

**REGULAR SCHOOL BOARD MEETING
7:00 PM
TUESDAY, OCTOBER 22, 2013
DISTRICT OFFICE BOARD ROOM**

**OUR VISION
NO BOUNDARIES TO LEARNING**

**OUR MISSION
TO DEVELOP THE POTENTIAL IN EACH PERSON THROUGH ACADEMIC & EXTRA-CURRICULAR
PROGRAMS**

BOARD MEETING AGENDA

PROCEDURAL ITEMS

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

REPORTS

1. Board Members Committee Reports
2. Student Council Report
3. Superintendent Report

APPROVE AGENDA

DISCUSS and ACT on PREVIOUS BOARD MEETING MINUTES 3

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.

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3. Non Resident Student Agreements for Board Approval 9
4. Fundraisers 10
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6. Wire Transfers 21
7. Treasurers Cash Flow Report 22

DISCUSSION

1. Classification and Compensation Study - Final Report 23
(Presenter - Bob Bjorklund)

ACTION ITEMS

1. Acceptance of 2013 Audit (Presenter - KDV) 47
2. Refunding Bond (Presenter - Ehlers) 95

2nd POLICY READINGS - #101, #102, #103, #414, #506, #522 and #616

137

MEETINGS TO BE SET

ADDITIONS TO AGENDA

ADJOURN Pursuant to Minnesota Statutes section 13D.05, subdivision 2(b), I move to close the meeting for negotiation strategies.

Call to order and Pledge of Allegiance

The regular meeting of the School Board of District #477 was called to order by Chair Deb Ulm on the **8th day of October 2013, at 7:04 p.m.** in the District Office Board Room.

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

Absent: Craig Johnson

Others present: Superintendent Julia Espe and Director of Business Services Michelle Czech

Citizen Comments: None

Student Council Rep: Absent - Gabrielle Foede

Recognition of the Support Educational Staff of the year awards: Kristi Alderink, Ken Henchen, Donna Moses, Kim Myers, and Carol Weber.

REPORTS

Board Reports:

Deb Ulm: Attended: The Facilities Project and the agenda meeting with Superintendent Espe.

Howard Vaillancourt: Attended: The Facilities Projects and South Elementary Core Meeting.

Chad Young: Attended: The Homecoming Game and the Facilities Projects.

Jeremy Miller: Attended: The Wellness and Finance Committee Meetings.

Superintendent Report: Superintendent Espe presented the board with good news – our district was named Business of the Month by the Chamber, and she attended Grandparents day at North Elementary, assisting with serving the lunch for the students' grandparents.

APPROVE AGENDA

Motion made by Jeremy Miller and seconded by Chad Young, to approve the agenda as presented. Motion passed unanimously.

DISCUSS and ACT on PREVIOUS BOARD MEETING MINUTES

Motion by Howard Vaillancourt and seconded by Jeremy Miller, to approve the September 24, 2013 Regular School Board meeting minutes and the September 24, 2013 Closed Board Meeting minutes. Motion passed unanimously.

CONSENT AGENDA

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Motion was made by Howard Vaillancourt and seconded by Chad Young, to approve the consent agenda items: Gifts, Personnel, Fundraiser, Non-Resident Student Agreements, and the Community Education Ireland Trip, with the removal of the Community Education Ireland Trip to Discussion. Upon roll call the motion passed unanimously.

FIRST POLICY READINGS – The following policies were approved to be moved to second readings at the October 22, 2013 Regular Board meeting.

#101 Legal Status of the School

#102 Equal Education Opportunity

#103 Complaints - Students, Employees, Parents, and other persons

#414 Mandated Reporting of Child Neglect or Physical or Sexual Abuse

#506 Student Discipline

#522 Student Gender Non-Discrimination

#616 School District System Accountability

DISCUSSION ITEMS

Technology Report Director of Technology Eric Simmons provided the board with an overview of the district's wireless environment.

Enrollment: Director of Business Services Michelle Czech reported to the board the October 1 enrollment in each school building the total enrollment on October 1st was 3257 compared to October 1, 2012 at 3294. Superintendent Espe explained to the board the demographic study that was conducted on the district's enrollment. Open enrollment surveys are showing the highest reason: loss of students is due to location of our district, second reason: academics, third reason: activities, and the fourth reason: transportation. About 50% of our survey participants open enroll to Elk River. The district is looking into: implementing RTI to improve achievement, studying our Activities program, and reorganizing of the bus routes.

Community Education Ireland Trip - Superintendent Espe provided the board with an overview of the trip to Ireland that Community Education is offering. This is a Community Education related trip; it is an optional trip parents pay for their child to attend.

MEETINGS OR EVENTS TO SCHEDULE - Negotiations/Certified October 29, 2013, 4-6pm

Future event Board Members are invited to attend - Data Practices training with Rick Hodsdon
Thursday, October 10, 2013, 9-11am

ADDITIONS TO AGENDA- None

ADJOURN meeting adjourned at 8:02pm

Chair Deb Ulm

Recorder: Bridget Sorensen

Clerk Chad Young

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Recognition of the Support Educational Staff of the year awards: Kristi Alderink, Ken Henchen, Donna Moses, Kim Myers, and Carol Weber.

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FIRST POLICY READINGS – The following policies were approved to be moved to second readings at the October 22, 2013 Regular Board meeting: 101 Legal Status of the School, 102 Equal Education Opportunity, 103 Complaints - Students, Employees, Parents, and other persons, 414 Mandated Reporting of Child Neglect or Physical or Sexual Abuse, 506 Student Discipline, 522 Student Gender Non-Discrimination, and 616 School District System Accountability.

DISCUSSION ITEMS Technology Report Director of Technology Eric Simmons provided the board with an overview of the district's wireless environment. Enrollment: Director of Business Services Michelle Czech reported to the board the October 1 enrollment in each school building the total enrollment on October 1st was 3257 compared to October 1, 2012 at 3294. Superintendent Espe explained to the board the demographic study that was conducted on the district's enrollment. Open enrollment surveys are showing the highest reason: loss of students is due to location of our district, second reason: academics, third reason: activities, and the fourth reason: transportation. About 50% of our survey participants open enroll to Elk River. The district is looking into: implementing RTI to improve achievement, studying our Activities program, and reorganizing of the bus routes. Community Education Ireland Trip - Superintendent Espe provided the board with an overview of the trip to Ireland that Community Education is offering. This is a Community Education related trip; it is an optional trip parents pay for their child to attend.

Future event Board Members are invited to attend - Data Practices training with Rick Hodsdon
Thursday, October 10, 2013, 9-11am

ADDITIONS TO AGENDA- None

ADJOURN meeting adjourned at 8:02pm

The detailed minutes can be found at www.princeton.k12.mn.us under the link Meeting Minutes on the home page of the web site and in the Superintendent Office at the District Office.

Recorder: Bridget Sorensen

Gifts to Princeton Schools
(October 22, 2013)

Item #	School/Program	Amount/Item	Donor	Purpose
1	South Elementary Activities Fund	\$1070.00	Fundraiser Donations	To assist in costs for field trips, and student activity fees
2	PHS - Track Activity Fund	\$1000.00	M & G Trailer Sales & Service	To supplement PHS Cross Country and Track programs. Specifically Coach bus to section 7AA cross country meet in Cloquet and cross country and/or track end of year banquet.
3	North Elementary	\$250.00	Friends of the Sherburne NWR	To assist in transportation cost for field trips September 25 & 26, 2013.
4	High School	\$1,000.00	Richard Mayerchak	To assist in the cost of a music record board for the gymnasium.
5	Middle Schol	\$750.00	MS Football Booster Club	To assist in the cost of an outdoor watering system for the MS Football players.
6	Adults with Disabilities Program	\$200.00	Princeton Lions Club	Assists in reducing the cost for the HS Musical in November for this group.
7	High School	\$200.00	East Central Pork Producers	To be used to purchase products and supplies for the Advanced Foods & Meals lab curriculum – Family & Consumer Sciences.

	A	B	C	D	E	F	G
1	October 22, 2013						
2	Name	Status	Job Title	Group	Replacing	Effective Date	Wage
3	Bakker, Kelly	Resignation	Yearbook Advisor - NE	PEA	N/A	2013-14 school year	N/A
4	Dalske, Carol	Position change from Server to FT Cook Helper	FT Cook Helper - HS	FSV	Julie Haataja	10/21/2013	\$13.57/hour (First Year Helper)
5	Evenski, Danielle	New	Knowledge Bowl Advisor	PEA	N/A	2013-14 school year	\$665 (Class J,step 1)
6	Gave, Jerri	Resignation	Paraprofessional - SE	ESA	N/A	10/31/2013	N/A
7	Grove, Jay	New Hire	Assistant Wrestling Coach	PEA	Brian Hellman	Winter Season (November 2013 - March 2014)	\$2992 (Class C, Step 1)
8	Kerwin, Terri	New	Math League Advisor - MS	PEA	Jodi Gatewood	2013-14 school year	\$665 (Class J,step 1)
9	Lutgen, Jody	LTS	SPED Paraprofessional	ESA	Rachelle Olson	10/11/2013 - TBD	N/A
10	Onstad, Matthew	New	Speech Advisor - MS	PEA	N/A	2013-14 school year	\$1399 (Class H, Step 3)
11	Servaty, Louis	New Hire	Assistant Wrestling Coach	PEA	Brandon Tatum	Winter Season (November 2013 - March 2014)	\$2992 (Class C, Step 1)
12	Scott, D. Elizabeth	Resignation	ECSE Teacher	PEA	N/A	12/31/2013	N/A
13	Vogelpohl, Emily	Position change from Assistant to Head Coach	Head Gymnastics Coach	PEA	Josh Lerfeld	Winter Season (November 2013 - February 2014)	\$3325 (Class B, Step 1)
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Non Resident students and Resident Students Open Enrolled IN/Out School Year 2013-14
as of October 22, 2013

OE In/Out	Effective	Resident Dist.	Serving Dist.	Grade	Reason
IN	10/9/2013	Big Lake	Princeton	9	Prefer Princeton
IN	10/1/2013	Milaca	Princeton	12	Moved out of district wish to stay in our district.
OUT	9/25/2013	Princeton	Cambridge-Isanti	4	Moved 1 mile outside of 911 and want to stay with 911.

FUNDRAISING APPROVAL FORM

Date of fundraiser: <u>Oct 7-25, 2013</u>		Projected profit: <u>2000.00</u>	Amount earned:	
Group or organization proposing the fundraiser: <u>Early childhood</u>			Item(s) being sold: <u>wreaths, garlands, etc</u>	
Company/organization supplying items to be sold: <u>Nelson's Nursery</u>				
The money raised will be used for: <u>Classroom equipment / Preschool incentives</u>				
The school board recognizes a desire and a need for fundraising to support district programs or student activities. The school board also recognizes a need for some constraint to prevent fundraising activities from becoming too numerous and overly demanding on employees, students, and the general public.			Place a checkmark beside each box to indicate whether the criteria for fundraising are met.	
Pupils may engage in raising funds, under the control of the school, for certain approved activities and for a limited number of charities, subject to the following conditions:			Yes	No
1.	Individual student participation is optional. Students will not be pressured to sell products or solicit funds and will not be required to meet a sales quota to participate in an activity or field trip.		X	
2.	The charity involved has been selected by the student body as one in which they wish to participate (if applicable).		X	
3.	Addressed envelopes are available to people who prefer to donate directly rather than purchase a product.		X	
4.	The raising of funds shall not be done during normal class time. Students will be informed that they are not to fundraise during class time.		X	
5.	Information is going home with the students to the parents explaining the district's fundraising policy.		X	
6.	I have discussed this fundraiser with the administrator and have identified the purpose of the fundraiser.		X	
7.	The students participating in the fundraiser have been informed that they are representing the school, the student organization and the community in a responsible manner. All rules pertaining to student conduct and discipline extend to student fundraising activities.		X	
8.	Door-to-door sales are discouraged, but if approved, students may be allowed to sell door-to-door according to the following standards: • K-8: Only allowed if a parent or guardian is with the student • 9-12: Groups of two or more students working together.		X	
I have reviewed Policy #511 Fundraising and agree to its provisions:				
Date: <u>9-26-13</u>	Teacher/Sponsor Signature: <u>Tawara Yundbauer</u>			
As administrator, I understand that approval of this fundraiser means that all provisions of the above policy have been complied with to my satisfaction. <input checked="" type="checkbox"/> APPROVED <input type="checkbox"/> NOT APPROVED				
Date: <u>10.3.13</u>	Administrator Signature: <u>[Signature]</u>			
Date: <u>10.14.13</u>	Superintendent Signature: <u>Julia Espe</u>			
Date:	School Board Chair Signature:			

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	55735	152837	Check	1	13874		LUITJENS STEVEN	Yes	Yes	No	USD	09/24/2013	1,133.65
			55736	152838	Check	1	3954	4	CDW-G INC	Yes	Yes	No	USD	09/25/2013	64,893.94
			55737	152839	Check	1	5254		REALLY GOOD STUFF	Yes	No	No	USD	09/26/2013	989.57
			55740	152841	Check	1	2837		GREEN MILL	Yes	No	No	USD	09/27/2013	251.78
			55738	152842	Check	1	10168		PAULSON COURTNEY	Yes	No	No	USD	09/27/2013	375.00
			55741	152843	Check	1	5055		PLYMOUTH PLAYHOUSE	Yes	No	No	USD	09/27/2013	384.00
			55742	152844	Check	1	13355	1	PALMER BUS SERVICE, INC.	Yes	Yes	No	USD	09/27/2013	11,359.02
			55769	152845	Check	1	7706	3	AMAZON.COM	Yes	No	No	USD	09/27/2013	765.97
			55776	152846	Check	1	9579		ARROWWOOD RESORT & CONF CTI	Yes	No	No	USD	09/27/2013	265.06
			55750	152847	Check	1	13356		BERRY JAMES WILLIAM	Yes	No	No	USD	09/27/2013	30.00
			55746	152848	Check	1	12312		BLOMBERG BRENDA	Yes	No	No	USD	09/27/2013	30.00
			55753	152849	Check	1	13849		BUZZELL CADE	Yes	Yes	No	USD	09/27/2013	220.00
			55758	152850	Check	1	13881		FERRARO JANETTE	Yes	No	No	USD	09/27/2013	755.27
			55755	152851	Check	1	13877		FREITAG ERIN	Yes	Yes	No	USD	09/27/2013	70.00
			55774	152852	Check	1	9210		FUERSTENBERG ALAN	Yes	No	No	USD	09/27/2013	89.50
			55773	152853	Check	1	8938		HARTIGAN LEANN	Yes	No	No	USD	09/27/2013	79.47
			55770	152854	Check	1	8452		HENRY EMBROIDERY & SCREEN PR	Yes	No	No	USD	09/27/2013	215.00
			55745	152855	Check	1	12285		KACHEL ALAN	Yes	Yes	No	USD	09/27/2013	70.00
			55749	152856	Check	1	13278		KIMBER CARLSON ANN	Yes	No	No	USD	09/27/2013	235.42
			55768	152857	Check	1	6875		KLAPHAKE CINDY	Yes	No	No	USD	09/27/2013	132.45
			55760	152858	Check	1	3610		KNAFLA KATHRYN D.C.	Yes	No	No	USD	09/27/2013	75.00
			55772	152859	Check	1	8633		KOESTER BARBARA L	Yes	No	No	USD	09/27/2013	75.00
			55771	152860	Check	1	8499		MARXHAUSEN KRIS	Yes	Yes	No	USD	09/27/2013	89.50
			55744	152861	Check	1	12258		McKEAN CHRISTINE	Yes	No	No	USD	09/27/2013	37.50
			55757	152862	Check	1	13880	1	MIDWEST LEADERSHIP COUNCIL, IN	Yes	No	No	USD	09/27/2013	10,850.00
			55759	152863	Check	1	13882	1	MN DEPT OF HUMAN SERVICES	Yes	Yes	No	USD	09/27/2013	173.00
			55775	152864	Check	1	9361		NELSON NORENE	Yes	No	No	USD	09/27/2013	41.75
			55748	152865	Check	1	12832		PATNODE DAN	Yes	No	No	USD	09/27/2013	50.00
			55754	152866	Check	1	13873		PERRAULT KYLE	Yes	No	No	USD	09/27/2013	488.14
			55751	152867	Check	1	13833		PETERSEN JAMES	Yes	No	No	USD	09/27/2013	70.00
			55761	152868	Check	1	5041		PIZZA HUT OF PRINCETON	Yes	No	No	USD	09/27/2013	65.00
			55765	152869	Check	1	6317		RESERVE ACCOUNT	Yes	No	No	USD	09/27/2013	2,000.00
			55762	152870	Check	1	5305		RESOURCE TRAINING & SOLUTIONS	Yes	Yes	No	USD	09/27/2013	510.00
			55766	152871	Check	1	6833		RYMER KAREN	Yes	Yes	No	USD	09/27/2013	26.49
			55743	152872	Check	1	10552	2	S.U.M.	Yes	No	No	USD	09/27/2013	425.00
			55752	152873	Check	1	13842		SCHMOCK CALVIN	Yes	No	No	USD	09/27/2013	253.75
			55763	152874	Check	1	5872		STAGES THEATRE CO	Yes	No	No	USD	09/27/2013	418.00
			55747	152875	Check	1	12382		STEINBERG BECKY	Yes	No	No	USD	09/27/2013	150.00
			55767	152876	Check	1	6836		TALBERG PAT	Yes	No	No	USD	09/27/2013	132.45
			55764	152877	Check	1	6054	3	TARGET BANK	Yes	No	No	USD	09/27/2013	180.32
			55756	152878	Check	1	13879		THE SAINT PAUL HOTEL	Yes	No	No	USD	09/27/2013	3,078.10

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	55788	152879	Check	1	4593		EDUCATION MINNESOTA	Yes	No	No	USD	09/30/2013	24.14
			55793	152880	Check	1	9068		EDUCATORS BENEFIT CONSULTANT	Yes	No	No	USD	09/30/2013	6,473.48
			55785	152881	Check	1	3177		HORACE MANN LIFE INS. CO.	Yes	No	No	USD	09/30/2013	67.14
			55786	152882	Check	1	4332		MN BENEFIT ASSN	Yes	No	No	USD	09/30/2013	119.43
			55787	152883	Check	1	4584		MN NCPERS LIFE INSURANCE	Yes	No	No	USD	09/30/2013	112.00
			55789	152884	Check	1	4936		PEA DUES ACCT.	Yes	No	No	USD	09/30/2013	8,363.34
			55790	152885	Check	1	5121		PRINCETON CUSTODIANS	Yes	No	No	USD	09/30/2013	1,212.38
			55791	152886	Check	1	5126		PRINCETON PARAPROFESSIONALS	Yes	No	No	USD	09/30/2013	1,134.54
			55792	152887	Check	1	5587		SEIU LOCAL 284	Yes	No	No	USD	09/30/2013	392.96
			55794	152888	Check	1	4250		MN HISTORICAL SOCIETY	Yes	No	No	USD	09/30/2013	675.00
			55795	152889	Check	1	9579		ARROWWOOD RESORT & CONF CTI	Yes	No	No	USD	10/01/2013	200.94
			55796	152890	Check	1	10795		ACE SOLID WASTE, INC	Yes	No	No	USD	10/03/2013	2,473.00
			55800	152891	Check	1	12259		ANDERSON BARB	Yes	No	No	USD	10/03/2013	70.00
			55799	152892	Check	1	12256		ANDERSON VIVA M.	Yes	No	No	USD	10/03/2013	70.00
			55798	152893	Check	1	11427	1	AT&T MOBILITY	Yes	No	No	USD	10/03/2013	328.30
			55810	152894	Check	1	1596		BUREAU OF EDUCATION & RESEAR	Yes	No	No	USD	10/03/2013	235.00
			55808	152895	Check	1	13865		CHECINSKI GEORGE	Yes	No	No	USD	10/03/2013	70.00
			55807	152896	Check	1	13846		DIERKS SCOTT	Yes	No	No	USD	10/03/2013	70.00
			55818	152897	Check	1	8487		DIETL RON	Yes	No	No	USD	10/03/2013	75.00
			55802	152898	Check	1	12297		EHRlichman CRAIG	Yes	No	No	USD	10/03/2013	75.00
			55820	152899	Check	1	9920		GRAMS SCOTT	Yes	No	No	USD	10/03/2013	87.00
			55797	152900	Check	1	11150		HENKEMEYER DICK	Yes	No	No	USD	10/03/2013	75.00
			55817	152901	Check	1	7693		JOHNSON ERIC	Yes	No	No	USD	10/03/2013	75.00
			55801	152902	Check	1	12285		KACHEL ALAN	Yes	No	No	USD	10/03/2013	140.00
			55821	152903	Check	1	9922		KROLL CHUCK	Yes	No	No	USD	10/03/2013	87.00
			55811	152904	Check	1	4156		M.E.S.P.A.	Yes	No	No	USD	10/03/2013	2,890.00
			55806	152905	Check	1	13355	1	PALMER BUS SERVICE, INC.	Yes	No	No	USD	10/03/2013	6,577.08
			55822	152906	Check	1	9923		POLACEK DOUG	Yes	No	No	USD	10/03/2013	87.00
			55812	152907	Check	1	5472	4	SAM'S CLUB	Yes	No	No	USD	10/03/2013	4,408.83
			55809	152908	Check	1	13883		SCHMID BRIAN	Yes	No	No	USD	10/03/2013	87.00
			55813	152909	Check	1	5604		SCIENCE MUSEUM OF MINNESOTA	Yes	No	No	USD	10/03/2013	2,132.00
			55819	152910	Check	1	9494	1	SNA	Yes	No	No	USD	10/03/2013	46.75
			55814	152911	Check	1	5872		STAGES THEATRE CO	Yes	No	No	USD	10/03/2013	519.40
			55815	152912	Check	1	5980		SUBWAY	Yes	No	No	USD	10/03/2013	317.42
			55804	152913	Check	1	12993		SWAIN CROSS COUNTRY	Yes	No	No	USD	10/03/2013	150.00
			55803	152914	Check	1	12815		SWENSON TOM	Yes	No	No	USD	10/03/2013	150.00
			55816	152915	Check	1	6855		TREWICK JIM	Yes	No	No	USD	10/03/2013	75.00
			55823	152916	Check	1	9924		WALKER STEVE	Yes	No	No	USD	10/03/2013	87.00
			55805	152917	Check	1	13262	1	WALMART COMMUNITY/GECRB	Yes	No	No	USD	10/03/2013	3,089.28
			55824	152918	Check	1	7631		SCHOLASTIC EQUIPMENT CO, LLC	Yes	No	No	USD	10/04/2013	2,416.80
			55825	152919	Check	1	2189		DOMINO'S PIZZA	Yes	No	No	USD	10/07/2013	240.00

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Princeton Public Schools #477

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Batch	Co	Bank	Pymt No	Check No	Pay Type	Grp	Code	Rcd	Vendor	Print	Recon	Void	Currency	Pmt/Void Date	Amount
0477		001	55826	152920	Check	1	5146		PRINCETON POST OFFICE	Yes	No	No	USD	10/07/2013	56.58
			55836	152921	Check	1	12767		ANDERSON MEGAN	Yes	No	No	USD	10/10/2013	55.00
			55831	152922	Check	1	12256		ANDERSON VIVA M.	Yes	No	No	USD	10/10/2013	55.00
			55830	152923	Check	1	12254		BAKER JAMES	Yes	No	No	USD	10/10/2013	70.00
			55838	152924	Check	1	12886		BERNING KATIE	Yes	No	No	USD	10/10/2013	15.00
			55837	152925	Check	1	12806		BLACKSTAD RUSS	Yes	No	No	USD	10/10/2013	70.00
			55842	152926	Check	1	13891		CASPERSON NOEL	Yes	No	No	USD	10/10/2013	89.50
			55843	152927	Check	1	13892		EDMONDS LINDA	Yes	No	No	USD	10/10/2013	54.00
			55841	152928	Check	1	13890		ESLINGER DUSTIN	Yes	No	No	USD	10/10/2013	75.00
			55840	152929	Check	1	13881		FERRARO JANETTE	Yes	No	No	USD	10/10/2013	766.24
			55833	152930	Check	1	12308		HIESTAND DEB	Yes	No	No	USD	10/10/2013	70.00
			55847	152931	Check	1	6821		HOEHN PAUL	Yes	No	No	USD	10/10/2013	75.00
			55844	152932	Check	1	3140		HOFMAN OIL CO. INC.	Yes	No	No	USD	10/10/2013	790.38
			55852	152933	Check	1	8497		HOLMGREN BRENDA	Yes	No	No	USD	10/10/2013	89.50
			55832	152934	Check	1	12285		KACHEL ALAN	Yes	No	No	USD	10/10/2013	70.00
			55851	152935	Check	1	8210		KELLER TOM	Yes	No	No	USD	10/10/2013	75.00
			55835	152936	Check	1	12766		LARSON BOB	Yes	No	No	USD	10/10/2013	70.00
			55850	152937	Check	1	7690		M.A.S.P.A.	Yes	No	No	USD	10/10/2013	225.00
			55839	152938	Check	1	12957	1	MIDCONTINENT COMMUNICATIONS	Yes	No	No	USD	10/10/2013	1,308.08
			55848	152940	Check	1	6856		NORMAN TODD	Yes	No	No	USD	10/10/2013	164.50
			55853	152941	Check	1	8861		PETERMAN MELISSA	Yes	No	No	USD	10/10/2013	42.00
			55827	152942	Check	1	10232		PLOEGER CORY	Yes	No	No	USD	10/10/2013	75.00
			55829	152943	Check	1	11798		POHLMEIER LUKAS	Yes	No	No	USD	10/10/2013	75.00
			55845	152944	Check	1	5305		RESOURCE TRAINING & SOLUTIONS	Yes	No	No	USD	10/10/2013	740.00
			55846	152945	Check	1	5604		SCIENCE MUSEUM OF MINNESOTA	Yes	No	No	USD	10/10/2013	2,184.00
			55834	152946	Check	1	12747		SHOPKO	Yes	No	No	USD	10/10/2013	8.11
			55854	152947	Check	1	9494	1	SNA	Yes	No	No	USD	10/10/2013	11.00
			55849	152948	Check	1	7600	1	STATE NEGOTIATORS	Yes	No	No	USD	10/10/2013	250.00
			55856	152949	Check	1	9888		TRIPP GARY	Yes	No	No	USD	10/10/2013	89.50
			55828	152950	Check	1	11190		VEDDERS DOUGLAS	Yes	No	No	USD	10/10/2013	75.00
			55857	152951	Check	1	13371		GREEN BARN GARDEN CENTER	Yes	No	No	USD	10/11/2013	1,097.25
			55858	152952	Check	1	13894	1	JA BIZTOWN	Yes	No	No	USD	10/14/2013	590.00
			55859	152953	Check	1	10584		CARD SERVICES	Yes	No	No	USD	10/14/2013	1,513.42
			55860	152954	Check	1	13896		SFTFCC BOOSTER CLUB	Yes	No	No	USD	10/14/2013	165.00
			55861	152955	Check	1	11788		MADISON NATIONAL LIFE	Yes	No	No	USD	10/14/2013	7,789.53
			55862	152956	Check	1	13771		METLIFE	Yes	No	No	USD	10/14/2013	9,759.08
			55863	152957	Check	1	11840		PINEHAVEN FARM	Yes	No	No	USD	10/15/2013	189.00
			55864	152958	Check	1	7006		THUNDER BLADES INC	Yes	No	No	USD	10/15/2013	162.00
			55873	152959	Check	1	9068		EDUCATORS BENEFIT CONSULTANT	Yes	No	No	USD	10/15/2013	6,473.48
			55927	152960	Check	1	13410		AVHS CHEERLEADING BOOSTER CL	Yes	No	No	USD	10/16/2013	156.00
			55939	152961	Check	1	8437		BERSCHIED NICK	Yes	No	No	USD	10/16/2013	150.00

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0477		001	55928	152962	Check	1	13891		CASPERSON NOEL	Yes	No	No	USD	10/16/2013	89.50
			55924	152963	Check	1	13055		CRIMSON CHEERLEADING	Yes	No	No	USD	10/16/2013	335.00
			55934	152964	Check	1	2286	2	EDINA CHEERLEADING	Yes	No	No	USD	10/16/2013	234.00
			55926	152965	Check	1	13409		ER CHEER BOOSTERS	Yes	No	No	USD	10/16/2013	300.00
			55920	152966	Check	1	11113		GOTHAM STEVE	Yes	No	No	USD	10/16/2013	87.00
			55932	152967	Check	1	13904		HAZELTON ERIC	Yes	No	No	USD	10/16/2013	15.00
			55933	152968	Check	1	13905		JACKET CHEER BOOSTER	Yes	No	No	USD	10/16/2013	254.00
			55923	152969	Check	1	12862		JHS CHEER	Yes	No	No	USD	10/16/2013	195.00
			55941	152970	Check	1	8633		KOESTER BARBARA L	Yes	No	No	USD	10/16/2013	75.00
			55921	152971	Check	1	11986		LAVOI JANA	Yes	No	No	USD	10/16/2013	75.00
			55918	152972	Check	1	10744		LEARNING A - Z	Yes	No	No	USD	10/16/2013	5,118.40
			55929	152973	Check	1	13895		LEYK JULIE	Yes	No	No	USD	10/16/2013	89.50
			55919	152974	Check	1	11112		McGIVERN FRANK	Yes	No	No	USD	10/16/2013	87.00
			55935	152975	Check	1	4160	1	METRO ECSU	Yes	No	No	USD	10/16/2013	200.00
			55942	152976	Check	1	9429	2	N.J.P.A.	Yes	No	No	USD	10/16/2013	70.00
			55930	152977	Check	1	13898		NORLAND LARRY	Yes	No	No	USD	10/16/2013	87.00
			55922	152978	Check	1	12517		NORTHERN STAR COUNCIL/BSA	Yes	No	No	USD	10/16/2013	175.00
			55917	152979	Check	1	10555		NOVAK JIM	Yes	No	No	USD	10/16/2013	87.00
			55931	152980	Check	1	13899		PAPKE MATT	Yes	No	No	USD	10/16/2013	87.00
			55940	152981	Check	1	8562	1	REGION 7AA	Yes	No	No	USD	10/16/2013	347.00
			55937	152982	Check	1	6748		SCHULTZ ROD	Yes	No	No	USD	10/16/2013	150.00
			55925	152983	Check	1	13293		SCHULTZ TODD	Yes	No	No	USD	10/16/2013	150.00
			55938	152984	Check	1	8108	2	UNIVERSITY OF MN EXTENSION	Yes	No	No	USD	10/16/2013	485.00
			55936	152985	Check	1	6308	1	US BANK	Yes	No	No	USD	10/16/2013	431.25
			55997	152986	Check	1	13909		ALMHJELD KARLA	Yes	No	No	USD	10/22/2013	216.00
			55998	152987	Check	1	13910		AM PAINTING OF PRINCETON, INC.	Yes	No	No	USD	10/22/2013	212.34
			55951	152988	Check	1	11043	1	AMERICAN ENGINEERING TESTING	Yes	No	No	USD	10/22/2013	5,413.00
			55954	152989	Check	1	1137		AMERIPRIDE LINEN & APPAREL	Yes	No	No	USD	10/22/2013	1,382.66
			55959	152990	Check	1	1168		ANDERSON'S	Yes	No	No	USD	10/22/2013	67.68
			55963	152991	Check	1	1213		APPERT'S FOODSERVICE	Yes	No	No	USD	10/22/2013	76,280.93
			56073	152992	Check	1	8363	1	APPLE, INC.	Yes	No	No	USD	10/22/2013	1,049.00
			55964	152993	Check	1	1218		AQUA LOGIC	Yes	No	No	USD	10/22/2013	1,030.30
			55967	152994	Check	1	1255	1	ATLAS PEN & PENCIL CORP	Yes	No	No	USD	10/22/2013	97.75
			55968	152995	Check	1	1259	1	AUDIO COMMUNICATIONS	Yes	No	No	USD	10/22/2013	3,011.75
			56038	152996	Check	1	4545		AUTO VALUE PRINCETON	Yes	No	No	USD	10/22/2013	290.87
			56074	152997	Check	1	8410	1	BATTERIES PLUS	Yes	No	No	USD	10/22/2013	289.50
			56002	152998	Check	1	1392		BENTON TROPHY & AWARD	Yes	No	No	USD	10/22/2013	27.99
			56003	152999	Check	1	1409		BERNICK'S PEPSI-COLA	Yes	No	No	USD	10/22/2013	904.96
			55985	153000	Check	1	13696		BJORKLUND COMPENSATION CONS	Yes	No	No	USD	10/22/2013	2,000.00
			55945	153001	Check	1	10364		BORDER STATES ELECTRIC SUPPLY	Yes	No	No	USD	10/22/2013	650.54
			56006	153002	Check	1	1840		C.M.E.R.D.C.	Yes	No	No	USD	10/22/2013	2,554.21

