

SHAKOPEE PUBLIC SCHOOLS



SCHOOL BOARD AGENDA





Shakopee Public Schools
School Board Regular Business Meeting
District Office Board Room, 1200 Town Square, Shakopee, MN 55379

Monday, November 26, 2018
6:00 PM

1. CALL TO ORDER AND ROLL CALL - CHAIR SWANSON
2. PLEDGE OF ALLEGIANCE
3. WE ARE SHAKOPEE SCHOOLS - GOOD NEWS ITEMS

3. 1. 2018 General Election Kids Voting Update

Kids Voting Steering Committee:

Jenny Ames
Autumn Warden
Bob Greeley
Drew Kothenbeutel
Lynn Schemel
Deb Admundson
Mark Bury
Paulette Rislund
Nicole Clifton
Michele Hanlon

Our Teacher Leads:

Mary Kornder, Eagle Creek
Tim Olene, Jackson
Teri Oscarson, Red Oak
Shauna McCauley, Sun Path
Heather Henricksen, Sweeney
Kristin Gonyea, East Middle School
Tara Schneider, West Middle School
Connie Mendez, SACS

Our Volunteers:

Breana & Tom Mercer
Presenter: Youth Development/Service Coordinator Autumn Warden

3. 2. Celebration of College in the Schools (CIS) Program
- Our CIS teachers:

Ryan Douds
Rachel Beran
Kathryn Tabke
Brenda Kostelac
Carmen Barbone
Wade Laughlin
Anna Bonderson
Brendan McNally
Josh Thom
Jon Miller
Ed Loiselle
Emily Bruzda
Director of Teaching & Learning Nancy Thul
High Potential & Innovative Programs Coordinator Erin Heilman

3. 3. Recognition of All-State Honor Choir for 7th & 8th Graders

Carter Schook
Ashlynn Davis
Stellan Joyce
Jonas Gerold
Brayden Knutson
Breck Knutson
Teachers Karen Van Sickle and Gary Butler

4. CONSIDERATION OF AGENDA AS PRESENTED AND ADDITIONS

5. CONSENT ITEMS

5. 1. Personnel Items

5.1.1 Acceptance of Resignations

Last Name, First Name, Position, Location, Effective Date
Bauder, Cynthia, Teacher, Building Substitute , Jackson Elementary
School, 11/19/2018

Cox, Edward, Assistant Principal, High School, 11/30/2018

Gilliland, Emily, Health Assistant, High School, 11/30/2018

Nielsen, Charleen, Custodian, High School, 11/15/2018

Recommended Action

Accept the resignations and thank them for their service to the
district as presented.

**5.1.2 Approval of Certified Contracts for the 2018-19 School
Year**

Last Name, First Name, Position, Location, Grade, Step, FTE,
Effective, Salary Annual

Parizek, Amy, Teacher, Early Childhood, Central Family Center, MA
+ 10, Step 17, .137 FTE, 1/07/2019, \$9,526.30

Recommended Action

Approve certified contracts as presented.

5.1.3 Approval of Non-Certified Contracts for the 2018-19 School Year

Last Name, First Name, Position, Location, Salary, Effective
Walberg, William, Technology Assistant, Jackson Elementary School, \$18.30/hr, 11/12/18

Tong, Julie, Program Support Assistant, Red Oak Elementary School, \$15.47/hr, 11/26/18

Foss, Taylor, Custodian, High School, \$16.41/hr, 11/26/18

Recommended Action

Approve the non-certified contracts as presented.

5.1.4 Approval of Long Term Substitute Contract

Name LTS, Replacing, Position, Location, Approx. Dates, Grade/Step, Approx. Days, FTE, Salary

Johannes, Laura, Carlson, Cassandra, Teacher, Grade 2, Eagle Creek Elementary School, 11/30/2018 through approx. 2/28/2019, MA Step 3, 1.0, \$256.86/day

Recommended Action

Approve the Long Term Substitute contract as presented.

5.1.5 Approval of Co-Curricular Assignments

Last Name, First Name, Position Title

Brown, Andrew, One Act Play

Bell-Fleming, Liesl, Knowledge Bowl

Recommended Action

Approve the Co-Curricular Assignments as presented.

5. 2. Approval of Minutes of the School Board Business Meeting	7
Recommended Action	
Approve the minutes of the November 13, 2018 School Board Business Meeting,	
5. 3. Consideration of Bills and Authorization to Pay Same	11
Recommended Action	
Approve the bills and authorize to pay same as presented.	
5. 4. Approval of Wires Report	25
Recommended Action	
Approve the wires report as presented.	
6. OLD BUSINESS DISCUSSION ITEMS	
6. 1. District Update	26

Superintendent Mike Redmond will provide a district update for the School Board.

Presenter: Superintendent Mike Redmond

Time: 10 minutes

7. OLD BUSINESS ACTION ITEMS

7. 1. Acceptance of 1st Reading of School District Policy Updates 32

School Board Policy Committee Chair Reggie Bowerman will present the following School District Policies for 1st Reading.

205 Open Meetings and Closed Meetings

206 Public Participation in School Board Meetings/Complaints about Persons at School Board Meetings and Data Privacy Considerations

208 Development, Adoption, and Implementation of Policies

211 Criminal or Civil Action Against School District, School Board Member, Employee, or Student

213 School Board Committees

306 Administrator Code of Ethics

404 Employment Background Checks

414 Mandated Reporting of Child Neglect or Physical or Sexual Abuse

415 Mandated Reporting of Maltreatment of Vulnerable Adults

416 Drug and Alcohol Testing

420 Students and Employees with Sexually Transmitted Infections and Diseases and Certain Other Communicable Diseases and Infectious Conditions

421 Gifts to Employees and School Board Members

423 Employee-Student Relationships

424 License Status

613 Grad Requirements

Recommended Action

Accept the School District Policy updates for 1st Reading as presented.

Presenter: School Board Policy Committee Chair Reggie Bowerman

Time: 10 minutes

8. NEW BUSINESS DISCUSSION ITEMS

9. NEW BUSINESS ACTION ITEMS

9. 1. Acceptance of 2017-18 School District Audit 122

Director of Finance Jeff Priess and a representative from Bergan

KDV will present the 2017-18 school district audit will be presented for final acceptance.

Recommended Action

Accept the Fiscal Year 2017-18 audit as presented.

Presenter: Director of Finance Jeff Priess and a Representative
from Bergan KDV
Time: 20 minutes

10. OTHER

11. COMMITTEE REPORTS

12. RECOGNITION OF VISITORS TO BOARD MEETING

13. UPCOMING MEETINGS AND IMPORTANT DATES

374

November 26, 2018 Policy Committee Meeting 5:00PM

November 28, 2018 BOC 5:00PM

December 10, 2018 Finance Committee Meeting 5:00PM

December 10, 2018 Truth in Taxation Hearing & Business Meeting
6:00PM

December 12, 2018 BOC 5:00PM

January 14, 2019 School Board ReOrganization and Business Meeting
6:00PM

January 15-18, 2019 MSBA Winter Leadership Conference All Day

14. ADJOURNMENT

Minutes of School Board Regular Business Meeting

School Board Shakopee Public Schools

A School Board Regular Business Meeting of the School Board of Shakopee Public Schools was held Tuesday, November 13, 2018, beginning at 6:00 PM in the District Office Board Room, 1200 Town Square, Shakopee, MN 55379.

1. CALL TO ORDER AND ROLL CALL - CHAIR SWANSON

PRESENT: Bowerman, Hallett, McKeand, Pass, Tomczik, Tucker and Swanson

ABSENT: None

2. PLEDGE OF ALLEGIANCE

3. WE ARE SHAKOPEE SCHOOLS - GOOD NEWS ITEMS

3. 1. Recognition of National Merit Scholarship Commended Students

*Joseph Da Costa

*Akshay Vankayala

3. 2. Recognition of the Best Mascot by WCCO Channel 4

*Sammy the Saber, Shakopee High School Senior Jack Neil

<https://minnesota.cbslocal.com/2018/11/01/best-mascot-minnesota-shakopee-sammy-saber/>

4. CONSIDERATION OF AGENDA AS PRESENTED AND ADDITIONS

Pass/Bowerman moved to approve the agenda as presented; motion passed unanimously.

5. CONSENT ITEMS

Tucker/McKeand moved to approve the consent agenda as presented; motion passed unanimously.

5. 1. Personnel Items

5.1.1 Acceptance of Retirements

Last Name, First Name , Position, Location, Effective

Lemke, Vaughn, Custodian, Red Oak Elementary School, 10/26/2018

Theis, Glenda, Secretary, Central Duplicating, Central Family Center, 11/30/2018

Recommended Action

Accepted the retirements and thanked them for their service to the district.

5.1.2 Acceptance of Resignation

Last Name, First Name, Position, Location, Effective Date

Langemo, Stacey, Office Assistant, Sun Path Elementary School, 11/06/2018

Recommended Action

Accepted the resignation and thanked them for their service to the district as presented.

5.1.3 Approval of Certified Contract for the 2018-19 School Year

Last Name, First Name, Position, Location, Grade, Step, FTE, Effective, Salary Annual

Johnson, Michelle, Teacher, Math (1 year assignment), High School, MA + 30, 9, 1.0, 10/03/2018, \$53,710.89
(prorated 159 days)

Recommended Action

Approved certified contract as presented.

5.1.4 Approval of Non-Certified Contracts for the 2018-19 School Year

Last Name, First Name, Position, Location, Salary, Effective

Blanch, Timothy, Custodian, High School, \$16.41/hr, 10/29/2018

Fokken, Kim, Custodian, High School, \$16.41/hr, 11/05/2018

Glynn, Jody, Program Support Assistant, High School, \$14.59/hr, 10/22/2018

Mead, Jenna, Program Support Assistant, Central Family Center, \$15.47/hr, 10/25/2018

Molina, Angel, Custodian, Red Oak Elementary School, \$16.41/hr, 11/07/2018

Olfert, Carrie, Office Assistant, Sun Path Elementary School, \$15.05/hr, 11/07/2018

Wicklander, Anne, Food Service, Sun Path Elementary School, \$12.52/hr, 10/29/2018

Recommended Action

Approved the non-certified contracts as presented.

5.1.5 Approval of Long Term Substitute Contracts

Name LTS, Replacing, Position, Location, Approx. Dates, Grade/Step, Approx. Days, FTE, Salary

Arnold, Melissa, Hubert, Katherine, Teacher, Special Services, High School, 10/08/2018 through approx.
1/02/2019, MA Step 3, 1.0, \$256.86/day

Hawkins, Samantha, Keller, Rebecca, Teacher, Grade 1, Jackson Elementary School, 2/03/2019 through
approx. 4/26/2019, BA Step 3, 1.0, \$214.35/day

Kong'a, Alex, Wallace, Kelly, Teacher, Math, High School, 11/01/2018 through approx. 3/29/2019, MA Step 3, 1.0,
\$256.86/day

Macht, Natalie, Koeing, Kellie, Teacher, Math, East Middle School, 10/23/2018 through approx. 1/02/2019, MA
Step 3, 1.0, \$256.86/day

Recommended Action

Approved the unaffiliated contract as presented.

