to furnish educational books and supplies necessary to complete educational requirements necessary for graduation. Where necessary, however, the school district will make certain charges and establish fees in areas considered extracurricular, non curricular or supplementary to the requirement for the successful completion of a class or educational programs.

Each building handbook will address the cost of fees regarding the loss, damage, or other misuse of school property.

V. WAIVER

- A. Guidelines and procedures shall be established by the administration to ensure that any fee or deposit that the student or student's parent is unable to pay is waived.
- B. Upon application, fees or deposits may be waived for any student whose parent is serving in, or within the past year has served in, active military service as defined by Minnesota Statutes Section 190.05.

Adopted: April 18, 2016

**PRINCETON PUBLIC SCHOOLS
POLICY 610-FIELD TRIPS**

I. PURPOSE

The purpose of this policy is to provide guidelines for student trips and to identify the general process to be followed for review and approval of trip requests.

II. GENERAL STATEMENT OF POLICY

It is the general expectation of the school board that all student trips will be well planned, conducted in an orderly manner and safe environment, and will relate directly to the objectives of the class or activity for which the trip is requested. Student trips will be categorized within three general areas:

A. Instructional Trips

Trips that take place during the school day, relate directly to a course of study, and require student participation shall fall in this category. These trips shall be subject to review and approval of the building principal, and shall be financed by school district funds within the constraints of the school building budget. Fees may not be assessed against students to defray direct costs of instructional trips. (Minn. Stat. § 123B.37, Prohibited Fees)

B. Supplementary Trips

This category pertains to those trips in which students voluntarily participate and which usually take place outside the regular school day. Examples of trips in this category involve student activities, clubs, and other special interest groups. These trips are subject to review and approval of the activities director and/or the building principal. Financial contributions by students may be requested. (Minn. Stat. § 123B.36, Authorized Fees)

C. Extended Trips

Trips that involve one or more overnights stops fall into this category. Extended trips may be instructional or supplementary and must be requested well in advance of the planned activity. The request procedure will include approval for extended field trips from the principal, activities

director, superintendent and school board. Exemptions to this policy include teams/individuals advancing through MSHSL tournament play or in cases where a group/individual advance as a result of winning an official school activity or competition.

The school board acknowledges and supports the efforts of booster clubs and similar organizations in providing extended trip opportunities for students.

III. REGULATIONS

- A. Rules of conduct and discipline for students and employees shall apply to all student trip activity.
- B. The school administration shall be responsible for providing more detailed procedures, including parental involvement, supervision, and such other factors deemed important and in the best interest of students.
- C. Transportation shall be furnished through a commercial carrier or school-owned vehicle.
- D. An employee may use a personal vehicle to transport staff or personal property for purposes of a field trip upon prior, written approval from administration.
- E. An employee must not use a personal vehicle to transport one or more students for purposes of a field trip.
 - 1. If immediate transportation of a student is required due to an emergency or unforeseen circumstance, such as the illness or injury of a child, and the transportation does not constitute regular or scheduled transportation, a personal vehicle may be used. To the extent a personal vehicle is used, the vehicle must be properly registered and insured.
 - 2. An employee must obtain approval by administration of student transportation by a personal vehicle, pursuant to Section III.E.1, if practicable. If pre approval by administration of use of a personal vehicle cannot be obtained in a reasonable time given the circumstances, an employee shall report the relevant facts and circumstances justifying the need for use of a personal vehicle to administration as soon as practicable. The relevant facts and

circumstances for use of a personal vehicle shall be documented by administration.

IV. SCHOOL BOARD REVIEW

The superintendent shall at least annually report to the school board upon the utilization of trips under this policy.

Legal References: Minn. Stat. § 123B.36 (Authorized Fees)
 Minn. Stat. § 123B.37 (Prohibited Fees)
 Minn. Stat. § 123B.49 (Co Curricular and Extracurricular Activities; Insurance)
 Minn. Stat § 169.011. Subd. 71(a) (Definition of a School Bus)
 Minn. Stat § 169.454 Subd. 13 (Type III Vehicle Standards-Exemption)
 Sonkowsky v. Board of Educ. for Indep. Sch. Dist. No. 721, 327 F.3d 675 (8th Cir. 2003)
 Lee v. Pine Bluff Sch. Dist., 472 F.3d 1026 (8th Cir. 2007)

Cross References: Policy 403 (Discipline, Suspension, and Dismissal of School District Employees)
 Policy 404 (Employment Background Checks)
 Policy 423 (Employee – Student Relationships)
 Policy 506 (Student Discipline)
 Policy 510 (Activities Program)
 Policy 707 (Transportation of Public School Students)
 Policy 709 (Student Transportation Safety Policy)
 Policy 710 (Extracurricular Transportation)
 [Field Trip Request Form](#)

Adopted: August 23, 1983
Revised: January 12, 1999
Revised: August 9, 2005
Revised: December 8, 2009
Revised: March 11, 2010
Revised: October 26, 2010

Revised: October 25, 2011

Revised: October 21, 2014

Revised: October 20, 2015

Revised: January 17, 2017

Revised: October 16, 2018

**PRINCETON PUBLIC SCHOOLS
POLICY-704 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 ~~\$5,000~~^{\$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
Revised: October 16, 2018