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0477		001	56072	153003	Check	1	8178		CALLOWAY HOUSE	Yes	No	No	USD	10/22/2013	43.93
			55970	153004	Check	1	12622		CARTRIDGE WORLD	Yes	No	No	USD	10/22/2013	871.90
			55966	153005	Check	1	12433		CASCIO INTERSTATE MUSIC CO.	Yes	No	No	USD	10/22/2013	630.06
			56027	153006	Check	1	3954	4	CDW-G INC	Yes	No	No	USD	10/22/2013	1,695.53
			56034	153007	Check	1	4290		CENTERPOINT ENERGY	Yes	No	No	USD	10/22/2013	3,017.12
			56004	153008	Check	1	1721		CENTRAL MCGOWAN INC.	Yes	No	No	USD	10/22/2013	7.20
			56005	153009	Check	1	1757	1	CHEERING SECTION	Yes	No	No	USD	10/22/2013	215.86
			56070	153010	Check	1	7473	1	CLARK ENGINEERING	Yes	No	No	USD	10/22/2013	5,441.15
			55975	153011	Check	1	12899		CLASSROOM SUPPLY MART	Yes	No	No	USD	10/22/2013	55.17
			55961	153012	Check	1	12012		COLORADO TIMING SYSTEMS	Yes	No	No	USD	10/22/2013	615.00
			56007	153013	Check	1	2025		CYNMAR CORPORATION	Yes	No	No	USD	10/22/2013	1,148.80
			55943	153014	Check	1	10069		DALCO	Yes	No	No	USD	10/22/2013	7,266.67
			55958	153015	Check	1	11656		DEAN FOODS NORTH CENTRAL	Yes	No	No	USD	10/22/2013	14,565.51
			56008	153016	Check	1	2115	1	DEMCO INC	Yes	No	No	USD	10/22/2013	526.27
			55976	153017	Check	1	13015		DOHRMANN ERIN	Yes	No	No	USD	10/22/2013	60.07
			56009	153018	Check	1	2265		ECKROTH MUSIC CO.	Yes	No	No	USD	10/22/2013	2,643.34
			56011	153019	Check	1	2270		ECM PUBLISHERS INC.	Yes	No	No	USD	10/22/2013	385.99
			56010	153020	Check	1	2269		ECMECC	Yes	No	No	USD	10/22/2013	7,156.34
			56001	153021	Check	1	13913		ECOLAB FOOD SAFETY SPECIALTIE	Yes	No	No	USD	10/22/2013	210.12
			56012	153022	Check	1	2278		ECOWATER SYSTEMS	Yes	No	No	USD	10/22/2013	21.00
			56077	153023	Check	1	9068		EDUCATORS BENEFIT CONSULTANT	Yes	No	No	USD	10/22/2013	2,304.00
			56013	153024	Check	1	2331		EGAN COMPANY	Yes	No	No	USD	10/22/2013	16,292.17
			56014	153025	Check	1	2353		ELECTRIC MOTOR SERVICE INC	Yes	No	No	USD	10/22/2013	287.74
			55969	153026	Check	1	12619	1	ERIC ARMIN INC	Yes	No	No	USD	10/22/2013	229.39
			55974	153027	Check	1	12846		ESSENTIAL CABLING TECHNOLOGIE	Yes	No	No	USD	10/22/2013	17,150.00
			56069	153028	Check	1	7072	1	ESTR PUBLICATIONS	Yes	No	No	USD	10/22/2013	298.00
			56015	153029	Check	1	2494	1	FARBER SOUND, LLC	Yes	No	No	USD	10/22/2013	443.06
			56016	153030	Check	1	2571		FOLLETT EDUCATIONAL SERVICE	Yes	No	No	USD	10/22/2013	47.89
			56017	153031	Check	1	2576		FOLLETT LIBRARY RESOURCES	Yes	No	No	USD	10/22/2013	363.30
			55988	153032	Check	1	13776	2	FOOD SERVICES OF AMERICA	Yes	No	No	USD	10/22/2013	53,962.63
			55962	153033	Check	1	12056		FREDERICK C. MEISSNER PIANO SE	Yes	No	No	USD	10/22/2013	310.00
			56018	153034	Check	1	2774		GOODHEART-WILLCOX CO. INC.	Yes	No	No	USD	10/22/2013	2,670.92
			56019	153035	Check	1	2778		GOPHER STATE ONE-CALL INC	Yes	No	No	USD	10/22/2013	11.60
			56068	153036	Check	1	6645		GRAINGER	Yes	No	No	USD	10/22/2013	2,347.61
			56020	153037	Check	1	2864		GROTH MUSIC	Yes	No	No	USD	10/22/2013	337.88
			55989	153038	Check	1	13807		HANDWRITING WITHOUT TEARS	Yes	No	No	USD	10/22/2013	218.85
			55999	153039	Check	1	13911		HARDWARE.COM	Yes	No	No	USD	10/22/2013	1,500.00
			55973	153040	Check	1	12845	1	HEAT MIZER GLASS, INC.	Yes	No	No	USD	10/22/2013	530.42
			55994	153041	Check	1	13906		HODSDON RICHARD	Yes	No	No	USD	10/22/2013	479.10
			56021	153042	Check	1	3183	2	HOUGHTON - MIFFLIN CO.	Yes	No	No	USD	10/22/2013	195.04
			55991	153043	Check	1	13845	1	INCLUSIVE TLC SPECIAL NEEDS	Yes	No	No	USD	10/22/2013	159.00

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			55950	153045	Check	1	10909	1	INNOVATIVE OFFICE SOLUTIONS	Yes	No	No	USD	10/22/2013	3,184.74
			55944	153046	Check	1	10237		INTEGRATED SYSTEMS CORPORATI	Yes	No	No	USD	10/22/2013	416.67
			56022	153047	Check	1	3375	1	J & R SCHOOL SUPPLIES INC	Yes	No	No	USD	10/22/2013	300.00
			55981	153048	Check	1	13392		JIM'S CELL PHONE & IPOD REPAIR	Yes	No	No	USD	10/22/2013	189.90
			56023	153049	Check	1	3561		KERN DEWENTER VIERE LTD	Yes	No	No	USD	10/22/2013	18,000.00
			56024	153050	Check	1	3623		KOEHLER & DRAMM INC.	Yes	No	No	USD	10/22/2013	299.98
			55949	153051	Check	1	10744	1	LEARNING A - Z	Yes	No	No	USD	10/22/2013	849.50
			56025	153052	Check	1	3815		LIBRARY VIDEO COMPANY	Yes	No	No	USD	10/22/2013	107.81
			56026	153053	Check	1	3842		LINGUISYSTEMS	Yes	No	No	USD	10/22/2013	133.65
			55971	153054	Check	1	12647		LOFFLER	Yes	No	No	USD	10/22/2013	1,456.00
			56028	153055	Check	1	4087		MCDOWALL COMPANY	Yes	No	No	USD	10/22/2013	2,133.00
			56029	153056	Check	1	4136		MENARDS	Yes	No	No	USD	10/22/2013	1,651.57
			56030	153057	Check	1	4137		MENARDS - ST CLOUD	Yes	No	No	USD	10/22/2013	843.11
			56076	153058	Check	1	8514	1	MID MN DAMAGE PREVENTION	Yes	No	No	USD	10/22/2013	131.25
			56031	153059	Check	1	4222		MILACA BUILDING CENTER	Yes	No	No	USD	10/22/2013	623.61
			55992	153060	Check	1	13875	1	MINDSET WORKS, INC.	Yes	No	No	USD	10/22/2013	500.00
			56032	153061	Check	1	4273		MINNESOTA CLAY CO.	Yes	No	No	USD	10/22/2013	896.17
			55946	153062	Check	1	10432		MINNESOTA ELEVATOR, INC	Yes	No	No	USD	10/22/2013	164.32
			55955	153063	Check	1	11477	1	MINUTEMAN PRESS	Yes	No	No	USD	10/22/2013	341.08
			56033	153064	Check	1	4282		MINVALCO INC.	Yes	No	No	USD	10/22/2013	191.27
			56035	153065	Check	1	4349	4	MN DEPARTMENT OF HEALTH	Yes	No	No	USD	10/22/2013	100.00
			56036	153066	Check	1	4535		NAPA OF PRINCETON	Yes	No	No	USD	10/22/2013	9.38
			56037	153067	Check	1	4537		NASCO	Yes	No	No	USD	10/22/2013	926.25
			56039	153068	Check	1	4555		NATIONAL FFA ORGANIZATION	Yes	No	No	USD	10/22/2013	189.00
			56040	153069	Check	1	4575	1	NATIONAL SCHOOL PRODUCTS	Yes	No	No	USD	10/22/2013	50.44
			56078	153070	Check	1	9119	1	NATIONAL TICKET COMPANY	Yes	No	No	USD	10/22/2013	334.85
			56082	153071	Check	1	9892	1	NCS PEARSON, INC.	Yes	No	No	USD	10/22/2013	627.18
			56041	153072	Check	1	4776	3	OFFICEMAX INC.	Yes	No	No	USD	10/22/2013	934.87
			55979	153073	Check	1	13355	1	PALMER BUS SERVICE, INC.	Yes	No	No	USD	10/22/2013	143,057.67
			56042	153074	Check	1	4868	1	PAN-O-GOLD BAKING CO.	Yes	No	No	USD	10/22/2013	2,027.20
			56081	153075	Check	1	9866	1	PREMIUM WATERS INC	Yes	No	No	USD	10/22/2013	71.85
			56043	153076	Check	1	5127		PRINCETON ELECTRIC	Yes	No	No	USD	10/22/2013	1,839.76
			56080	153077	Check	1	9842		PRINCETON HEALTH PRESS	Yes	No	No	USD	10/22/2013	165.00
			56045	153078	Check	1	5194		PRINCETON PUBLIC UTILITIES	Yes	No	No	USD	10/22/2013	81,113.24
			56044	153079	Check	1	5149		PRINCETON RENTAL INC.	Yes	No	No	USD	10/22/2013	13.89
			56046	153080	Check	1	5214	1	QUILL CORPORATION	Yes	No	No	USD	10/22/2013	409.55
			56047	153081	Check	1	5254		REALLY GOOD STUFF	Yes	No	No	USD	10/22/2013	8.45
			55972	153082	Check	1	12648	1	REBYL SPORTS, INC.	Yes	No	No	USD	10/22/2013	5,148.90
			56048	153083	Check	1	5305		RESOURCE TRAINING & SOLUTIONS	Yes	No	No	USD	10/22/2013	10.00
			56049	153084	Check	1	5457		SAFETY-KLEEN CORP.	Yes	No	No	USD	10/22/2013	877.45

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			55978	153086	Check	1	13311		SANDSTROM'S	Yes	No	No	USD	10/22/2013	420.33
			56050	153087	Check	1	5523	6	SCHOLASTIC BOOK CLUBS INC	Yes	No	No	USD	10/22/2013	27.00
			56071	153088	Check	1	7631		SCHOLASTIC EQUIPMENT CO, LLC	Yes	No	No	USD	10/22/2013	55,693.07
			56052	153089	Check	1	5553	5	SCHOLASTIC INC	Yes	No	No	USD	10/22/2013	142.88
			56051	153090	Check	1	5553		SCHOLASTIC INC.	Yes	No	No	USD	10/22/2013	216.41
			56053	153091	Check	1	5593	5	SCHOOL SPECIALTY INC.	Yes	No	No	USD	10/22/2013	919.59
			55993	153092	Check	1	13878		SCREENING FOR MENTAL HEALTH, I	Yes	No	No	USD	10/22/2013	395.00
			56054	153093	Check	1	5702		SILVER BELL TROPHIES & AWARDS	Yes	No	No	USD	10/22/2013	158.00
			56000	153094	Check	1	13912		SOLARZ-JOHNSON BRENDA	Yes	No	No	USD	10/22/2013	350.00
			55986	153095	Check	1	13742	1	SPARK	Yes	No	No	USD	10/22/2013	540.00
			55983	153096	Check	1	13492		SPECO CHARTER LLC	Yes	No	No	USD	10/22/2013	575.00
			56056	153097	Check	1	5881	3	ST CLOUD FIRE EQUIPMENT	Yes	No	No	USD	10/22/2013	1,018.50
			55957	153098	Check	1	11652	1	STAPLES ADVANTAGE	Yes	No	No	USD	10/22/2013	13.50
			56055	153099	Check	1	5860	1	STATE OF MINNESOTA INFORMATIOI	Yes	No	No	USD	10/22/2013	75.00
			55982	153100	Check	1	13481	1	SUMMIT FIRE PROTECTION	Yes	No	No	USD	10/22/2013	940.00
			55990	153101	Check	1	13814		SUPERIOR STRIPING, INC.	Yes	No	No	USD	10/22/2013	620.00
			56057	153102	Check	1	6015		SUPREME SCHOOL SUPPLY CO.	Yes	No	No	USD	10/22/2013	68.38
			56058	153103	Check	1	6072	1	TEACHER'S DISCOVERY	Yes	No	No	USD	10/22/2013	256.26
			55987	153104	Check	1	13767		TEACHERS PAY TEACHERS	Yes	No	No	USD	10/22/2013	105.00
			56059	153105	Check	1	6079		TEAM SPORTING GOODS INC	Yes	No	No	USD	10/22/2013	7,980.93
			56060	153106	Check	1	6099	2	TEXTBOOK WAREHOUSE	Yes	No	No	USD	10/22/2013	4,487.35
			55980	153107	Check	1	13389		THE MCDOWELL AGENCY, INC.	Yes	No	No	USD	10/22/2013	759.70
			55965	153108	Check	1	12320		THE METRO GROUP, INC	Yes	No	No	USD	10/22/2013	2,519.44
			55947	153109	Check	1	10439		THREE RIVERS YOUTH FOOTBALL L	Yes	No	No	USD	10/22/2013	1,500.00
			55960	153110	Check	1	11844	2	TIMVIEW TECHNOLOGIES	Yes	No	No	USD	10/22/2013	399.00
			55956	153111	Check	1	11488	1	TRANSCEND UNITED TECHNOLOGIE	Yes	No	No	USD	10/22/2013	325.00
			56061	153112	Check	1	6223	3	TREETOP PUBLISHING	Yes	No	No	USD	10/22/2013	546.70
			56062	153113	Check	1	6231		TRIO SUPPLY COMPANY	Yes	No	No	USD	10/22/2013	2,711.02
			56075	153114	Check	1	8428		TWIN CITY HARDWARE	Yes	No	No	USD	10/22/2013	623.65
			55952	153115	Check	1	11229		ULINE	Yes	No	No	USD	10/22/2013	349.38
			56063	153116	Check	1	6276		UNITED ART AND EDUCATION	Yes	No	No	USD	10/22/2013	622.48
			55984	153117	Check	1	13685		VELOCITY STREETWEAR	Yes	No	No	USD	10/22/2013	1,275.00
			55996	153118	Check	1	13908		VERIZON WIRELESS	Yes	No	No	USD	10/22/2013	82.76
			56064	153119	Check	1	6376		VIKING COCA COLA BOTTLING	Yes	No	No	USD	10/22/2013	871.30
			55977	153120	Check	1	13178		VIKING SEWER & DRAIN CLEANING	Yes	No	No	USD	10/22/2013	561.00
			56065	153121	Check	1	6455	1	WARD'S NATURAL SCIENCE EST LLC	Yes	No	No	USD	10/22/2013	33.35
			55995	153122	Check	1	13907		WATKINS BRUCE	Yes	No	No	USD	10/22/2013	5,000.00
			56066	153123	Check	1	6461		WATSON CO. INC.	Yes	No	No	USD	10/22/2013	292.96
			56067	153124	Check	1	6575		WILLIAM V. MACGILL & CO.	Yes	No	No	USD	10/22/2013	184.27

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	55948	153125	Check	1	10705		WILSON SPORTS	Yes	No	No	USD	10/22/2013	197.00
														Bank Total: 001	\$801,704.99
														Report Total:	\$801,704.99

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

Fund	Description	Total
01	General Fund	\$608,966.51
02	Food Service	\$158,828.42
04	Community Service	\$7,955.37
07	Debt Redemption	\$431.25
10	Student Activities	\$25,523.44
Report Total		\$801,704.99

Princeton Public Schools - ISD #477

Wire Transfer Report

October 22, 2013

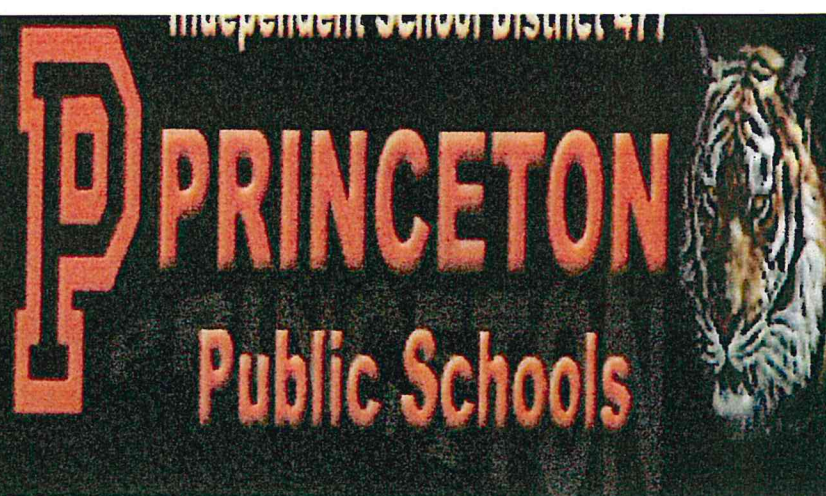
<u>Date:</u>	<u>Amount:</u>	<u>Description:</u>
9/30/2013	\$ 490,317.06	ACH File Transfer
9/30/2013	\$ 169,745.78	Federal Tax Wire Transfer
9/30/2013	\$ 27,382.86	State Tax Wire Transfer
9/30/2013	\$ 6,338.90	Select Account H S A
9/30/2013	\$ 100.00	MN Revenue
9/30/2013	\$ 77,411.18	TRA File Transfer
9/30/2013	\$ 26,441.56	PERA File Transfer
9/30/2013	\$ 378.50	MN Child Support File Transfer
9/30/2013	\$ 40,453.16	TSA File Transfer
10/3/2013	\$ 16,165.88	BMO Harris Bank - (Pcards)
10/10/2013	\$ 1,619.00	MN Revenue - (Sales tax)
10/15/2013	\$ 479,816.33	ACH File Transfer
10/15/2013	\$ 163,806.76	Federal Tax Wire Transfer
10/15/2013	\$ 26,200.65	State Tax Wire Transfer
10/15/2013	\$ 6,174.32	Select Account H S A
10/15/2013	\$ 100.00	MN Revenue
10/15/2013	\$ 71,480.96	TRA File Transfer
10/15/2013	\$ 29,634.07	PERA File Transfer
10/15/2013	\$ 378.50	MN Child Support File Transfer
10/15/2013	\$ 37,015.78	TSA File Transfer
	\$ 0.00	
TOTAL	\$ 1,670,961.25	

**PRINCETON PUBLIC SCHOOLS
TREASURER'S REPORT
MONTHLY CASH FLOW REPORT FOR SEPTEMBER 2013**

FUND	BEGINNING BALANCE	MONTHLY RECEIPTS	MONTHLY DISBURSEMENTS	JOURNAL ENTRIES	ENDING BALANCE
01 General	14,108,684.80	2,423,768.94	2,452,329.56	293.03	14,080,124.18
02 Food Service	420,829.31	99,803.71	99,012.62	(217.18)	421,620.40
04 Community Service	239,227.77	147,262.33	74,546.90	(986.98)	311,943.20
06 Building Fund	48,184.02	0.00	48,184.02	0.00	0.00
07 Debt Service	1,339,664.15	2,330.78	0.00	13.99	1,341,994.93
10 Activities	101,741.13	37,018.95	19,090.17	176.00	119,669.91
TOTAL	16,258,331.18	2,710,184.71	2,693,163.27		16,275,352.62

Bank Accounts

AP/PR Account (Bremer)	491,935.44
MSDLAF+	4,613,390.06
Investments (Fd01)	<u>11,507,647.22</u>
	16,612,972.72
O/S Accts Pay Checks	(262,593.71)
O/S Payroll Checks	(1,855.63)
O/S Wires	(74,653.42)
NSF Checks	<u>1,482.66</u>
TOTAL	16,275,352.62

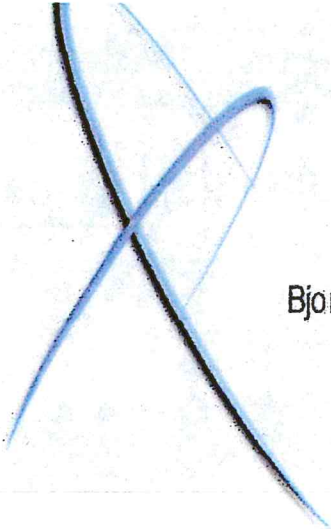


CLASSIFICATION & COMPENSATION STUDY FINAL REPORT
2013



Bjorklund Compensation Consulting

Serving the Human Resource Needs of the Public Sector



Bjorklund Compensation Consulting, LLC

Serving The HR Needs Of The Public Sector

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II. Study Methodology	2
III. Findings and Recommendations	5

Appendices:

- 1. Salary Survey Technical Report: (Delivered under separate cover and disk)**
- 2. CLASSIFICATION MATRIX HANDBOOK (Delivered under separate cover for HR use only-Not to be copied or distributed unless authorized by BCC to protect our intellectual property-CMS)**
- 3. Preliminary Pay Equity Compliance Test Results - If adopted**

I. INTRODUCTION

In June 2012, Bjorklund Compensation Consulting (BCC), LLC contracted with Princeton Public Schools and began the process to conduct a comprehensive classification and compensation study of all positions and to develop a new classification and compensation program that would be fair, meet pay equity requirements, be better aligned with the market, and better position the organization to meet its HR needs and goals. The objectives of the study were to:

- Study all positions and prepare/update job descriptions;
- Evaluate all proposed classification titles using job evaluation to align job classes internally;
- Conduct a salary survey and assess market competitiveness;
- Design and/or update a new pay structure(s) for Princeton Schools to better align the pay structure(s) with the market;
- Formulate an implementation plan (costing) associated with adopting the recommended pay plan(s).
- Prepare a classification manual to aid the organization in maintaining the classification and compensation program in the future.

The following sections of the report outline the procedures followed during the course of the study and our findings and recommendations.



II. METHODOLOGY

A. Studied All Jobs: Conducted Job Analysis

- BCC provided the District with a position description questionnaire that was distributed to all employees by the HR. Employees completed the position description questionnaires, submitted the questionnaires to department managers for review and comment, and then all position description questionnaires were collected and returned to the consultant.
- BCC reviewed all completed and returned questionnaires and then conducted follow up employee interviews with employees in each of the existing jobs in the agency. In total, BCC completed approximately 64 employee interviews.
- Interviews permitted BCC to expand upon, clarify and understand the expectations and responsibilities of each position. Interviews also permitted us to compare and contrast responsibilities in similar or adjacent job classes during the interview process.
- With the position description questionnaires, manager comments and interview notes, BCC updated, created and/or revised all job descriptions utilizing a standard job description format. The format was designed to cover all the essential features required under ADA legislation namely, essential duties/responsibilities, minimum qualifications, essential knowledge/skills, physical requirements and working conditions associated with the job.
- Draft descriptions were submitted to the District for comments and revision recommendations by managers. BCC reviewed comments, revisited, revised, and/or finalized the descriptions when consistent with sound classification principles and concepts. A diskette containing all job descriptions will be provided to the District so it can maintain and update the job descriptions going forward.



II. METHODOLOGY (CONT.)

B. Conducted Job Grading

- Using the job information collected in the position description questionnaires, interviews, and manager/committee comments, BCC assessed the duties and responsibility level of positions and attached a preliminary job rating to each of the proposed classification titles outlined in the classification structure based upon the Classification Matrix System (CMS) of job evaluation.
- BCC prepared and provided a classification manual to Princeton Public Schools outlining the methodology, forms used in the conduct of the study, worksheets that than be maintained by the District in documenting rating, reviews and job changes over time, recommended policies and procedures, and diskettes of job descriptions.
- BCC met with Administration to review the preliminary job ratings. Based upon their comments or concerns, BCC reviewed its rating recommendations and made revisions provided they were justified, within the job evaluation criteria of the CMS, and consistent with the information outlined in the questionnaires.

C. Conducted A Salary Survey & Designed a New Pay Structure

- BCC designed a salary survey questionnaire to collect salary information.
- BCC worked with Administration to identify comparable organizations in which to collect salary information.
- BCC collected, summarized and analyzed all survey data.



II. METHODOLOGY (CONT.)

C. Conducted A Salary Survey & Designed a New Pay Structure (cont.)

- BCC analyzed the salary data and proposed 3 pay structures (e.g. salary ranges) for all jobs. One structure for licensed teachers, one for classified positions below teacher, and an additional salary structure for all professional, administrative, supervisory and/or managerial positions.
- BCC met with District Administration to review the findings of the market study and submitted various costing and implementation options for Administration to evaluate and consider in implementing the findings of the study.
- BCC tested the proposed salary structures against the requirements of the MN Pay Equity Act to assure its compliance with the regulations assuming the District was to adopt and implement all of the recommendations of this report.



III. FINDINGS & RECOMMENDATIONS

A. Recommended Job Ratings

- BCC applied the Classification Matrix System (CMS) of job evaluation to determine the responsibility level of each job within the District. This resulted in a ranking of classifications from top to bottom. The final outcome or ranking of classifications within an organization is also known as a "job hierarchy". Based upon the similarity of job points (e.g. rating outcome), jobs of similar point value were assigned to similar salary ranges for similar pay treatment.
- The job rating results assures jobs are aligned fairly on the basis of internal responsibility not market or other external factors. The job ratings are used to initially slot jobs to salary ranges. The use of job evaluation and the resulting job ratings addresses the issue of "internal pay equity", as required by the MN Pay Equity Act of 1984, as amended.
- Table I shows the results of the finalized job rankings and the resulting job hierarchy.
- The assignment of jobs to salary ranges was based total points and the application of the Grade Placement Chart outlined in Table II.



Table I

Job Hierarchy

Proposed Classification Title:	Total Points	Spread Salary Grade
SUPERINTENDENT	1900	29
DIRECTOR OF BUSINESS SERVICE	1670	27
DIRECTOR OF TEACHING & LEARNING	1480	26
SR. HIGH PRINCIPAL	1465	26
PRINCIPAL - MS	1465	26
DIRECTOR OF COMMUNITY EDUCATION	1465	26
ELEMENTARY PRINCIPAL	1375	25
DIRECTOR OF HUMAN RESOURCES	1320	24
ASST PRINCIPAL/ACTIVITIES DIRECTOR	1150	23
ECFE COORDINATOR	920	20
LICENSED SCHOOL NURSE	890	19
DIRECTOR OF BUILDING & GROUNDS	880	19
SOCIAL WORKER	870	19
MEDIA SPECIALIST	870	19
COUNSELOR	870	19
SPEECH & LANGUAGE PATHOLOGIST	850	19
TEACHER K-12	850	19
DIRECTOR OF FOOD SERVICE	840	19
SACC PROGRAM COORDINATOR	725	17
MAINTENANCE ENGINEER	690	16
SCHOOL READINESS INSTRUCTOR	680	16
ECFE TEACHER	680	16
RECREATION & ENRICHMENT COORDINATOR	660	15
CAREER SPECIALIST	660	15
ACCOUNTING SPECIALIST	650	15
EXECUTIVE ASSISTANT	650	15
TECHNOLOGY SPECIALIST	630	15
PAYROLL/BENEFITS SPECIALIST	610	14
SPECIAL NEEDS NURSE	555	13
MAINTENANCE ENGINEER ASST	555	13
HEAD COOK	540	13
PAC MANAGER	515	12
PRINCIPAL SECRETARY	515	12
DAY LEAD CUSTODIAN	500	12
ACCOUNTS PAYABLE/RECEIVABLE TECHNICIAN	495	12
EARLY CHILDHOOD SCREENING/PROGRAM SPECIALIST	495	12
COMMUNITY ED SECRETARY	495	12
HEAD GROUNDSKEEPER	450	11
NIGHT LEAD CUSTODIAN	450	11



Table I

Job Hierarchy

Proposed Classification Title:	Total Points	Spread Salary Grade
HEALTH PARAPROFESSIONAL	440	10
BEHAVIORAL PREVENTION & INTERVENTION ASST	430	10
TITLE I PARAPROFESSIONAL	420	10
MEDIA TECHNOLOGY PARAPROFESSIONAL	420	10
GUIDANCE SECRETARY	420	10
CAREER ADVISOR	420	10
BUSINESS AFFAIRS SECRETARY/RECEPTIONIST	420	10
ASST PRINCIPAL SECRETARY	420	10
ACTIVITIES SECRETARY	420	10
STOP & THINK PARAPROFESSIONAL	390	9
SPECIAL EDUCATION PARAPROFESSIONAL	390	9
JOB COACH	390	9
WATER SAFETY INSTRUCTOR/LIFEGUARD	390	9
MEDIA ASSISTANT	370	8
OFFICE ASSISTANT K-12	370	8
FOOD SERVICE OFFICE ASST	370	8
ATTENDANCE SECRETARY	370	8
CUSTODIAN	335	7
STUDY HALL SUPERVISOR	315	6
IN-SCHOOL SUSPENSION PARAPROFESSIONAL	315	6
ECSE PARAPROFESSIONAL	315	6
COOK HELPER	315	6
ECFE ASSISTANT	295	5
CENTRAL DUPLICATING PARAPROFESSIONAL	275	4
SERVER	220	2
DISWASHER	220	2
PARKING LOT ATTENDANT	220	2



Table II

Grade Determination Chart

Grade Assignment	Point Minimum	Point Maximum
1	200	216
2	217	234
3	235	254
4	255	276
5	277	299
6	300	324
7	325	351
8	352	380
9	381	411
10	412	445
11	446	482
12	483	522
13	523	564
14	565	611
15	612	661
16	662	715
17	716	773
18	774	836
19	837	904
20	905	977
21	978	1056
22	1057	1142
23	1143	1234
24	1235	1334
25	1335	1442
26	1443	1558
27	1559	1684
28	1685	1820
29	1821	1966
30	1967	2125
31	2126	2296
32	2297	2481



III. FINDINGS & RECOMMENDATIONS (Cont.)

- As can be seen in Table I, each of District's jobs was assigned to one of 32 possible different salary ranges. The job evaluation point spread is 8% between salary grades on the chart. The criteria used to assign positions involved examining four factors set forth in the Classification Matrix System. (Note: The system is described in greater detail in the CMS Manual provided under separate cover and available for review in Administration/HR and its use in administering the system but not for distribution or copying to protect our intellectual property.) They include:

Classification Matrix System (CMS)

<u>Factor:</u>	<u>Relative Weighting:</u>
Factor 1: Knowledge & Skills <u>Sub-factors:</u> a. Nature of Assignments b. Occupational Skill Level	52%
Factor 2: Supervisory Authority <u>Sub-factors:</u> a. Level of Supervisory Responsibility b. Extent of Supervisory Responsibility	20%
Factor 3: Public Relations <u>Sub-factors:</u> a. Customer Relations b. Governmental Relations	20%
Factor 4: Working Conditions <u>Sub-factors:</u> a. Physical Effort b. Risks and Hazards	8%



III. FINDINGS & RECOMMENDATIONS (Cont.)

B. Salary Survey Findings:

- BCC developed a customized salary survey questionnaire to gather and document salary data on benchmark jobs and from prospective salary survey participants. In cooperation with the Administration personnel, the salary survey questionnaire was distributed to 24 comparable organizations. All identified participants outside of your immediate geographic area were asked to provide salary data only on administrative/supervisory and licensed positions. Those participants in your immediate geographic area were asked to provide salary data on all benchmark positions. Of the 24 organizations, 13 decided to participate for a survey participation rate of 45%. In addition, BCC supplemented the salary information with published data when suitable matches were relevant.

Organizations Participating:

Big Lake Schools
Elk River Public Schools
Cambridge-Isanti Public Schools
Anoka-Hennepin Schools
Mahtomedi Schools
Sartell-St. Stephen Public Schools
ISD #885 Albertville
Albert Lea Schools
Waconia Public Schools
Hutchinson Public Schools
Grand Rapids Public Schools
Detroit Lakes Public Schools
Chisago Lake Public Schools

Non-Participating Organizations

Foley Public Schools
Becker Public Schools
St. Cloud Public Schools
St. Francis Public Schools
Alexandria Public Schools
Columbia Heights Schools
Buffalo Public Schools
Spring Lake Park Schools
Winona Public Schools
Sauk Rapids Public Schools
Onamia Public Schools

Published Sources:

Centennial Public Schools Pay Equity Report-2012 – Aged by 1.5%

Bureau of Labor Statistics, “Occupational Wage Estimates-St. Cloud, Minneapolis/St. Paul, 2012. Aged by 1.5%

BCC’s Salary Survey Report for Sartell-St. Stephen Schools-July 2011. Aged by 3%



III. FINDINGS & RECOMMENDATIONS (Cont.)

B. Salary Survey Findings (cont.):

BCC analyzed the market data using two different methods. One method used was to examine market data on a job-by-job basis to assess the competitiveness of your current pay rates to the market. The second approach was a statistical trend analysis of current pay rates, market rates and job evaluation outcomes to assess differences between the market and your current pay structure.