5.1.6 Approval of Co-Curricular Assignments

Last Name, First Name, Position Title

Petersen, Emerald, Jr. National Honor Society

Simon, Calvin, Interim Head Boys Hockey

Loiselle, Edward, Assistant Boys Hockey

Orchard, Peter, Assistant Boys Hockey

Weber, Jeff, Assistant Boys Hockey

Haglund, John, Assistant Boys Hockey

Amundsen, Elizabeth, Math League

Stone, Jody, Youth In Government

Browning- Zerby, Ann, Mock Trial

Amundsen, Thom, One Act Play

Johnston, Matthew, Knowledge Bowl

Bertram, Justin, Speech

Wilson, Katherine, Speech

Brennan, David, Assistant Speech

Forsythe, Joshua, Assistant Speech

Klosa, Brian, Assistant Speech

Miller, Kari, Assistant Speech

Butler, Gary, JH Musical-Choreography

Van Sickle, Karen, JH Musical- Vocal Director

Lohman, Martin, Robotics

Hendrickson, TJ, Robotics

Recommended Action

Approved the co-curricular assignments as presented.

5. 2. Approval of Minutes of the School Board Meeting

Recommended Action

Approved the minutes of the October 22, 2018 School Board Business Meeting.

5. 3. Consideration of Bills and Authorization to Pay Same

Recommended Action

Approved the bills and authorize to pay same as presented.

6. OLD BUSINESS DISCUSSION ITEMS

6. 1. Proposed Graduation Requirements

Shakopee High School Principal Jeff Pawlicki and Academy Principal Ed Cox presented a proposed transition to new graduation requirements for Board review.

6. 2. Update on School District Leases

Temporary Assistant Superintendent Dave Orlovsky and Tokata Learning Center Principal Eric Serbus provided an update for the board regarding the district's Town Square leases in relation to our long-range facility plans.

7. OLD BUSINESS ACTION ITEMS

7. 1. Resolution Canvassing Returns of Votes of School District General Election November 6, 2018

Superintendent Mike Redmond presented a resolution to canvass the November 6, 2018 School Board General Election by accepting the Abstract and Return of Votes Cast delivered to the district by the Scott County Elections Office.

Recommended Action

McKeand/Pass moved BE IT RESOLVED by the School Board of Independent School District No. 720, State of Minnesota, as follows: 1. It is hereby found, determined and declared that the general election of the voters of this school district held on November 6, 2018, in conjunction with the state general election, was in all respects duly and legally called and held. 2. As specified in the attached Abstract and Return of Votes Cast, a total of 24,524 voters of the district voted at said general election on the election of four (4) school board members for four (4) year term vacancies on the board caused by expiration of term on the first Monday in January next following the general election as follows: Kristi Peterson - 7,164, Judith Tomczik - 6,880, Paul Christiansen - 5,538, Joe Aldrich - 5,459, Christy Marie Lewis - 5,391, Lori Fugate - 4,834, Edward Schwaesdall - 3,698, Ivan Pandiyan - 3,405, Deborah G. Mayasich - 3,228, Alexander Lamminen - 2,293. 3. Kristi Peterson, Judith Tomczik, Paul Christiansen and Joe Aldrich (4) year terms beginning on the first Monday in January, 2019. 4. The clerk is hereby directed to certify the results of the election to the county auditor of each county in which the school district is located in whole or in part as presented; motion passed unanimously.

7. 2. Resolution Authorizing Issuance of Certificates of Election and Directing the School District Clerk to Perform Other Election Related Duties

Superintendent Mike Redmond presented a resolution authorizing issuance of certificates of election and directing the School District Clerk to perform other election related duties.

Recommended Action

Hallett/Bowerman moved WHEREAS, the board has canvassed the general election for school board members held in conjunction with the state general election on November 6, 2018. NOW THEREFORE, BE IT RESOLVED

by the School Board of Independent School District No. 720 (Shakopee), State of Minnesota, as follows: 1. The chair and clerk are hereby authorized to execute certificates of election on behalf of the school board of Independent School District No. 720 to the following candidates: a. Kristi Peterson, b. Judith Tomczik, c. Paul Christiansen, d. Joe Aldrich who have received a sufficiently large number of votes to be elected to fill vacancies on the board caused by expiration of term on the first Monday in January next following the election, based on the results of the canvass. 2. The certificate of election shall be in substantially the form attached hereto. 3. After the time for contesting the election has passed and the candidate has filed all campaign financial reports required by Minnesota Statutes, Chapter 211A, the clerk of the school board is hereby directed to deliver a certificate to each person entitled thereto personally or by certified mail. 4. The clerk is hereby directed to enclose with the certificate a form of acceptance of office and oath of office in substantially the form attached hereto as presented; motion passed unanimously.

7. 3. Special Education Programming and Staffing Update

Director of Special Services Julie Fred provided a programming and staffing update for the Board.

Recommended Action

McKeand/Tucker moved to approve the recommended special education staffing adjustments as presented; motion passed unanimously.

8. NEW BUSINESS DISCUSSION ITEMS

8. 1. Draft of the 2019 School Board Meetings and Other Important Dates

Superintendent Mike Redmond presented a draft of the 2019 School Board Meetings and other important dates for Board review.

9. NEW BUSINESS ACTION ITEMS

10. OTHER

11. COMMITTEE REPORTS

12. RECOGNITION OF VISITORS TO BOARD MEETING

13. UPCOMING MEETINGS AND IMPORTANT DATES

November 13, 2018	Finance Committee Meeting	5:00PM
November 14, 2018	BOC	5:00PM
November 15, 2018	Citizens' Financial Advisory Committee	6:00PM
November 26, 2018	Policy Committee Meeting	5:00PM
November 26, 2018	School Board Business Meeting	6:00PM
November 28, 2018	BOC	5:00PM
December 10, 2018	Finance Committee Meeting	5:00PM
December 10, 2018	Truth in Taxation Hearing & Business Meeting	6:00PM
December 12, 2018	BOC	5:00PM

14. ADJOURNMENT

At 7:35PM, McKeand/Tomczik moved to adjourn as presented; motion passed unanimously.

Ultimate EDGE Account's Payable Check Register

Account: CASH

Print Date/Time	Oper	Account Number	Check Number	Payee	Amount	Imaged	Reprint
10/4/2018 11:22:15 AM	EDG	105252057	738796	ADVANCED IMAGING SOLUTIONS	9,850.00	Yes	No
10/4/2018 11:22:15 AM	EDG	105252057	738797	AFFINITECH INC	13,761.18	Yes	No
10/4/2018 11:22:15 AM	EDG	105252057	738798	AIRTECH THERMEX LLC	1,391.00	Yes	No
10/4/2018 11:22:15 AM	EDG	105252057	738799	AMERICAN GLASS & MIRROR	1,230.00	Yes	No
10/4/2018 11:22:15 AM	EDG	105252057	738800	ANCHOR PAPER	4,329.66	Yes	No
10/4/2018 11:22:15 AM	EDG	105252057	738801	BIX PRODUCE CO.	3,539.35	Yes	No
10/4/2018 11:22:15 AM	EDG	105252057	738802	BOHN WELL DRILLING CO	195.00	Yes	No
10/4/2018 11:22:15 AM	EDG	105252057	738803	BOOK CITY	40.70	Yes	No
10/4/2018 11:22:15 AM	EDG	105252057	738804	BROHOLM, SUE	2,069.00	Yes	No
10/4/2018 11:22:16 AM	EDG	105252057	738805	BTU SERVICES, INC.	1,027.58	Yes	No
10/4/2018 11:22:16 AM	EDG	105252057	738806	BUCKEYE CLEANING CENTER	616.20	Yes	No
10/4/2018 11:22:16 AM	EDG	105252057	738807	BURGESSON, NANCY	125.00	Yes	No
10/4/2018 11:22:16 AM	EDG	105252057	738808	CATALYST SOURCING SOLUTIONS	5,214.99	Yes	No
10/4/2018 11:22:16 AM	EDG	105252057	738809	CDW GOVERNMENT	1,339.92	Yes	No
10/4/2018 11:22:16 AM	EDG	105252057	738810	CENTERPOINT ENERGY SERVICES	5,415.88	Yes	No
10/4/2018 11:22:16 AM	EDG	105252057	738811	CITY OF SHAKOPEE	390.00	Yes	No
10/4/2018 11:22:16 AM	EDG	105252057	738812	CUB FOODS	220.96	Yes	No
10/4/2018 11:22:16 AM	EDG	105252057	738813	DEB GUTZMAN	525.00	Yes	No
10/4/2018 11:22:17 AM	EDG	105252057	738814	DICKS SANITATION INC.	5,305.94	Yes	No
10/4/2018 11:22:17 AM	EDG	105252057	738815	DIVERSIFIED SNACK DISTRIBUTORS	5,160.04	Yes	No
10/4/2018 11:22:17 AM	EDG	105252057	738816	EARTHGRAINS	720.12	Yes	No
10/4/2018 11:22:17 AM	EDG	105252057	738817	ECKROTH MUSIC	53.36	Yes	No
10/4/2018 11:22:17 AM	EDG	105252057	738818	GENERAL PARTS , INC	1,793.34	Yes	No
10/4/2018 11:22:17 AM	EDG	105252057	738819	GOPHER SPORT	661.05	Yes	No
10/4/2018 11:22:17 AM	EDG	105252057	738820	GRAINGER, INC.	29.77	Yes	No
10/4/2018 11:22:17 AM	EDG	105252057	738821	GROTH MUSIC	427.84	Yes	No
10/4/2018 11:22:17 AM	EDG	105252057	738822	HIGH TOUCH HIGH TECH OF THE TWIN	220.00	Yes	No
10/4/2018 11:22:17 AM	EDG	105252057	738823	HILLYARD FLOOR CARE HUTCHINSON	13,236.49	Yes	No
10/4/2018 11:22:18 AM	EDG	105252057	738824	HORIZON COMMERCIAL POOL SUPPLY	1,773.54	Yes	No
10/4/2018 11:22:18 AM	EDG	105252057	738825	HOUGHTON MIFFLIN HARCOURT	200.00	Yes	No
10/4/2018 11:22:18 AM	EDG	105252057	738826	INNOVATIVE OFFICE SOLUTIONS	2,818.12	Yes	No
10/4/2018 11:22:18 AM	EDG	105252057	738827	Intelitek, Inc.	32,510.00	Yes	No
10/4/2018 11:22:18 AM	EDG	105252057	738828	JAGUAR COMMUNICATIONS INC	4,590.00	Yes	No
10/4/2018 11:22:18 AM	EDG	105252057	738829	JASPERS MORIARTY & WETHERILLE PA	2,229.70	Yes	No