Exhibit I on the next page shows the analysis of the job-by-job analysis of your pay rates to the corresponding rates reported in the market. This analysis suggests the following:

- ❑ On average, the market is approximately 11.2% higher than Princeton's range minimums.
- ❑ On average, the market average median pay rate is approximately 10.6% higher than Princeton's average pay rates.
- ❑ On average, the market median maximum rate is 18.8% higher than Princeton's maximum range rates.

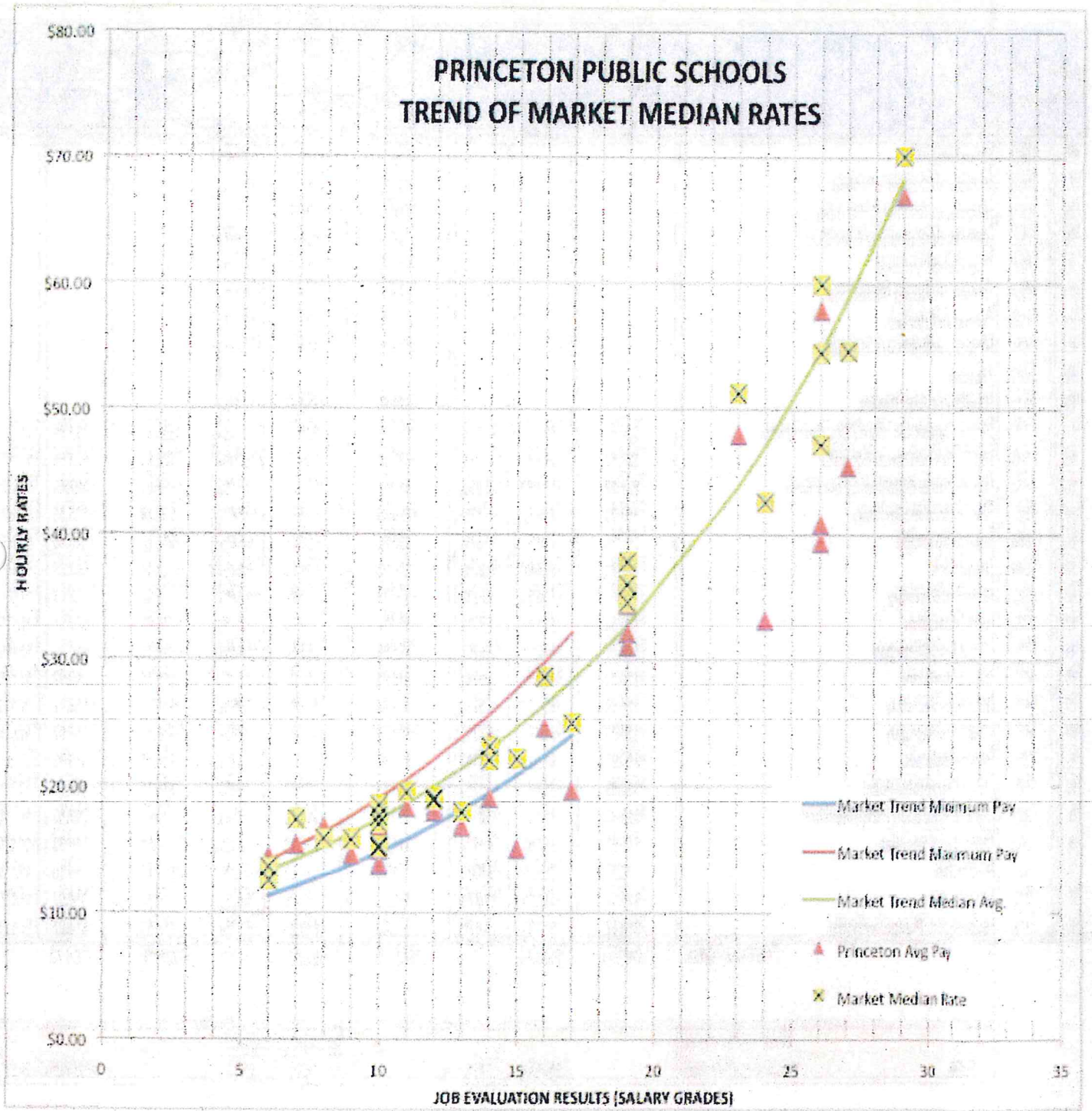
The second approach to assessing the competitiveness of your pay program involves using a trend analysis or a procedure that plots a "best line of fit" using the job ratings and the market pay data or your pay data. Graph I illustrates the results of this analysis graphically. This is a powerful statistical smoothing approach utilized by HR practitioners in designing salary structures that mirror market pay practices. Graph I illustrates the relationship between assigned job grades and market predicted maximum, minimum and median pay lines and plots average Princeton pay rates and corresponding median pay rates for benchmark jobs for illustrative purposes to show how average/median rates fall within the predicted market pay lines.



Benchmark Comparison of Median Salaries

Benchmark Title:	Princeton Salary Range Minimum	Median Market Starting	% Diff	Princeton Average Salary	Median Average Market Salary	% Diff	Princeton Salary Range Maximum	Median Market Maximum	% Diff
Superintendent				\$66.98	\$70.10	4.44%			
Director of Business Services				\$45.43	\$54.57	16.75%			
Director of Teaching & Learning				\$39.42	\$54.45	27.60%			
High School Principal	\$54.65	\$54.61	-0.07%	\$57.88	\$59.87	3.32%	\$57.88	\$60.32	4.04%
Director of Community Education				\$40.87	\$47.14	13.30%			
Director of Human Resources				\$33.18	\$42.57	22.06%			
Assistant Principal	\$45.96	\$46.05	0.18%	\$47.99	\$51.23	6.32%	\$50.91	\$52.43	2.90%
Director of Building & Grounds		\$31.97		\$32.15	\$36.00	10.69%		\$39.07	
Teacher	\$23.18	\$23.38	0.86%	\$34.41	\$37.81	8.99%	\$45.44	\$46.54	2.36%
Director of Food Service		\$28.71		\$31.09	\$34.58	10.08%		\$35.89	
School Aged Child Care Prog. Coordinanator	\$15.04	\$23.38	35.67%	\$19.62	\$24.91	21.24%	\$19.62	\$24.91	21.24%
ECFE Teacher/Parent Educator		\$22.91		\$24.58	\$28.63	14.13%		\$31.35	
Recreation & Enrichment Coordinator	\$15.04			\$15.04	\$22.10	31.93%	\$19.62		
Superintendent Secretary		\$19.99		\$23.50	\$23.08	-1.82%		\$24.13	
Payroll Specialist		\$18.06		\$19.02	\$21.99	13.51%		\$23.14	
Head Cook	\$16.14	\$16.09	-0.34%	\$16.80	\$17.89	6.09%	\$16.95	\$19.81	14.44%
Principal Secretary	\$16.72	\$16.97	1.44%	\$17.97	\$19.02	5.50%	\$18.12	\$20.58	11.95%
Head Custodian	\$16.63	\$16.80	1.01%	\$18.32	\$18.85	2.81%	\$19.20	\$21.05	8.79%
Night Lead Custodian	\$16.66	\$16.75	0.51%	\$18.31	\$19.47	5.93%	\$19.21	\$20.48	6.20%
Health Assistant	\$13.07	\$14.64	10.72%	\$14.97	\$17.01	11.99%	\$14.97	\$17.94	16.56%
Activities Secretary	\$15.42	\$16.16	4.58%	\$16.82	\$18.45	8.83%	\$16.82	\$20.67	18.63%
Guidance Secretary	\$15.42	\$15.36	-0.39%	\$16.82	\$17.61	4.46%	\$20.73	\$19.90	-4.17%
Title I Paraprofessional	\$13.07	\$14.11	7.37%	\$13.72	\$15.23	9.91%	\$14.97	\$18.10	17.29%
Media Assistant	\$12.90	\$12.49	-3.28%	\$13.85	\$15.12	8.40%	\$14.79	\$17.07	13.36%
Special Education Paraprofessional	\$12.90	\$12.77	-1.02%	\$14.56	\$15.73	7.44%	\$14.79	\$17.14	13.71%
Attendance Secretary	\$15.97	\$13.60	-17.43%	\$16.75	\$15.83	-5.81%	\$16.75	\$18.45	9.21%
Custodian	\$14.98	\$13.64	-9.82%	\$15.36	\$17.33	11.34%	\$17.76	\$18.05	1.58%
Cook Helper	\$13.57	\$11.31	-20.04%	\$14.38	\$13.58	-5.89%	\$14.38	\$16.23	11.40%
Supervisory Paraprofessional	\$12.02	\$11.38	-5.62%	\$12.96	\$12.54	-3.35%	\$13.90	\$15.64	11.13%
	\$266.47	\$300.19		\$752.75	\$842.64		\$303.87	\$374.34	
Summary Statistics:	Minimum Rates		Average Rates		Maximum Rates				
 Average Difference	11.23%		10.67%		18.82%				





Princeton Public Schools
Trend Analysis of Median Average Pay rates

Exhibit II

Trend Comparison of Median Salaries

Grade Level	Grade Midpoint	Benchmark Title:	Princeton Trend Salary Minimum	Trend Median Market Starting	% Diff	Princeton Trend Average Salary	Trend Avg Median Market Salary	% Diff	Princeton Trend Salary Maximum	Trend Median Market Maximum	% Diff
29	1894	Superintendent				\$59.37	\$68.20	12.95%			
27	1622	Director of Business Services				\$51.31	\$58.76	12.68%			
26	1501	Director of Teaching & Learning				\$47.72	\$54.55	12.53%			
26	1501	Director of Community Education				\$47.72	\$54.55	12.53%			
26	1501	High School Principal				\$47.72	\$54.55	12.53%			
24	1285	Director of Human Resources				\$41.32	\$47.05	12.19%			
23	1189	Assistant Principal				\$38.47	\$43.72	12.00%			
19	871	Director of Building & Grounds				\$29.05	\$32.68	11.11%			
19	871	Teacher									
19	871	Director of Food Service				\$29.05	\$32.68	11.11%			
17	745	School Aged Child Care Prog. Coordinator	\$24.92	\$23.96	-4.02%	\$25.31	\$28.30	10.56%	\$28.63	\$32.20	11.09%
16	689	ECFE Teacher/Parent Educator	\$23.00	\$22.32	-3.04%	\$23.65	\$26.36	10.26%	\$26.54	\$29.86	11.10%
15	637	Recreation & Enrichment Coordinator	\$21.22	\$20.80	-2.00%	\$22.11	\$24.55	9.94%	\$24.61	\$27.68	11.10%
14	588	Superintendent Secretary	\$19.54	\$19.37	-0.87%	\$20.66	\$22.85	9.59%	\$22.78	\$25.63	11.10%
14	588	Payroll Specialist	\$19.54	\$19.37	-0.87%	\$20.66	\$22.85	9.59%	\$22.78	\$25.63	11.10%
13	544	Head Cook	\$18.03	\$18.08	0.30%	\$19.35	\$21.32	9.22%	\$21.14	\$23.78	11.10%
12	503	Principal Secretary	\$16.62	\$16.88	1.55%	\$18.14	\$19.90	8.84%	\$19.62	\$22.07	11.10%
12	503	Head Custodian	\$16.62	\$16.88	1.55%	\$18.14	\$19.90	8.84%	\$19.62	\$22.07	11.10%
11	464	Night Lead Custodian	\$15.29	\$15.74	2.92%	\$16.98	\$18.54	8.41%	\$18.16	\$20.43	11.10%
10	429	Health Assistant	\$14.09	\$14.72	4.32%	\$15.95	\$17.33	7.98%	\$16.86	\$18.97	11.11%
10	429	Activities Secretary	\$14.09	\$14.72	4.32%	\$15.95	\$17.33	7.98%	\$16.86	\$18.97	11.11%
10	429	Guidance Secretary	\$14.09	\$14.72	4.32%	\$15.95	\$17.33	7.98%	\$16.86	\$18.97	11.11%
8	366	Media Assistant	\$11.93	\$12.88	7.41%	\$14.08	\$15.14	7.01%	\$14.51	\$16.33	11.11%
10	429	Title I Paraprofessional	\$14.09	\$14.72	4.32%	\$15.95	\$17.33	7.98%	\$16.86	\$18.97	11.11%
9	396	Special Education Paraprofessional	\$12.95	\$13.76	5.84%	\$14.97	\$16.18	7.50%	\$15.63	\$17.59	11.11%
8	366	Attendance Secretary	\$11.93	\$12.88	7.41%	\$14.08	\$15.14	7.01%	\$14.51	\$16.33	11.11%
7	338	Custodian	\$10.97	\$12.06	9.09%	\$13.25	\$14.17	6.49%	\$13.47	\$15.16	11.11%
6	312	Cook Helper	\$10.07	\$11.30	10.87%	\$12.48	\$13.26	5.93%	\$12.50	\$14.07	11.12%
6	312	Supervisory Paraprofessional	\$10.07	\$11.30	10.87%	\$12.48	\$13.26	5.93%	\$12.50	\$14.07	11.12%
Summary Totals:			\$299.03	\$306.48		\$721.83	\$807.77		\$354.46	\$398.73	
Summary Statistics:						Average % Differences					
Average % Difference						Starting: 2.43%			Median: 10.64%		
Average % Difference									Maximum: 11.10%		



III. FINDINGS & RECOMMENDATIONS (Cont.)

B. Salary Survey Findings (Cont.):

Graph I on page 13 shows that there is a fairly high correlation between CMS job ratings and market pay rates. The graph also illustrates that there is a difference in pay treatment between classified and non-classified positions where the former jobs have steps consisting of range/step and administrative positions typically having set pay rate. This suggests that an approach of developing multiple pay structures that are rational and closely linked with responsibility level would better meet the needs of the District. The graph also suggests that there is tendency for being less competitive in pay as jobs increase in responsibility level.

Exhibit II, on page 14, shows the detail of predicted market pay rates on the trend lines compared to corresponding Princeton predicted pay rates on the trend lines for starting (minimum) rates, median rates, and maximum pay rates. Exhibit II and the Graph illustrates and show:

- On average, the market median minimum predicted pay line is higher than Princeton minimum predicted pay line by approximately 2.4%.
- On average, the market median average predicted pay line is higher than Princeton's average predicted pay line by approximately 10.6%.
- On average, the market median maximum predicted pay line is higher than Princeton's predicted maximum pay line by 11.1%

C. Salary Structure Recommendations:

Given the survey results, it seemed reasonable to create 3 salary structures for the District to implement the job evaluation findings and pay recommendations from the market study. BCC is proposing the development of pay plans as detailed on the following page.



III. FINDINGS & RECOMMENDATIONS (Cont.)

C. Salary Structure Recommendations (cont.):

- Develop a pay structure for jobs falling in Grades 2-18 or those jobs falling below the rating outcome for K-12 teachers. Our approach was as follows:
 - BCC anchored the minimum of each salary range at the predicted median market starting pay rate.
 - After examining the percentage difference between the market predicted minimum line and maximum predicted pay line, BCC attempted to mirror the results closely to the market. As a result, rather than using a constant percent difference between minimum and maximum across all grades, we built maximum ranges starting at 22% at Grade 2 and gradually increasing the percentage spreads up to 33% at Grade 18. This not only mirrors the market outcome closely but also reinforces the compensation principle that as jobs increase in responsibility level there is a greater difference in potential performance levels, prior experience, and skills that employees may bring to the job suggesting a need for greater flexibility in setting initial pay levels.
 - BCC created a 7 step pay structure for all jobs 2-18 where the difference in steps represents a constant dollar difference dictated by the difference between the maximum of the range minus the minimum of the range divided by 6.
- BCC also assumes that the pay structure for Teachers will remain separate and be maintained by Princeton in accordance with past practices. However, BCC did examine the District's current step system for teachers and classified positions against the MN Pay Equity Act and the analysis showed the District was out of compliance on the Salary Range Test. In other words, the analysis showed that on average it takes female-dominated jobs a longer amount of time to move through the salary range (Steps) than male-dominated jobs. This is primarily a result of your current teacher lanes consisting of 21 steps. Contract language and the illustration of the pay schedule needs to be addressed if the district is to remain in compliance. If the higher steps in the range represent "longevity" issues, then the steps in



the schedule should be reduced and wording added to the contract to address “longevity” issues outside of the step and lane structure outlined in the agreement.

- The administrative/supervisory salary schedule represents jobs evaluated and placed in Grades 19 and above. This salary structure was created as follows:
 - BCC set and anchored the midpoint of the salary range at the predicted market median average pay rate.
 - BCC then established the minimum and maximum pay range value around the anchor point (midpoint) using a 36% salary range spread from minimum to maximum.

The proposed salary plan(s), excluding teachers, discussed above is outlined below showing the salary structure developed based upon 100% of the predicted market trend and a corresponding salary structure based upon a 95% of predicted market trend.



PROPOSED SALARY STRUCTURE – 100% OF MARKET PREDICTED TREND

Comp Worth Value	Salary Grade	Salary Range Minimum	Step 2	Step 3	Salary Range Midpoint	Step 5	Step 6	Salary Range Maximum	Salary Range Spread
1894	29	\$58.25			\$68.77			\$79.29	36%
1753	28	\$54.06			\$63.82			\$73.58	36%
1622	27	\$50.16			\$59.22			\$68.28	36%
1501	26	\$46.56			\$54.97			\$63.38	36%
1389	25	\$43.23			\$51.04			\$58.85	36%
1285	24	\$40.14			\$47.39			\$54.64	36%
1189	23	\$37.29			\$44.02			\$50.76	36%
1100	22	\$34.64			\$40.90			\$47.15	36%
1017	21	\$32.17			\$37.98			\$43.79	36%
941	20	\$29.91			\$35.32			\$40.72	36%
871	19	\$27.83			\$32.86			\$37.89	36%
805	18	\$25.71	\$27.13	\$28.54	\$29.95	\$31.37	\$32.78	\$34.20	33%
745	17	\$23.96	\$25.28	\$26.59	\$27.91	\$29.23	\$30.55	\$31.86	33%
689	16	\$22.32	\$23.55	\$24.78	\$26.00	\$27.23	\$28.46	\$29.69	33%
637	15	\$20.80	\$21.94	\$23.09	\$24.23	\$25.38	\$26.52	\$27.67	33%
588	14	\$19.37	\$20.43	\$21.50	\$22.56	\$23.63	\$24.70	\$25.76	33%
544	13	\$18.08	\$19.08	\$20.07	\$21.07	\$22.06	\$23.06	\$24.05	33%
503	12	\$16.88	\$17.73	\$18.57	\$19.42	\$20.26	\$21.11	\$21.95	30%
464	11	\$15.74	\$16.53	\$17.32	\$18.11	\$18.89	\$19.68	\$20.47	30%
429	10	\$14.72	\$15.46	\$16.19	\$16.93	\$17.67	\$18.40	\$19.14	30%
396	9	\$13.76	\$14.33	\$14.90	\$15.48	\$16.05	\$16.62	\$17.20	25%
366	8	\$12.88	\$13.42	\$13.95	\$14.49	\$15.03	\$15.56	\$16.10	25%
338	7	\$12.06	\$12.56	\$13.07	\$13.57	\$14.07	\$14.57	\$15.08	25%
312	6	\$11.30	\$11.77	\$12.24	\$12.71	\$13.19	\$13.66	\$14.13	25%
288	5	\$10.60	\$11.04	\$11.48	\$11.92	\$12.37	\$12.81	\$13.25	25%
266	4	\$9.96	\$10.32	\$10.69	\$11.05	\$11.42	\$11.78	\$12.15	22%
245	3	\$9.34	\$9.69	\$10.03	\$10.37	\$10.71	\$11.06	\$11.40	22%
226	2	\$8.79	\$9.11	\$9.43	\$9.75	\$10.08	\$10.40	\$10.72	22%
208	1	\$8.26	\$8.56	\$8.87	\$9.17	\$9.47	\$9.78	\$10.08	22%



PROPOSED SALARY STRUCTURE – 95% OF MARKET PREDICTED TREND

Comp Worth Value	Salary Grade	Salary Range Minimum	Step 2	Step 3	Salary Range Midpoint	Step 5	Step 6	Salary Range Maximum	Salary Range Spread
1894	29	\$55.34			\$65.33			\$75.33	36%
1753	28	\$51.35			\$60.63			\$69.90	36%
1622	27	\$47.65			\$56.26			\$64.87	36%
1501	26	\$44.23			\$52.22			\$60.22	36%
1389	25	\$41.07			\$48.49			\$55.91	36%
1285	24	\$38.13			\$45.02			\$51.91	36%
1189	23	\$35.42			\$41.82			\$48.22	36%
1100	22	\$32.91			\$38.85			\$44.80	36%
1017	21	\$30.56			\$36.08			\$41.60	36%
941	20	\$28.42			\$33.55			\$38.68	36%
871	19	\$26.44			\$31.22			\$35.99	36%
805	18	\$24.43	\$25.77	\$27.11	\$28.46	\$29.80	\$31.14	\$32.49	33%
745	17	\$22.76	\$24.01	\$25.26	\$26.52	\$27.77	\$29.02	\$30.27	33%
689	16	\$21.20	\$22.37	\$23.54	\$24.70	\$25.87	\$27.04	\$28.20	33%
637	15	\$19.76	\$20.85	\$21.93	\$23.02	\$24.11	\$25.20	\$26.28	33%
588	14	\$18.40	\$19.41	\$20.42	\$21.44	\$22.45	\$23.46	\$24.47	33%
544	13	\$17.18	\$18.12	\$19.07	\$20.01	\$20.96	\$21.90	\$22.85	33%
503	12	\$16.04	\$16.84	\$17.64	\$18.45	\$19.25	\$20.05	\$20.85	30%
464	11	\$14.96	\$15.70	\$16.45	\$17.20	\$17.95	\$18.70	\$19.44	30%
429	10	\$13.99	\$14.68	\$15.38	\$16.08	\$16.78	\$17.48	\$18.18	30%
396	9	\$13.07	\$13.61	\$14.16	\$14.70	\$15.25	\$15.79	\$16.34	25%
366	8	\$12.24	\$12.75	\$13.26	\$13.77	\$14.28	\$14.78	\$15.29	25%
338	7	\$11.46	\$11.94	\$12.41	\$12.89	\$13.37	\$13.85	\$14.32	25%
312	6	\$10.74	\$11.18	\$11.63	\$12.08	\$12.53	\$12.97	\$13.42	25%
288	5	\$10.07	\$10.49	\$10.91	\$11.33	\$11.75	\$12.17	\$12.59	25%
266	4	\$9.46	\$9.81	\$10.15	\$10.50	\$10.85	\$11.19	\$11.54	22%
245	3	\$8.88	\$9.20	\$9.53	\$9.85	\$10.18	\$10.50	\$10.83	22%
226	2	\$8.35	\$8.65	\$8.96	\$9.27	\$9.57	\$9.88	\$10.19	22%
208	1	\$7.85	\$8.14	\$8.42	\$8.71	\$9.00	\$9.29	\$9.58	22%



III. FINDINGS & RECOMMENDATIONS (Cont.)

C. Salary Structure Recommendations:

The cost to implement the proposed structures was determined by examining each employee rate and then:

For Grades 2-18, BCC followed the steps outlined below:

- Adjusted employees below the proposed minimum (Step 1) to Step 1 of the plan;
- Adjusted employee salaries falling between the minimum and maximum to the step closest to but higher than their current pay rate.
- Employee rates over the maximum would be “red-circled” and frozen until pay plan increases capture their pay rate at which time they would be adjusted to the maximum of their assigned grade.

For Grades 19-29, BCC followed the steps below:

- Adjusted employees below the proposed minimum (Step 1) to Step 1 of the plan;
- If an employee rate was above the minimum and below the maximum, BCC set the rate at their current pay rate;
- Employee rates over the maximum would be “red-circled” and frozen until pay plan increases capture their pay rate at which time they would be adjusted to the maximum of their assigned grade.
- This plan assumes that the Board will set pay rates for these jobs within established ranges based upon the experience level, background and other factors it considers in setting rates. Since Principals current have steps under their agreement, BCC would either recommend that as managers the steps be eliminated or the District set a 7 step schedule but upper and lower limit of the pay plan.



III. FINDINGS & RECOMMENDATIONS (Cont.)

D. Cost Implications:

The estimated cost for implementing the salary structure – 100% of market trend is as follows:

- The estimated cost to adjust only those employees below the proposed salary range minimum is approximately 3.78% of estimated payroll (excluding teachers).
- Because the database provided by the district did not contain FTE data on all employees and a number of jobs did not submit questionnaires (i.e. did not get included in the study) or employees submitted a questionnaire and their were not reported in the employee database, it must be emphasized that the implementation costs are only estimates and may under or over estimate the eventual cost.

The estimated cost for implementing the salary structure – 95% of market trend is as follows:

- The estimated cost to allocate each employee to a step within the proposed plan is approximately 2.67% of estimated payroll (excludes teachers).

BCC has provided Administration with a costing worksheet that permits adjustments for market competitiveness and any cola adjustments to the salary range for 2014 should the district be considering increases over and above the estimated implementation costs.

BCC has enjoyed working with your staff and employees and hope to provide ongoing assistance and support to the District as it maintains its classification and compensation program in the future.



INDEPENDENT SCHOOL DISTRICT NO. 477
Princeton, Minnesota

COMMUNICATIONS LETTER

Year Ended June 30, 2013



Expert advice. When you need it.SM

REPORT ON MATTERS IDENTIFIED AS A RESULT OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

In planning and performing our audit of the financial statements of Independent School District No. 477, Princeton, Minnesota, as of and for the year ended June 30, 2013, 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 our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a significant deficiency.

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

The accompanying memorandum also includes financial analysis provided as a basis for discussion. The matters discussed herein were considered by us during our audit and they do not modify the opinion expressed in our Independent Auditor's Report dated September 26, 2013, on such statements.

INDEPENDENT SCHOOL DISTRICT NO. 477

SIGNIFICANT DEFICIENCY

June 30, 2013

PREPARATION OF FINANCIAL STATEMENTS AND RELATED NOTE DISCLOSURES

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

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

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

INDEPENDENT SCHOOL DISTRICT NO. 477

REQUIRED COMMUNICATION

June 30, 2013

PLANNED SCOPE AND TIMING OF THE AUDIT

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

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

QUALITATIVE ASPECTS OF ACCOUNTING PRACTICES

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2013. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the proper period.

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

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

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

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

The disclosures in the financial statements are neutral, consistent and clear.

INDEPENDENT SCHOOL DISTRICT NO. 477

REQUIRED COMMUNICATION

June 30, 2013

OTHER MATTERS

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

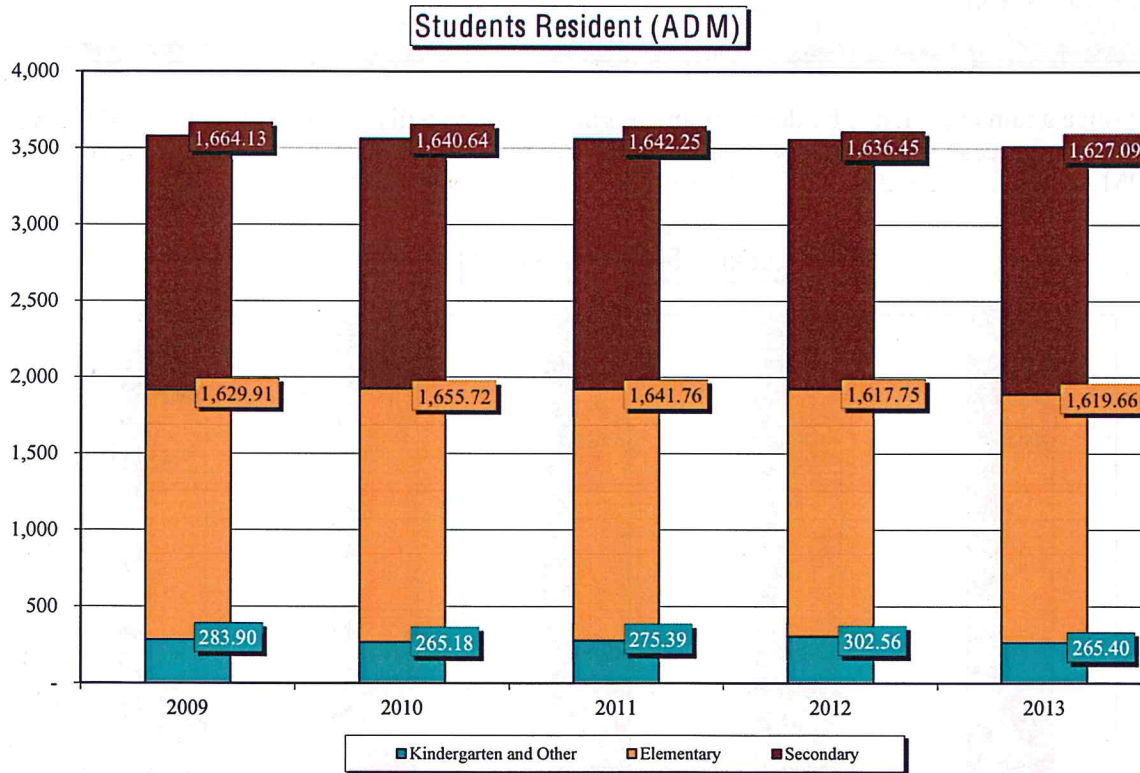
INDEPENDENT SCHOOL DISTRICT NO. 477

FINANCIAL ANALYSIS
June 30, 2013

RESIDENT AVERAGE DAILY MEMBERSHIP AND WEIGHTED AVERAGE DAILY MEMBERSHIP SERVED

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

ADM	2009	2010	2011	2012	2013
Kindergarten and Other	283.90	265.18	275.39	302.56	265.40
Elementary	1,629.91	1,655.72	1,641.76	1,617.75	1,619.66
Secondary	1,664.13	1,640.64	1,642.25	1,636.45	1,627.09
Total Resident ADM	3,577.94	3,561.54	3,559.40	3,556.76	3,512.15



* Estimate as of September 13, 2013

The chart and graph above illustrate the decrease in resident ADM encountered by the District in the five years presented. Total resident ADM has decreased 1.8% since 2009 and decreased 1.3% from 2013 to 2012.

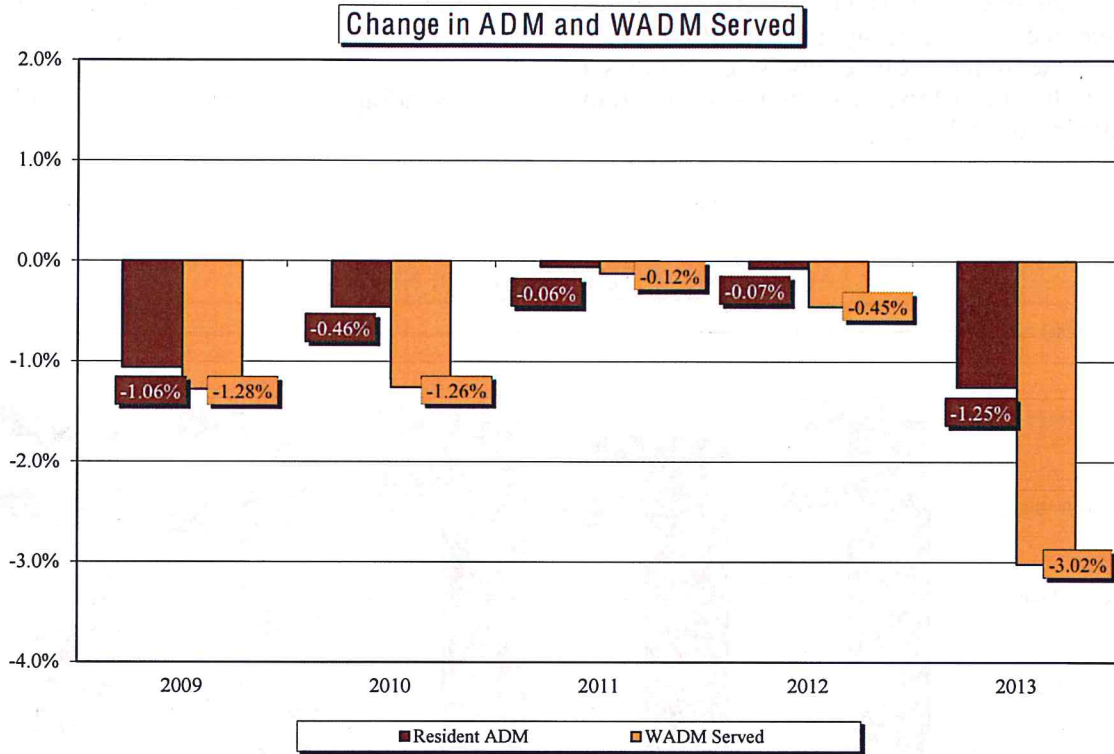
To calculate a majority of the District's education aids, the ADM amounts are converted into pupil units by weighting, based on the student's grade level. These weighting factors are presented in the table on the following page.