Ultimate EDGE Account's Payable Check Register

Account: CASH

Print Date/Time	Oper	Account Number	Check Number	Payee	Amount	Imaged	Reprint
10/4/2018 11:22:18 AM	EDG	105252057	738830	JOHNSON CONTROLS	3,217.91	Yes	No
10/4/2018 11:22:18 AM	EDG	105252057	738831	JW PEPPER	863.23	Yes	No
10/4/2018 11:22:18 AM	EDG	105252057	738832	KNUTSON FLYNN & DEANS	5,545.31	Yes	No
10/4/2018 11:22:18 AM	EDG	105252057	738833	KULLY SUPPLY CO	167.28	Yes	No
10/4/2018 11:22:19 AM	EDG	105252057	738834	LACH, THEAVY	100.00	Yes	No
10/4/2018 11:22:19 AM	EDG	105252057	738835	LAURSEN PIANO SERVICE	294.00	Yes	No
10/4/2018 11:22:19 AM	EDG	105252057	738836	LEARNING A-Z	4,222.80	Yes	No
10/4/2018 11:22:19 AM	EDG	105252057	738837	MACKIN EDUCATIONAL RESOURCES	498.21	Yes	No
10/4/2018 11:22:19 AM	EDG	105252057	738838	MASPA/STATE NEGOTIATORS	35.00	Yes	No
10/4/2018 11:22:19 AM	EDG	105252057	738839	MCPHILLIPS BROS ROOFING CO	89,094.04	Yes	No
10/4/2018 11:22:19 AM	EDG	105252057	738840	MEI TOTAL ELEVATOR SOLUTIONS	385.40	Yes	No
10/4/2018 11:22:19 AM	EDG	105252057	738841	METRO COMMUNITY ED DIRECTORS	100.00	Yes	No
10/4/2018 11:22:19 AM	EDG	105252057	738842	MEYER, JACOB A	212.00	Yes	No
10/4/2018 11:22:19 AM	EDG	105252057	738843	MF IRRIGATION SERVICES	930.46	Yes	No
10/4/2018 11:22:20 AM	EDG	105252057	738844	MESPA	639.00	Yes	No
10/4/2018 11:22:20 AM	EDG	105252057	738845	MN HARVEST, LLC	1,295.00	Yes	No
10/4/2018 11:22:20 AM	EDG	105252057	738846	MTI DISTRIBUTING CO	1,071.79	Yes	No
10/4/2018 11:22:20 AM	EDG	105252057	738847	PALMER BUS SERVICES	20,326.84	Yes	No
10/4/2018 11:22:20 AM	EDG	105252057	738848	PARALLEL TECHNOLOGIES INC	920.00	Yes	No
10/4/2018 11:22:20 AM	EDG	105252057	738849	PERFORMANCE FOOD GROUP	1,080.24	Yes	No
10/4/2018 11:22:20 AM	EDG	105252057	738850	PETERSON BROS. ROOFING	622.90	Yes	No
10/4/2018 11:22:20 AM	EDG	105252057	738851	PITNEY BOWES	295.05	Yes	No
10/4/2018 11:22:20 AM	EDG	105252057	738852	PLANSOURCE	2,052.90	Yes	No
10/4/2018 11:22:20 AM	EDG	105252057	738853	PRAIRIE RIVER HOME CARE, INC	5,037.50	Yes	No
10/4/2018 11:22:21 AM	EDG	105252057	738854	PREMIUM WATER CO	42.00	Yes	No
10/4/2018 11:22:21 AM	EDG	105252057	738855	PROVISION MEDIA INC.	400.00	Yes	No
10/4/2018 11:22:21 AM	EDG	105252057	738856	RIVERFRONT PRINTING	669.00	Yes	No
10/4/2018 11:22:21 AM	EDG	105252057	738857	RM COTTON	116.00	Yes	No
10/4/2018 11:22:21 AM	EDG	105252057	738858	Robert Bosch Tool Corporation	17,408.80	Yes	No
10/4/2018 11:22:21 AM	EDG	105252057	738859	ROTO ROOTER	510.00	Yes	No
10/4/2018 11:22:21 AM	EDG	105252057	738860	SAFELINE MANAGEMENTSERVICES	9,700.00	Yes	No
10/4/2018 11:22:21 AM	EDG	105252057	738861	SCHMITT MUSIC COMPANY	53.10	Yes	No
10/4/2018 11:22:21 AM	EDG	105252057	738862	SCHWICKERT'S, INC	7,709.00	Yes	No
10/4/2018 11:22:21 AM	EDG	105252057	738863	SHAKOPEE PUBLIC UTILITY COMMIS	157,677.43	Yes	No

Ultimate EDGE Account's Payable Check Register

Account: CASH

Print Date/Time	Oper	Account Number	Check Number	Payee	Amount	Imaged	Reprint
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10/4/2018 11:22:22 AM	EDG	105252057	738865	SOGO SNACKS	799.75	Yes	No
10/4/2018 11:22:22 AM	EDG	105252057	738866	SOLARWINDS	3,780.00	Yes	No
10/4/2018 11:22:22 AM	EDG	105252057	738867	Soulo Communications	6,070.61	Yes	No
10/4/2018 11:22:22 AM	EDG	105252057	738868	SOURCEWELL	25,140.00	Yes	No
10/4/2018 11:22:22 AM	EDG	105252057	738869	STAR TRIBUNE	111.80	Yes	No
10/4/2018 11:22:22 AM	EDG	105252057	738870	STEPHANIE PLONSKI	187.50	Yes	No
10/4/2018 11:22:22 AM	EDG	105252057	738871	SCHOOL DATEBOOKS	340.58	Yes	No
10/4/2018 11:22:22 AM	EDG	105252057	738872	SUMMIT COMPANIES	902.67	Yes	No
10/4/2018 11:22:22 AM	EDG	105252057	738873	THE COLLEGE BOARD	470.00	Yes	No
10/4/2018 11:22:22 AM	EDG	105252057	738874	THE GOOD ACRE	757.25	Yes	No
10/4/2018 11:22:23 AM	EDG	105252057	738875	TRIO SUPPLY COMPANY	1,072.48	Yes	No
10/4/2018 11:22:23 AM	EDG	105252057	738876	UHL CO., INC	3,335.00	Yes	No
10/4/2018 11:22:23 AM	EDG	105252057	738877	US FOODS, INC.	27,127.33	Yes	No
10/4/2018 11:22:23 AM	EDG	105252057	738878	VARITRONICS, LLC	849.70	Yes	No
10/4/2018 11:22:23 AM	EDG	105252057	738879	YOUTH FRONTIERS INC	2,239.00	Yes	No
10/4/2018 11:22:23 AM	EDG	105252057	738880	ZADRA'S	139.69	Yes	No
10/4/2018 11:22:23 AM	EDG	105252057	738881	ZANERBLOSER	280.33	Yes	No

*** Totals

Total Documents: 86

Total Amount: 529,946.60

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Account: CASH

Print Date/Time	Oper	Account Number	Check Number	Payee	Amount	Imaged	Reprint
10/11/2018 11:21:01 AM	EDG	105252057	738882	AFFINITECH INC	92,222.89	Yes	No
10/11/2018 11:21:01 AM	EDG	105252057	738883	ANCOM COMMUNICATIONS INC	998.00	Yes	No
10/11/2018 11:21:01 AM	EDG	105252057	738884	ANDERSEN, AL	32.00	Yes	No
10/11/2018 11:21:01 AM	EDG	105252057	738885	ANGER, DAVID	134.00	Yes	No
10/11/2018 11:21:01 AM	EDG	105252057	738886	ANOKA-HENNEPIN SCHOOL DISTRICT	470.99	Yes	No
10/11/2018 11:21:02 AM	EDG	105252057	738887	BAUMGARTNER, SARAH	32.00	Yes	No
10/11/2018 11:21:02 AM	EDG	105252057	738888	BELLICOT, BRIAN	87.00	Yes	No
10/11/2018 11:21:02 AM	EDG	105252057	738889	BERAN, ABIGAIL	120.00	Yes	No
10/11/2018 11:21:02 AM	EDG	105252057	738890	BERNDT, NANCY	32.00	Yes	No
10/11/2018 11:21:02 AM	EDG	105252057	738891	BERRY COFFEE COMPANY	837.15	Yes	No
10/11/2018 11:21:02 AM	EDG	105252057	738892	BIG FISH DIGITAL WORKS	20.00	Yes	No
10/11/2018 11:21:02 AM	EDG	105252057	738893	BIX PRODUCE CO.	1,150.76	Yes	No
10/11/2018 11:21:02 AM	EDG	105252057	738894	BLOOM, ELIZABETH - EJM	75.00	Yes	No
10/11/2018 11:21:02 AM	EDG	105252057	738895	BLOOMINGTON JEFFERSON HS	250.00	Yes	No
10/11/2018 11:21:02 AM	EDG	105252057	738896	BOADU, VIVIAN	60.00	Yes	No
10/11/2018 11:21:02 AM	EDG	105252057	738897	BRIGHTBILL, THEODORE W	156.00	Yes	No
10/11/2018 11:21:03 AM	EDG	105252057	738898	BSN SPORTS	100.29	Yes	No
10/11/2018 11:21:03 AM	EDG	105252057	738899	CHASKA HIGH SCHOOL	320.00	Yes	No
10/11/2018 11:21:03 AM	EDG	105252057	738900	CUB FOODS	523.57	Yes	No
10/11/2018 11:21:03 AM	EDG	105252057	738901	CUMMINS SALES AND SERVICE	427.32	Yes	No
10/11/2018 11:21:03 AM	EDG	105252057	738902	DE MEIRELES, VICTOR	127.00	Yes	No
10/11/2018 11:21:03 AM	EDG	105252057	738903	DEARLY, JERRY M	750.00	Yes	No
10/11/2018 11:21:03 AM	EDG	105252057	738904	DIVERSIFIED SNACK DISTRIBUTORS	1,040.17	Yes	No
10/11/2018 11:21:03 AM	EDG	105252057	738905	DORFNER, JOHN	87.00	Yes	No
10/11/2018 11:21:03 AM	EDG	105252057	738906	EARTHGRAINS	297.12	Yes	No
10/11/2018 11:21:03 AM	EDG	105252057	738907	ERNST, CASSANDRA - EC	200.00	Yes	No
10/11/2018 11:21:03 AM	EDG	105252057	738908	FISHER SCIENTIFIC	9,936.84	Yes	No
10/11/2018 11:21:04 AM	EDG	105252057	738909	FULTON, LISA	1,200.00	Yes	No
10/11/2018 11:21:04 AM	EDG	105252057	738910	FULTON, STEVE	115.00	Yes	No
10/11/2018 11:21:04 AM	EDG	105252057	738911	GENERAL PARTS , INC	611.56	Yes	No
10/11/2018 11:21:04 AM	EDG	105252057	738912	GROTH MUSIC	523.04	Yes	No
10/11/2018 11:21:04 AM	EDG	105252057	738913	HAGER, JEFF - JAXN	75.00	Yes	No
10/11/2018 11:21:04 AM	EDG	105252057	738914	HALDEMAN-HOMME INC	6,469.00	Yes	No
10/11/2018 11:21:04 AM	EDG	105252057	738915	HARRINGTON, MARY	9.25	Yes	No