INDEPENDENT SCHOOL DISTRICT NO. 477

FINANCIAL ANALYSIS
June 30, 2013

RESIDENT AVERAGE DAILY MEMBERSHIP AND WEIGHTED AVERAGE DAILY MEMBERSHIP SERVED

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



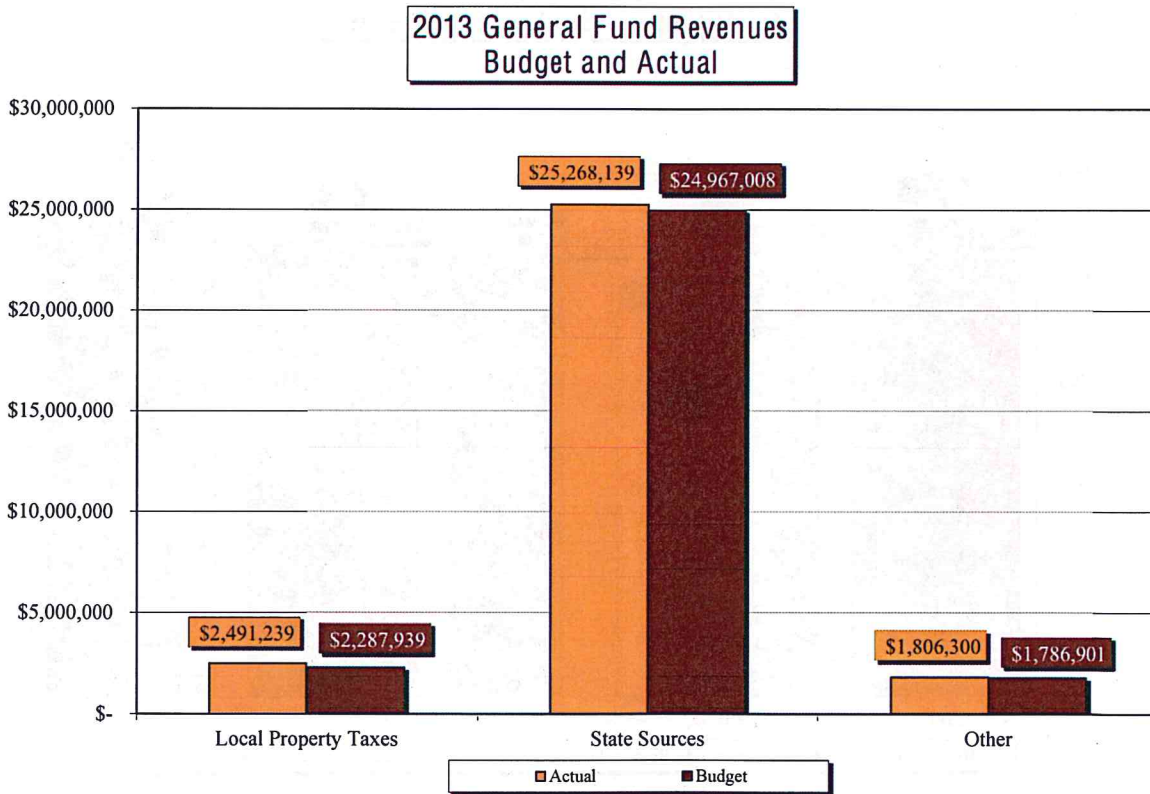
* Estimate as of September 13, 2013

INDEPENDENT SCHOOL DISTRICT NO. 477

FINANCIAL ANALYSIS
June 30, 2013

GENERAL FUND BUDGET AND ACTUAL

Overall, total revenue was over budget by \$ 523,830, or 1.8%. The majority of this variance occurred in revenues from state sources category, which was primarily due to special education revenues coming in \$ 437,998 over budget due to more students with special needs attending in 2013. This budget variance was slightly offset by general education revenue coming in under budget by \$ 215,193. Revenue from local property taxes also were \$ 203,300 over budgeted amounts. This variance is due to a combination of the District omitting a budget for the tax shift adjustment and the county apportionment and also receiving approximately \$ 53,000 from Benton County in tax forfeited sales.

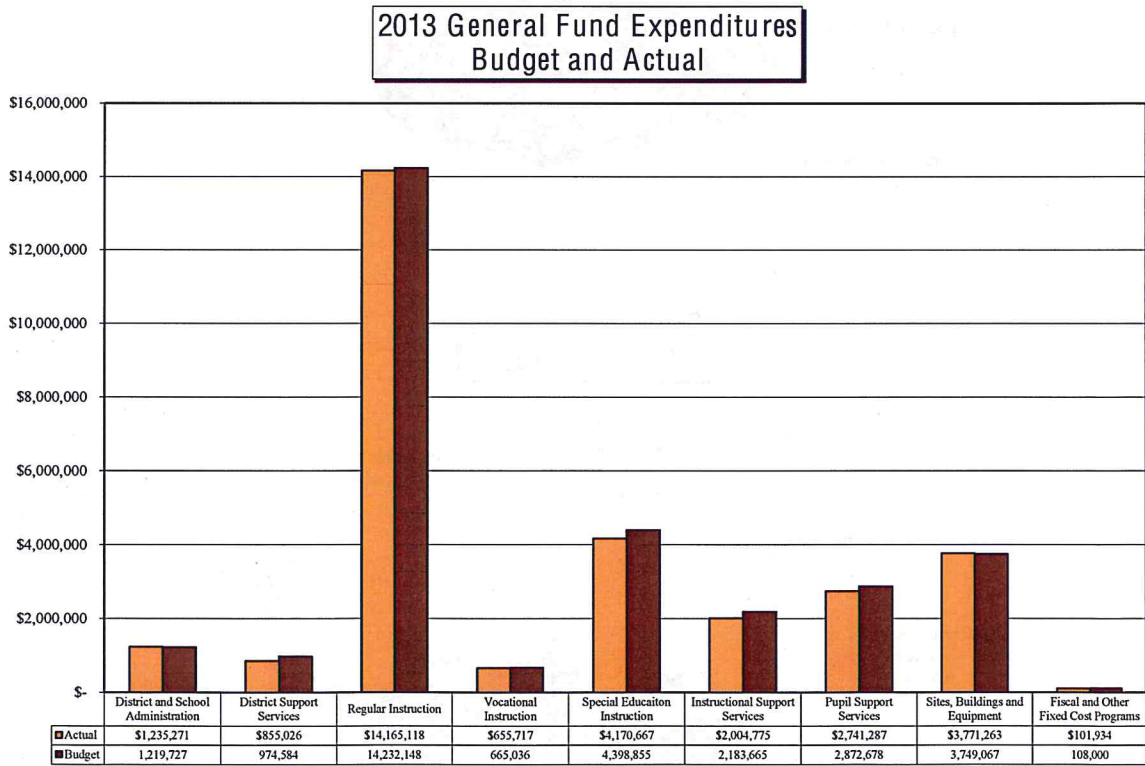


INDEPENDENT SCHOOL DISTRICT NO. 477

FINANCIAL ANALYSIS
June 30, 2013

GENERAL FUND BUDGET AND ACTUAL

In total, General Fund expenditures were under budget by \$ 702,702. As noted in the graph below, all categories came in under budget, with the exception of Administration and Sites, Buildings and Equipment programs. The largest budget variance can be seen in the Special Education Instruction category, which was \$ 228,188 under budget due to budgeting for the entire federal special education entitlement and not spending it all in the current year as well as the District not working as much with the Rum River Special Education Co-Op in 2013 as anticipated. A variance of \$ 178,890 occurred in the Instructional Support Services category due to the District incurring these costs in the Regular Instruction and District Support Services categories, but including them in the budgeted for Instructional Support Services. The Pupil Services category was also \$ 131,391 under budget, which was largely the result of the District spending less than anticipated on transportation. The Regular Instruction category came in \$ 67,030 under budget as a result of retired group hospitalization coming in at lower than expected.



INDEPENDENT SCHOOL DISTRICT NO. 477

FINANCIAL ANALYSIS
June 30, 2013

GENERAL FUND OPERATIONS

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

For Year Ended June 30,	2009	2010	2011	2012	2013
Revenues	\$29,998,949	\$28,932,437	\$ 29,344,230	\$ 29,759,023	\$ 29,565,678
Expenditures	28,615,878	28,148,041	27,449,665	28,241,640	29,701,058
Excess of Revenues Over (Under)					
Expenditures	1,383,071	784,396	1,894,565	1,517,383	(135,380)
Other Financing Sources	-	210,000	-	2,270	140,499
Fund Balance, July 1	7,337,754	8,720,825	9,715,221	11,609,786	13,129,439
Fund Balance, June 30	\$ 8,720,825	\$ 9,715,221	\$ 11,609,786	\$ 13,129,439	\$ 13,134,558

For the Year Ended June 30,	2009	2010	2011	2012	2013
Nonspendable	\$ -	\$ -	\$ 93,620	\$ 57,266	\$ 115,513
Reserved/Restricted for:					
Staff Development	140,585	170,000	39,500	-	-
Operating Capital	2,880,396	3,077,423	3,280,314	3,045,263	2,556,205
Deferred Maintenance	-	-	-	5,746	53,532
Health and Safety	(31,621)	(52,670)	(31,443)	76	(47,281)
Gifted and Talented	33,454	49,490	60,664	57,401	45,509
Committed for:					
Severance Pay	1,035,331	1,266,568	912,844	845,777	728,692
Assigned for:					
Student Activities	112,290	127,946	115,052	128,346	98,397
Staff Development	-	-	-	92,178	91,536
Q-Comp Program	169,840	135,800	123,130	122,783	55,711
Technology	-	-	500,000	700,000	667,930
Building Improvements	-	-	2,000,000	3,800,000	3,600,000
Program Initiatives	-	-	-	-	400,000
ERRP	-	-	-	84,665	38,131
Unassigned	4,380,550	4,940,664	4,516,105	4,189,938	4,730,683
Total	\$ 8,720,825	\$ 9,715,221	\$ 11,609,786	\$ 13,129,439	\$ 13,134,558

In 2011, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This implementation added the fund balance classification nonspendable, changed the General Fund reserved fund balances to restricted, changed the designated fund balances to committed and assigned and changed the General Fund unreserved fund balance to unassigned.

Between 2013 and 2012 total fund balance stayed consistent, only decreased \$ 5,119, although the unassigned portion increased \$ 540,745. The unassigned balance of \$ 4,730,683 represents slightly less than two months of expenditures (based on year 2013 levels) and 15.6% of the 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
June 30, 2013

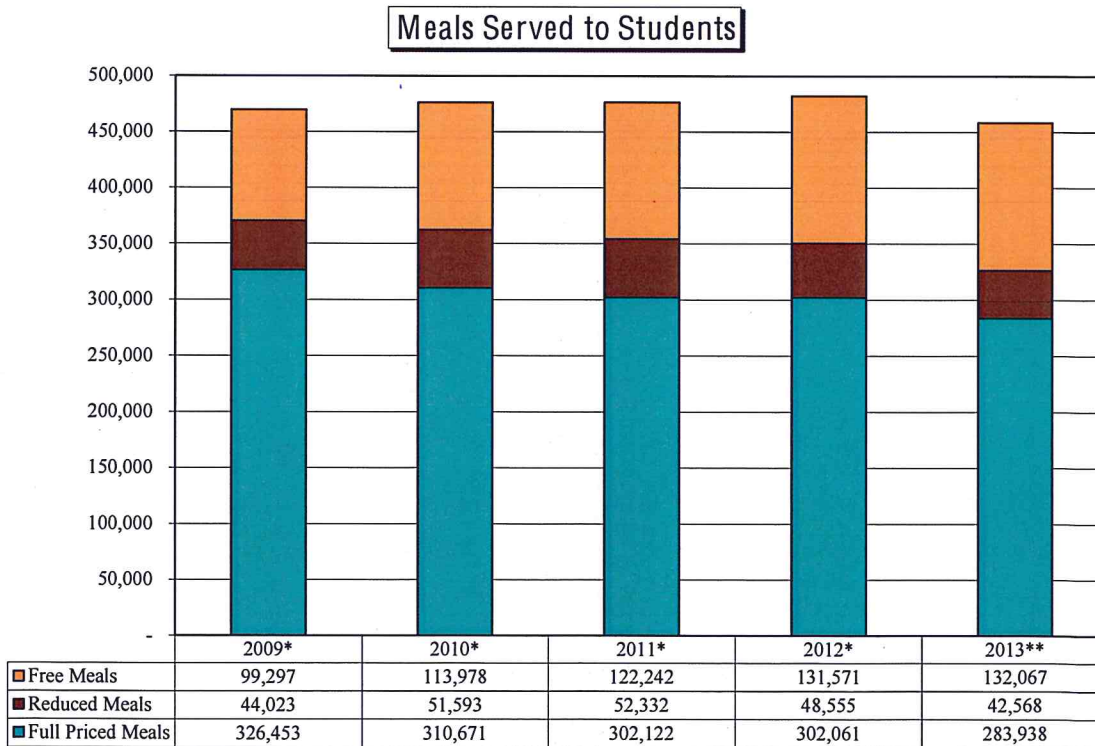
FOOD SERVICE FUND

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

For the Year Ended June 30,	2009	2010	2011	2012	2013
Revenues	\$ 1,308,377	\$ 1,325,818	\$ 1,323,992	\$ 1,341,331	\$ 1,381,076
Expenditures	1,320,344	1,231,719	1,381,806	1,321,449	1,430,246
Excess of Revenues Over (Under) Expenditures	(11,967)	94,099	(57,814)	19,882	(49,170)
Fund Balance, July 1	451,233	439,266	533,365	475,551	495,433
Fund Balance, June 30	\$ 439,266	\$ 533,365	\$ 475,551	\$ 495,433	\$ 446,263

During the year ending June 30, 2013, revenues increased \$ 39,745 due to increased free and reduced meal reimbursement and using more commodities. Expenditures increased by \$ 108,797 as a result of kitchen repairs made in 2013 and using more commodities. This resulted in the Food Service Fund balance decreasing to \$ 446,263 at the end of the year, which is 31.2% of expenditures. 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

LEGISLATIVE SUMMARY

June 30, 2013

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

STATE AID APPROPRIATIONS

Total appropriations from the state general fund for E-12 education, are \$ 7.6 billion for 2014 and \$ 8.0 billion for 2015, or a total of \$ 15.6 billion for the biennium. This includes the addition of funding for all-day kindergarten, beginning in 2015.

The formula allowance for 2013 General Education Aid was increased \$ 50 to \$ 5,224. For 2014, the formula allowance will increase \$ 78 (1.5%) to \$ 5,302. For 2015 and later, the formula allowance is set at \$ 5,806, which is an increase of \$ 80 (1.5%) over 2014 after adjusting for the change in pupil unit weights and the elimination of the aid subtraction for pension rate changes. Beginning in 2015, basic revenue is calculated using adjusted pupil units with the new pupil weights rather than adjusted marginal cost pupil units.

Given the February 2013 budget forecast for the state, education appropriations have been changed from 64.3% current funding at the beginning of 2013 to 86.4% current funding at the end of 2013.

The ability of school districts and charter schools to generate extended time revenue for programs designed to accelerate grade level advancement so that students graduate before their peers is eliminated.

In 2015 the extended time revenue allowance increases from \$ 4,601 to \$ 5,017 to adjust for the change in pupil weights. Also in 2015, the gifted and talented revenue increases from \$ 12 to \$ 13 to adjust for the change in pupil weights.

For 2015 and later, alternative teacher compensation revenue (Q Comp) will be changed from a component of general education revenue to a separate categorical revenue, and adds declining enrollment revenue, pension adjustment revenue and location equity revenue as new components of general education revenue. The funding amount did not change.

Beginning in 2014, small schools revenue is changed to include small high schools in geographically isolated school districts with more than one high school in the small schools revenue formula. The small schools revenue formula is adjusted for the new pupil weights by increasing the maximum allowance from \$ 522.40 to \$ 544.00 and reducing the maximum pupil units to qualify from 1,000 to 960.

Marginal cost calculations will be eliminated from the definition of pupil units. Beginning in 2015, a new component of general education revenue, "declining enrollment revenue," will be established to replace funding previously provided to districts with declining enrollment through marginal cost pupil units. The declining enrollment revenue is set to equal the decline in adjusted pupil units between the prior year and the current year times 28% of the formula allowance.

INDEPENDENT SCHOOL DISTRICT NO. 477

LEGISLATIVE SUMMARY

June 30, 2013

STATE AID APPROPRIATIONS

Beginning in 2015, school districts are allowed to use general education revenue generated for all-day kindergarten to meet the needs of three and four year olds in the district. This does not apply to a district with a fee-based all-day kindergarten.

The early graduation scholarships and military service awards programs were repealed and will be removed from the general education appropriation beginning in 2014.

Beginning in 2014, the career and technical education (CTE) levy is converted to an equalized aid and levy, with an equalizing factor of \$ 7,612. The statewide revenue limit for CTE revenue is increased for 2014 from \$ 15,393,000 to \$ 20,657,000. Revenue for 2014 continues to be based on the old CTE formula, with the proration factor adjusted to hit the statewide revenue target. Beginning in 2015, the statewide revenue limit expires and revenue is computed using the new formula enacted in 2012 that bases funding on 35% of approved program expenditures.

The staff development set aside requirement is reinstated for 2014. However, districts will no longer be required to allocate 50% of staff development revenue to sites on a per teacher basis, 25% to sites for best practices and 25% for district-wide staff development.

PUPIL ACCOUNTING REFORM

Beginning in 2015, pupil accounting reform will occur and pupil unit weights will change as follows:

Prekindergarten and Disabled	From 1.25	To 1.0
Part-time Kindergarten	From .612	To .55
All-Day Kindergarten	From .612	To 1.0
Grades 1-3	From 1.115	To 1.0
Grades 4-6	From 1.06	To 1.0
Grades 7-12	From 1.3	To 1.2

To qualify for all-day kindergarten weight, a pupil must be enrolled in a free all-day every day kindergarten program that is available to all kindergarten students at the pupil's school and must include at least 850 hours of instruction.

INDEPENDENT SCHOOL DISTRICT NO. 477

LEGISLATIVE SUMMARY

June 30, 2013

SPECIAL EDUCATION

A new special education formula is enacted beginning in 2016. To provide for a transition to the new formula, the current special education regular formula remains in place for 2014 and 2015, but a new cross subsidy reduction aid is added for 2014 and 2015. The cross subsidy reduction aid entitlement is \$ 13 million for 2014 and \$ 30 million for 2015.

For 2014 and 2015, special education aid equals the sum of the capped regular special education aid under the old law formula, plus the cross subsidy reduction aid, plus the capped excess cost aid. Beginning in 2016, special education aid equals the sum of the new formula aid plus the new formula excess cost aid.

State total special education aid is increased by \$ 39 million for 2016 and by \$ 41 million for 2017.

Beginning in 2015, tuition billing is changed so that the resident district is responsible for 90% of unfunded costs (vs. 100% currently) and the serving district/charter school is responsible for 10% of unfunded costs for open-enrolled students. Intermediate districts, cooperatives and charter schools where at least 70% of students are eligible for special education are exempt from this provision and continue to be able to recover 100% of unfunded special education costs from the resident district. This also does not apply to students placed by the resident district (e.g. at an intermediate district), or served at a charter school with very high special education concentration.

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

Special education excess cost aid will be calculated using prior year data beginning in 2014. Special education tuition receipts and expenditures will not be taken into account in excess cost aid calculations to expedite the excess cost aid calculations and eliminate circularity between tuition billing and excess cost aid.

FACILITIES AND TECHNOLOGY

The health and safety levy, deferred maintenance revenue and telecommunications aid were all adjusted to conform to the new pupil weights.

**INDEPENDENT SCHOOL DISTRICT NO. 477
Princeton, Minnesota**

AUDITED FINANCIAL STATEMENTS

For the Year Ended June 30, 2013

INDEPENDENT SCHOOL DISTRICT NO. 477

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Expert advice. When you need it.SM

INDEPENDENT AUDITOR'S REPORT

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

Report on 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, 2013 and the related Notes to the 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.



Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2013, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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.

Kern, Dewenter, Viere, Ltd

KERN, DEWENTER, VIERE, LTD.
St. Cloud, Minnesota
September 26, 2013

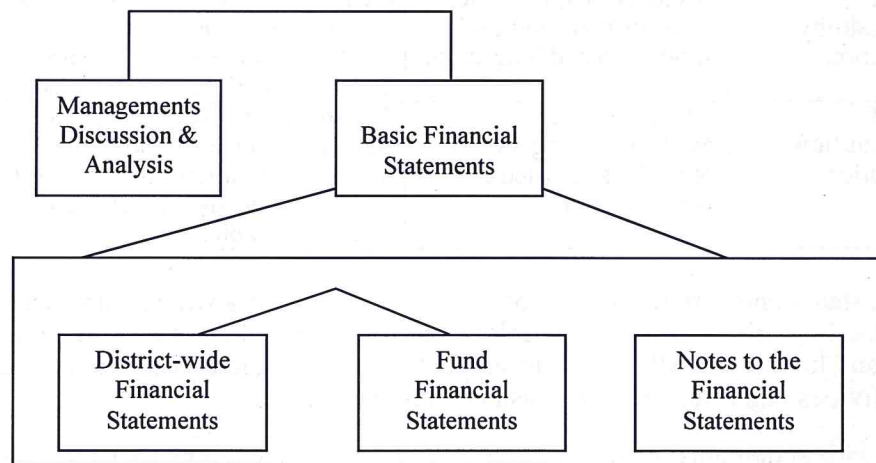
INDEPENDENT SCHOOL DISTRICT NO. 477
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013

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
June 30, 2013

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

- Governmental Activities – Most 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 – Most 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.

INDEPENDENT SCHOOL DISTRICT NO. 477
MANAGEMENT'S DISCUSSION AND ANALYSIS
 June 30, 2013

Figure A-2
 SUMMARY OF REVENUES AND EXPENSES

	Year	
	2012	2013
REVENUES:		
Program Revenues:		
Charges for Services	\$ 2,277,534	\$ 2,463,577
Operating Grants and Contributions	5,730,157	6,329,974
Capital Grants and Contributions	470,744	493,631
General Revenues:		
Property Taxes	4,514,057	4,859,096
Aids and Payments from the State	20,732,729	20,051,862
Other Sources	647,022	176,266
Total Revenues	<u>34,372,243</u>	<u>34,374,406</u>
EXPENSES:		
Administration	1,177,892	1,231,555
District Support Services	725,023	836,364
Elementary and Secondary Regular Education	13,438,743	14,185,285
Vocational Education	818,100	647,581
Special Education	4,109,425	4,163,221
Instructional Support Services	1,819,792	1,998,844
Pupil Support Services	2,602,093	2,756,314
Site, Buildings and Equipment	3,641,529	3,421,952
Fiscal and Other Fixed Cost Programs	103,623	101,934
Food Service	1,335,661	1,435,501
Community Education and Services	1,058,219	1,118,462
Unallocated Depreciation	701,771	661,622
Interest and Fiscal Charges - Long-Term Debt	1,005,346	964,209
Total Expenses	<u>32,537,217</u>	<u>33,522,844</u>
 Change in Net Position	 1,835,026	 851,562
NET POSITION:		
Beginning	<u>17,618,217</u>	<u>19,453,243</u>
Ending	<u>\$ 19,453,243</u>	<u>\$ 20,304,805</u>

INDEPENDENT SCHOOL DISTRICT NO. 477
MANAGEMENT'S DISCUSSION AND ANALYSIS
 June 30, 2013

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

	2012		2013	
	Total Cost of Services	Net (Expense) Revenue	Total Cost of Services	Net (Expense) Revenue
Administration	\$ 1,177,892	\$ (1,154,349)	\$ 1,231,555	\$ (1,198,039)
District Support Services	725,023	(716,274)	836,364	(835,940)
Elementary and Secondary				
Regular Instruction	13,438,743	(9,811,625)	14,185,285	(10,459,873)
Vocational Instruction	818,100	(795,713)	647,581	(627,353)
Special Education Instruction	4,109,425	(2,050,984)	4,163,221	(1,600,429)
Instructional Support Services	1,819,792	(1,804,295)	1,998,844	(1,968,942)
Pupil Support Services	2,602,093	(2,567,746)	2,756,314	(2,728,860)
Site, Buildings and Equipment	3,641,529	(3,147,131)	3,421,952	(2,781,450)
Fiscal and Other Fixed-Cost Programs	103,623	(103,623)	101,934	(101,934)
Food Service	1,335,661	5,332	1,435,501	(54,588)
Community Education and Services	1,058,219	(205,257)	1,118,462	(252,423)
Unallocated Depreciation	701,771	(701,771)	661,622	(661,622)
Debt Service:				
Interest and Fiscal Charges on Long-Term Debt	1,005,346	(1,005,346)	964,209	(964,209)
 Total	 <u>\$ 32,537,217</u>	 <u>\$ (24,058,782)</u>	 <u>\$ 33,522,844</u>	 <u>\$ (24,235,662)</u>

FUND BALANCE

The slight increase in the total general fund balance is due to the revenues and expenditures remaining in total relatively stable. The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the 2013 year, its governmental funds reported a combined fund balance of \$ 14,319,551. The combined fund balance decreased \$ 14,615 from 2012.

REVENUE AND EXPENDITURES

District's governmental funds revenue totaled \$ 34,261,964, while total expenditures were \$ 34,417,078 and other financing sources totaled \$140,499. A summary of the revenues and expenditures reported on the governmental fund financial statements appears in Table A-6 on the next page.

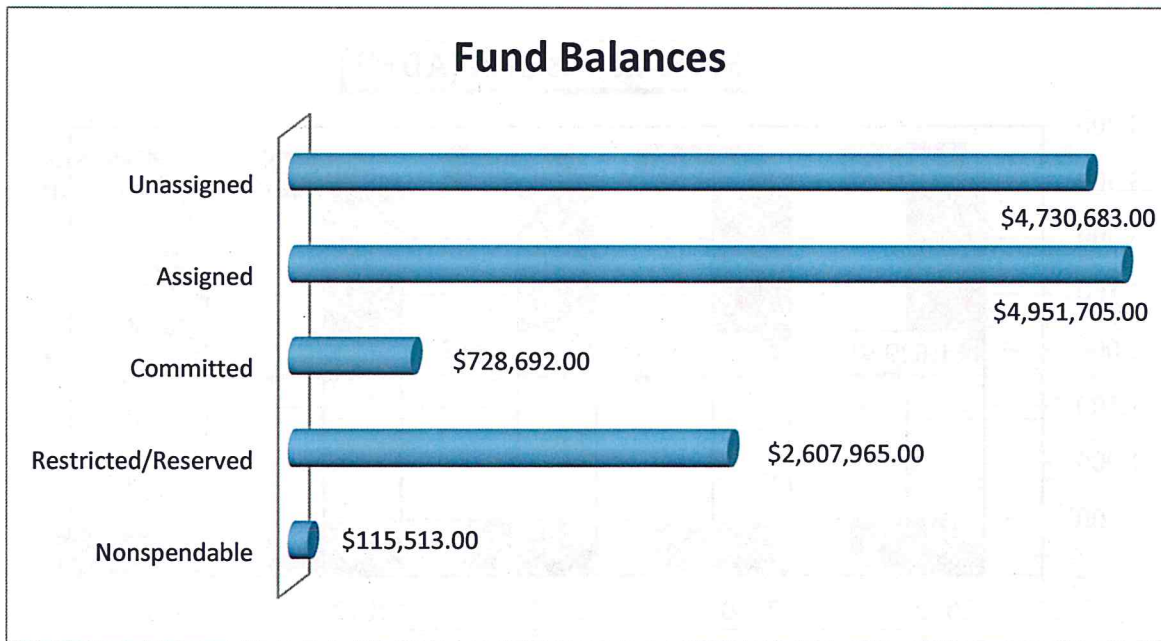
INDEPENDENT SCHOOL DISTRICT NO. 477
MANAGEMENT'S DISCUSSION AND ANALYSIS
 June 30, 2013

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year ended June 30, 2013, the District revised its budget one time. The revision is always necessary because when the initial budget is prepared and adopted (a budget must be in place prior to the beginning of the year on July 1) details of student enrollments, staffing levels and other significant information items are estimates and are continually changing. The budget is a guide and is monitored continually for reasonableness.

The basic General Education Aid revenue from the state per pupil unit is (\$ 5,224) for the 2012-2013 school year. The District also has an operating referendum in the amount of \$ 325 per pupil unit to help support and maintain class size as well as increasing utility/maintenance costs. The General Fund balance went up from the previous year, bringing the General Fund balance to \$ 13.1 million, with \$ 115,513 in nonspendable, \$ 2.6 million in restricted/reserved, \$ 728,692 in committed, \$ 4.9 million in assigned and \$ 4.7 million in unassigned/unreserved. (See chart below)

Table A-7 Fund Balance Comparison



INDEPENDENT SCHOOL DISTRICT NO. 477
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013

FACTORS BEARING ON THE DISTRICT'S FUTURE

- Facilities continued to be a concern in 2013 and into the future. The District leased 14 classrooms in 2013; the majority of those classrooms are located at South Elementary where the entire 2nd grade is located. This poses many concerns, safety, life of the facility, educational compatibility and costs. The District has five buildings in which 3 are older facilities: South Elementary, High School and District Office. The District has significant maintenance concerns of its older structures specifically South Elementary which was built in 1954. A facilities study was started the summer of 2013 to determine the direction the District should go in order to update, replace and maintain our current facilities.
- The District conducted a demographic study in the spring-summer of 2013. Our enrollment decline began in the year of 2007 and the statistics show the decline continuing for the next five years. The District continues to lose students at a greater rate to open enrollment than what the District brings in. Students are our core business and in an effort to determine why we continue to decline we started sending out surveys in March of 2013. The survey shows families leaving our district for these reasons: Location of school(s) not convenient to the family (34%), Academic concerns (23%), Athletics and Activities (16%), and teachers, class size, before and after school daycare (11%).
- The District offered all-day every-day kindergarten, (through community education) with parents reimbursing the District for the expenses in 2013. With creative work the District is offering all-day every-day kindergarten to all families for the 2013-2014 school year. Funding for the program will come out of the District's fund balance and will be funded by the State of Minnesota in 2015.
- At the end of 2013 the District assigned additional money to technology and program initiative areas in order to continue to plan for a more robust technology program in our classrooms. Program initiatives will be used to add new programs to our educational system that will expand educational offerings and help retain enrollment.
- During 2013, the District was able to offer students who qualified for reduced lunches their lunches free and will continue this for fiscal year 2014 due to a strong fund balance in our Food Service Program.

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 Office located at 706 First Street, Princeton, Minnesota 55371.

INDEPENDENT SCHOOL DISTRICT NO. 477

STATEMENT OF NET POSITION

June 30, 2013

	Governmental Activities
ASSETS	
Cash and Investments	\$ 15,055,761
Current Property Taxes Receivable	2,510,401
Delinquent Property Taxes Receivable	249,423
Accounts Receivable	13,754
Interest Receivable	8,049
Due from Department of Education	2,958,212
Due from Federal Government through Department of Education	162,842
Due from Other Minnesota School Districts	149,117
Inventory	30,633
Prepaid Items	112,570
Capital Assets not being depreciated:	
Land	1,286,492
Capital Assets being depreciated:	
Land Improvements	1,759,477
Buildings	42,847,146
Machinery and Equipment	3,658,020
Vehicles	269,903
Less: Accumulated Depreciation	<u>(18,476,489)</u>
Total Assets	<u>\$ 52,595,311</u>
LIABILITIES AND NET POSITION	
Liabilities	
Accounts and Contracts Payable	\$ 551,611
Salaries and Benefits Payable	2,147,809
Interest Payable	433,132
Due to Other Minnesota School Districts	65,872
Unearned Revenue	88,216
Property Taxes Levied for Subsequent Year's Expenditures	3,828,280
Bond Principal Payable:	
Payable Within One Year	1,655,000
Payable After One Year	20,445,000
Certificates of Participation:	
Payable Within One Year	165,000
Payable After One Year	2,470,000
Compensated Absences Payable:	
Payable Within One Year	33,000
Payable After One Year	188,144
Net Other Post Employment Benefits (OPEB) Obligation	219,442
Total Liabilities	<u>32,290,506</u>
Net Position	
Net Investment in Capital Assets	6,609,549
Restricted for:	
Debt Service	152,529
Other Purposes	3,393,797
Unrestricted	10,148,930
Total Net Position	<u>20,304,805</u>
Total Liabilities and Net Position	<u>\$ 52,595,311</u>

The Notes to the Financial Statements are an integral part of this statement.

INDEPENDENT SCHOOL DISTRICT NO. 477

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2013

	General	Debt Service	Other Nonmajor Funds	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 12,404,619	\$ 1,777,255	\$ 873,887	\$ 15,055,761
Current Property Taxes Receivable	1,072,539	1,314,647	123,215	2,510,401
Delinquent Property Taxes Receivable	135,916	99,318	14,189	249,423
Accounts Receivable	3,646	-	10,108	13,754
Interest Receivable	8,049	-	-	8,049
Due from Department of Education	2,919,156	5,225	33,831	2,958,212
Due from Federal Government through Department of Education	162,842	-	-	162,842
Due from Other Minnesota School Districts	149,117	-	-	149,117
Inventory	11,344	-	19,289	30,633
Prepaid Items	104,169	-	8,401	112,570
Total Assets	\$ 16,971,397	\$ 3,196,445	\$ 1,082,920	\$ 21,250,762
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts and Contracts Payable	\$ 486,853	\$ -	\$ 64,758	\$ 551,611
Salaries and Benefits Payable	2,100,998	-	46,811	2,147,809
Due to Other Minnesota School Districts	65,872	-	-	65,872
Deferred Revenue	135,916	99,318	102,405	337,639
Property Taxes Levied for Subsequent Year's Expenditures	1,047,200	2,653,216	127,864	3,828,280
Total Liabilities	3,836,839	2,752,534	341,838	6,931,211
Fund Balances				
Nonspendable	115,513	-	27,690	143,203
Restricted	2,607,965	443,911	713,392	3,765,268
Committed	728,692	-	-	728,692
Assigned	4,951,705	-	-	4,951,705
Unassigned	4,730,683	-	-	4,730,683
Total Fund Balances	13,134,558	443,911	741,082	14,319,551
Total Liabilities and Fund Balances	\$ 16,971,397	\$ 3,196,445	\$ 1,082,920	\$ 21,250,762

INDEPENDENT SCHOOL DISTRICT NO. 477

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2013

	General	Debt Service	Other Nonmajor Funds	Total Governmental Funds
REVENUES				
Local Property Taxes	\$ 2,491,239	\$ 2,144,640	\$ 251,274	\$ 4,887,153
Other Local and County Revenues	1,155,518	402	658,961	1,814,881
Revenue from State Sources	25,268,139	38,998	288,633	25,595,770
Revenue from Federal Sources	650,782	-	654,074	1,304,856
Sales and Other Conversion of Assets	-	-	659,304	659,304
Total Revenues	<u>29,565,678</u>	<u>2,184,040</u>	<u>2,512,246</u>	<u>34,261,964</u>
EXPENDITURES				
Current				
Administration	1,235,271	-	-	1,235,271
District Support Services	794,654	-	-	794,654
Elementary and Secondary Regular Instruction	13,880,400	-	-	13,880,400
Vocational Education Instruction	650,616	-	-	650,616
Special Education Instruction	4,170,187	-	-	4,170,187
Instructional Support Services	1,678,835	-	-	1,678,835
Pupil Support Services	2,737,712	-	-	2,737,712
Sites and Buildings	2,687,975	-	-	2,687,975
Fiscal and Other Fixed Cost Programs	101,934	-	-	101,934
Food Service	-	-	1,417,221	1,417,221
Community Education and Services	-	-	1,112,598	1,112,598
Capital Outlay				
District Support Services	60,372	-	-	60,372
Elementary and Secondary Regular Instruction	284,718	-	-	284,718
Vocational Education Instruction	5,101	-	-	5,101
Special Education Instruction	480	-	-	480
Instructional Support Services	325,940	-	-	325,940
Pupil Support Services	3,575	-	-	3,575
Sites and Buildings	1,083,288	-	-	1,083,288
Food Service	-	-	13,025	13,025
Community Education and Services	-	-	1,657	1,657
Debt Service				
Principal	-	1,190,000	-	1,190,000
Interest and Fiscal Charges	-	981,519	-	981,519
Total Expenditures	<u>29,701,058</u>	<u>2,171,519</u>	<u>2,544,501</u>	<u>34,417,078</u>
Excess of Revenues Over (Under) Expenditures	(135,380)	12,521	(32,255)	(155,114)
OTHER FINANCING SOURCES				
Insurance Recoveries	140,499	-	-	140,499
Net Change in Fund Balances	5,119	12,521	(32,255)	(14,615)
FUND BALANCES				
Beginning of Year	<u>13,129,439</u>	<u>431,390</u>	<u>773,337</u>	<u>14,334,166</u>
End of Year	<u>\$ 13,134,558</u>	<u>\$ 443,911</u>	<u>\$ 741,082</u>	<u>\$ 14,319,551</u>

The Notes to the Financial Statements are an integral part of this statement.

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INDEPENDENT SCHOOL DISTRICT NO. 477

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Local Property Taxes	\$ 2,165,589	\$ 2,287,939	\$ 2,491,239	\$ 203,300
Other Local and County Revenues	951,562	975,588	1,155,518	179,930
Revenue from State Sources	25,244,232	24,967,008	25,268,139	301,131
Revenue from Federal Sources	758,210	811,313	650,782	(160,531)
Total Revenues	<u>29,119,593</u>	<u>29,041,848</u>	<u>29,565,678</u>	<u>523,830</u>
EXPENDITURES				
Current				
Administration	1,203,462	1,219,727	1,235,271	15,544
District Support Services	656,909	888,384	794,654	(93,730)
Elementary and Secondary Regular Instruction	13,612,795	13,902,472	13,880,400	(22,072)
Vocational Education Instruction	904,921	661,036	650,616	(10,420)
Special Education Instruction	4,456,810	4,386,355	4,170,187	(216,168)
Instructional Support Services	1,940,805	1,853,135	1,678,835	(174,300)
Pupil Support Services	2,861,147	2,870,278	2,737,712	(132,566)
Sites and Buildings	2,660,977	2,749,947	2,687,975	(61,972)
Fiscal and Other Fixed Cost Programs	108,000	108,000	101,934	(6,066)
Capital Outlay				
District Support Services	86,200	86,200	60,372	(25,828)
Elementary and Secondary Regular Instruction	292,500	329,676	284,718	(44,958)
Vocational Education Instruction	4,000	4,000	5,101	1,101
Special Education Instruction	4,000	12,500	480	(12,020)
Instructional Support Services	324,000	330,530	325,940	(4,590)
Pupil Support Services	-	2,400	3,575	1,175
Sites and Buildings	944,555	999,120	1,083,288	84,168
Total Expenditures	<u>30,061,081</u>	<u>30,403,760</u>	<u>29,701,058</u>	<u>(702,702)</u>
Excess of Revenues Over (Under) Expenditures	(941,488)	(1,361,912)	(135,380)	1,226,532
OTHER FINANCING SOURCES				
Insurance Recoveries	-	-	140,499	140,499
Net Change in Net Position	<u>\$ (941,488)</u>	<u>\$ (1,361,912)</u>	5,119	<u>\$ 1,367,031</u>
FUND BALANCES				
Beginning of Year			<u>13,129,439</u>	
End of Year			<u>\$ 13,134,558</u>	

The Notes to the Financial Statements are an integral part of this statement.

INDEPENDENT SCHOOL DISTRICT NO. 477

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B. Basic Financial Statement Information (Continued)

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

Separate fund financial statements are provided for governmental funds. 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 one year.

2. Recording of Expenditures

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

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

INDEPENDENT SCHOOL DISTRICT NO. 477

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. Deposits and Investments (Continued)

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.

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.

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.

Custodial Credit Risk – Investments: 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 an institution designated as custodial agent.

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 liability section of the fund financial statements as deferred revenue because they are not available to finance the operations of the District in the current year.

INDEPENDENT SCHOOL DISTRICT NO. 477
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

J. Capital Assets (Continued)

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. 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, as well as issuance costs, 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. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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 uses. Issuance costs, whether or not withheld or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

In the fund financial statements, the face amount of debt issued is reported as other financing sources.

L. 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.M. Sick leave pay is shown as an expenditure in the year paid.

M. 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 5 years with the District.

INDEPENDENT SCHOOL DISTRICT NO. 477
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

O. Fund Equity (Continued)

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

2. Minimum Fund Balance

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

P. Net Position

Net position represents the difference between assets and liabilities 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.

Q. 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.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

INDEPENDENT SCHOOL DISTRICT NO. 477
NOTES TO THE FINANCIAL STATEMENTS

NOTE 3 – DEPOSITS AND INVESTMENTS

B. Investments

As of June 30, 2013, the District had the following pooled investments:

Investment Type	Investment Maturity (In Years)			Rating
	Fair Value	Less than 1 Year	1-3 Years	
MSDLAF	\$ 450,167	\$ 450,167	\$ -	AAA
MSDMAX	2,437,902	2,437,902	-	AAA
MNTrust Investment Shares Portfolio	39,150	39,150	-	AAA
MNTrust Term Series	5,750,000	5,750,000	-	AAA
Brokered Certificates of Deposit	6,235,405	5,986,589	248,816	N/A
Total Investments	<u>\$ 14,912,624</u>	<u>\$ 14,663,808</u>	<u>\$ 248,816</u>	

Credit Risk: As of June 30, 2013, the District's investments were rated as noted in the table above.

Concentration of Credit Risk: As of June 30, 2013, the District's investment in CITIBANK-IMMA TERM-L represented 6.7% of the District's total investments.

The following is a summary of total deposits and investments:

Deposits (Note 3.A.)	\$ 143,137
Investments	<u>14,912,624</u>
Total Deposits and Investments	<u>\$ 15,055,761</u>

Deposits and investments at June 30, 2013 are presented as follows:

Statement of Net Position:	
Cash and Investments	<u>\$ 15,055,761</u>

INDEPENDENT SCHOOL DISTRICT NO. 477
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2013

NOTE 4 – CAPITAL ASSETS

Depreciation expense of \$ 1,367,591 for the year ended June 30, 2013 was charged to the following governmental functions:

Administration	\$ 1,198
District Support Services	9,888
Elementary and Secondary Regular Instruction	176,497
Vocational Instruction	1,585
Special Education Instruction	1,510
Instructional Support Services	4,085
Pupil Support	27,520
Sites and Buildings	471,565
Food Service	30,360
Community Service	8,530
Unallocated	<u>634,853</u>
Total Depreciation Expense	<u><u>\$ 1,367,591</u></u>

NOTE 5 – 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:						
2002 School Building						
Refunding Bonds	11/14/02	2.750%-4.875%	\$ 270,000	02/01/15	\$ 60,000	\$ 30,000
2003 Refunding Bonds	12/02/03	3.70%-4.00%	2,740,000	02/01/17	2,290,000	535,000
2005 School Building						
Refunding Bonds	04/14/05	4.00%-5.00%	13,380,000	02/01/24	11,450,000	375,000
2008A Alternative						
Facilities Bonds	12/30/08	3.50%-4.50%	7,160,000	02/01/24	6,755,000	585,000
2008B Building Bonds	12/30/08	2.85%-4.60%	2,010,000	02/01/23	<u>1,545,000</u>	<u>130,000</u>
Total G.O. Bonds					<u>22,100,000</u>	<u>1,655,000</u>
Certificates of Participation						
Compensated Absences Payable	11/23/10	2.00%-4.50%	2,925,000	02/01/26	2,635,000	165,000
					<u>221,144</u>	<u>33,000</u>
Total all Long-Term Liabilities					<u><u>\$ 24,956,144</u></u>	<u><u>\$ 1,853,000</u></u>

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

INDEPENDENT SCHOOL DISTRICT NO. 477

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

NOTE 5 – LONG-TERM DEBT

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	\$ 23,290,000	\$ -	\$ 1,190,000	\$ 22,100,000
Certificates of Participation	2,795,000	-	160,000	2,635,000
Compensated Absences Payable	<u>207,662</u>	<u>37,358</u>	<u>23,876</u>	<u>221,144</u>
Total Long-Term Liabilities	<u>\$ 26,292,662</u>	<u>\$ 37,358</u>	<u>\$ 1,373,876</u>	<u>\$ 24,956,144</u>

NOTE 6 – FUND BALANCES/NET POSITION

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

A. Fund Balances

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

INDEPENDENT SCHOOL DISTRICT NO. 477

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

NOTE 6 – FUND BALANCES/NET POSITION

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

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

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

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

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

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

Restricted/Reserved for School Readiness – This balance represents the resources available to provide for services for school readiness programs. Related to Finance Code 344, School Readiness *Minnesota Statutes* 124D.16.

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

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

Assigned for Staff Development – This balance represents unspent staff development revenues set aside from General Education Aid.

INDEPENDENT SCHOOL DISTRICT NO. 477
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2013

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

Teachers’ Retirement Association (Continued)

A. Plan Description (Continued)

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 as described:

Tier I:

Tier I	Step Rate Formula	Percentage
Basic	First 10 years of service	2.2% per year
	All years after	2.7% per year
Coordinated	First 10 years if service years are prior to July 1, 2006	1.2% per year
	First 10 years if service years are July 1, 2006 or after	1.4% per year
	All other years of service if service years are prior 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

With these provisions:

- Normal retirement at age 65 with less than 30 years of allowable service and age 62 with 30 or more years of allowable service.
- Three percent per year early retirement reduction factors 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:

For years of service prior to July 1, 2006, a level formula of 1.7% per year for Coordinated Plan members and 2.7% per year for Basic Plan members applies. For years of service July 1, 2006 and after, a level formula of 1.9% per year for Coordinated Plan members and 2.7% for Basic Plan members applies. Actuarially equivalent early retirement reduction factors with augmentation are used for early retirement before the normal age of 65. These reduction factors average approximately 4.0% to 5.4% per year.

INDEPENDENT SCHOOL DISTRICT NO. 477
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

Public Employees' Retirement Association

A. Plan Description

All full-time and certain part-time employees (nonteacher) of the District are covered by defined benefit plans administered by the PERA. PERA administers the General Employees' Retirement Fund (GERF) which is a cost-sharing, multiple-employer retirement plan. This Plan is established and administered in accordance with *Minnesota Statutes* Chapters 353 and 356.

GERF members belong to either the Coordinated or Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan.

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

Two methods are used to compute benefits for PERA's Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2% of average salary for each of the first 10 years of service and 2.7% for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2% of average salary for each of the first 10 years and 1.7% for each remaining year. Under Method 2, the annuity accrual rate is 2.7% of the average salary for Basic Plan members and 1.7% for Coordinated Plan members for each year of service. For all GERF members hired prior to July 1, 1989, whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. Normal retirement age is 65 for Basic and Coordinated Plan members hired prior to July 1, 1989. Normal retirement age is the age for unreduced Social Security benefits capped at 66 for Coordinated Plan members hired on or after July 1, 1989. A reduced retirement annuity is also available to eligible members seeking early retirement.

There are different types of annuities available to members upon retirement. A single-life annuity is a lifetime annuity that ceases upon the death of the retiree – no survivor annuity is payable. There are also various types of joint and survivor annuity options available which will be payable over joint lives. Members may also leave their contributions in the Fund upon termination of public service in order to qualify for a deferred annuity at retirement age. Refunds of contributions are available at any time to members who leave public service, but before retirement benefits begin.

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

PERA issues a publicly available financial report that includes financial statements and required supplementary information for GERF. That report may be obtained on the Internet at www.mnpera.org, by writing to PERA at 60 Empire Drive, #200, St. Paul, Minnesota 55103-2088 or by calling (651) 296-7460 or (800) 652-9026.

INDEPENDENT SCHOOL DISTRICT NO. 477
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2013

NOTE 8 – POST EMPLOYMENT HEALTH CARE PLAN

C. Annual OPEB Cost and Net OPEB Costs Obligation (Continued)

ARC	\$ 407,257
Interest on Net OPEB Obligation	11,994
Adjustment to ARC	(18,048)
Annual OPEB Cost (Expense)	<u>401,203</u>
Contributions Made	<u>(481,613)</u>
Decrease in Net OPEB Obligation	(80,410)
Net OPEB Obligation - Beginning of Year	<u>299,852</u>
Net OPEB Obligation - End of Year	<u><u>\$ 219,442</u></u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2011, 2012 and 2013 were as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Employer Contribution</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
06/30/11	\$ 491,670	\$ 615,736	125%	\$ 356,137
06/30/12	493,247	549,532	111%	299,852
06/30/13	401,203	481,613	120%	219,442

D. Funded Status and Funding Progress

As of July 1, 2012, the most recent actuarial valuation date, the District had no assets deposited to fund the plan. The actuarial accrued liability for benefits was \$ 3,772,278 and the actuarial value of assets was \$ 0, resulting in an unfunded actuarial accrued liability (UAAL) of 3,772,278. The covered payroll (annual payroll of active employees covered by the plan) was \$ 15,319,370 and the ratio of the UAAL to the covered payroll was 24.6%.

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

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

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INDEPENDENT SCHOOL DISTRICT NO. 477

SCHEDULE OF FUNDING PROGRESS - OTHER POST EMPLOYMENT BENEFITS
June 30, 2013

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
07/01/08	\$ -	\$ 4,165,182	\$ 4,165,182	0.0%	\$ 15,013,819	27.7%
07/01/10	-	4,813,897	4,813,897	0.0%	14,701,040	32.7%
07/01/12	-	3,772,278	3,772,278	0.0%	15,319,370	24.6%

* This Schedule was implemented in 2009 and the actuarial valuation has been updated twice and, therefore, contains only three years of data. See Note 8 in the Notes to the Financial Statements for more details on this Schedule.

INDEPENDENT SCHOOL DISTRICT NO. 477

COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2013

	Special Revenue Funds			Capital Projects	Total Nonmajor Funds
	Food Service	Community Service	Total		
ASSETS					
Cash and Investments	\$ 458,880	\$ 366,823	\$ 825,703	\$ 48,184	\$ 873,887
Current Property Taxes Receivable	-	123,215	123,215	-	123,215
Delinquent Property Taxes Receivable	-	14,189	14,189	-	14,189
Accounts Receivable	-	10,108	10,108	-	10,108
Due from Department of Education	-	33,831	33,831	-	33,831
Inventory	19,289	-	19,289	-	19,289
Prepaid Items	4,255	4,146	8,401	-	8,401
Total Assets	\$ 482,424	\$ 552,312	\$ 1,034,736	\$ 48,184	\$ 1,082,920
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 4,484	\$ 12,090	\$ 16,574	\$ 48,184	\$ 64,758
Salaries and Benefits Payable	1,913	44,898	46,811	-	46,811
Deferred Revenue	29,764	72,641	102,405	-	102,405
Property Taxes Levied for Subsequent Year's Expenditures	-	127,864	127,864	-	127,864
Total Liabilities	36,161	257,493	293,654	48,184	341,838
Fund Balances					
Nonspendable	23,544	4,146	27,690	-	27,690
Restricted	422,719	290,673	713,392	-	713,392
Total Fund Balances	446,263	294,819	741,082	-	741,082
Total Liabilities and Fund Balances	\$ 482,424	\$ 552,312	\$ 1,034,736	\$ 48,184	\$ 1,082,920

INDEPENDENT SCHOOL DISTRICT NO. 477

UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS
COMPLIANCE TABLE
For the Year Ended June 30, 2013

	Audit	UFARS	Audit-UFARS		Audit	UFARS	Audit-UFARS
01 GENERAL FUND				06 BUILDING CONSTRUCTION FUND			
Total Revenue	\$ 29,706,177	\$ 29,706,178	\$ (1)	Total Revenue	\$ -	\$ -	\$ -
Total Expenditures	29,701,058	29,701,062	(4)	Total Expenditures	-	-	-
<i>Nonspendable:</i>				<i>Restricted/Reserved:</i>			
460 Nonspendable	115,513	115,513	-	407 Capital Projects Levy	-	-	-
<i>Restricted/Reserved:</i>				409 Alternative Facility Program	-	-	-
403 Staff Development	-	-	-	413 Building Projects Funded by COP/LP	-	-	-
405 Deferred Maintenance	53,532	53,532	-	<i>Restricted:</i>			
406 Health and Safety	(47,281)	(47,281)	-	464 Restricted	-	-	-
407 Capital Projects Levy	-	-	-	<i>Unassigned:</i>			
408 Cooperative Programs	-	-	-	463 Unassigned	-	-	-
413 Project Funded by COP	-	-	-				
414 Operating Debt	-	-	-	07 DEBT SERVICE FUND			
416 Levy Reduction	-	-	-	Total Revenue	\$ 2,184,040	\$ 2,184,040	\$ -
423 Certain Teacher Programs	-	-	-	Total Expenditures	2,171,519	2,171,520	(1)
424 Operating Capital	2,556,205	2,556,205	-	<i>Restricted/Reserved:</i>			
426 \$ 25 Taconite	-	-	-	425 Bond Refunding	-	-	-
427 Disabled Accessibility	-	-	-	451 QZAB and QSCB Payments	-	-	-
428 Learning and Development	-	-	-	<i>Restricted:</i>			
434 Area Learning Center	-	-	-	464 Restricted	443,911	443,911	-
435 Contracted Alternative Programs	-	-	-	<i>Unassigned:</i>			
436 State Approved Alternative Program	-	-	-	463 Unassigned	-	-	-
438 Gifted and Talented	45,509	45,509	-				
441 Basic Skills Programs	-	-	-	08 TRUST FUND			
445 Career Technical Programs	-	-	-	Total Revenue	\$ -	\$ -	\$ -
446 First Grade Preparedness	-	-	-	Total Expenditures	-	-	-
449 Safe School Crime	-	-	-	<i>Reserved:</i>			
450 Transition for Pre-Kindergarten	-	-	-	419 Encumbrances	-	-	-
451 QZAB and QSCB Payments	-	-	-	<i>Unreserved:</i>			
452 OPEB Liabilities not Held in Trust	-	-	-	422 Unassigned Fund Balance (Net Position)	-	-	-
453 Unfunded Severance and Retirement Levy	-	-	-				
<i>Restricted:</i>				09 AGENCY FUND			
464 Restricted	-	-	-	<i>Unreserved:</i>			
<i>Committed:</i>				422 Unreserved/Undesignated	\$ -	\$ -	\$ -
418 Committed for Separation Benefits	728,692	728,692	-				
461 Committed	-	-	-	20 INTERNAL SERVICE FUND			
<i>Assigned:</i>				Total Revenue	\$ -	\$ -	\$ -
462 Assigned	4,951,705	4,951,704	1	Total Expenditures	-	-	-
<i>Unassigned:</i>				<i>Reserved:</i>			
422 Unassigned Fund Balance (Net Position)	4,730,683	4,730,681	2	419 Encumbrances	-	-	-
				<i>Unreserved:</i>			
02 FOOD SERVICES FUND				422 Unassigned Fund Balance (Net Position)	-	-	-
Total Revenue	\$ 1,381,076	\$ 1,381,076	\$ -				
Total Expenditures	1,430,246	1,430,245	1	25 OPEB REVOCABLE TRUST			
<i>Nonspendable:</i>				Total Revenue	\$ -	\$ -	\$ -
460 Nonspendable	23,544	23,544	-	Total Expenditures	-	-	-
<i>Restricted/Reserved:</i>				<i>Reserved:</i>			
452 OPEB Liabilities not Held in Trust	-	-	-	419 Encumbrances	-	-	-
<i>Restricted:</i>				<i>Unreserved:</i>			
464 Restricted	422,719	422,719	-	422 Unassigned Fund Balance (Net Position)	-	-	-
<i>Unassigned:</i>							
463 Unassigned	-	-	-	45 OPEB IRREVOCABLE TRUST			
				Total Revenue	\$ -	\$ -	\$ -
04 COMMUNITY SERVICE FUND				Total Expenditures	-	-	-
Total Revenue	\$ 1,131,170	\$ 1,131,171	\$ (1)	<i>Reserved:</i>			
Total Expenditures	1,114,255	1,114,254	1	419 Encumbrances	-	-	-
<i>Nonspendable:</i>				<i>Unreserved:</i>			
460 Nonspendable	4,146	4,146	-	422 Unassigned Fund Balance (Net Position)	-	-	-
<i>Restricted/Reserved:</i>							
426 \$ 25 Taconite	-	-	-	47 OPEB DEBT SERVICE			
431 Community Education	152,354	152,354	-	Total Revenue	\$ -	\$ -	\$ -
432 ECFE	74,321	74,321	-	Total Expenditures	-	-	-
444 School Readiness	39,757	39,757	-	<i>Reserved:</i>			
447 Adult Basic Education	-	-	-	425 Bond Refundings	-	-	-
452 OPEB Liabilities not Held in Trust	-	-	-	<i>Unreserved:</i>			
<i>Restricted:</i>				422 Unreserved/Undesignated	-	-	-
464 Restricted	24,241	24,241	-				
<i>Unassigned:</i>							
463 Unassigned	-	-	-				

INDEPENDENT SCHOOL DISTRICT NO. 477

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2013

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 OMB *Circular A-133, Audits of States, Local Governments and Nonprofit Organizations*. 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 – INVENTORY

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



Compliance and Other Matters

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

District's Response to the Findings

The District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Corrective Action Plans on Legal Compliance and Internal Control. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

Kern, Dewenter, Viere, Ltd

KERN, DEWENTER, VIERE, LTD.
St. Cloud, Minnesota
September 26, 2013



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, 2013.

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 OMB *Circular A-133*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB *Circular A-133*. Accordingly, this report is not suitable for any other purpose.

Kern, Dewenter, Viere, Ltd

KERN, DEWENTER, VIERE, LTD.
St. Cloud, Minnesota
September 26, 2013

INDEPENDENT SCHOOL DISTRICT NO. 477
SCHEDULE OF FINDINGS AND QUESTIONED COSTS IN
ACCORDANCE WITH OMB *CIRCULAR A-133*
June 30, 2013

SECTION II – FINANCIAL STATEMENT FINDING

Audit Finding 07-02 – Preparation of Financial Statements

Criteria or Specific Requirement:

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

Condition:

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

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

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

Questioned Costs:

None

Context:

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

Effect:

The financial disclosures in the financial statements could be incomplete.

Cause:

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

Recommendation:

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

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CERTIFICATION OF MINUTES RELATING
TO
GENERAL OBLIGATION SCHOOL BUILDING REFUNDING BONDS, SERIES 2013A

ISSUER: INDEPENDENT SCHOOL DISTRICT NO. 477 (PRINCETON)
STATE OF MINNESOTA

BODY: SCHOOL BOARD

KIND, DATE, TIME AND PLACE OF MEETING: A regular meeting held on October 22, 2013, at 7:00 o'clock p.m., in the District.

MEMBERS PRESENT:

MEMBERS ABSENT:

DOCUMENTS ATTACHED: Extract of Minutes of said meeting.

**RESOLUTION AWARDING THE SALE, DETERMINING THE
FORM AND DETAILS, AUTHORIZING THE EXECUTION, DELIVERY,
AND REGISTRATION, AND PROVIDING FOR THE PAYMENT OF
GENERAL OBLIGATION SCHOOL BUILDING REFUNDING BONDS, SERIES 2013A**

I, the undersigned, being the duly qualified and acting recording officer of the public corporation issuing the obligations referred to in the title of this certificate, certify that the documents attached hereto, as described above, have been carefully compared with the original records of said corporation in my legal custody, from which they have been transcribed; that said documents are a correct and complete transcript of the minutes of a meeting of the governing body of said corporation, and correct and complete copies of all resolutions and other actions taken and of all documents approved by the governing body at said meeting, so far as they relate to said obligations; and that said meeting was duly held by the governing body at the time and place and was attended throughout by the members indicated above, pursuant to call and notice of such meeting given as required by law.

WITNESS MY HAND officially as such recording officer this ____ day of October, 2013.

School District Clerk

EXTRACT OF MINUTES OF A MEETING
OF THE SCHOOL BOARD OF
INDEPENDENT SCHOOL DISTRICT NO. 477
(PRINCETON)
STATE OF MINNESOTA

HELD: OCTOBER 22, 2013

Pursuant to due call and notice thereof, a regular meeting of the School Board of Independent School District No. 477, State of Minnesota, was duly held on October 22, 2013, at 7:00 o'clock p.m.

It was reported that _____ proposals for the purchase of the approximately \$1,800,000 General Obligation School Building Refunding Bonds, Series 2013A of the District (said amount being subject to adjustment in accordance with the Terms of Proposal) had been received prior to 10:00 o'clock a.m., Central Time, pursuant to the Terms of Proposal contained in the Official Statement; that the proposals had been opened, read and tabulated; and that the best proposal of each proposal maker was determined to be as follows:

SEE ATTACHED

Member _____ introduced the following resolution and moved its adoption:

RESOLUTION AWARDING THE SALE, DETERMINING THE FORM AND DETAILS, AUTHORIZING THE EXECUTION, DELIVERY, AND REGISTRATION, AND PROVIDING FOR THE PAYMENT OF GENERAL OBLIGATION SCHOOL BUILDING REFUNDING BONDS, SERIES 2013A

BE IT RESOLVED by the School Board of Independent School District No. 477, State of Minnesota, as follows:

Section 1. Authorization and Sale.

1.01 Authorization. At a meeting held September 24, 2013, this Board determined to sell and issue approximately \$1,800,000 principal amount of general obligation refunding bonds of Independent School District No. 477 (the "Issuer" or the "District"). Said Bonds shall hereinafter be referred to as the "Bonds" or the "Refunding Bonds". In the Terms of Proposal, the District reserved the right, after proposals were opened and prior to award, to increase or decrease the principal amount of the Bonds offered for sale, with the increase or decrease to occur in multiples of \$5,000 in any of the maturities. The Refunding Bonds, together with other available funds of the Issuer in the amount of \$_____, shall provide funds for a current refunding of the Refunded Bonds and to prepay on February 1, 2014, the 2015 to 2017 maturities, aggregating \$1,755,000 in principal amount, of the Issuer's General Obligation Refunding Bonds, Series 2003A, bearing a date of original issue of December 2, 2003 (the "Refunded Bonds"). The Refunded Bonds were originally issued to provide funds for the current refunding of the District's General Obligation School Building Bonds, Series 1994, bearing a date of original issue of March 15, 1994 and the District's General Obligation Capital Facilities Bonds, Series 1998 (the "1998 Bonds"), bearing a date of original issue of March 19, 1998.

1.02 Sale. The Board, having been advised by _____, its independent financial advisor, has determined that this issue shall be privately sold after receipt of written proposals, as authorized pursuant to Minnesota Statutes, Section 475.60, Subdivision 2. The Board has publicly received and considered all proposals presented in conformity with the Terms of Proposal contained in the Official Statement, which are hereby ratified and confirmed in all respects and are incorporated herein by reference as though fully specified in this paragraph. The most favorable of such proposals is ascertained to be that of _____ (the "Purchaser") to purchase the Bonds at a price of \$_____ plus interest accrued to settlement, and upon the further terms and conditions set forth in the Terms of Proposal contained in the Official Statement and this resolution. Said proposal is hereby accepted and the sale of the Bonds is hereby awarded to said Purchaser.

1.03 Execution of Documents; Return of Good Faith Deposits. The Chair and Clerk are authorized and directed to endorse an acceptance on both copies of the most favorable proposal and to send one copy to the Purchaser. The Treasurer is directed to retain the good faith deposit of the Purchaser pending delivery of the Bonds and payment therefor, and the good faith deposits of the other proposal makers shall forthwith be returned to them.

1.04 Purpose; Compliance with Current Refunding Law; Debt Service Savings; Findings; Security.

(a) **Compliance.** The Refunding Bonds shall provide moneys for a current refunding of the Refunded Bonds. It is hereby determined and declared that the refunding of the Refunded Bonds complies with Minnesota Statutes, Section 475.67, and is consistent with the covenants made with the holders thereof. The Issuer has observed and complied with all of the obligations and covenants made by the School Board in connection with the issuance of the Refunded Bonds.

(b) **Use of Proceeds of Refunded Bonds.** All of the proceeds, including the investment earnings thereon, of the Refunded Bonds have heretofore been expended by the Issuer for the uses and purposes for which the District issued the Refunded Bonds.

(c) **Redemption.** The Refunded Bonds are called for redemption on February 1, 2014, the earliest date on which they may be called for redemption without payment of any premium.

(d) **Security.** Until retirement and prepayment of the Refunded Bonds, all provisions made for the security of the Refunded Bonds shall be observed by the Issuer.

(e) **Supplemental Resolution.** The resolutions of the School Board authorizing the issuance of the Refunded Bonds are hereby supplemented to the extent necessary to give effect to the provisions of this resolution.

1.05 Compliance with Law. All acts, conditions and things required by the Constitution and laws of the State of Minnesota to be done, to happen and to be performed precedent to the issuance of the Bonds having been done, having happened and having been performed in regular and due form, time and manner as required by law, it is necessary for this Board to establish the form and terms of the Bonds, to provide for the security thereof, and to provide for the issuance of the Bonds forthwith.