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Print Date/Time	Oper	Account Number	Check Number	Payee	Amount	Imaged	Reprint
10/11/2018 11:21:04 AM	EDG	105252057	738916	HARTMAN, SARAH	200.00	Yes	No
10/11/2018 11:21:05 AM	EDG	105252057	738917	HEINEMANN	217.80	Yes	No
10/11/2018 11:21:05 AM	EDG	105252057	738918	HENGEL, KRISTEN - JAXN	200.00	Yes	No
10/11/2018 11:21:05 AM	EDG	105252057	738919	HENNEN, JENNA - EC	200.00	Yes	No
10/11/2018 11:21:05 AM	EDG	105252057	738920	HILLYARD FLOOR CARE HUTCHINSON	203.11	Yes	No
10/11/2018 11:21:05 AM	EDG	105252057	738921	HOMMERDING, GERILYN	17.00	Yes	No
10/11/2018 11:21:05 AM	EDG	105252057	738922	HOUGHTON MIFFLIN	210.65	Yes	No
10/11/2018 11:21:05 AM	EDG	105252057	738923	INNOVATIVE GRAPHICS	394.00	Yes	No
10/11/2018 11:21:05 AM	EDG	105252057	738924	INNOVATIVE OFFICE SOLUTIONS	828.23	Yes	No
10/11/2018 11:21:05 AM	EDG	105252057	738925	INTERMEDIATE DISTRICT 287	6,011.18	Yes	No
10/11/2018 11:21:05 AM	EDG	105252057	738926	J&R SCHOOL SUPPLIES	694.00	Yes	No
10/11/2018 11:21:06 AM	EDG	105252057	738927	JONCKOWSKI, DICK	65.00	Yes	No
10/11/2018 11:21:06 AM	EDG	105252057	738928	JUREWICZ, MATT	87.00	Yes	No
10/11/2018 11:21:06 AM	EDG	105252057	738929	JW PEPPER	64.93	Yes	No
10/11/2018 11:21:06 AM	EDG	105252057	738930	K12 BUSINESS SERCES LLC	2,369.12	Yes	No
10/11/2018 11:21:06 AM	EDG	105252057	738931	KAHMEYER, TROY	127.00	Yes	No
10/11/2018 11:21:06 AM	EDG	105252057	738932	KARST, BONNIE	184.00	Yes	No
10/11/2018 11:21:06 AM	EDG	105252057	738933	KL GRAPHIC DESIGN	1,500.00	Yes	No
10/11/2018 11:21:06 AM	EDG	105252057	738934	KNOBLAUCH, TOM	87.00	Yes	No
10/11/2018 11:21:06 AM	EDG	105252057	738935	KOPPANG, MIKE	67.00	Yes	No
10/11/2018 11:21:06 AM	EDG	105252057	738936	KULLY SUPPLY CO	273.30	Yes	No
10/11/2018 11:21:06 AM	EDG	105252057	738937	LACH, THEAVY	50.00	Yes	No
10/11/2018 11:21:07 AM	EDG	105252057	738938	LOFFLER	3,204.40	Yes	No
10/11/2018 11:21:07 AM	EDG	105252057	738939	LUBOW, SCOTT	67.00	Yes	No
10/11/2018 11:21:07 AM	EDG	105252057	738940	MAAP	75.00	Yes	No
10/11/2018 11:21:07 AM	EDG	105252057	738941	MACKIN EDUCATIONAL RESOURCES	364.48	Yes	No
10/11/2018 11:21:07 AM	EDG	105252057	738942	MCINTOSH, ALAN	52.00	Yes	No
10/11/2018 11:21:07 AM	EDG	105252057	738943	MCSHANE, JAMES	127.00	Yes	No
10/11/2018 11:21:07 AM	EDG	105252057	738944	MERLINO, RORY	52.00	Yes	No
10/11/2018 11:21:07 AM	EDG	105252057	738945	MINNESOTA HIGHWAY SAFETY & RESE	220.00	Yes	No
10/11/2018 11:21:07 AM	EDG	105252057	738946	MINNESOTA NATIONAL WRESTLING DU	400.00	Yes	No
10/11/2018 11:21:07 AM	EDG	105252057	738947	MINNESOTA STATE BAR ASSOCIATION	305.00	Yes	No
10/11/2018 11:21:08 AM	EDG	105252057	738948	MN CLAY USA	559.75	Yes	No
10/11/2018 11:21:08 AM	EDG	105252057	738949	MN HARVEST, LLC	2,135.00	Yes	No

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10/11/2018 11:21:08 AM	EDG	105252057	738950	MN LUTHERN DISTRICT TEACHERS CO	700.00	Yes	No
10/11/2018 11:21:08 AM	EDG	105252057	738951	MONOPRICE.COM	39.25	Yes	No
10/11/2018 11:21:08 AM	EDG	105252057	738952	MUSIC MART	1,213.24	Yes	No
10/11/2018 11:21:08 AM	EDG	105252057	738953	NEWS-2-YOU, INC.	2,296.38	Yes	No
10/11/2018 11:21:08 AM	EDG	105252057	738954	NGUYEN, JACQUELINE	2,500.00	Yes	No
10/11/2018 11:21:08 AM	EDG	105252057	738955	NORTHSTAR AV LLC	400.00	Yes	No
10/11/2018 11:21:08 AM	EDG	105252057	738956	NWAOFUNE, PETER	312.00	Yes	No
10/11/2018 11:21:08 AM	EDG	105252057	738957	OELFKE, MARK	87.00	Yes	No
10/11/2018 11:21:09 AM	EDG	105252057	738958	OLSON, PATRICIA	15.00	Yes	No
10/11/2018 11:21:09 AM	EDG	105252057	738959	PALMER BUS SERVICES	124,466.15	Yes	No
10/11/2018 11:21:09 AM	EDG	105252057	738960	PARK NICOLLET HEALTH SERVICES	855.00	Yes	No
10/11/2018 11:21:09 AM	EDG	105252057	738961	PERFORMANCE FOOD GROUP	613.51	Yes	No
10/11/2018 11:21:09 AM	EDG	105252057	738962	PHOENIX SCHOOL COUNSELING,LLC	8,028.60	Yes	No
10/11/2018 11:21:09 AM	EDG	105252057	738963	POWERS, JENNA ESTHER	52.00	Yes	No
10/11/2018 11:21:09 AM	EDG	105252057	738964	PRAIRIE RIVER HOME CARE, INC	503.75	Yes	No
10/11/2018 11:21:09 AM	EDG	105252057	738965	RAMIC, ALMIN	127.00	Yes	No
10/11/2018 11:21:10 AM	EDG	105252057	738966	REED, SCOTT	134.00	Yes	No
10/11/2018 11:21:10 AM	EDG	105252057	738967	REYES, GERARDO	52.00	Yes	No
10/11/2018 11:21:10 AM	EDG	105252057	738968	RIES, JESSICA	43.82	Yes	No
10/11/2018 11:21:10 AM	EDG	105252057	738969	RITCHIE, PEARCE R.	237.25	Yes	No
10/11/2018 11:21:10 AM	EDG	105252057	738970	RIVER VALLEY YMCA	13,173.66	Yes	No
10/11/2018 11:21:10 AM	EDG	105252057	738971	Robert Bosch Tool Corporation	629.80	Yes	No
10/11/2018 11:21:10 AM	EDG	105252057	738972	ROCK, KEITH A	127.00	Yes	No
10/11/2018 11:21:10 AM	EDG	105252057	738973	RUEGG, DIANNE - RO	200.00	Yes	No
10/11/2018 11:21:10 AM	EDG	105252057	738974	RUNYAN JENNIFER	200.00	Yes	No
10/11/2018 11:21:10 AM	EDG	105252057	738975	RYDIN DECAL CUSTOM IMAGE	180.73	Yes	No
10/11/2018 11:21:11 AM	EDG	105252057	738976	SATERDALEN, PAIGE	200.00	Yes	No
10/11/2018 11:21:11 AM	EDG	105252057	738977	SCHNEIDER, STEVE	87.00	Yes	No
10/11/2018 11:21:11 AM	EDG	105252057	738978	SCHOLASTIC , INC	782.88	Yes	No
10/11/2018 11:21:11 AM	EDG	105252057	738979	SCHULTZ, HEATHER	77.00	Yes	No
10/11/2018 11:21:11 AM	EDG	105252057	738980	SCOTT COUNTY	3,563.00	Yes	No
10/11/2018 11:21:11 AM	EDG	105252057	738981	SHRED-N-GO, INC.	764.60	Yes	No
10/11/2018 11:21:11 AM	EDG	105252057	738982	SOUTHWEST METRO EDUCATIONAL CO	15.00	Yes	No
10/11/2018 11:21:11 AM	EDG	105252057	738983	SWANSON MEATS INC	2,959.00	Yes	No

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Print Date/Time	Oper	Account Number	Check Number	Payee	Amount	Imaged	Reprint
10/11/2018 11:21:12 AM	EDG	105252057	738984	TENORIO, FABIO	224.00	Yes	No
10/11/2018 11:21:12 AM	EDG	105252057	738985	THOMPSON, JILL - RO	200.00	Yes	No
10/11/2018 11:21:12 AM	EDG	105252057	738986	TIERNEY BROTHERS INC	1,625.85	Yes	No
10/11/2018 11:21:12 AM	EDG	105252057	738987	TISCHENDORF, MIKE	87.00	Yes	No
10/11/2018 11:21:12 AM	EDG	105252057	738988	TRANG, KRIS	130.00	Yes	No
10/11/2018 11:21:12 AM	EDG	105252057	738989	TRIO SUPPLY COMPANY	3,461.93	Yes	No
10/11/2018 11:21:12 AM	EDG	105252057	738990	TRUSTED EMPLOYEES	617.40	Yes	No
10/11/2018 11:21:12 AM	EDG	105252057	738991	UNIVERSAL ATHLETIC SERVICE	2,787.00	Yes	No
10/11/2018 11:21:12 AM	EDG	105252057	738992	US FOODS, INC.	35,405.83	Yes	No
10/11/2018 11:21:12 AM	EDG	105252057	738993	VALLEY SPORTS	550.25	Yes	No
10/11/2018 11:21:13 AM	EDG	105252057	738994	VAN CLEVE, MERCEDES	2,500.00	Yes	No
10/11/2018 11:21:13 AM	EDG	105252057	738995	VANDERVEREN, BRAD	134.00	Yes	No
10/11/2018 11:21:13 AM	EDG	105252057	738996	VARITRONICS, LLC	1,637.80	Yes	No
10/11/2018 11:21:13 AM	EDG	105252057	738997	VERIZON WIRELESS	4,000.68	Yes	No
10/11/2018 11:21:13 AM	EDG	105252057	738998	VERSLUIS, JR FRANS	104.00	Yes	No
10/11/2018 11:21:13 AM	EDG	105252057	738999	WAREHAM, TIMOTHY	127.00	Yes	No
10/11/2018 11:21:13 AM	EDG	105252057	739000	Warners Stellan Co Inc	19,819.65	Yes	No
10/11/2018 11:21:13 AM	EDG	105252057	739001	WATER TO YOU	33.00	Yes	No
10/11/2018 11:21:13 AM	EDG	105252057	739002	WEHR, TIMOTHY	67.00	Yes	No
10/11/2018 11:21:13 AM	EDG	105252057	739003	WESTERN PSYCHOLOGICAL SERVICES	158.00	Yes	No
10/11/2018 11:21:13 AM	EDG	105252057	739004	WILMES, JENNIFER	1,375.00	Yes	No
10/11/2018 11:21:14 AM	EDG	105252057	739005	WORM, PHILIP	67.00	Yes	No
10/11/2018 11:21:14 AM	EDG	105252057	739006	ZEYEN, DONALD W	67.00	Yes	No

*** Totals

Total Documents: 125

Total Amount: 381,916.91

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10/18/2018 11:02:31 AM	EDG	105252057	739018	ADVANCED IMAGING SOLUTIONS	1,746.85	Yes	No
10/18/2018 11:02:31 AM	EDG	105252057	739019	AG IREPAIR	2,078.00	Yes	No
10/18/2018 11:02:31 AM	EDG	105252057	739020	AIRGAS NATIONAL CARBONATION	288.33	Yes	No
10/18/2018 11:02:31 AM	EDG	105252057	739021	ALICE TRAINING INSTITUTE	10,711.00	Yes	No
10/18/2018 11:02:31 AM	EDG	105252057	739022	ANCHOR PAPER	2,690.00	Yes	No
10/18/2018 11:02:31 AM	EDG	105252057	739023	ARTHUR, PAULA	1,250.00	Yes	No
10/18/2018 11:02:31 AM	EDG	105252057	739024	ASSOCIATED MECHANICAL SERVICES	739.95	Yes	No
10/18/2018 11:02:31 AM	EDG	105252057	739025	ATLAS STAFFING	2,192.32	Yes	No
10/18/2018 11:02:31 AM	EDG	105252057	739026	BATTERIES R US	103.71	Yes	No
10/18/2018 11:02:31 AM	EDG	105252057	739027	BIX PRODUCE CO.	7,437.41	Yes	No
10/18/2018 11:02:32 AM	EDG	105252057	739028	BLICK ART MATERIALS	848.35	Yes	No
10/18/2018 11:02:32 AM	EDG	105252057	739029	BRAUN INTERTEC CORPORATION	10,417.75	Yes	No
10/18/2018 11:02:32 AM	EDG	105252057	739030	BTU SERVICES, INC.	1,075.43	Yes	No
10/18/2018 11:02:32 AM	EDG	105252057	739031	CDW GOVERNMENT	334.98	Yes	No
10/18/2018 11:02:32 AM	EDG	105252057	739032	CENTERPOINT ENERGY MINNEGASCO	261.78	Yes	No
10/18/2018 11:02:32 AM	EDG	105252057	739033	CHOICE ELECTRIC, INC	6,193.31	Yes	No
10/18/2018 11:02:32 AM	EDG	105252057	739034	CITY OF SHAKOPEE	2,924.40	Yes	No
10/18/2018 11:02:32 AM	EDG	105252057	739035	COFFEE MILL INC	102.00	Yes	No
10/18/2018 11:02:33 AM	EDG	105252057	739036	CUB FOODS	137.75	Yes	No
10/18/2018 11:02:33 AM	EDG	105252057	739037	CULLIGAN BOTTLED WATER	123.60	Yes	No
10/18/2018 11:02:33 AM	EDG	105252057	739038	DEARLY, JERRY M	400.00	Yes	No
10/18/2018 11:02:33 AM	EDG	105252057	739039	DEPARTMENT OF HUMAN SERVICES	366.00	Yes	No
10/18/2018 11:02:33 AM	EDG	105252057	739040	DISCOUNT SCHOOL SUPPLY	4,297.32	Yes	No
10/18/2018 11:02:33 AM	EDG	105252057	739041	DIVERSIFIED SNACK DISTRIBUTORS	9,132.36	Yes	No
10/18/2018 11:02:33 AM	EDG	105252057	739042	EARTHGRAINS	2,454.44	Yes	No
10/18/2018 11:02:33 AM	EDG	105252057	739043	FERNDALE MARKET LLC	4,775.90	Yes	No
10/18/2018 11:02:33 AM	EDG	105252057	739044	FISHER SCIENTIFIC	1,509.36	Yes	No
10/18/2018 11:02:33 AM	EDG	105252057	739045	GENERAL OFFICE PRODUCTS	143,317.00	Yes	No
10/18/2018 11:02:34 AM	EDG	105252057	739046	GENERAL PARTS , INC	6,889.49	Yes	No
10/18/2018 11:02:34 AM	EDG	105252057	739047	GRAINGER, INC.	109.38	Yes	No
10/18/2018 11:02:34 AM	EDG	105252057	739048	GROTH MUSIC	962.97	Yes	No
10/18/2018 11:02:34 AM	EDG	105252057	739049	HASTINGS COOPERATIVE CREAMERY	14,299.10	Yes	No
10/18/2018 11:02:34 AM	EDG	105252057	739050	HILLSHIRE BRANDS CO	4,200.42	Yes	No
10/18/2018 11:02:34 AM	EDG	105252057	739051	HILLYARD FLOOR CARE HUTCHINSON	837.67	Yes	No

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10/18/2018 11:02:34 AM	EDG	105252057	739052	HORIZON COMMERCIAL POOL SUPPLY	240.63	Yes	No
10/18/2018 11:02:34 AM	EDG	105252057	739053	HOUGHTON MIFFLIN HARCOURT	88.00	Yes	No
10/18/2018 11:02:34 AM	EDG	105252057	739054	INFINITE CAMPUS, INC.	1,840.00	Yes	No
10/18/2018 11:02:35 AM	EDG	105252057	739055	INNOVATIVE OFFICE SOLUTIONS	518.34	Yes	No
10/18/2018 11:02:35 AM	EDG	105252057	739056	INSTITUTE FOR ENVIRON ASSESS	190.25	Yes	No
10/18/2018 11:02:35 AM	EDG	105252057	739057	JOHNSON CONTROLS	18,899.00	Yes	No
10/18/2018 11:02:35 AM	EDG	105252057	739058	JW PEPPER	55.00	Yes	No
10/18/2018 11:02:35 AM	EDG	105252057	739059	LACH, THEAVY	50.00	Yes	No
10/18/2018 11:02:35 AM	EDG	105252057	739060	LAURSEN PIANO SERVICE	98.00	Yes	No
10/18/2018 11:02:35 AM	EDG	105252057	739061	LINCOLN NATIONAL LIFE INS CO	48,014.34	Yes	No
10/18/2018 11:02:35 AM	EDG	105252057	739062	LOFFLER	10,579.65	Yes	No
10/18/2018 11:02:35 AM	EDG	105252057	739063	LOWES	108.88	Yes	No
10/18/2018 11:02:35 AM	EDG	105252057	739064	LUNCH LADY U, LLC	105.00	Yes	No
10/18/2018 11:02:36 AM	EDG	105252057	739065	MACKIN EDUCATIONAL RESOURCES	208.74	Yes	No
10/18/2018 11:02:36 AM	EDG	105252057	739066	MCEA/MINNESOTA COMNTY ED ASSN	697.00	Yes	No
10/18/2018 11:02:36 AM	EDG	105252057	739067	MN DEPT OF LABOR AND INDUSTRY	30.00	Yes	No
10/18/2018 11:02:36 AM	EDG	105252057	739068	MN DEPT OF LABOR AND INDUSTRY	140.00	Yes	No
10/18/2018 11:02:36 AM	EDG	105252057	739069	MN HARVEST, LLC	1,295.00	Yes	No
10/18/2018 11:02:36 AM	EDG	105252057	739070	MONOPRICE.COM	4.54	Yes	No
10/18/2018 11:02:36 AM	EDG	105252057	739071	MUSIC MART	56,108.60	Yes	No
10/18/2018 11:02:36 AM	EDG	105252057	739072	NASCO	31.24	Yes	No
10/18/2018 11:02:37 AM	EDG	105252057	739073	NEOPOST	1,039.00	Yes	No
10/18/2018 11:02:37 AM	EDG	105252057	739074	NORMANDEALE COMMUNITY COLLEGE	11,410.00	Yes	No
10/18/2018 11:02:37 AM	EDG	105252057	739075	PALMER BUS SERVICES	971.45	Yes	No
10/18/2018 11:02:37 AM	EDG	105252057	739076	PARALLEL TECHNOLOGIES INC	230.00	Yes	No
10/18/2018 11:02:37 AM	EDG	105252057	739077	PEARSON EDUCATION	98.00	Yes	No
10/18/2018 11:02:37 AM	EDG	105252057	739078	PERFORMANCE FOOD GROUP	4,736.95	Yes	No
10/18/2018 11:02:37 AM	EDG	105252057	739079	PETERSON BROS. ROOFING	1,351.28	Yes	No
10/18/2018 11:02:37 AM	EDG	105252057	739080	PITNEY BOWES PURCHASE POWER	500.00	Yes	No
10/18/2018 11:02:38 AM	EDG	105252057	739081	PRAIRIE RIVER HOME CARE, INC	2,015.00	Yes	No
10/18/2018 11:02:38 AM	EDG	105252057	739082	PRO TURF	11,113.50	Yes	No
10/18/2018 11:02:38 AM	EDG	105252057	739083	REGION V COMPUTER SERVICES	522.50	Yes	No
10/18/2018 11:02:38 AM	EDG	105252057	739084	RIVERFRONT PRINTING	308.00	Yes	No
10/18/2018 11:02:38 AM	EDG	105252057	739085	ROUNDS RECYCLING AND WASTE LLC	274.91	Yes	No