1.06 Minnesota School District Credit Enhancement Program. (a) The District hereby covenants and obligates itself to notify the Commissioner of Education of a potential default in the payment of principal and interest on the Bonds and to use the provisions of Minnesota Statutes, Section 126C.55 to guarantee payment of the principal and interest on the Bonds when due. The District further covenants to deposit with the Bond Registrar or any successor paying agent three (3) days prior to the date on which a payment is due an amount sufficient to make that payment or to notify the Commissioner of Education that it

will be unable to make all or a portion of that payment. The Bond Registrar for the Bonds is authorized and directed to notify the Commissioner of Education if it becomes aware of a potential default in the payment of principal or interest on the Bonds or if, on the day two (2) business days prior to the date a payment is due on the Bonds, there are insufficient funds to make that payment on deposit with the Bond Registrar. The District understands that as a result of its covenant to be bound by the provisions of Minnesota Statutes, Section 126C.55, the provisions of that section shall be binding as long as any Bonds of this issue remain outstanding.

(b) The District further covenants to comply with all procedures now or hereafter established by the Departments of Management and Budget and Education of the State of Minnesota pursuant to Minnesota Statutes, Section 126C.55, subdivision 2(c) and otherwise to take such actions as necessary to comply with that section.

Section 2. Bond Terms.

2.01 Designation; Registration; Denomination; Maturities. The \$_____ aggregate principal amount of general obligation bonds sold on this date shall be designated General Obligation School Building Refunding Bonds, Series 2013A, shall be dated November 21, 2013, as the date of original issue, and shall be issued forthwith on or after such date using a global book-entry system. The Bonds shall be issued as fully registered bonds and shall be numbered R-1 upward, in the denomination of \$5,000 each or any integral multiple thereof of a single maturity. The Bonds shall mature on February 1 in the years and amounts set forth below, and shall bear interest from the most recent Interest Payment Date to which interest has been paid or provided for, or, if no interest has been duly paid or provided for, from the date of original issue until paid or duly called for mandatory redemption, if herein provided, at the rates per annum set forth below opposite such years and amounts, as follows:

<u>Year</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Amount</u>	<u>Interest Rate</u>
	\$			\$	

The maturities for the years _____ to _____ have been adjusted pursuant to the proposal of the Purchaser and as authorized in the Terms of Proposal. The Bonds maturing on _____ 1 in the years _____ and _____ are term bonds subject to mandatory redemption in the years and principal amounts specified in Paragraph 2.04(b).

These maturities, together with the maturities of all other outstanding general obligation bonds of the Issuer, meet the requirements of Minnesota Statutes, Section 475.54.

2.02 Interest Payments. Interest shall be payable semiannually on each February 1 and August 1 to maturity (each an "Interest Payment Date"), commencing August 1, 2014. Interest will be calculated on the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to the rules of the MSRB. Interest will be payable in the manner set forth in the form of Global Certificate or Replacement Bond and Paragraph 4.06 of this resolution.

2.03 Use of Global Book-Entry System.

(a) **Description of System.** In order to issue obligations in "global book-entry form", the obligations are issued in certificated form in large denominations, are registered on the books of the Issuer in the name of a depository or its nominee, and are immobilized and held in safekeeping by the depository. The depository, as part of the computerized National Securities Clearance and Settlement System (the "National System"), registers transfers of ownership interests in the obligations by making computerized book entries on its own books and distributing payments on the obligations to its participants shown on its books as the owners of such interests. These participants, which include financial institutions for whom the depository effects book-entry transfers of securities deposited and immobilized with the depository, and other banks, brokers and dealers participating in the National System will do likewise if not the beneficial owners of the obligations.

(b) **Designation of Depository; Approval of Blanket Issuer Letter of Representations.** The Depository Trust Company ("DTC") of New York, New York, a Securities and Exchange Commission designated depository, a limited purpose New York trust company, a member of the Federal Reserve System, and a "clearing corporation" within the meaning of the New York Uniform Commercial Code, is hereby designated as the depository (the "Depository") with respect to the Bonds issued hereunder in global book-entry form. There has been submitted to this Board a form of letter of representations (the "Blanket Issuer Letter of Representations") between the Issuer and the Depository setting forth various matters relating to the Depository and its role with respect to the Bonds. This Blanket Issuer Letter of Representations is hereby approved. The Chair or the Clerk is hereby authorized and directed to execute the Blanket Issuer Letter of Representations in substantially the form attached hereto as EXHIBIT C, if such a letter of representations has not already been executed, with only such variations therein as may be required to complete the Blanket Issuer Letter of Representations, or which are not, in the opinion of Bond Counsel, materially adverse to the interests of the Issuer. Execution of the Blanket Issuer Letter of Representations by such official shall be conclusive evidence as to the necessity and propriety of such changes and their approval by Bond Counsel. So long as DTC is the Depository or it or its nominee is the Holder of any Global Certificate, the District shall comply with the provisions of the Blanket Issuer Letter of Representations, as it may be

amended or supplemented by the District from time to time with the agreement or consent of DTC.

(c) **Global Certificates.** Upon their original issuance, the Bonds will be issued in the form of a single Global Certificate for each maturity which shall represent the aggregate principal amount of the Bonds due on a particular maturity date (the "Global Certificates"). The Global Certificates will be originally issued and fully registered as to principal and interest in the name of Cede & Co., as nominee of DTC. The Global Certificates will be deposited with the Depository by the Purchaser and will be immobilized as further provided herein. No beneficial owners of interest in the Bonds will receive certificates representing their respective interests in the Bonds except as provided below in clause (e) of this Paragraph 2.03. Except as so provided, during the term of the Bonds, beneficial ownership (and subsequent transfers of beneficial ownership) of interests in the Global Certificates will be reflected by book entries made on the records of the Depository and its participants and other banks, brokers, and dealers participating in the National System. The Depository's book entries of beneficial ownership interest are authorized to be in integral increments of \$5,000, despite the larger authorized denominations of the Global Certificates. Payment of principal of, premium, if any, and interest on the Global Certificates will be made to the Bond Registrar as paying agent, and in turn by the Bond Registrar to the Depository or its nominee as registered owner of the Global Certificates. The Depository, according to the laws and rules governing it, will receive and forward such payments on behalf of the beneficial owners of the Global Certificates.

(d) **Immobilization of Global Certificates by the Depository.** Pursuant to the request of the Purchaser to the Depository, immediately upon the original delivery of the Bonds, the Purchaser will deposit the Global Certificates representing all of the Bonds with the Depository. The Global Certificates shall be in typewritten form or otherwise as acceptable to the Depository, shall be registered in the name of the Depository or its nominee and shall be held immobilized from circulation at the offices of the Depository on behalf of the Purchaser and subsequent Bondholders. The Depository or its nominee will be the sole Holder of record of the Global Certificates and no investor or other party purchasing, selling or otherwise transferring ownership of interests in any Bond is to receive, hold or deliver any Global Certificates so long as the Depository holds the Global Certificates immobilized from circulation, except as provided below in clause (e) of this Paragraph 2.03.

(e) **Transfer or Exchange of Global Certificates; Substitute Depository; Replacement Bonds.**

Global Certificates evidencing the Bonds may not, after their original delivery, be transferred or exchanged except:

(i) Upon exchange of a Global Certificate after a partial redemption, if authorized in Paragraph 2.04 of this resolution;

(ii) To any successor of the Depository (or its nominee) or any substitute depository (a "Substitute Depository") designated pursuant to subclause (iii) of this clause (e); provided that any successor of the Depository or any Substitute Depository must be both a "clearing corporation" as defined in the Minnesota Uniform Commercial Code, Minnesota Statutes, Section 336.8-102, and a qualified and registered "clearing agency" as provided in Section 17A of the Securities Exchange Act of 1934, as amended;

(iii) To a Substitute Depository designated by and acceptable to the Issuer upon (a) the determination by the Depository that the Bonds shall no longer be eligible for its depository services or (b) a determination by the Issuer that the Depository is no longer able to carry out its functions; provided that any Substitute Depository must be qualified to act as such, as provided in subclause (ii) of this clause (e); or

(iv) In the event that (a) the Depository shall resign or discontinue its services for the Bonds or be declared no longer able to carry out its functions and the Issuer is unable to locate a Substitute Depository within two (2) months following the resignation or discontinuance or determination of noneligibility, or (b) the Issuer determines in its sole discretion that (1) the continuation of the book-entry system described herein might adversely affect the interests of the beneficial owners of the Bonds, or (2) it is in the best interests of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, then the Issuer shall notify the Holders of its determination and of the availability of Replacement Bonds to Holders. The Issuer, the Bond Registrar and the Depository shall cooperate in providing Replacement Bonds to Holders requesting the same and the registration, transfer and exchange of such Bonds shall thereafter be conducted as provided in Paragraph 4.04 of this resolution.

In the event of the designation of a Substitute Depository as authorized by this clause (e), the Bond Registrar, upon presentation of the Global Certificates, shall register their transfer to the Substitute Depository, and the Substitute Depository shall be treated as the Depository for all purposes and functions under this resolution. The Blanket Issuer Letter of Representations shall not apply to the Substitute Depository unless the Issuer and the Substitute Depository so agree, and the execution of a similar agreement is hereby authorized.

2.04 Redemption. (a) Optional Redemption. The Bonds of this Issue are not subject to optional redemption or prepayment prior to maturity.

(b) Mandatory Redemption. (1) The Bonds maturing in the year ____ shall be subject to mandatory redemption at a redemption price equal to the principal amount of the Bonds to be so redeemed plus interest accrued thereon to the date fixed for redemption, on February 1 in the years and principal amounts set forth below:

<u>Year</u>	<u>Amount</u>
	\$

(2) The Bonds maturing in the year ____ shall be subject to mandatory redemption at a redemption price equal to the principal amount of the Bonds to be so redeemed plus interest accrued thereon to the date fixed for redemption, on February 1 in the years and principal amounts set forth below:

<u>Year</u>	<u>Amount</u>
	\$

(3) Mandatory redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the Issuer shall determine the order of redemption of Bonds; and if only part of the Bonds having a common maturity date are called for prepayment, the Global Certificates to be prepaid may be prepaid in \$5,000 increments of principal and, if applicable, the specific Replacement Bonds to be prepaid shall be chosen by lot by the Bond Registrar as provided below. Bonds or portions thereof called for redemption shall be due and payable on the designated redemption date, and interest thereon shall cease to accrue from and after the redemption date.

(c) Mandatory Redemption of Global Certificates. Upon a partial redemption in the aggregate principal amount of a Global Certificate which results in the stated amount thereof being reduced, the Holder may in its discretion make a notation of such redemption on the panel provided on the Global Certificate stating the amount so redeemed, or may return the Global Certificate to the Bond Registrar in exchange for a new Global Certificate authenticated by the Bond Registrar, in proper principal amount. Such notation of redemption, if made by the Holder, shall be for reference only, and may not be relied upon by any other person as being in any way determinative of the principal amount of such Global Certificate outstanding, unless the Bond Registrar has signed the appropriate column of the panel.

(d) Mandatory Redemption of Replacement Bonds. To effect a partial redemption of Replacement Bonds having a common maturity date, the Bond Registrar, prior to giving a notice of redemption, shall assign to each Replacement Bond having a common maturity date a distinctive number for each \$5,000 of the principal amount of such Replacement Bond. The Bond Registrar shall then select by lot from the numbers so assigned to such Replacement Bonds, using such method of selection as it shall deem proper in its discretion, as many numbers as, at \$5,000 for each number, shall equal the principal amount of such Replacement Bonds to be redeemed. The Replacement Bonds to be

redeemed shall be the Bonds to which were assigned numbers so selected; provided, however, that only so much of the principal amount of each such Replacement Bond of a denomination of more than \$5,000 shall be redeemed as shall equal \$5,000 of principal amount for each number assigned to it and so selected. If a Replacement Bond is to be redeemed only in part, it shall be surrendered to the Bond Registrar (with, if the Issuer or the Bond Registrar so requires, a written instrument of transfer in form satisfactory to the Issuer and the Bond Registrar duly executed by the Holder thereof or the Holder's attorney duly authorized in writing) and the Issuer shall execute (if necessary) and the Bond Registrar shall authenticate and deliver to the Holder of such Replacement Bond, without service charge, a new Replacement Bond or Bonds of the same series having the same stated maturity and interest rate and of any authorized denomination or denominations, as requested by such Holder, in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Replacement Bond so surrendered.

(e) Notice of Mandatory Redemption of Global Certificates and Replacement Bonds. The Bond Registrar shall call Bonds for redemption and payment as herein provided upon receipt by the Bond Registrar of a request of the Issuer. The request shall be in written form. The request shall specify the principal amount of Bonds to be called for redemption, the redemption date and the redemption price.

Published notice of redemption shall in each case be given in accordance with law, and mailed notice of redemption shall be given to the paying agent and to each affected Holder. If and when the Issuer shall call any of the Bonds for redemption and payment prior to the stated maturity thereof, the Bond Registrar shall give written notice in the name of the Issuer of its intention to redeem and pay such Bonds at the office of the Bond Registrar. The Notice of Redemption shall be given by first class mail, postage prepaid, mailed not less than thirty (30) days prior to the redemption date, to each Holder of Bonds to be redeemed, at the address appearing in the records of the Bond Registrar. For the purpose of giving notice of the redemption of Global Certificates, the Holder of the Global Certificates shall be the Depository or its nominee. In connection with any such notice, the "CUSIP" numbers assigned to the Bonds shall be used. All notices of redemption shall state:

- (i) The redemption date;
- (ii) The redemption price;
- (iii) If less than all outstanding Bonds are to be redeemed, the identification (and, if the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed;
- (iv) That on the redemption date, the redemption price will become due and payable upon each such Bond, and that interest thereon shall cease to accrue from and after said date; and

(v) The place where such Bonds are to be surrendered for payment of the redemption price (which shall be the office of the Bond Registrar).

Section 3. Form of Bonds.

The Bonds to be issued hereunder shall be in the form of Global Certificates unless and until Replacement Bonds are made available as provided herein.

3.01 Global Certificates. The Global Certificates to be issued hereunder, together with the Bond Registrar's Certificate of Authentication, the Register of Partial Payments, the form of Assignment, and the registration information thereon, shall be in substantially the form set forth in EXHIBIT A hereto, which exhibit is incorporated herein by reference as though fully specified in this paragraph, and may be typewritten rather than printed.

3.02 Replacement Bonds. If the Issuer has notified Holders that Replacement Bonds have been made available as provided in Paragraph 2.03(e) of this resolution, then for every Bond thereafter transferred or exchanged (including an exchange to reflect the partial mandatory redemption of a Global Certificate not previously exchanged for Replacement Bonds), the Bond Registrar shall deliver a bond in the form of a Replacement Bond rather than a Global Certificate, but the Holder of a Global Certificate shall not otherwise be required to exchange the Global Certificate for one or more Replacement Bonds since the Issuer recognizes that some Holders may prefer the convenience of the Depository's registered ownership of the Bonds even though the entire issue is no longer required to be in global book-entry form. The Replacement Bonds, together with the Bond Registrar's Certificate of Authentication, the form of Assignment and the registration information thereto, shall be in substantially the form set forth in EXHIBIT B hereto, which exhibit is incorporated herein by reference as though fully specified in this paragraph.

Section 4. Execution; Delivery; Registration.

4.01 Appointment of Registrar. Bond Trust Services Corporation in Roseville, Minnesota, is appointed to act as the bond registrar and transfer agent (the "Bond Registrar") and shall do so until a successor Bond Registrar is duly appointed, all pursuant to a contract the Issuer and Bond Registrar shall execute which is consistent herewith and which the chair and clerk are hereby authorized to execute and deliver. A successor Bond Registrar shall be a bank or trust company eligible for designation as bond registrar pursuant to Minnesota Statutes, Chapter 475. The terms of the appointment of the successor Bond Registrar and its duties shall be specified in a contract between the Issuer and such successor Bond Registrar that is consistent herewith and that the Chair and Clerk are hereby authorized to execute and deliver. The Bond Registrar, which may act through an agent, shall also serve as paying agent until and unless a successor paying agent is duly appointed. The Bond Registrar shall pay principal and interest on the Bonds to the registered Holders (or record Holder) of the Bonds in the manner set forth in the form of Global Certificate or Replacement Bond, as applicable, and Paragraph 4.06 of this resolution. The Issuer agrees to pay the reasonable and customary charges for the services of such Bond Registrar.

4.02 Execution of Bonds. The Bonds shall be executed on behalf of the Issuer by the manual signatures of the Chair and Clerk of the School Board; provided, however that both of such signatures may be printed facsimiles, in which event the Bonds shall also be executed manually by the authenticating agent as provided in Minnesota Statutes, Section 475.55. In the event of disability or resignation or other absence of either such officer, the Bonds may be signed by the manual or facsimile signature of that officer who may act on behalf of such absent or disabled officer. In case either such officer whose signature or facsimile of whose signature shall appear on the Bonds shall cease to be such officer before the delivery of the Bonds, such signature or facsimile shall nevertheless be valid and sufficient for all purposes, the same as if that officer had remained in office until delivery. If the Issuer has adopted a corporate seal, it shall be omitted on the Bonds as permitted by law.

4.03 Authentication; Date of Registration. No Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this resolution unless and until a Certificate of Authentication on such Bond, substantially in the form set forth in the form of Global Certificate or Replacement Bond, shall have been duly executed by the manual signature of an authorized representative of the Bond Registrar. Certificates of authentication on different Bonds need not be signed by the same person. The Bond Registrar shall authenticate each Bond by execution of the Certificate of Authentication on the Bond and shall date each Bond in the space provided as of the date on which the Bond is registered. For purposes of delivering the original Bonds (Global Certificates) to the Purchaser, the Bond Registrar shall insert as the date of registration the date of original issue; and the executed Certificate of Authentication on each Bond shall be conclusive evidence that it has been authenticated and delivered under this resolution.

4.04 Transfer or Exchange. The Issuer will cause to be kept at the principal office of the Bond Registrar a bond register in which, subject to such reasonable regulations as the Bond Registrar may prescribe, the Bond Registrar shall provide for the registration of ownership of Bonds and the registration of transfers and exchanges of Bonds entitled to be registered, transferred or exchanged as herein provided.

A Global Certificate shall be registered in the name of the payee on the books of the Bond Registrar by presenting the Global Certificate for registration to the Bond Registrar, who will endorse his or her name and note the date of registration opposite the name of the payee in the certificate of registration on the Global Certificate. Thereafter a Global Certificate may be transferred by delivery with an assignment duly executed by the Holder or the Holder's legal representative, and the Issuer and Bond Registrar may treat the Holder as the person exclusively entitled to exercise all the rights and powers of an owner until a Global Certificate is presented with such assignment for registration of transfer, accompanied by assurance of the nature provided by law that the assignment is genuine and effective, and until such transfer is registered on said books and noted thereon by the Bond Registrar, all subject to the terms and conditions provided in this resolution and to reasonable regulations of the Issuer contained in any agreement with, or notice to, the Bond Registrar.

Upon surrender for transfer of any Bond at the principal office of the Bond Registrar, the Issuer shall execute (if necessary), and the Bond Registrar shall authenticate, date (in the space designated Date of Registration) and deliver, in the name of the designated transferee or transferees, one or more new Bonds of any authorized denomination or denominations of a like aggregate principal amount, having the same stated maturity and interest rate, as requested by the transferor; provided, however, that no Bond may be registered in blank or in the name of "bearer" or similar designation.

When any Bond is presented to the Bond Registrar for transfer, the Bond Registrar may refuse to transfer the same until it is satisfied that the endorsement on such Bond or separate instrument of transfer is valid and genuine and that the requested transfer is legally authorized. The Bond Registrar shall incur no liability for the refusal, in good faith, to make transfers which it, in its judgment, deems improper or unauthorized.

At the option of the Holder of a Replacement Bond, Replacement Bonds may be exchanged for Replacement Bonds of any authorized denomination or denominations of a like aggregate principal amount and stated maturity, upon surrender of the Replacement Bonds to be exchanged at the principal office of the Bond Registrar. Whenever any Replacement Bonds are so surrendered for exchange, the Issuer shall execute (if necessary), and the Bond Registrar shall authenticate, date (in the space designated Date of Registration) and deliver the Replacement Bonds which the Holder making the exchange is entitled to receive. Global Certificates may not be exchanged for Global Certificates of smaller denominations.

All Bonds surrendered upon any exchange or transfer provided for in this resolution shall be promptly canceled by the Bond Registrar and thereafter disposed of as directed by the Issuer.

All Bonds delivered in exchange for or upon transfer of Bonds shall be valid general obligations of the Issuer evidencing the same debt, shall be entitled to the same benefits under this resolution as the Bonds surrendered for such exchange or transfer, and shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Bonds.

Transfer of a Bond may be made on the Issuer's books by the registered owner in person or by the registered owner's attorney duly authorized in writing. Every Bond presented or surrendered for transfer or exchange shall be duly endorsed or be accompanied by a written instrument of transfer, in form satisfactory to the Bond Registrar, duly executed by the registered owner thereof, with signature guaranteed, or by the registered owner's attorney duly authorized in writing, and shall include written instructions as to the details of the transfer of the Bond.

The Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection with the transfer or exchange of any Bond and any legal or unusual costs regarding transfers and lost bonds.

Transfers shall also be subject to reasonable regulations of the Issuer contained in any agreement with, or notice to, the Bond Registrar, including regulations which permit the Bond Registrar to close its transfer books between record dates and payment dates.

4.05 Mutilated, Lost, Stolen or Destroyed Bonds. In case any Bond shall become mutilated or be lost, stolen or destroyed, the Bond Registrar shall deliver a new Bond of like amount, number, maturity date and tenor in exchange and substitution for and upon cancellation of any such mutilated Bond or in lieu of and in substitution for any such Bond lost, stolen or destroyed, upon payment of the reasonable expenses and charges of the Bond Registrar in connection therewith; and, in the case of a Bond lost, stolen or destroyed, upon filing with the Registrar of evidence satisfactory to it that such Bond was lost, stolen or destroyed, and of the ownership thereof, and upon furnishing to the Bond Registrar of an appropriate bond or indemnity in form, substance and amount satisfactory to it, in which both the Issuer and the Bond Registrar shall be named as obligees. All Bonds so surrendered to the Bond Registrar shall be canceled by it and evidence of such cancellation shall be given to the District. If the mutilated, lost, stolen or destroyed Bond has already matured, it shall not be necessary to issue a new Bond prior to payment.

4.06 Interest Payments; Record Dates. Interest on any Global Certificate shall be paid as provided in the first paragraph thereof and interest on any Replacement Bond shall be paid on each Interest Payment Date by check or draft mailed to the person in whose name the Bond is registered (the "Holder") on the registration books of the Issuer maintained by the Bond Registrar and in each case at the address appearing thereon at the close of business on the fifteenth day of the calendar month next preceding such Interest Payment Date (the "Regular Record Date"). Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the Holder thereof as of the Regular Record Date, and shall be payable to the person who is the Holder thereof at the close of business on a date fixed for the payment of such defaulted interest (the "Special Record Date"). The Special Record Date shall be fixed by the Bond Registrar whenever money becomes available for payment of the defaulted interest, and notice of the Special Record Date shall be given by the Bond Registrar to the Holders not less than ten (10) days prior thereto. The term "Holder" shall also include those lawfully entitled to take actions on behalf of the beneficial owners of the Bonds for purposes of any consent or approvals given by Holders.

If the date for payment of the principal of, premium, if any, or interest on this Bond shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the City of New York, New York, or the city where the principal office of the Bond Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which such banking institutions are authorized to close, and payment on such date shall have the same force and effect as if made on the nominal date of payment.

4.07 Persons Deemed Owners. The Issuer and the Bond Registrar may treat the person in whose name any Bond is registered as the owner of such Bond for the purpose of receiving payment of principal of and premium, if any, and interest (subject to the payment provisions in Paragraph 4.06 above), on such Bond and for all other purposes whatsoever, whether or not such Bond shall be overdue, and neither the Issuer nor the Bond Registrar shall be affected by notice to the contrary.

For the purposes of all actions, consents and other matters affecting Holders of Bonds issued under this Resolution as from time to time supplemented, other than payments, redemptions, and purchases, the Issuer may (but shall not be obligated to) treat as the Holder of a Bond the beneficial owner of the Bond instead of the person in whose name the Bond is registered. For that purpose, the Issuer may ascertain the identity of the beneficial owner of the Bond by such means as the Bond Registrar in its sole discretion deems appropriate, including but not limited to a certificate from the Depository or other person in whose name the Bond is registered identifying such beneficial owner.

4.08 Delivery. The Bonds when so prepared and executed shall be delivered by the Treasurer of the Issuer to the Purchaser thereof upon receipt of the purchase price, and the Purchaser shall not be obliged to see to the proper application thereof.

Section 5. Creation of Fund and Tax Levies.

5.01 Fund. There is hereby created within the Debt Redemption Fund of the Issuer a special fund to be designated "General Obligation School Building Refunding Bonds, Series 2013A Fund" (the "Fund") to be held and administered by the Treasurer separate and apart from all other funds of the Issuer. The Fund shall be maintained in the manner herein specified until all of the Refunded Bonds and the Bonds herein authorized and the interest thereon have been fully paid. There shall be maintained in the Fund two separate accounts to be designated the "Refunding Account" and the "Debt Service Account", respectively.

(a) Refunding Account. The proceeds of the sale of the Bonds herein authorized, less any accrued interest received thereon and other proceeds directed for deposit into the Debt Service Account, plus other available District funds (estimated at \$_____) as may be required to adequately fund the Refunding Account for the purposes set forth below, are hereby pledged and appropriated and shall be credited to the Refunding Account. The Refunding Account shall be used to pay the principal amount of each such Refunded Bond at maturity or on the date on which it has been called for redemption as herein provided, and the issuance expenses of the Bonds. The moneys in said Refunding Account shall be used solely for the purposes herein set forth and for no other purpose, except that after such payments have been made, any surplus in the Refunding Account shall be transferred to the Debt Service Account.

(b) Debt Service Account. There is hereby pledged and appropriated and there shall be credited to the Debt Service Account upon issuance of the Bonds (i) any uncollected taxes heretofore levied and pledged to the Debt Redemption Fund of the Issuer for the payment of

the Refunded Bonds; (ii) any other unexpended moneys pledged to the Debt Redemption Fund of the Issuer for the payment of the Refunded Bonds pursuant to the Resolutions authorizing the issuance of the Refunded Bonds (unless used to fund the Refunding Account; (iii) all taxes herein levied; (iv) all accrued interest received upon delivery of the Bonds (unless used to fund the Refunding Account; (v) any premium or unused discount to the extent not otherwise deposited into the Refunding Account and used for payment of the Refunded Bonds; (vi) all investment earnings on funds held in the Debt Service Account and (vii) any and all other moneys which are properly available and which are appropriated by the Issuer to the Debt Service Account. The Debt Service Account shall be used solely to pay the principal and interest on the Bonds and any of the bonds heretofore or hereafter authorized and made payable from said account as provided by law. If any payment of principal or interest on the Bonds shall become due when there is not sufficient money in the Debt Service Account or the Debt Redemption Fund generally to make such payment, the Treasurer shall pay the same from the General Fund of the Issuer and the General Fund shall be reimbursed for such advances out of the proceeds of the taxes levied for the payment of such Bonds.

5.02 Cancellation of Levies. Until prepayment of the Refunded Bonds, all provisions theretofore made for the security thereof shall be observed by the Issuer and all of its officers and agents. However, the School Board hereby finds, determines and certifies to the County Auditor of each county in which the Issuer is located, in whole or in part, that the proceeds of the sale of the Refunding Bonds to be used to refund said Refunded Bonds, together with other funds available and appropriated to the Refunding Account for said purpose, will be sufficient, together with the earnings on the investment of such funds in said Refunding Account, to pay when due or called for prepayment as herein provided all of the principal of and premium, if any, on the Refunded Bonds. Accordingly, upon Bond Closing the County Auditors of each county in which the Issuer is located in whole or in part are hereby authorized and directed to the extent and in the manner permitted by law to cancel forthwith or if necessary from year to year the taxes levied in the years 2013 payable 2014 through 2015 payable 2016 pursuant to the Resolution authorizing the issuance of the Refunded Bonds and not needed as a result of the establishment of the aforesaid Refunding Account.

5.03 Pledge of Full Faith and Credit; Tax Levies. For the prompt and full payment of the principal of and interest on the Bonds as the same respectively become due, the full faith and credit and taxing powers of the Issuer shall be and are hereby irrevocably pledged. In order to provide the moneys for the payment thereof required by Minnesota Statutes, Section 475.61, there is hereby levied upon all of the taxable property in the Issuer a direct annual ad valorem tax which shall be spread upon the tax rolls for collection, as a part of other general taxes of the Issuer, in the years and amounts as specified on the levy computation sheet attached hereto as EXHIBIT D and incorporated herein by reference as though fully specified in this paragraph.

The tax levies provided in this paragraph are such that if collected in full they, together with estimated collections of other revenues herein pledged for the payment of the

Bonds (other than cash on hand), will produce at least five percent (5%) in excess of the amounts needed to meet when due the principal and interest payments on the Bonds, except for interest payable hereunder from cash on hand on the date of Bond closing and pledged for such purpose.

Said tax levies shall be irrevocable as long as any of said Bonds are outstanding and unpaid, provided that the Issuer reserves the right and power to reduce the levies in the manner and to the extent permitted by Minnesota Statutes, Section 475.61.

5.04 Investment Restrictions. No portion of the proceeds of the Bonds shall be used directly or indirectly to acquire higher yielding investments or to replace funds which were used directly or indirectly to acquire higher yielding investments, except (1) for a reasonable temporary period until such proceeds are needed for the purpose for which the Bonds were issued and (2) in addition to the above in an amount not greater than the lesser of five percent (5%) of the proceeds of the Bonds or \$100,000. To this effect, any proceeds of the Bonds and any sums from time to time held in the Refunding Account or Debt Service Account (or any other District account which will be used to pay principal or interest to become due on the Bonds) in excess of amounts which under then-applicable federal arbitrage restrictions may be invested without regard to yield shall not be invested at a yield in excess of the applicable yield restrictions imposed by said arbitrage regulations on such investments after taking into account any applicable "temporary periods" or "minor portion" made available under the federal arbitrage regulations. In addition, the proceeds of the Bonds and money in those accounts shall not be invested in obligations or deposits issued by, guaranteed by or insured by the United States or any agency or instrumentality thereof if and to the extent that such investment would cause the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Internal Revenue Code of 1986, as amended (the "Code").

5.05 Redemption of Refunded Bonds. The Refunded Bonds which mature in 2015 and thereafter shall be redeemed and prepaid on February 1, 2014, in accordance with the terms and conditions of the Notice of Call for Redemption attached hereto as EXHIBIT E, which terms and conditions are hereby approved and incorporated herein by reference. The Notice of Call for Redemption shall be mailed to the Paying Agent for and the registered owners of the Refunded Bonds not less than thirty (30) days before the redemption date. The form of the Notice of Call may contain such additional information or different provisions concerning the redemption as may be requested by the Paying Agent for the Refunded Bonds.

The District shall also comply with all notice requirements of FSA Insurance Corporation, the bond insurer of the Refunded Bonds.

Section 6. Exemption from Rebate Requirements.

6.01 Arbitrage Rebate Exemption. It is hereby found and determined that all gross proceeds of the Bonds (other than gross proceeds held in a bona fide debt service fund) will be expended for the governmental purpose for which the Bonds are issued within six (6) months of the date of issuance of the Bonds. Therefore, the Issuer shall not be required to comply with the arbitrage rebate requirements of Section 148(f) of the Code with respect to the Bonds.

Section 7. Certifications, Designations, Defeasance, Arbitrage, Reporting.

7.01 Filing of Resolution; County Auditor Certificate. The Clerk is hereby authorized and directed to file with the County Auditor of each county in which the Issuer is located in whole or in part a certified copy of this resolution, together with such other information as said County Auditor shall require, and to obtain from said County Auditor a certificate that the tax required by law for the payment of said Bonds has been levied, and that said Bonds have been entered upon the County Auditor's Bond Register.

7.02 Defeasance. When all of the Bonds have been discharged as provided in this paragraph, all pledges, covenants and other rights granted by this resolution shall cease. The Issuer may discharge its obligations with respect to any Bonds which are due on any date by depositing with the Bond Registrar on or before that date a sum sufficient for the payment thereof in full with interest accrued from the due date to the date of such deposit. The Issuer may also discharge all Bonds of said issue at any time by irrevocably depositing in escrow with the Bond Registrar, for the purpose of paying all principal and interest due on such Bonds to maturity or if subject to mandatory redemption, to an earlier date on which they may be called for mandatory redemption, a sum of cash or securities of the types described in Minnesota Statutes, Section 475.67, as amended, in such aggregate amount, bearing interest at such rates and maturing on such dates as shall be required to provide funds sufficient for this purpose.

7.03 Designation as Qualified Tax-Exempt Obligations.

(a) Pursuant to Section 265(b)(C)(ii)(III) of the Code, only the portion of these Bonds that exceeds the outstanding principal amount of the Refunded Bonds shall be taken into account in determining whether the obligations that will be issued by the Issuer during the calendar year in which the Bonds are issued will exceed \$10,000,000.

(b) The Board finds that the reasonably anticipated amount of qualified tax-exempt obligations (other than private activity bonds) which will be issued by the Issuer during calendar year 2013 will not exceed \$10,000,000. The Bonds of this issue are hereby designated as "Qualified Tax-Exempt Obligations" for the purposes of Section 265 of the Code relating to the deduction of interest expenses allocable to the Bonds by financial institutions.