Ultimate EDGE Account's Payable Check Register

Account: CASH

Print Date/Time	Oper	Account Number	Check Number	Payee	Amount	Imaged	Reprint
10/18/2018 11:02:38 AM	EDG	105252057	739086	SAFETY FIRST PLAYGROUND SURFAC	6,030.60	Yes	No
10/18/2018 11:02:38 AM	EDG	105252057	739087	SCHMITT MUSIC COMPANY	90.77	Yes	No
10/18/2018 11:02:38 AM	EDG	105252057	739088	SCOTT COUNTY	192.68	Yes	No
10/18/2018 11:02:38 AM	EDG	105252057	739089	SECURITY CONTROL SYSTEMS, INC	8,907.45	Yes	No
10/18/2018 11:02:39 AM	EDG	105252057	739090	SHAMROCK GROUP	1,109.05	Yes	No
10/18/2018 11:02:39 AM	EDG	105252057	739091	SM HENTGES & SONS INC	4,428.19	Yes	No
10/18/2018 11:02:39 AM	EDG	105252057	739092	Soulo Communications	1,633.86	Yes	No
10/18/2018 11:02:39 AM	EDG	105252057	739093	SW NEWS MEDIA	67.62	Yes	No
10/18/2018 11:02:39 AM	EDG	105252057	739094	STILLWATER PRINTING COMPANY	69.11	Yes	No
10/18/2018 11:02:39 AM	EDG	105252057	739095	SUNDE LAND SURVEYING	1,148.64	Yes	No
10/18/2018 11:02:39 AM	EDG	105252057	739096	SWANSON MEATS INC	538.00	Yes	No
10/18/2018 11:02:39 AM	EDG	105252057	739097	TDS METROCOM	3,783.96	Yes	No
10/18/2018 11:02:39 AM	EDG	105252057	739098	THE GOOD ACRE	148.50	Yes	No
10/18/2018 11:02:39 AM	EDG	105252057	739099	THREE RIVERS PARK DIST	834.62	Yes	No
10/18/2018 11:02:40 AM	EDG	105252057	739100	TIERNEY BROTHERS INC	58.74	Yes	No
10/18/2018 11:02:40 AM	EDG	105252057	739101	TOTAL RENTAL	91.10	Yes	No
10/18/2018 11:02:40 AM	EDG	105252057	739102	TRANG, KRIS	70.00	Yes	No
10/18/2018 11:02:40 AM	EDG	105252057	739103	TRI DIM FILTER CORPORATION	845.78	Yes	No
10/18/2018 11:02:40 AM	EDG	105252057	739104	TRIARCO ARTS & CRAFTS	95.76	Yes	No
10/18/2018 11:02:40 AM	EDG	105252057	739105	TRIO SUPPLY COMPANY	2,098.42	Yes	No
10/18/2018 11:02:40 AM	EDG	105252057	739106	UHL CO., INC	9,240.81	Yes	No
10/18/2018 11:02:40 AM	EDG	105252057	739107	ULINE	2,193.22	Yes	No
10/18/2018 11:02:40 AM	EDG	105252057	739108	UPPER LAKES FOODS	1,940.55	Yes	No
10/18/2018 11:02:41 AM	EDG	105252057	739109	US FOODS, INC.	60,144.11	Yes	No

*** Totals

Total Documents: 92

Total Amount: 524,842.67

Ultimate EDGE Account's Payable Check Register

Account:

Print Date/Time	Oper	Account Number	Check Number	Payee	Amount	Imaged	Reprint
10/26/2018 9:45:07 AM	EDG	105252057	739110	AMERICAN GLASS & MIRROR	205.00	No	Yes
10/26/2018 9:45:07 AM	EDG	105252057	739111	ANCHOR PAPER	3,425.00	No	Yes
10/26/2018 9:45:07 AM	EDG	105252057	739112	ANDERSEN, AL	64.00	No	Yes
10/26/2018 9:45:07 AM	EDG	105252057	739113	ANDERSON'S MIDDLE ZONE	496.90	No	Yes
10/26/2018 9:45:07 AM	EDG	105252057	739114	ANDERSON, JOHN A	350.00	No	Yes
10/26/2018 9:45:07 AM	EDG	105252057	739115	APPLE FORD SHAKOPEE	54.14	No	Yes
10/26/2018 9:45:08 AM	EDG	105252057	739116	ARCH LANGUAGE NETWORK INC	1,110.00	No	Yes
10/26/2018 9:45:08 AM	EDG	105252057	739117	ARMSTRONG HIGH SCHOOL	300.00	No	Yes
10/26/2018 9:45:08 AM	EDG	105252057	739118	APPLE VALLEY HIGH SCHOOL	245.00	No	Yes
10/26/2018 9:45:08 AM	EDG	105252057	739119	BANYAI, KELLY	67.00	No	Yes
10/26/2018 9:45:08 AM	EDG	105252057	739120	BATTERIES R US	3,079.91	No	Yes
10/26/2018 9:45:08 AM	EDG	105252057	739121	BAUMGARTNER, SARAH	92.00	No	Yes
10/26/2018 9:45:08 AM	EDG	105252057	739122	BERANAK, MARI	100.00	No	Yes
10/26/2018 9:45:08 AM	EDG	105252057	739123	BERNDT, NANCY	32.00	No	Yes
10/26/2018 9:45:08 AM	EDG	105252057	739124	BERRY COFFEE COMPANY	280.24	No	Yes
10/26/2018 9:45:08 AM	EDG	105252057	739125	BIFFS INC	1,595.00	No	Yes
10/26/2018 9:45:08 AM	EDG	105252057	739126	BIX PRODUCE CO.	669.25	No	Yes
10/26/2018 9:45:09 AM	EDG	105252057	739127	BLOOMINGTON JEFFERSON HS	150.00	No	Yes
10/26/2018 9:45:09 AM	EDG	105252057	739128	BOCK, FRED	67.00	No	Yes
10/26/2018 9:45:09 AM	EDG	105252057	739129	BOTHOF, TIM	67.00	No	Yes
10/26/2018 9:45:09 AM	EDG	105252057	739130	BROHOLM, SUE	2,069.00	No	Yes
10/26/2018 9:45:09 AM	EDG	105252057	739131	BSN SPORTS	13,576.49	No	Yes
10/26/2018 9:45:09 AM	EDG	105252057	739132	BUCKEYE CLEANING CENTER	491.76	No	Yes
10/26/2018 9:45:09 AM	EDG	105252057	739133	BUSSEY, BENJAMIN ALDEN	360.00	No	Yes
10/26/2018 9:45:09 AM	EDG	105252057	739134	CAMACHO RUIZ, JESUS	100.00	No	Yes
10/26/2018 9:45:09 AM	EDG	105252057	739135	CANON FINANCIAL SERVICES	220.22	No	Yes
10/26/2018 9:45:09 AM	EDG	105252057	739136	CAPFIRST EQUIPMENT FINANCE	750.00	No	Yes
10/26/2018 9:45:09 AM	EDG	105252057	739137	CENTERPOINT ENERGY MINNEGASCO	3,168.86	No	Yes
10/26/2018 9:45:10 AM	EDG	105252057	739138	CENTERPOINT ENERGY SERVICES	6,886.35	No	Yes
10/26/2018 9:45:10 AM	EDG	105252057	739139	CENTURYLINK	102.98	No	Yes
10/26/2018 9:45:10 AM	EDG	105252057	739140	CHOICE ELECTRIC, INC	2,672.00	No	Yes
10/26/2018 9:45:10 AM	EDG	105252057	739141	CITY OF SHAKOPEE	130.00	No	Yes
10/26/2018 9:45:10 AM	EDG	105252057	739142	CSTMN	7,528.66	No	Yes
10/26/2018 9:45:10 AM	EDG	105252057	739143	CUB FOODS	255.59	No	Yes

Ultimate EDGE Account's Payable Check Register

Account:

Print Date/Time	Oper	Account Number	Check Number	Payee	Amount	Imaged	Reprint
10/26/2018 9:45:10 AM	EDG	105252057	739144	DEARLY, JERRY M	700.00	No	Yes
10/26/2018 9:45:10 AM	EDG	105252057	739145	DIVERSIFIED SNACK DISTRIBUTORS	2,750.86	No	Yes
10/26/2018 9:45:10 AM	EDG	105252057	739146	DOMEIER, DANIELLE NICOLE	115.00	No	Yes
10/26/2018 9:45:10 AM	EDG	105252057	739147	EARTHGRAINS	219.77	No	Yes
10/26/2018 9:45:10 AM	EDG	105252057	739148	EAST RIDGE HIGH SCHOOL	300.00	No	Yes
10/26/2018 9:45:10 AM	EDG	105252057	739149	EASTVIEW HIGH SCHOOL	250.00	No	Yes
10/26/2018 9:45:11 AM	EDG	105252057	739150	ELMI, FARTUN	100.00	No	Yes
10/26/2018 9:45:11 AM	EDG	105252057	739151	FAGER, STEVEN E	67.00	No	Yes
10/26/2018 9:45:11 AM	EDG	105252057	739152	FREMONT INDUSTRIES, INC.	668.04	No	Yes
10/26/2018 9:45:11 AM	EDG	105252057	739153	GAILFUS TRAILER MARKETING	200.00	No	Yes
10/26/2018 9:45:11 AM	EDG	105252057	739154	HILLYARD / HUTCHINSON	13,058.70	No	Yes
10/26/2018 9:45:11 AM	EDG	105252057	739155	ICS CONSULTING INC	7,000.00	No	Yes
10/26/2018 9:45:11 AM	EDG	105252057	739156	IMPACT APPLICATIONS INC	875.00	No	Yes
10/26/2018 9:45:11 AM	EDG	105252057	739157	INNOVATIVE GRAPHICS	500.00	No	Yes
10/26/2018 9:45:11 AM	EDG	105252057	739158	INNOVATIVE OFFICE SOLUTIONS	424.89	No	Yes
10/26/2018 9:45:11 AM	EDG	105252057	739159	INSTITUTE FOR ENVIRON ASSESS	2,150.96	No	Yes
10/26/2018 9:45:11 AM	EDG	105252057	739160	JAH SCHEDULING, LLC	270.00	No	Yes
10/26/2018 9:45:12 AM	EDG	105252057	739161	JOHNSON CONTROLS	217.60	No	Yes
10/26/2018 9:45:12 AM	EDG	105252057	739162	JONCKOWSKI, DICK	65.00	No	Yes
10/26/2018 9:45:12 AM	EDG	105252057	739163	Jones Bartlett Learning, L.L.C.	3,423.16	No	Yes
10/26/2018 9:45:12 AM	EDG	105252057	739164	JUREWICZ, FRED	156.00	No	Yes
10/26/2018 9:45:12 AM	EDG	105252057	739165	KING, LARRY	87.00	No	Yes
10/26/2018 9:45:12 AM	EDG	105252057	739166	KLEINFEHN, MILICENT - HS	593.49	No	Yes
10/26/2018 9:45:12 AM	EDG	105252057	739167	LACH, THEAVY	50.00	No	Yes
10/26/2018 9:45:12 AM	EDG	105252057	739168	LAKEVILLE HIGH SCHOOL SOUTH	125.00	No	Yes
10/26/2018 9:45:12 AM	EDG	105252057	739169	LAURSEN PIANO SERVICE	196.00	No	Yes
10/26/2018 9:45:12 AM	EDG	105252057	739170	LAVALLIE, STEVEN	115.00	No	Yes
10/26/2018 9:45:12 AM	EDG	105252057	739171	LIEBL, MICHELLE	100.00	No	Yes
10/26/2018 9:45:13 AM	EDG	105252057	739172	LOFFLER	163.55	No	Yes
10/26/2018 9:45:13 AM	EDG	105252057	739173	LOUIS DEGIDIO SERVICES INC	60.72	No	Yes
10/26/2018 9:45:13 AM	EDG	105252057	739174	MADSON, GARY	160.00	No	Yes
10/26/2018 9:45:13 AM	EDG	105252057	739175	MADURA, TOM	69.00	No	Yes
10/26/2018 9:45:13 AM	EDG	105252057	739176	MARSHALL, GREG	115.00	No	Yes
10/26/2018 9:45:13 AM	EDG	105252057	739177	MEYER, JACOB A	177.00	No	Yes