7.04 Authentication of Transcript. The officers of the Issuer and each said County Auditor are hereby authorized and requested to prepare and furnish to the Purchaser of said Bonds, and to the attorneys approving legality of the issuance thereof, certified copies of all proceedings and records of the Issuer relating to said Bonds and to the financial condition and affairs of the Issuer, and such other affidavits, certificates and information as may be required to show the facts relating to the legality and marketability of said Bonds as they appear from the books and records under their custody and control or as otherwise known to them, and all such certified copies, certificates and affidavits, including any heretofore furnished, shall be deemed representations of the Issuer as to the facts recited therein.

7.05 Covenant to Continue Tax Exemption. The Issuer covenants and agrees with the Holders from time to time of the Bonds herein authorized, that it will not take, or permit to be taken by any of its officers, employees or agents, any action which would cause the interest payable on the Bonds to become subject to taxation under the United States Internal Revenue Code, the regulations promulgated thereunder, or any other applicable federal tax law or regulation, and that it will take, or it will cause its officers, employees or agents to take, all affirmative actions within its powers which may be necessary to ensure that such interest will not become subject to taxation under the Internal Revenue Code. The term "Internal Revenue Code" or "Code" as used herein includes the Internal Revenue Code of 1986, as amended, and all regulations, amended regulations and proposed regulations issued thereunder, as now existing or as hereafter amended or proposed.

7.06 Arbitrage Certification. The Chair and School District Clerk, being the officers of the Issuer charged with the responsibility for issuing the Bonds pursuant to this resolution, are authorized and directed to execute and deliver to the Purchaser an arbitrage certification in order to satisfy the provisions of the Code and the regulations promulgated thereunder.

7.07 Official Statement. The Official Statement relating to the Bonds, on file with the Clerk and presented to this meeting, is hereby approved and deemed final, and the furnishing thereof to prospective bidders for the Bonds is hereby ratified and confirmed, insofar as the same relates to the Bonds and the sale thereof.

7.08 Information Reporting. For purposes of compliance with the provisions of Section 149(e) of the Code, the Issuer shall submit to the Secretary of the Treasury, not later than the 15th day of the second calendar month after the close of the calendar quarter in which the Bonds are issued, a statement concerning the Bond issue which meets the requirements of Section 149(e)(2).

7.09 Payment of Issuance Expenses. The District authorizes the Purchaser to forward the amount of Bond proceeds allocable to the payment of issuance expenses to KleinBank, Chaska, Minnesota, on the closing date for further distribution as directed by the District's financial advisor, Ehlers & Associates, Inc.

7.10 Continuing Disclosure. The Chair and the School District Clerk are authorized and directed to execute and deliver a Continuing Disclosure Certificate to assist the Participating Underwriters in complying with SEC Rule 15c2-12(b)(5) for full disclosure (The "Rule"). The Continuing Disclosure Certificate shall be entered into for the benefit of the Holders of the Bonds and shall constitute the written undertaking required by the Rule to provide or cause to be provided to the MSRB, in an electronic format through the use of the Electronic Municipal Market Access system ("EMMA"), the annual financial information specified therein and to give notice of the occurrence of the Listed Events specified therein, each in the manner specified therein, as required by the Rule. The provisions of the Continuing Disclosure Certificate are incorporated herein as though fully specified in this paragraph.

7.11 Nonbook-Entry Option. Notwithstanding any contrary provision of this resolution, if the option to allow the Bonds to be issued in a nonbook-entry format was included in the Terms of Proposal and if the Purchaser specified on the proposal form that the Bonds are not to be issued in global book-entry form, they shall then be issued in nonbook-entry format in registered form in the name of the Purchaser.

The motion for the adoption of the foregoing resolution was duly seconded by Member _____, and upon vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:

whereupon said resolution was declared duly passed and adopted.

EXHIBIT A

(FORM OF GLOBAL CERTIFICATE)

UNITED STATES OF AMERICA
STATE OF MINNESOTA
MILLE LACS, SHERBURNE, ISANTI AND BENTON COUNTIES
INDEPENDENT SCHOOL DISTRICT NO. 477
(PRINCETON)

R- \$ _____

GENERAL OBLIGATION SCHOOL BUILDING REFUNDING BOND, SERIES 2013A

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATE OF ORIGINAL ISSUE</u>	<u>CUSIP</u>
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NOVEMBER 21, 2013

REGISTERED OWNER: CEDE & CO., AS NOMINEE OF THE DEPOSITORY TRUST COMPANY, NEW YORK, NEW YORK

PRINCIPAL AMOUNT: _____ DOLLARS

KNOW ALL PERSONS BY THESE PRESENTS that Independent School District No. 477, State of Minnesota, a duly organized and existing independent school district, whose administrative offices are located in Princeton, Minnesota (the "Issuer"), certifies that it is indebted and for value received promises to pay to the registered owner specified above or on the Certificate of Registration attached hereto, or registered assigns, in the manner hereinafter set forth, the principal amount specified above, on the maturity date specified above or, if this Bond is subject to mandatory redemption as stated below, on a date prior thereto on which it shall have been duly called for mandatory redemption, and to pay interest thereon semiannually on February 1 and August 1 of each year (each, an "Interest Payment Date") commencing August 1, 2014, at the rate per annum specified above, calculated on the basis of a 360-day year of twelve 30-day months, until the principal sum is paid or has been provided for. This Bond will bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, or, if no interest has been paid or provided for, from the date of original issue hereof. The principal of and premium, if any, on this Bond are payable by wire transfer (or other agreed means of payment) on each payment date no later than 12:00 noon (New York, New York time) upon presentation and surrender hereof at the principal office of Bond Trust Services Corporation in Roseville, Minnesota (the "Bond Registrar"), acting as paying agent, or any successor paying agent duly appointed by the Issuer; provided, however, that upon a partial redemption of this Bond which results

in the stated amount hereof being reduced, the Holder may in its discretion be paid without presentation of this Bond, and may make a notation on the panel provided herein of such redemption, stating the amount so redeemed, or may return the Bond to the Bond Registrar in exchange for a new Bond in the proper principal amount. Such notation of redemption, if made by the Holder, shall be for reference only, and may not be relied upon by any other person as being in any way determinative of the principal amount of this Bond outstanding, unless the Bond Registrar has signed the appropriate column of the panel. Interest on this Bond will be paid on each Interest Payment Date (by 12:00 noon, New York, New York time) by wire transfer (or other agreed means of payment) in next day funds or its equivalent to the person in whose name this Bond is registered (the "Holder" or "Bondholder") on the registration books of the Issuer maintained by the Bond Registrar and at the address appearing thereon at the close of business on the fifteenth day of the calendar month next preceding such Interest Payment Date (the "Regular Record Date"). Any interest not so timely paid or duly provided for shall cease to be payable to the person who is the Holder hereof as of the Regular Record Date, and shall be payable to the person who is the Holder hereof at the close of business on a date fixed for the payment of such defaulted interest (the "Special Record Date"). The Special Record Date shall be fixed by the Bond Registrar whenever money becomes available for payment of the defaulted interest, and notice of the Special Record Date shall be given by the Bond Registrar to the Holders not less than ten (10) days prior thereto. The principal of and premium, if any, and interest on this Bond are payable in lawful money of the United States of America.

Date of Payment Not Business Day. If the date for payment of the principal of, premium, if any, or interest on this Bond shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the City of New York, New York, or the city where the principal office of the Bond Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which such banking institutions are authorized to close, and payment on such date shall have the same force and effect as if made on the nominal date of payment.

Optional Redemption. The Bonds of this Issue are not subject to optional redemption or prepayment prior to maturity.

Mandatory Redemption. The Bonds maturing in the year ____ shall be subject to mandatory redemption, pursuant to the procedures specified herein and at a redemption price equal to the principal amount of the Bonds so redeemed plus interest accrued on the principal amount to be redeemed to the date fixed for mandatory redemption, on February 1 in the years and in the principal amounts set forth below:

<u>Year</u>	<u>Amount</u>
	\$

The Bonds maturing in the year ____ shall be subject to mandatory redemption, pursuant to the procedures specified herein and at a redemption price equal to the principal amount of the Bonds so redeemed plus interest accrued on the principal amount to be redeemed to the date fixed for mandatory redemption, on February 1 in the years and in the principal amounts set forth below:

<u>Year</u>	<u>Amount</u>
	\$

Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the Issuer shall determine the order of redemption of Bonds; and if only part of the Bonds having a common maturity date are called for prepayment, the Global Certificates to be prepaid may be prepaid in \$5,000 increments of principal and, if applicable, the specific Replacement Bonds to be prepaid shall be chosen by lot by the Bond Registrar as provided below. Bonds or portions thereof called for redemption shall be due and payable on the designated redemption date, and interest thereon shall cease to accrue from and after the redemption date.

Notice of Mandatory Redemption. Published notice of mandatory redemption shall in each case be given in accordance with law, and mailed notice of mandatory redemption shall be given to the paying agent and to each affected Holder of the Bonds. For this purpose, the Depository shall be the "Holder" as to Bonds registered in the name of the Depository or its nominee. In the event any of the Bonds are called for mandatory redemption, written notice thereof will be given by first class mail, postage prepaid, mailed not less than thirty (30) days prior to the redemption date to each Holder of Bonds to be redeemed, at the address appearing in the records of the Bond Registrar. In connection with any such notice, the "CUSIP" numbers assigned to the Bonds shall be used.

Replacement or Notation of Bonds After Partial Redemption. Upon a partial redemption of this Bond which results in the stated amount hereof being reduced, the Holder may in its discretion make a notation on the panel provided herein of such redemption, stating the amount so redeemed. Such notation of redemption, if made by the Holder, shall be for reference only, and may not be relied upon by any other person as being in any way determinative of the principal amount of this Bond outstanding, unless the Bond Registrar has signed the appropriate column of the panel. Otherwise, the Holder may surrender this Bond to the Bond Registrar (with, if the Issuer or the Bond Registrar so requires, a written instrument of transfer in form satisfactory to the Issuer and the Bond Registrar duly executed by the Holder thereof or the Holder's attorney duly authorized in writing) and the Issuer shall execute (if necessary) and the Bond Registrar shall authenticate and deliver to the Holder of this Bond, without service charge, a new Bond of the same Issue having the same stated maturity and interest rate and of the authorized denomination in aggregate principal amount

equal to and in exchange for the unredeemed portion of the principal of the Bond so surrendered.

Issuance; Purpose. This Bond is one of an issue in the total aggregate principal amount of \$_____. The Bonds are all of like date of original issue and tenor, except as to number, denomination, maturity, redemption privilege and interest rate. All are issued to provide funds to currently refund and prepay the 2015 to 2017 maturities of the Issuer's General Obligation Refunding Bonds, Series 2003A, bearing a date of original issue of December 2, 2003 (the "Refunded Bonds"). All are issued pursuant to resolutions duly adopted by the School Board and pursuant to and in full conformity with the Constitution and laws of the State of Minnesota thereunto enabling. The Refunded Bonds were originally issued to provide funds for the current refunding of the District's General Obligation School Building Bonds, Series 1994, bearing a date of original issue of March 15, 1994 and the District's General Obligation Capital Facilities Bonds, Series 1998 (the "1998 Bonds"), bearing a date of original issue of March 19, 1998.

General Obligation. This Bond constitutes a general obligation of the Issuer, and to provide moneys for the prompt and full payment of the principal and interest when the same become due, the full faith and credit and taxing powers of the Issuer have been and are hereby irrevocably pledged.

Minnesota School District Credit Enhancement Program. The Issuer has covenanted and obligated itself to be bound by the provisions of Minnesota Statutes, Section 126C.55 and to use the provisions of that statute to guarantee the payment of the principal and interest on the Bonds when due.

Denominations; Exchange; Resolution. The Bonds are issuable originally only as Global Certificates in the denomination of the entire principal amount of the issue maturing on a single date. Global Certificates are not exchangeable for fully registered bonds of smaller denominations except in the event of a partial redemption as above provided or in exchange for Replacement Bonds if then available. Replacement Bonds, if made available as provided below, are issuable solely as fully registered Bonds in the denomination of \$5,000 and integral multiples thereof of a single maturity and are exchangeable for fully registered bonds of other denominations in equal aggregate principal amounts and in authorized denominations at the principal office of the Bond Registrar, but only in the manner and subject to the limitations provided in the Resolution. Reference is hereby made to the Resolution for a description of the rights and duties of the Bond Registrar. Copies of the Resolution are on file in the principal office of the Bond Registrar.

Replacement Bonds. Replacement Bonds may be issued by the Issuer in the event that (a) The Depository Trust Company ("DTC") of New York, New York (the "Depository") shall resign or discontinue its services for the Bonds or be declared no longer able to carry out its functions and the Issuer is unable to locate a Substitute Depository within two (2) months following the resignation or discontinuance or determination of noneligibility, or (b) the Issuer determines in its sole discretion that (1) the continuation of

the book-entry system described in the Resolution might adversely affect the interests of the beneficial owners of the Bonds, or (2) it is in the best interest of the beneficial owners of the Bonds that they be able to obtain certificated Bonds. The Issuer shall notify the Holders of its determination and of the availability of Replacement Bonds to Holders.

Transfer. This Bond shall be registered in the name of the payee on the books of the Issuer by presenting this Bond for registration to the Bond Registrar, whose representative will endorse his or her name and note the date of registration opposite the name of the payee in the certificate of registration attached hereto. Thereafter this Bond may be transferred by delivery with an assignment duly executed by the Holder or the Holder's legal representative, and the Issuer and Bond Registrar may treat the Holder as the person exclusively entitled to exercise all the rights and powers of an owner until this Bond is presented with such assignment for registration of transfer, accompanied by assurance of the nature provided by law that the assignment is genuine and effective, and until such transfer is registered on said books and noted hereon by the Bond Registrar, all subject to the terms and conditions provided in the Resolution and to reasonable regulations of the Issuer contained in any agreement with, or notice to, the Bond Registrar.

Fees Upon Transfer or Loss. The Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection with the transfer or exchange of this Bond and any legal or unusual costs regarding transfers and lost Bonds.

Treatment of Registered Owner. The Issuer and Bond Registrar may treat the person in whose name this Bond is registered as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes whatsoever, whether or not this Bond shall be overdue, and neither the Issuer nor the Bond Registrar shall be affected by notice to the contrary.

Authentication. This Bond shall not be valid or become obligatory for any purpose or be entitled to any security unless the Certificate of Authentication hereon shall have been executed by the Bond Registrar by the manual signature of one of its authorized representatives.

Qualified Tax-Exempt Obligations. The Bonds of this issue have been designated by the Issuer as "qualified tax-exempt obligations" for purposes of Section 265(b) (3) of the Internal Revenue Code of 1986, as amended, relating to the deduction of interest expenses allocable to the Bonds by financial institutions.

IT IS HEREBY CERTIFIED, RECITED, COVENANTED AND AGREED that all acts, conditions and things required by the Constitution and laws of the State of Minnesota to be done, to happen and to be performed precedent to and in the issuance of this Bond in order to make it a valid and binding general obligation of the Issuer enforceable in accordance with its terms, have been done, have happened and have been performed in regular and due form, time and manner as so required and that the issuance of this Bond on the date of original issue hereof and the date of its actual original issuance and delivery does not exceed any constitutional or statutory limitation of indebtedness.

IN WITNESS WHEREOF, Independent School District No. 477 (Princeton), State of Minnesota, by its School Board, has caused this Bond to be executed in its behalf by the facsimile signatures of the Chair and Clerk, the Issuer having no seal or said seal having been intentionally omitted as permitted by law.

Date of Registration:

November 21, 2013

BOND REGISTRAR'S
CERTIFICATE OF
AUTHENTICATION

This Bond is one of
the Bonds described
in the within mentioned
Resolution.

BOND TRUST SERVICES CORPORATION
Bond Registrar

By _____
Authorized Signature

Registrable by:

BOND TRUST SERVICES CORPORATION
ROSEVILLE, MINNESOTA

Payable at:

BOND TRUST SERVICES CORPORATION
ROSEVILLE, MINNESOTA

INDEPENDENT SCHOOL DISTRICT NO. 477
(PRINCETON)
PRINCETON, MINNESOTA

/s/ (Facsimile) _____
Chair

/s/ (Facsimile) _____
Clerk

CERTIFICATE OF REGISTRATION

The transfer of ownership of the principal amount of the attached Bond may be made only by the registered owner or the registered owner's legal representative last noted below.

<u>Date of Registration</u>	<u>Registered Owner</u>	<u>Signature of Bond Registrar</u>
<u>November 21, 2013</u>	Cede & Co. P.O. Box 222 Bowling Green Station <u>New York, NY 10274</u>	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

REGISTER OF PARTIAL PAYMENTS

The principal amount of the attached Bond has been mandatorily redeemed and prepaid on the dates and in the amounts noted below:

<u>Date</u>	<u>Amount</u>	<u>Signature of Bondholder</u>	<u>Signature of Bond Registrar</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

If a notation is made on this register, such notation has the effect stated in the attached Bond. Partial payments do not require the presentation of the attached Bond to the Bond Registrar, and a Holder could fail to note the partial payment here.

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this Bond, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM	-	as tenants in common
TEN ENT	-	as tenants by the entireties
JT TEN	-	as joint tenants with right of survivorship and not as tenants in common
UTMA	-	_____ CUSTODIAN _____ (Cust) (Minor)

Under Uniform Transfers to Minors Act

(State)

Additional abbreviations may also be used though not in the above list.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

_____ the within Bond and does hereby irrevocably constitute and appoint _____ attorney to transfer the Bond on the books kept for the registration thereof, with full power of substitution in the premises.

Dated _____

NOTICE: The assignor's signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

Signature Guaranteed:

Signature(s) must be guaranteed by a national bank or trust company or by a brokerage firm having a membership in one of the major stock exchanges or any other "Eligible Guarantor Institution" as defined in 17 CFR 240 Ad-15(a)(2).

The Bond Registrar will not effect transfer of this Bond unless the information concerning the assignee requested below is provided.

Name and Address:

(Include information for all joint owners if the Bond is held by joint account.)

Please insert Social Security or other Tax Identification Number of Transferee.

EXHIBIT B

(FORM OF REPLACEMENT BOND)

UNITED STATES OF AMERICA
STATE OF MINNESOTA
MILLE LACS, SHERBURNE, ISANTI AND BENTON COUNTIES
INDEPENDENT SCHOOL DISTRICT NO. 477
(PRINCETON)

R- \$ _____

GENERAL OBLIGATION SCHOOL BUILDING REFUNDING BOND, SERIES 2013A

<u>INTEREST</u> <u>RATE</u>	<u>MATURITY</u> <u>DATE</u>	<u>DATE OF</u> <u>ORIGINAL ISSUE</u>	<u>CUSIP</u>
--------------------------------	--------------------------------	---	--------------

NOVEMBER 21, 2013

REGISTERED OWNER: _____

PRINCIPAL AMOUNT: _____ DOLLARS

KNOW ALL PERSONS BY THESE PRESENTS that Independent School District No. 477, State of Minnesota, a duly organized and existing independent school district, whose administrative offices are located in Princeton, Minnesota (the "Issuer"), certifies that it is indebted and for value received promises to pay to the registered owner specified above, or registered assigns, in the manner hereinafter set forth, the principal amount specified above, on the maturity date specified above or, if this Bond is subject to mandatory redemption as stated below, on a date prior thereto on which it shall have been duly called for mandatory redemption, and to pay interest thereon semiannually on February 1 and August 1 of each year (each, an "Interest Payment Date") commencing August 1, 2014, at the rate per annum specified above, calculated on the basis of a 360-day year of twelve 30-day months, until the principal sum is paid or has been provided for. This Bond will bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, or, if no interest has been paid or provided for, from the date of original issue hereof. The principal of and premium, if any, on this Bond are payable upon presentation and surrender hereof at the principal office of Bond Trust Services Corporation in Roseville, Minnesota (the "Bond Registrar"), acting as paying agent, or any successor paying agent duly appointed by the Issuer. Interest on this Bond will be paid on each Interest Payment Date by check or draft mailed to the person in whose name this Bond is registered (the "Holder" or "Bondholder") on the registration books of the Issuer maintained by the Bond Registrar and at the address appearing thereon at the close of business on the fifteenth day of the calendar month next preceding such Interest Payment Date (the "Regular Record Date").

Any interest not so timely paid or duly provided for shall cease to be payable to the person who is the Holder hereof as of the Regular Record Date, and shall be payable to the person who is the Holder hereof at the close of business on a date fixed for the payment of such defaulted interest (the "Special Record Date"). The Special Record Date shall be fixed by the Bond Registrar whenever money becomes available for payment of the defaulted interest, and notice of the Special Record Date shall be given by the Bond Registrar to the Holders not less than ten (10) days prior thereto. The principal of and premium, if any, and interest on this Bond are payable in lawful money of the United States of America.

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS BOND SET FORTH ON THE REVERSE SIDE HEREOF, WHICH PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS IF SET FORTH HERE.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security until the Certificate of Authentication hereon shall have been executed by the Bond Registrar.

IT IS HEREBY CERTIFIED, RECITED, COVENANTED AND AGREED that all acts, conditions and things required by the Constitution and laws of the State of Minnesota to be done, to happen and to be performed precedent to and in the issuance of this Bond in order to make it a valid and binding general obligation of the Issuer enforceable in accordance with its terms, have been done, have happened and have been performed in regular and due form, time and manner as so required and that the issuance of this Bond on the date of original issue hereof and the date of its actual original issuance and delivery does not exceed any constitutional or statutory limitation of indebtedness.

IN WITNESS WHEREOF, Independent School District No. 477 (Princeton), State of Minnesota, by its School Board, has caused this Bond to be executed in its behalf by the facsimile signatures of the Chair and the Clerk, the Issuer having no seal or said seal having been intentionally omitted as permitted by law.

Date of Registration:

BOND REGISTRAR'S
CERTIFICATE OF
AUTHENTICATION
This Bond is one of
the Bonds described
in the within mentioned
Resolution.

Registrable by:
BOND TRUST SERVICES CORPORATION
ROSEVILLE, MINNESOTA

Payable at:
BOND TRUST SERVICES CORPORATION
ROSEVILLE, MINNESOTA

INDEPENDENT SCHOOL DISTRICT NO. 477
(PRINCETON)
PRINCETON, MINNESOTA

BOND TRUST SERVICES CORPORATION
Bond Registrar

/s/ (Facsimile) _____
Chair

By _____
Authorized Signature

/s/ (Facsimile) _____
Clerk

ON REVERSE OF BOND

Date of Payment Not Business Day. If the date for payment of the principal of, premium, if any, or interest on this Bond shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the City of New York, New York, or the city where the principal office of the Bond Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which such banking institutions are authorized to close, and payment on such date shall have the same force and effect as if made on the nominal date of payment.

Optional Redemption. The Bonds of this issue are not subject to optional redemption or prepayment prior to maturity.

Mandatory Redemption. The Bonds maturing in the year ____ shall be subject to mandatory redemption, pursuant to the procedures specified herein and at a redemption price equal to the principal amount of the Bonds so redeemed plus interest accrued on the principal amount to be redeemed to the date fixed for mandatory redemption, on February 1 in the years and in the principal amounts set forth below:

<u>Year</u>	<u>Amount</u>
	\$

The Bonds maturing in the year ____ shall be subject to mandatory redemption, pursuant to the procedures specified herein and at a redemption price equal to the principal amount of the Bonds so redeemed plus interest accrued on the principal amount to be redeemed to the date fixed for mandatory redemption, on February 1 in the years and in the principal amounts set forth below:

<u>Year</u>	<u>Amount</u>
	\$

Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the Issuer shall determine the order of redemption of Bonds; and if only part of the Bonds having a common maturity date are called for prepayment, the Global Certificates to be prepaid may be prepaid in \$5,000 increments of principal and, if applicable, the specific Replacement Bonds to be prepaid shall be chosen by lot by the Bond Registrar as provided below. Bonds or portions thereof called for redemption shall be due and payable on the designated redemption date, and interest thereon shall cease to accrue from and after the redemption date.

Issuance; Purpose. This Bond is one of an issue in the total aggregate principal amount of \$_____. The Bonds are all of like date of original issue and tenor, except as to number, denomination, maturity, redemption privilege and interest rate. All are issued to provide funds to currently refund and prepay the 2015 to 2017 maturities of the Issuer's General Obligation Refunding Bonds, Series 2003A, bearing a date of original issue of December 2, 2003 (the "Refunded Bonds"). All are issued pursuant to resolutions duly adopted by the School Board and pursuant to and in full conformity with the Constitution and laws of the State of Minnesota thereunto enabling. The Refunded Bonds were originally issued to provide funds for the current refunding of the District's General Obligation School Building Bonds, Series 1994, bearing a date of original issue of March 15, 1994 and the District's General Obligation Capital Facilities Bonds, Series 1998 (the "1998 Bonds"), bearing a date of original issue of March 19, 1998.

General Obligation. This Bond constitutes a general obligation of the Issuer, and to provide moneys for the prompt and full payment of the principal and interest when the same become due, the full faith and credit and taxing powers of the Issuer have been and are hereby irrevocably pledged.

Minnesota School District Credit Enhancement Program. The Issuer has covenanted and obligated itself to be bound by the provisions of Minnesota Statutes, Section 126C.55 and to use the provisions of that statute to guarantee the payment of the principal and interest on the Bonds when due.

Denominations; Exchange; Resolution. The Bonds are issuable solely as fully registered Bonds in the denomination of \$5,000 and integral multiples thereof of a single maturity and are exchangeable for fully registered bonds of other denominations in equal aggregate principal amounts and in authorized denominations at the principal office of the Bond Registrar, but only in the manner and subject to the limitations provided in the Resolution. Reference is hereby made to the Resolution for a description of the rights and duties of the Bond Registrar. Copies of the Resolution are on file in the principal office of the Bond Registrar.

Transfer. This Bond is transferable by the Holder in person or by the Holder's attorney duly authorized in writing at the principal office of the Bond Registrar upon presentation and surrender hereof to the Bond Registrar, all subject to the terms and conditions provided in the Resolution and to reasonable regulations of the Issuer contained in any agreement with the Bond Registrar. Thereupon the Issuer shall execute (if necessary) and the Bond Registrar shall authenticate and deliver, in exchange for this Bond, one or more new fully registered bonds in the name of the transferee (but not registered in blank or to "bearer" or similar designation), of an authorized denomination, in aggregate principal amount equal to the principal amount of this Bond, of the same maturity, and bearing interest at the same rate.

Fees Upon Transfer or Loss. The Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection with the transfer or exchange of this Bond and any legal or unusual costs regarding transfers and lost Bonds.

Treatment of Registered Owner. The Issuer and Bond Registrar may treat the person in whose name this Bond is registered as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes whatsoever, whether or not this Bond shall be overdue, and neither the Issuer nor the Bond Registrar shall be affected by notice to the contrary.

Qualified Tax-Exempt Obligations. The Bonds of this issue have been designated by the Issuer as "qualified tax-exempt obligations" for purposes of Section 265(b) (3) of the Internal Revenue Code of 1986, as amended, relating to the deduction of interest expenses allocable to the Bonds by financial institutions.

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this Bond, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM	-	as tenants in common
TEN ENT	-	as tenants by the entireties
JT TEN	-	as joint tenants with right of survivorship and not as tenants in common
UTMA	-	_____ CUSTODIAN _____ (Cust) (Minor)

Under Uniform Transfers to Minors Act

(State)

Additional abbreviations may also be used though not in the above list.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

_____ the within Bond and does hereby irrevocably constitute and appoint _____ attorney to transfer the Bond on the books kept for the registration thereof, with full power of substitution in the premises.

Dated _____

NOTICE: The assignor's signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

Signature Guaranteed:

Signature(s) must be guaranteed by a national bank or trust company or by a brokerage firm having a membership in one of the major stock exchanges or any other "Eligible Guarantor Institution" as defined in 17 CFR 240 Ad-15(a)(2).

The Bond Registrar will not effect transfer of this Bond unless the information concerning the assignee requested below is provided.

Name and Address:

(Include information for all joint owners if the Bond is held by joint account.)

Please insert Social Security or other Tax Identification Number of Transferee.

[Empty rectangular box for Social Security or Tax Identification Number]

EXHIBIT C

The Depository Trust Company

BLANKET ISSUER LETTER OF REPRESENTATIONS

C-1

EXHIBIT D
LEVY COMPUTATION SHEET

<u>Levy Year</u>	<u>Collection Year</u>	<u>Amount</u>
2013	2014	\$
2014	2015	
2015	2016	

EXHIBIT E

**NOTICE OF CALL FOR REDEMPTION
\$1,755,000
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2003A
DATED: DECEMBER 2, 2003**

**INDEPENDENT SCHOOL DISTRICT NO. 477
(PRINCETON)
MILLE LACS, SHERBURNE, ISANTI AND BENTON COUNTIES, MINNESOTA**

NOTICE IS HEREBY GIVEN that, by order of the School Board of Independent School District No. 477 (Princeton), Mille Lacs, Sherburne, Isanti and Benton Counties, Minnesota, there have been called for redemption and prepayment on February 1, 2014 those outstanding bonds of the School District designated as General Obligation Refunding Bonds, Series 2003A, dated December 2, 2003 as the date of original issue, totaling \$1,755,000 in principal amount, and having the following stated maturity dates and CUSIP numbers:

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>CUSIP Number*</u>
February 1, 2015	\$570,000	742259 LX0
February 1, 2016	\$575,000	742259 LY8
February 1, 2020	\$610,000	742259 LZ5

Holders of the bonds hereby called for redemption are requested to present their bonds for payment to U.S. Bank National Association, on or before February 1, 2014 by submitting said bonds along with a completed W-9 form to the following addresses:

BY MAIL:

U.S. Bank National Association
Corporate Trust Services
P.O. Box 64111
St. Paul, Minnesota 55164-0111

**IN PERSON, COURIER SERVICE OR
OVERNIGHT MAIL:**

U.S. Bank National Association
Corporate Trust Services
60 Livingston Avenue
1st Floor - Bond Drop Window
St. Paul, Minnesota 55107

E-1

If the Holder requests payment of principal and/or interest via wire transfer, please be advised there is a wire transfer fee which will be deducted from the payment.

Dated: October 22, 2013

BY ORDER OF THE SCHOOL BOARD

/s/ _____
School District Clerk
Independent School District No. 477
(Princeton)

Important Notice: In compliance with the Economic Growth and Tax Relief Reconciliation Act of 2001, federal backup withholding tax will be withheld at the applicable backup withholding rate in effect at the time of the payment by the redeeming institutions if they are not provided with your social security number or federal employer identification number, properly certified. This requirement is fulfilled by submitting a W-9 Form, which may be obtained at a bank or other financial institution.

*The paying agent shall not be responsible for the selection or use of the CUSIP number, nor is any representation made as to its correctness as indicated in the Notice of Call for Redemption. It is included solely for the convenience of the holders.

Additional information may be obtained from: EHLERS & ASSOCIATES, INC., 3060 Centre Pointe Drive Roseville, MN 55113, (651) 697-8500.

PRINCETON PUBLIC SCHOOLS

LEGAL STATUS OF THE SCHOOL DISTRICT

I. PURPOSE

A primary principle of this nation is that the public welfare demands an educated and informed citizenry. The power to provide for public education is a state function vested in the state legislature and delegated to local school districts. The purpose of this policy is to clarify the legal status of the school district.

II. GENERAL STATEMENT OF POLICY

- A. The school district is a public corporation subject to the control of the legislature, limited only by constitutional restrictions. The school district has been created for educational purposes.
- B. The legislature has authority to prescribe the school district's powers and privileges, its boundaries and territorial jurisdictions.
- C. The school district has only the powers conferred on it by the legislature; however, the school district's authority to conduct the business of the school district includes implied powers in addition to any specific powers granted by the legislature.

III. RELATIONSHIP TO OTHER ENTITIES

- A. The school district is a separate legal entity.
- B. The school district is coordinate with and not subordinate to the county(ies) in which it is situated.
- C. The school district is not subservient to municipalities within its territory.

IV. POWERS AND AUTHORITY OF THE SCHOOL DISTRICT

- A. Funds
 - 1. The school district, through its school board, has authority to raise funds for the operation and maintenance of its schools, and authority to manage and expend such funds, subject to applicable law.
 - 2. The school district has wide discretion over the expenditure of funds under its control for public purposes, subject to the limitations provided by law.

3. School district officials occupy a fiduciary position in the management and expenditure of funds entrusted to them.

B. Raising Funds

1. The school district shall, within the limitations specified by law, provide by levy of tax necessary funds for the conduct of schools, payment of indebtedness, and all proper expenses.
2. The school district may issue bonds in accordance with the provisions of Minn. Stat. Ch. 475, or other applicable law.
3. The school district has authority to accept gifts and donations for school purposes, subject to applicable law.