Ultimate EDGE Account's Payable Check Register

Account:

Print Date/Time	Oper	Account Number	Check Number	Payee	Amount	Imaged	Reprint
10/26/2018 9:45:13 AM	EDG	105252057	739178	MF IRRIGATION SERVICES	1,275.00	No	Yes
10/26/2018 9:45:13 AM	EDG	105252057	739179	MID COUNTY COOP	282.88	No	Yes
10/26/2018 9:45:13 AM	EDG	105252057	739180	MINNESOTA SCIENCE OLYMPIAD	150.00	No	Yes
10/26/2018 9:45:13 AM	EDG	105252057	739181	MN DEPT OF LABOR AND INDUSTRY	100.00	No	Yes
10/26/2018 9:45:13 AM	EDG	105252057	739182	MN WRESTLING EVENTS	350.00	No	Yes
10/26/2018 9:45:14 AM	EDG	105252057	739183	NAKAO, TYNIQUE	50.50	No	Yes
10/26/2018 9:45:14 AM	EDG	105252057	739184	NELSON, DAVID A.	69.00	No	Yes
10/26/2018 9:45:14 AM	EDG	105252057	739185	NELSON, DENISE	130.00	No	Yes
10/26/2018 9:45:14 AM	EDG	105252057	739186	NEUMAN, MICHAEL	69.00	No	Yes
10/26/2018 9:45:14 AM	EDG	105252057	739187	OFFICE OF MN IT SERVICES	421.27	No	Yes
10/26/2018 9:45:14 AM	EDG	105252057	739188	PALMER BUS SERVICES	286,469.90	No	Yes
10/26/2018 9:45:14 AM	EDG	105252057	739189	PARALLEL TECHNOLOGIES INC	44,090.96	No	Yes
10/26/2018 9:45:14 AM	EDG	105252057	739190	PATTERMAN, GENEVIEVE	61.70	No	Yes
10/26/2018 9:45:14 AM	EDG	105252057	739191	PERFORMANCE FOOD GROUP	2,633.29	No	Yes
10/26/2018 9:45:14 AM	EDG	105252057	739192	PRAIRIE FIRE THEATRE	800.00	No	Yes
10/26/2018 9:45:14 AM	EDG	105252057	739193	PRAIRIE RIVER HOME CARE, INC	2,518.75	No	Yes
10/26/2018 9:45:15 AM	EDG	105252057	739194	PUMP AND METER SERVICES INC	160.00	No	Yes
10/26/2018 9:45:15 AM	EDG	105252057	739195	REED, SCOTT	67.00	No	Yes
10/26/2018 9:45:15 AM	EDG	105252057	739196	RIVERFRONT PRINTING	215.00	No	Yes
10/26/2018 9:45:15 AM	EDG	105252057	739197	RODRIGUEZ, TONY	87.00	No	Yes
10/26/2018 9:45:15 AM	EDG	105252057	739198	RYLANCE SADIE	24.95	No	Yes
10/26/2018 9:45:15 AM	EDG	105252057	739199	SARIEGO, MONICA - HS	55.62	No	Yes
10/26/2018 9:45:15 AM	EDG	105252057	739200	SECURITY CONTROL SYSTEMS, INC	995.75	No	Yes
10/26/2018 9:45:15 AM	EDG	105252057	739201	SJOBERG, SUSAN	100.00	No	Yes
10/26/2018 9:45:15 AM	EDG	105252057	739202	SPANGBERG, SCOTT	220.00	No	Yes
10/26/2018 9:45:15 AM	EDG	105252057	739203	ST MICHAEL ALBERTVILLE HS	300.00	No	Yes
10/26/2018 9:45:15 AM	EDG	105252057	739204	STEPHANIE PLONSKI	100.00	No	Yes
10/26/2018 9:45:16 AM	EDG	105252057	739205	SWANSON MEATS INC	538.00	No	Yes
10/26/2018 9:45:16 AM	EDG	105252057	739206	TENORIO, FABIO	56.00	No	Yes
10/26/2018 9:45:16 AM	EDG	105252057	739207	TOUSIGNANT, JOHN	67.00	No	Yes
10/26/2018 9:45:16 AM	EDG	105252057	739208	TRANE COMPANY	22,247.90	No	Yes
10/26/2018 9:45:16 AM	EDG	105252057	739209	TRI DIM FILTER CORPORATION	5,344.58	No	Yes
10/26/2018 9:45:16 AM	EDG	105252057	739210	TRIARCO ARTS & CRAFTS	377.16	No	Yes
10/26/2018 9:45:16 AM	EDG	105252057	739211	TRIO SUPPLY COMPANY	539.40	No	Yes

**Ultimate EDGE Account's Payable
Check Register**

Account:

Print Date/Time	Oper	Account Number	Check Number	Payee	Amount	Imaged	Reprint
10/26/2018 9:45:16 AM	EDG	105252057	739212	UHL CO., INC	17,997.19	No	Yes
10/26/2018 9:45:16 AM	EDG	105252057	739213	UNIVERSITY OF MINNESOTA	5,800.00	No	Yes
10/26/2018 9:45:16 AM	EDG	105252057	739214	UPPER LAKES FOODS	1,589.49	No	Yes
10/26/2018 9:45:16 AM	EDG	105252057	739215	US FOODS, INC.	9,784.53	No	Yes
10/26/2018 9:45:17 AM	EDG	105252057	739216	WORM, NICK	67.00	No	Yes

*** Totals

Total Documents: 107

Total Amount: 492,490.91

Bank Account - Wires Out

Date	Description	Amount
10/1/2018	IRS Federal Tax ACH	521,758.01
10/1/2018	Health Partners Premium	3,716.00
10/3/2018	Voluntary Employees Benefits Contributions	14,569.27
10/3/2018	State of MN Taxes ACH	89,783.00
10/4/2018	403b Wire	132,209.03
10/4/2018	RevTrak Credit Card Fees	7,041.09
10/9/2018	Teachers Retirement Association ACH	272,958.10
10/9/2018	Public Employee Retirement Association ACH	71,610.90
10/9/2018	Voluntary Employees' Beneficiary Association Contributions	38,706.96
10/9/2018	Health Savings Account Contributions	22,791.22
10/9/2018	Voluntary Employees Benefits Contributions	7,881.50
10/10/2018	Community Ed Credit Card Fees	3,408.76
10/12/2018	Payroll Direct Deposit	1,478,691.75
10/15/2018	IRS Federal Tax ACH	522,072.08
10/16/2018	State of MN Taxes ACH	89,623.00
10/16/2018	Voluntary Employees Benefits/Reimb Contributions	11,206.73
10/18/2018	Voluntary Employees' Beneficiary Association Contributions	38,613.56
10/18/2018	Health Savings Account Contributions	23,098.95
10/19/2018	Public Employee Retirement Association ACH	72,335.03
10/19/2018	IRS Federal Tax ACH	1,132.99
10/22/2018	Teachers Retirement Association ACH	272,385.58
10/23/2018	403b Wire	131,900.68
10/23/2018	Voluntary Employees Benefits/Reimb Contributions	11,811.11
10/24/2018	Voluntary Employees Benefits/Reimb Contributions	4,000.90
10/25/2018	Voluntary Employees Benefits/Reimb Contributions	15,072.23
10/26/2018	Payroll Direct Deposit	1,408,833.24
10/29/2018	IRS Federal Tax ACH	495,585.54
10/30/2018	State of MN Taxes ACH	85,001.00
10/30/2018	Voluntary Employees Benefits/Reimb Contributions	6,227.08
10/31/2018	403b Wire	130,426.27
10/31/2018	Select Account Administrative Fee	887.68
		5,985,339.24



Superintendent Mike Redmond

Summary | ICS & ISD 720 Resolution

Even though everything appears in order, Building Systems Holdings/ICS Consulting and Shakopee Public Schools are continuing their efforts to make completely sure this is the case.

Arif Quraishi: President of Building Systems Holdings, Inc., the parent company of ICS Consulting

Mike Redmond (Superintendent), Dave Orłowsky (Temporary Assistant Superintendent), and Jeff Priess (Business Manager): Shakopee Public Schools

- Relationship between ICS and ISD 720 was ‘paused’ on Friday, November 16, 2018 to allow the two parties to communicate with one another and gather information to make sure everything involved in the current relationship is in order.
 - Illegal activity of Rod Thompson in connection with a former employee of ICS started in 2012
 - BSH purchased ICS in June 2017
 - At the time BSH acquired ICS, they were unaware of the activities of Rod Thompson and a, now, former ICS employee.
 - At the time BSH acquired ICS, this was the first time the company had any business relationship with Shakopee Public Schools.
 - Shortly after BSH acquired ICS, federal authorities contacted ICS inquiring about the activity of a former employee in connection to the illegal activity of Rod Thompson dating back to 2012. Arif Quraishi states that ICS fully cooperated with the federal investigation.
 - Moving forward, the leaders of BSH/ICS and Shakopee Public Schools are continuing their efforts to make sure everything is in order to include:
 - Stewardship/Oversight
 - Completion of Projects
 - Financial Relief

Stewardship/Oversight

There is every indication that contracts and billing/accounting processes are in good order for the current work being done by ICS on behalf of ISD 720.

- ICS and ISD 720 are voluntarily, and by mutual agreement, hiring an independent auditor to re-examine contracts and billing/accounting documents. ICS is committed to paying up to \$15,000 for this service.