C. Property

1. The school district may acquire property for school purposes. It may sell, exchange, or otherwise dispose of property which is no longer needed for school purposes, subject to applicable law.
2. The school district shall manage its property in a manner consistent with the educational functions of the district.
3. The school district may permit the use of its facilities for community purposes which are not inconsistent with, nor disruptive of, its educational mission.
4. School district officials hold school property as trustees for the use and benefit of students, taxpayers and the community.

D. Contracts

1. The school district is empowered to enter into contracts in the manner provided by law.
2. The school district has authority to enter into installment purchases and leases with an option to purchase, pursuant to Minn. Stat. § 465.71 or other applicable law.
3. The school district has authority to make contracts with other governmental agencies and units for the purchase, lease or other acquisition of equipment, supplies, materials, or other property, including real property.
4. The school district has authority to enter into employment contracts. As a public employer, the school district, through its designated representatives, shall meet and negotiate with public employees in an appropriate

bargaining unit and enter into written collective bargaining agreements with such employees, subject to applicable law.

E. Textbooks, Educational Materials, and Studies

1. The school district, through its school board and administrators, has the authority to determine what textbooks, educational materials, and studies should be pursued.
2. The school district shall establish and apply the school curriculum.

F. Actions and Suits

The school district has authority to sue and to be sued.

Legal References: Minn. Const. art. 13, § 1
 Minn. Stat. Ch. 123B. (School Districts, Powers and Duties)
 Minn. Stat. Ch. 179A (Public Employment Labor Relations)
 Minn. Stat. § 465.035 (Conveyance or Lease of Land)
 Minn. Stat. §§ 465.71; 471.345; 471.6161; 471.6175; 471.64 (rights, powers, duties of political subdivisions)
Minnesota Association of Public Schools v. Hanson, 287 Minn. 415, 178 N.W.2d 846 (1970)
Independent School District No. 581 v. Mattheis, 275 Minn. 383, 147 N.W.2d 374 (1966)
Village of Blaine v. Independent School District No. 12, 272 Minn. 343, 138 N.W.2d 32 (1965)
Huffman v. School Board, 230 Minn. 289, 41 N.W.2d 455 (1950)
State v. Lakeside Land Co., 71 Minn. 283, 73 N.W.970 (1898)

Cross References: MSBA Model Policy 201 (Legal Status of School Board)
 MSBA Model Policy 603 (Curriculum Development)
 MSBA Model Policy 604 (Instructional Curriculum)
 MSBA Model Policy 606 (Textbooks and Instructional Materials)
 MSBA Model Policy 705 (Investments)
 MSBA Model Policy 706 (Acceptance of Gifts)
 MSBA Model Policy 801 (Equal Access to Facilities of Secondary Schools)
 MSBA Service Manual, Chapter 4, Employee Negotiations
 MSBA Service Manual, Chapter 13, School Law Bulletin "F" (Contract and Bidding Procedures)

PRINCETON PUBLIC SCHOOLS

EQUAL EDUCATIONAL OPPORTUNITY

I. PURPOSE

The purpose of this policy is to ensure that equal educational opportunity is provided for all students of the school district.

II. GENERAL STATEMENT OF POLICY

- A. It is the school district's policy to provide equal educational opportunity for all students. The school district does not unlawfully discriminate on the basis of race, color, creed, religion, national origin, sex, marital status, parental status, status with regard to public assistance, disability, sexual orientation or age. The school district also makes reasonable accommodations for disabled students.
- B. The school district prohibits the harassment of any individual for any of the categories listed above. For information about the types of conduct that constitute violation of the school district's policy on harassment and violence and the school district's procedures for addressing such complaints, refer to the school district's policy on harassment and violence.
- C. This policy applies to all areas of education including academics, coursework, co-curricular and extracurricular activities, or other rights or privileges of enrollment.
- D. It is the responsibility of every school district employee to comply with this policy conscientiously.
- E. Any student, parent or guardian having any questions regarding this policy should discuss it with the appropriate school district official as provided by policy. In the absence of a specific designee, an inquiry or a complaint should be referred to the superintendent.

Legal References: Minn. Stat. Ch. 363 (Minnesota Human Rights Act)
 Minn. Stat. § 121A.03, Subd. 2 (Sexual, Religious, and Racial Harassment and Violence Policy)
 42 U.S.C. § 12101 et seq. (Americans with Disabilities Act)
 20 U.S.C. § 1681 et seq. (Title IX of the Education Amendments of 1972)

Cross References: MSBA/MASA Model Policy 402 (Disability Nondiscrimination)
 MSBA/MASA Model Policy 413 (Harassment and Violence)
 MSBA/MASA Model Policy 521 (Student Disability Nondiscrimination)
 MSBA/MASA Model Policy 522 (Student Sex Nondiscrimination)

Independent School District #477
 Princeton, Minnesota 55371

Adopted: December 17, 2002
 Reviewed: October 8, 2013

PRINCETON PUBLIC SCHOOLS

**COMPLAINTS - STUDENTS, EMPLOYEES,
PARENTS, OTHER PERSONS**

I. PURPOSE

The school district takes seriously all concerns or complaints by students, employees, parents or other persons. If a specific complaint procedure is provided within any other policy of the school district, the specific procedure shall be followed in reference to such a complaint. If a specific complaint procedure is not provided, the purpose of this policy is to provide a procedure to be used.

II. GENERAL STATEMENT OF POLICY

- A. Students, parents, employees or other persons, may report concerns or complaints to the school district. While written reports are encouraged, a complaint may be made orally. Any employee receiving a complaint shall advise the principal or immediate supervisor of the receipt of the complaint. The supervisor shall make an initial determination as to the seriousness of the complaint and whether the matter should be referred to the superintendent. A person may file a complaint at any level of the school district; i.e., principal, superintendent or school board. However, persons are encouraged to file a complaint at the building level when appropriate.
- B. Depending upon the nature and seriousness of the complaint, the supervisor or other administrator receiving the complaint shall determine the nature and scope of the investigation or follow-up procedures. If the complaint involves serious allegations, the matter shall promptly be referred to the superintendent who shall determine whether an internal or external investigation should be provided. In either case, the superintendent shall determine the nature and scope of the investigation and designate the person responsible for the investigation or follow-up relating to the complaint. The designated investigator shall ascertain details concerning the complaint and respond promptly to the appropriate administrator concerning the status or outcome of the matter.
- C. The appropriate administrator shall respond to the complaining party concerning the outcome of the investigation or follow-up, including any appropriate action or corrective measure that was taken. The superintendent shall be copied on the correspondence and consulted in advance of the response when appropriate. The response to the complaining party shall be consistent with the rights of others pursuant to the applicable provisions of Minn. Stat. Ch. 13 (Minnesota Government Data Practices Act) or other law.

Legal References: Minn. Stat. Ch. 13 (Minnesota Government Data Practices Act)

Cross References: MSBA Model Policy 206 (Public Participation in School Board Meetings/
Complaints about Persons at School Board Meetings and Privacy
Considerations)
MSBA Model Policy 403 (Discipline, Suspension and Dismissal of School
District Employees)
MSBA Model Policy 413 (Harassment and Violence)
MSBA Service Manual, Chapter 13, School Law Bulletin "I" (School
Records-Privacy-Access to Data)

PRINCETON PUBLIC SCHOOLS

MANDATED REPORTING OF CHILD NEGLECT OR PHYSICAL OR SEXUAL ABUSE

[Note: This policy reflects the mandatory law regarding reporting of maltreatment of minors and is not discretionary in nature.]

I. PURPOSE

The purpose of this policy is to make clear the statutory requirements of school personnel to report suspected child neglect or physical or sexual abuse.

II. GENERAL STATEMENT OF POLICY

- A. The policy of the school district is to fully comply with Minn. Stat. § 626.556 requiring school personnel to report suspected child neglect or physical or sexual abuse.
- B. A violation of this policy occurs when any school personnel fails to immediately report instances of child neglect, or physical or sexual abuse when the school personnel knows or has reason to believe a child is being neglected or physically or sexually abused or has been neglected or physically or sexually abused within the preceding three years.

III. DEFINITIONS

- A. “Accidental” means a sudden, not reasonably foreseeable, and unexpected occurrence or event which:
 - 1. is not likely to occur and could not have been prevented by exercise of due care; and
 - 2. if occurring while a child is receiving services from a facility, happens when the facility and the employee or person providing services in the facility are in compliance with the laws and rules relevant to the occurrence of event.
- B. “Child” means one under age 18 and, for purposes of Minn. Stat. Ch. 260C (Child Protection) and Minn. Stat. Ch. 260D (Child in Voluntary Foster Care for Treatment), includes an individual under age 21 who is in foster care pursuant to Minn. Stat. § 260C.451 (Foster Care Benefits Past Age 18).
- C. “Immediately” means as soon as possible but in no event longer than 24 hours.
- D. “Mandated reporter” means any school personnel who knows or has reason to

believe a child is being neglected or physically or sexually abused, or has been neglected or physically or sexually abused within the preceding three years.

E. “Neglect” means the commission or omission of any of the acts specified below, other than by accidental means:

1. failure by a person responsible for a child’s care to supply a child with necessary food, clothing, shelter, health, medical, or other care required for the child’s physical or mental health when reasonably able to do so, including a growth delay, which may be referred to as a failure to thrive, that has been diagnosed by a physician and is due to parental neglect;
2. failure to protect a child from conditions or actions that seriously endanger the child’s physical or mental health when reasonably able to do so;
3. failure to provide for necessary supervision or child care arrangements appropriate for a child after considering factors such as the child’s age, mental ability, physical condition, length of absence, or environment, when the child is unable to care for his or her own basic needs or safety or the basic needs or safety of another child in his or her care;
4. failure to ensure that a child is educated in accordance with state law, which does not include a parent’s refusal to provide his or her child with sympathomimetic medications;
5. prenatal exposure to a controlled substance used by the mother for a nonmedical purpose, as evidenced by withdrawal symptoms in the child at birth, results of a toxicology test performed on the mother at delivery or the child’s birth, or medical effects or developmental delays during the child’s first year of life that medically indicate prenatal exposure to a controlled substance or the presence of a fetal alcohol spectrum disorder.
6. medical neglect as defined by Minn. Stat. § 260C.007, Subd. 4, Clause (5);
7. chronic and severe use of alcohol or a controlled substance by a parent or person responsible for the care of the child that adversely affects the child’s basic needs and safety; or
8. emotional harm from a pattern of behavior which contributes to impaired emotional functioning of the child which may be demonstrated by a substantial and observable effect in the child’s behavior, emotional response, or cognition that is not within the normal range for the child’s age and stage of development, with due regard to the child’s culture.

Neglect does not include spiritual means or prayer for treatment or care of disease where the person responsible for the child’s care in good faith has selected and depended on those means for treatment or care of disease, except where the lack of medical care may cause serious danger to the child’s health.

F. “Non-maltreatment mistake” means: (1) at the time of the incident, the individual was performing duties identified in the center’s child care program plan required under Minn. Rules Part 9503.0045; (2) the individual has not been determined responsible for a similar incident that resulted in a finding of maltreatment for at least seven years; (3) the individual has not been determined to have committed a similar non-maltreatment mistake under this paragraph for at least four years; (4) any injury to a child resulting from the incident, if treated, is treated only with remedies that are available over the counter, whether ordered by a medical professional or not; and (5) except for the period when the incident occurred, the facility and the individual providing services were both in compliance with all licensing requirements relevant to the incident. This definition only applies to child care centers licensed under Minn. Rules Ch. 9503.

G. “Physical abuse” means any physical injury, mental injury, or threatened injury, inflicted by a person responsible for the child’s care other than by accidental means; or any physical or mental injury that cannot reasonably be explained by the child’s history of injuries or any aversive or deprivation procedures, or regulated interventions, that have not been authorized by Minn. Stat. § 121A.67 or § 245.825.

Abuse does not include reasonable and moderate physical discipline of a child administered by a parent or legal guardian which does not result in an injury. Abuse does not include the use of reasonable force by a teacher, principal, or school employee as allowed by Minn. Stat. § 121A.582.

Actions which are not reasonable and moderate include, but are not limited to, any of the following that are done in anger or without regard to the safety of the child: (1) throwing, kicking, burning, biting, or cutting a child; (2) striking a child with a closed fist; (3) shaking a child under age three; (4) striking or other actions which result in any non-accidental injury to a child under 18 months of age; (5) unreasonable interference with a child’s breathing; (6) threatening a child with a weapon, as defined in Minn. Stat. § 609.02, Subd. 6; (7) striking a child under age one on the face or head; (8) purposely giving a child poison, alcohol, or dangerous, harmful, or controlled substances which were not prescribed for the child by a practitioner, in order to control or punish the child, or giving the child other substances that substantially affect the child’s behavior, motor coordination, or judgment or that result in sickness or internal injury, or subject the child to medical procedures that would be unnecessary if the child were not exposed to the substances; (9) unreasonable physical confinement or restraint not permitted under Minn. Stat. § 609.379 including, but not limited to, tying, caging, or chaining; or (10) in a school facility or school zone, an act by a person responsible for the child’s care that is a violation under Minn. Stat. § 121A.58.

H. “School personnel” means professional employee or professional’s delegate of the school district who provides health, educational, social, psychological, law enforcement, or child care services.

- I. “Sexual abuse” means the subjection of a child by a person responsible for the child’s care, by a person who has a significant relationship to the child (as defined in Minn. Stat. § 609.341, Subd. 15), or by a person in a position of authority (as defined in Minn. Stat. § 609.341, Subd. 10) to any act which constitutes a violation of Minnesota statutes prohibiting criminal sexual conduct. Such acts include sexual penetration as well as sexual contact. Sexual abuse also includes any act involving a minor which constitutes a violation of Minnesota statutes prohibiting prostitution, or use of a minor in a sexual performance. Sexual abuse includes threatened sexual abuse, which includes the status of a parent or household member who has committed a violation which requires registration under Minn. Stat. §243.166. Subd. 1b(a) or (b) (Registration of Predatory Offenders).
- J. “Mental injury” means an injury to the psychological capacity or emotional stability of a child as evidenced by an observable or substantial impairment in the child’s ability to function within a normal range of performance and behavior with due regard to the child’s culture.
- K. “Person responsible for the child’s care” means (1) an individual functioning within the family unit and having responsibilities for the care of the child such as a parent, guardian, or other person having similar care responsibilities, or (2) an individual functioning outside the family unit and having responsibilities for the care of the child such as a teacher, school administrator, other school employees or agents, or other lawful custodian of a child having either full-time or short-term care responsibilities including, but not limited to, day care, babysitting whether paid or unpaid, counseling, teaching, and coaching.
- L. “Threatened injury” means a statement, overt act, condition, or status that represents a substantial risk of physical or sexual abuse or mental injury. Threatened injury includes, but is not limited to, exposing a child to a person responsible for the child’s care who has subjected the child to, or failed to protect a child from, egregious harm, or a person whose parental rights were involuntarily terminated, been found palpably unfit, or one from whom legal and physical custody of a child has been involuntarily transferred to another.

IV. REPORTING PROCEDURES

- A. A mandated reporter as defined herein shall immediately report the neglect or physical or sexual abuse, which he or she knows or has reason to believe is happening or has happened within the preceding three years to the local welfare agency, police department, county sheriff, or agency responsible for assisting or investigating maltreatment.
- B. If the immediate report has been made orally, by telephone or otherwise, the oral report shall be followed by a written report within 72 hours (exclusive of weekends and holidays) to the appropriate police department, the county sheriff, local welfare agency, or agency responsible for assisting or investigating maltreatment. The written report shall identify the child, any person believed to

be responsible for the abuse or neglect of the child if the person is known, the nature and extent of the abuse or neglect and the name and address of the reporter.

- C. A mandated reporter who knows or has reason to know of the deprivation of parental rights or the kidnapping of a child shall report the information to the local police department or the county sheriff.
- D. With the exception of a health care professional or a social service professional who is providing the woman with prenatal care or other health care services, a mandated reporter shall immediately report to the local welfare agency if the person knows or has reason to believe that a woman is pregnant and has used a controlled substance for a nonmedical purpose during the pregnancy, including, but not limited to, tetrahydrocannabinol, or has consumed alcoholic beverages during the pregnancy in any way that is habitual or excessive.
- E. A person mandated by Minnesota law and this policy to report who fails to report may be subject to criminal penalties and/or discipline, up to and including termination of employment.
- F. Submission of a good faith report under Minnesota law and this policy will not adversely affect the reporter's employment, or the child's access to school.
- G. Any person who knowingly or recklessly makes a false report under the provisions of applicable Minnesota law or this policy shall be liable in a civil suit for any actual damages suffered by the person or persons so reported and for any punitive damages set by the court or jury, and the reckless making of a false report may result in discipline. The court may also award attorney's fees.

[Note: The Minnesota Department of Education (MDE) is responsible for assessing or investigating allegations of child maltreatment in schools. Although a report may be made to any of the agencies listed in Section IV. A., above, and there is no requirement to file more than one report, if the initial report is not made to MDE, it would be helpful to MDE if schools also report to MDE.]

V. INVESTIGATION

- A. The responsibility for investigating reports of suspected neglect or physical or sexual abuse rests with the appropriate county, state, or local agency or agencies. The agency responsible for assessing or investigating reports of child maltreatment has the authority to interview the child, the person or persons responsible for the child's care, the alleged perpetrator, and any other person with knowledge of the abuse or neglect for the purpose of gathering the facts, assessing safety and risk to the child, and formulating a plan. The investigating agency may interview the child at school. The interview may take place outside the presence of a school official. The investigating agency, not the school, is responsible for either notifying or withholding notification of the interview to the parent, guardian or person responsible for the child's care. School officials may not disclose to the parent, legal custodian, or guardian the contents of the notification

or any other related information regarding the interview until notified in writing by the local welfare or law enforcement agency that the investigation or assessment has been concluded.

- B. When the investigating agency determines that an interview should take place on school property, written notification of intent to interview the child on school property will be received by school officials prior to the interview. The notification shall include the name of the child to be interviewed, the purpose of the interview, and a reference to the statutory authority to conduct an interview on school property.
- C. Except where the alleged perpetrator is believed to be a school official or employee, the time and place, and manner of the interview on school premises shall be within the discretion of school officials, but the local welfare or law enforcement agency shall have the exclusive authority to determine who may attend the interview. The conditions as to time, place, and manner of the interview set by the school officials shall be reasonable and the interview shall be conducted not more than 24 hours after the receipt of the notification unless another time is considered necessary by agreement between the school officials and the local welfare or law enforcement agency. Every effort must be made to reduce the disruption of the educational program of the child, other students, or school employees when an interview is conducted on school premises.
- D. Where the alleged perpetrator is believed to be a school official or employee, the school district shall conduct its own investigation independent of MDE and, if involved, the local welfare or law enforcement agency.
- E. Upon request by MDE, the school district shall provide all requested data that are relevant to a report of maltreatment and are in the possession of a school facility, pursuant to an assessment or investigation of a maltreatment report of a student in school. The school district shall provide the requested data in accordance with the requirements of the Minnesota Government Data Practices Act, Minn. Stat. Ch. 13, and the Family Educational Rights and Privacy Act, 20 U.S.C. § 1232g.

VI. MAINTENANCE OF SCHOOL RECORDS CONCERNING ABUSE OR POTENTIAL ABUSE

- A. When a local welfare or local law enforcement agency determines that a potentially abused or abused child should be interviewed on school property, written notification of the agency's intent to interview on school property must be received by school officials prior to the interview. The notification shall include the name of the child to be interviewed, the purpose of the interview, and a reference to the statutory authority to conduct the interview. The notification shall be private data. School officials may not disclose to the parent, legal custodian, or guardian the contents of the notice or any other related information regarding the interview until notified in writing by the local welfare or law enforcement agency that the investigation has been concluded.

- B. All records regarding a report of maltreatment, including any notification of intent to interview which was received by the school as described above in Paragraph A., shall be destroyed by the school only when ordered by the agency conducting the investigation or by a court of competent jurisdiction.

VII. PHYSICAL OR SEXUAL ABUSE AS SEXUAL HARASSMENT OR VIOLENCE

Under certain circumstances, alleged physical or sexual abuse may also be sexual harassment or violence under Minnesota law. If so, the duties relating to the reporting and investigation of such harassment or violence may be applicable.

VIII. DISSEMINATION OF POLICY AND TRAINING

- A. This policy shall appear in school personnel handbooks.
- B. The school district will develop a method of discussing this policy with school personnel.
- C. This policy shall be reviewed at least annually for compliance with state law.

Legal References: Minn. Stat. Ch. 13 (Minnesota Government Data Practices Act)
Minn. Stat. § 121A.58 (Corporal Punishment)
Minn. Stat. § 121A.582 (Student Discipline; Reasonable Force)
Minn. Stat. § 121A.67 (Aversive and Deprivation Procedures)
Minn. Stat. § 243.166, Subd. 1b(a)(b) (Registration of Predatory Offenders)
Minn. Stat. § 245.825 (Use of Aversive or Deprivation Procedures)
Minn. Stat. § 260C.007, Subd.4, Clause (5) (Child in Need of Protection)
Minn. Stat. § 260C.451 (Foster Care Benefits Past Age 18)
Minn. Stat. Ch. 260D (Child in Voluntary Foster Care for Treatment)
Minn. Stat. § 609.02, Subd.6 (Definitions – Dangerous Weapon)
Minn. Stat. § 609.341, Subd. 10 (Definitions – Position of Authority)
Minn. Stat. § 609.341, Subd. 15 (Definitions – Significant Relationship)
Minn. Stat. § 609.379 (Reasonable Force)
Minn. Stat. § 626.556 *et seq.* (Reporting of Maltreatment of Minors)
Minn. Stat. § 626.5561 (Reporting of Prenatal Exposure to Controlled Substances)
20 U.S.C. § 1232g (Family Educational Rights and Privacy Act)

Cross References: Princeton Policy 415 (Mandated Reporting of Maltreatment of Vulnerable Adults)

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Revised: December 21, 2010
Revised: June 28, 2011
Revised: October 8, 2013

PRINCETON PUBLIC SCHOOLS

STUDENT DISCIPLINE

[Note: School districts are required by statute to have a policy addressing these issues.]

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 or tobacco paraphernalia;
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 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, marital status, status with regard to public assistance, disability, national origin or sexual orientation;
43. Violation of the school district's Distribution of Nonschool-Sponsored Materials on School Premises by Students and Employees Policy;
44. Violation of school rules, regulations, policies, or procedures, including, but not limited to, those policies specifically enumerated in this policy;
45. 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. 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.

- 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 re-enrollment 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 facts 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, 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.

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 on 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. § 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 Nonschool-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

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Revised: April 13, 2010

Revised: May 24, 2011

Revised: June 12, 2012

Reviewed: October 8, 2013

PRINCETON PUBLIC SCHOOLS**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.

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.
- B. It is the responsibility of every school district employee to comply with this policy.
- C. The school board hereby designates Human Resource Director-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 name of the Human Resource Director Title IX coordinator and human rights officer(s), including office mailing 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 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 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

INDEPENDENT SCHOOL DISTRICT NO. 0477

UNLAWFUL SEX DISCRIMINATION TOWARD A STUDENT

General Statement of Policy Prohibiting Unlawful Sex Discrimination Toward a Student

Independent School District No. 0477 maintains a firm policy prohibiting all forms of unlawful sex discrimination. All students are to be treated with respect and dignity. Unlawful sex discrimination by any teacher, administrator or other school personnel will not be tolerated under any circumstances.

Complainant: _____

Home Address: _____

Work Address: _____

Home Phone: _____ Work Phone: _____

Date of Alleged Incident(s): _____

Name of person you believe unlawfully discriminated toward you or a student on the basis of sex: _____

If the alleged unlawful sex discrimination was toward another person, identify that person: _____

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 unlawfully discriminated against me or a student on the basis of sex. 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: _____

PRINCETON PUBLIC SCHOOLS**SCHOOL DISTRICT SYSTEM ACCOUNTABILITY****I. PURPOSE**

The purpose of this policy is to focus public education strategies on a process which promotes higher academic achievement for all students and ensures broad-based community participation in decisions regarding the implementation of the Minnesota Academic Standards and the No Child Left Behind Act.

II. GENERAL STATEMENT OF POLICY

Implementation of the Minnesota Academic Standards and No Child Left Behind Act will require a new level of accountability for the school district. The school district will establish a system to transition to the graduation requirements of the Minnesota Academic Standards. The school district also will establish a system to review and improve instruction, curriculum, and assessment which will include substantial input by students, parents or guardians, and local community members. The school district will be accountable to the public and the state through annual reporting.

III. DEFINITIONS

- A. “Course credit” is equivalent to a student successfully completing an academic year of study or a student mastering the applicable subject matter as determined by the school district.
- B. “Graduation Standards” means the course credit requirements and Profile of Learning content standards or Minnesota Academic Standards that school districts must offer and certify that students complete to be eligible for a high school diploma.
- C. “Profile of Learning” means content standards formerly required for a high school diploma.
- D. “World’s best workforce” means striving to: meet school readiness goals; have all third grade students achieve grade-level literacy; close the academic achievement gap among all racial and ethnic groups of students and between students living in poverty and students not living in poverty; have all students attain career and college readiness before graduating from high school; and have all students graduate from high school.

IV. ESTABLISHMENT OF GOALS; IMPLEMENTATION; EVALUATION AND REPORTING

A. School District Goals

1. The school board has established school district-wide goals which provide broad direction for the school district. Incorporated in these goals are the graduation and education standards contained in the Minnesota Academic Standards and the No Child Left Behind Act. The broad goals shall be reviewed annually and approved by the school board. The school board shall adopt annual goals based on the recommendations of the Advisory Committee for Comprehensive Continuous Improvement of Student Achievement (the “Advisory Committee”).
2. The improvement goals should address recommendations identified through the Advisory Committee process. The school district’s goal setting process will include consideration of individual site goals. School district goals may be developed through an education effectiveness program, an evaluation of student progress committee, or through some other locally determined process.

- B. System for Reviewing All Instruction and Curriculum. Incorporated in the process will be analysis of the school district’s progress toward implementation of the Minnesota Academic Standards. Instruction and curriculum shall be reviewed and evaluated by taking into account strategies and best practices, student outcomes, principal evaluations under Minn. Stat. § 123B.147, Subd. 3, and teacher evaluations under Minn. Stat. § 122A.40, Subd. 8, or 122A.41, Subd. 5.

C. Implementation of Graduation Requirements

1. The school board shall appoint a Graduation Standards Implementation Committee which shall advise the school board on implementation of the state and local graduation requirements, including K-12 curriculum, assessment, student learning opportunities, and other related issues. Recommendations of this committee shall be published annually to the community. The school board shall receive public input and comment and shall adopt or update this policy at least annually. The Graduation Standards Implementation Committee [*will/will not*] be comprised of the Advisory Committee for Comprehensive Continuous Improvement of Student Achievement.
2. The school board shall annually review and determine if student achievement levels at each school site meet federal expectations. If the school board determines that student achievement levels at a school site do not meet federal expectations and the site has not made adequate yearly progress for two consecutive school years, the Graduation Standards Implementation Committee shall work with the school site to adopt a plan to raise student achievement levels to meet federal expectations. The Graduation Standards Implementation Committee may seek assistance from the Commissioner of the Minnesota Department of Education (MDE) (the Commissioner) in developing a plan which must include parental involvement components.
3. The educational assessment system component utilized by the school board to measure individual students' educational progress must be based, to the extent annual tests are administered, on indicators of achievement growth that show an individual student's prior achievement. Indicators of achievement and prior achievement must be based on highly reliable statewide or districtwide assessments. The school board will utilize models developed by the Commissioner for measuring individual student progress. The school board must coordinate with MDE in evaluating school sites and continuous improvement plans, consistent with best practices.

D. Advisory Committee for Comprehensive Continuous Improvement of Student Achievement

1. Each year, the Advisory Committee will meet to advise and assist the school district in the implementation of the school district system accountability and comprehensive continuous improvement process.
2. The Advisory Committee, working in cooperation with other committees of the school district [such as the Technology, Educational Effectiveness, Grade Level, Site Instruction, Curriculum and Assessment Committees,

etc.], will provide active community participation in:

- a. Reviewing the school district instructional and curriculum plan, with emphasis on implementing the Minnesota Graduation Standards;
- b. Identifying annual instruction and curriculum improvement goals for recommendation to the school board;
- c. Making recommendations regarding the evaluation process that will be used to measure school district progress toward its goals;
- d. Advising the school board about development of the annual budget.

3. The Advisory Committee shall meet the following criteria:

- a. The Advisory Committee shall ensure active community participation in all planning for instruction and curriculum affecting Graduation Standards.
- b. The Advisory Committee shall make recommendations to the school board on school district-wide standards, assessments, and program evaluation.
- c. Building teams may be established as subcommittees to develop and implement an education effectiveness plan and to carry out methods to improve instruction, curriculum, and assessments as well as methods to use technology in meeting the school district improvement plan.
- d. A local plan to evaluate student progress, using a local process, shall be used for developing a plan for assessment of student progress toward the Graduation Standards, as well as program evaluation data for use by the Advisory Committee in the instruction and curriculum review process. This plan shall annually be approved by the school board.

4. The Advisory Committee shall, when possible, be comprised of two-thirds community representatives and shall reflect the diversity of the community. Included in its membership should be:

- a. The Director of Curriculum (or similar educational leader)
- b. Principal

- c. School Board Member
- d. Student Representative
- e. One parent from each building or instructional level

[Note: This Advisory Committee composition is a model only.]

5. The Advisory Committee shall meet the following timeline each year:

Month: Organizational meeting of the Committee to review the authorizing legislation and the roles and responsibilities of the Committee as determined by the school board.

Month(s): Agree on the process to be used. Become familiar with the instruction and curriculum of the cycle content area.

Month(s): Review evaluation results and prepare recommendations.

Month: Present recommendations to the school board for its input and approval.

E. Evaluation of Student Progress Committee. A committee of professional staff shall develop a plan for assessment of student progress toward the Graduation Standards, as well as program evaluation data for use by the Advisory Committee in the instruction and curriculum review process. This plan shall annually be approved by the school board.

F. Educational Planning and Assessment System. The school district may elect to participate in the Educational Planning and Assessment System (EPAS) program offered by ACT, Inc., to provide a longitudinal, systematic approach to student educational and career planning, assessment, instructional support, and evaluation.

G. Reporting. ~~The~~ Consistent with Minn. Stat. § 120B.36, Subd. 1, school board shall publish a report in the local newspaper with the largest circulation in the district, by mail, or by electronic means on the school district website. The school board shall hold an annual public meeting to review and revise, where appropriate, student achievement goals, local assessment outcomes, plans, strategies, and practices for improving curriculum and instruction, and to review school district success in realizing the previously adopted student achievement goals and related benchmarks and the improvement plans leading to the world's best workforce. The school board must transmit an electronic summary of its report to the Commissioner in the form and manner the Commissioner determines. The school district shall periodically survey affected constituencies about their connection to and level of satisfaction with school. The school district

shall include the results of this evaluation in its summary report to the Commissioner.

Legal References: Minn. Stat. § 120B.02 (Educational Expectations for Minnesota’s Students)
Minn. Stat. § 120B.018 (Definitions)
Minn. Stat. § 120B.11 (School District Process)
Minn. Stat. § 120B.128 (Educational Planning and Assessment System (EPAS) Program)
Minn. Stat. § 120B.35 (Student Achievement Levels)
Minn. Stat. § 120B.36 (School Accountability; Appeals Process)
Minn. Stat. § 122A.40, Subd. 8 (Employment; Contracts; Termination)
Minn. Stat. § 122A.41, Subd. 5 (Teacher Tenure Act; Cities of the First Class; Definitions)
Minn. Stat. § 123B.04 (Site Decision Making Agreement)
Minn. Rules Parts 3501.0010-3501.0180 (Graduation Standards - Mathematics and Reading)
Minn. Rules Parts 3501.0200-3501.0290 (Graduation Standards - Written Composition)
Minn. Rules Part 3501.0160 (District Reporting Requirements)
Minn. Rules Parts 3501.0505-3501.0550 (Graduation Standards – Language Arts)
Minn. Rules Parts 3501.0700-3501.0745 (Graduation Standards – Mathematics)
Minn. Rules Parts 3501.0800-3501.0815 (Graduation Standards – Arts)
Minn. Rules Parts 3501.1000-3501.1190 (Graduation-Required Assessment for Diploma)
20 U.S.C. § 6301, *et seq.* (No Child Left Behind Act)

Cross References: Princeton Policy 104 (School District Mission Statement)
Princeton Policy 601 (School District Curriculum and Instruction Goals)
Princeton Policy 613 (Graduation Requirements)
Princeton Policy 614 (School District Testing Plan and Procedure)
Princeton Policy 615 (Testing Accommodations, Modifications, and Exemptions for IEPs, Section 504 Plans, and LEP Students)
MSBA Policy 617 (School District Ensurance of Preparatory and High School Standards)
MSBA Policy 618 (Assessment of Student Achievement)
Princeton Policy 619 (Staff Development for Standards)
MSBA Policy 620 (Credit for Learning)

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