Completion of Projects

There is every indication the on-site work of the ICS team has been of high quality. The employees have developed a deep knowledge of the pertinent aspects of the work being done in ISD 720, and are therefore best suited to bring this work to completion. Wold Architects and Engineers has been providing leadership on this project, which will continue. ICS has been providing services as the owner's representative on this project, and that will continue with some minor adaptations. The changes involve adding a bit more in the way of redundancy and check-offs to be conducted by Wold Architects and Engineers.

Financial Relief

There are a number of financial costs to the school district in dealing with this unique circumstance and working to make sure everything is in order. There are the costs of additional time to pull and examine contracts, invoices, and the like. There are also the costs for the time to communicate with the public and fulfill data requests. And there are additional administrative and support costs in terms of time spent on matters pertaining to this unique situation.

Arif Quraishi of ICS recognizes the costs incurred by the school district. He is also very committed to rebuilding trust between ICS and ISD 720, and in restoring the good name of the company he purchased in June 2017. As such, he has offered to provide financial relief to the district in two specific forms, in addition to the payment for the independent audit. ICS will stop billing the reimbursable expenses for their employees working on the high school project from this date through the end of the project. ICS will also not bill the district the fees remaining on the high school project. The fees total \$218,725. At the conclusion of the project, at the sole discretion of the school district, if the district is completely satisfied with the work of ICS, the district may pay ICS up to 50% of the fees not billed.



Moving Forward Plan – ICS and Shakopee Public Schools

AGREEMENT

November 26, 2018

The following is an agreement between BHS/ICS and the Shakopee Public Schools. The agreement serves to protect the interests of the school district and to bring the current projects being worked on by ICS to final and successful completion.

- **Stewardship/Oversight:** Work that needs to be completed to ensure the District has done its due diligence related to the current contracts with ICS.
- **Completion of Projects:** ICS provides appropriate staffing, logistics, systems, and processes to successfully complete the construction/planning and scheduled commissioning work.
- **Financial Relief:** Financial relief provided to the school district by having ICS reduce costs on the project and cover additional costs incurred by the district for a third- party review of contracts and billings.

Further details surrounding these three areas are summarized below:

- A. Stewardship/Oversight:** ICS and the District agree to retain an independent accounting firm to review contracts with ISD # 720. The scope of this review will include:
- i. The fees charged for projects and if they are within industry standards.
 - ii. Review ICS billings on projects including fees and reimbursables. If any discrepancies are identified, ICS will remedy.
 - iii. Additional scope as determined by the auditor and agreed upon by ICS and Shakopee.
- B. Completion of Projects:** It is critical to successful completion of current projects, that the District and ICS maintain continuity of staff, processes, and systems to guarantee quality project execution. ICS will continue to committee Chris Ziemer, Ekalath Sophaphanh, and Dave Phillips to the District projects, along with Dana Fontaine who will oversee all commissioning projects.

All work from this point forward will be done under the supervision of Wold Architects and Engineers (Wold) and the District.

Work to be completed includes:

- **High School**

- On-going project completion and contractor work scopes close-outs
- On-going review and coordination of proposal requests (PR's)
- On-going punch list coordination and verification
- Warranty and close-out documentation compilation and warranty/issue resolution

- **South Site**

- Coordination of land negotiation efforts for rights-of-way
- Coordination and prep associated with turn lane work to be completed in Spring/Summer 2019
- Coordination and prep associated with remaining field work to be completed in 2019. With continued monitoring of turf establishment and possible use in Fall 2019 / Spring 2020. Athletic fields in Shakopee simply take a long time to establish due to the sugar sand soils that dry them out really fast even with irrigation.
- Other related claims

- **Other**

- FF&E coordination and assistance
- Signage coordination and assistance
- Technology equipment coordination and assistance
- LTFM integration and scope delineation/coordination on existing projects
- Re-commissioning of the existing High School (LTFM)
- Commissioning of "new work areas" of High School
- 2019 re-commissioning of Jackson and Eagle Creek

Communication, Reporting, and Oversight/Involvement (by area of service):

- **General Communications**

1. Monthly BOC meetings – all parties
2. Bi-weekly status updates – all parties

- **Ancillary Items**

1. FF&E – Nancy Thul, Wold, and ICS

2. Signage – Jeff Pawlicki, Wold, and ICS
3. Technology Equipment – Bryan Drozd, Wold, and ICS
4. Commissioning and re-commissioning – Ed Ziemet, Jeff Priess, Wold, and ICS

- **Project Specific**

1. High School – Monday status review meetings – Ed Ziemet, Jeff Priess, Jeff Pawlicki, Wold, and ICS
2. South Site – Monday status review meetings – Ed Ziemet, Jeff Priess, Jeff Pawlicki, Wold, and ICS

Supervision/Review:

Establish weekly supervisory/accountability meeting (Ed Ziemet, Jeff Priess, Mike Redmond/Dave Orłowsky, Wold, and ICS)

- Review project-specific open issues and current status
- Review project-specific open PR and punch list progress
- Review ancillary item progress and current status
- Review current budget status thru Jeff P. with all parties
- Communicate and schedule all necessary personnel site visits for the upcoming week

C. Financial: Based on the current billings and active contracts, ICS is willing to negotiate discounting our fees and reimbursables on the High School referendum project. Approximately \$218,725 of fees are still to be billed on this project.

ICS is proposing to not bill the District any of the remaining fees. At the end of the project, if the District is completely satisfied with the work of ICS, on its own discretion the district may pay ICS 50% of the fees not billed to ICS. ICS will also stop billing from this point forward any reimbursables on the High School project.

For the other remaining projects, ICS will execute and bill per our existing agreements.

The following is a summary of the active ICS projects:

Project Name	Project Mgr.	Total Fee	Billed JTD	Backlog	Reimbursables Billed JTD
Shakopee HS Referendum Project	Chris Ziemer	\$2,500,000.00	\$2,281,275.00	\$218,725.00	\$136,178.74
Shakopee HS Expansion Cx	Dana Fontaine	\$199,050.00	\$115,000.00	\$84,050.00	\$558.85
Eagle Creek Elementary Re-Cx	Dana Fontaine	\$35,000.00	\$8,500.00	\$26,500.00	\$263.26
Jackson Elementary Re-Cx	Dana Fontaine	\$35,000.00	\$8,500.00	\$26,500.00	\$349.35
Shakopee High School Re-Cx	Dana Fontaine	\$135,000.00	\$67,500.00	\$67,500.00	\$1,038.28
Shakopee HS - Low Voltage Project	Chris Ziemer	\$20,000.00	\$20,000.00	\$ -	\$24.18

For work completed by the independent accounting firm, ICS will reimburse the District up to a maximum of \$15,000.

 Arif Quraishi Date
 President- Building Systems Holding, Inc.
 Principal- ICS Consulting

 Scott Swanson-School Board Chair Date

 Shawn Hallett- School Board Clerk Date

Adopted: _____

MSBA/MASA Model Policy 205

Orig. 1995

Revised: 1st Reading 11/26/18

Rev. 2014 2018

205 OPEN MEETINGS AND CLOSED MEETINGS

[Note: The provisions of this policy accurately reflect the Open Meeting Law statute and are not discretionary in nature. ~~It does not address meetings held by interactive television pursuant to the 1997 legislation. The statute should be reviewed with legal counsel prior to such meetings.]~~

I. PURPOSE

- A. The school board embraces the philosophy of openness in the conduct of its business, in the belief that openness produces better programs, more efficiency in administration of programs, and an organization more responsive to public interest and less susceptible to private interest. The school board shall conduct its business under a presumption of openness. At the same time, the school board recognizes and respects the privacy rights of individuals as provided by law. The school board also recognizes that there are certain exceptions to the Minnesota Open Meeting Law as recognized in statute where it has been determined that, in limited circumstances, the public interest is best served by closing a meeting of the school board.
- B. The purpose of this policy is to provide guidelines to assure the rights of the public to be present at school board meetings, while also protecting the individual's rights to privacy under law, and to close meetings when the public interest so requires as recognized by law.

II. GENERAL STATEMENT OF POLICY

- A. Except as otherwise expressly provided by statute, all meetings of the school board, including executive sessions, shall be open to the public.
- B. Meetings shall be closed only when expressly authorized by law.

III. DEFINITION

“Meeting” means a gathering of at least a quorum or more members of the school board, or quorum of a committee or subcommittee of school board members, at which members discuss, decide, or receive information as a group on issues relating to the official business of the school board. The term does not include a chance or social gathering or the use of social media by members of a public body so long as the social media use is limited to exchanges with all members of the general public. For purposes of the Open Meeting Law, social media does not include e-mail.

IV. PROCEDURES

A. Meetings

1. Regular Meetings

A schedule of the regular meetings of the school board shall be kept on file at its primary offices. If the school board decides to hold a regular meeting at a time or place different from the time or place stated in its schedule, it shall give the same notice of the meeting as for a special meeting.

2. Special Meetings

a. For a special meeting, the school board shall post written notice of the date, time, place, and purpose of the meeting on the principal bulletin board of the school district or on the door of the school board's usual meeting room if there is no principal bulletin board. The school board's actions at the special meeting are limited to those topics included in the notice.

b. The notice shall also be mailed or otherwise delivered to each person who has filed a written request for notice of special meetings.

c. This notice shall be posted and mailed or delivered at least three days before the date of the meeting. As an alternative to mailing or otherwise delivering notice to persons who have filed a written request, the school board may publish the notice once, at least three days before the meeting, in the official newspaper of the school district or, if none, in a qualified newspaper of general circulation within the area of the school district.

d. A person filing a request for notice of special meetings may limit the request to particular subjects, in which case the school board is required to send notice to that person only concerning those particular subjects.

e. The school board will establish an expiration date on requests for notice of special meetings and require refiling once each year. Not more than 60 days before the expiration date of request for notice, the school board shall send notice of the refiling requirement to each person who filed during the preceding year.

3. Emergency Meetings

a. An emergency meeting is a special meeting called because of circumstances that, in the judgment of the school board, require immediate consideration.

[Note: While the statute leaves the question to the board of whether the circumstances require immediate consideration at an emergency meeting, the advisory opinions of the Commissioner of Administration would limit such meetings to responding to natural disasters or health epidemics caused by an event such as an accident or terrorist attack.]

- b. If matters not directly related to the emergency are discussed or acted upon, the minutes of the meeting shall include a specific description of those matters.
- c. The school board shall make good faith efforts to provide notice of the emergency meeting to each news medium that has filed a written request for notice if the request includes the news medium's telephone number.
- d. Notice of the emergency meeting shall be given by telephone or any other method used to notify the members of the school board.
- e. Notice shall be provided to each news medium which has filed a written request for notice as soon as reasonably practicable after notice has been given to the school board members.
- f. Notice shall include the subject of the meeting.
- g. Posted or published notice of an emergency meeting shall not be required.
- h. The notice requirements for an emergency meeting as set forth in this policy shall supersede any other statutory notice requirement for a special meeting that is an emergency meeting.

4. Recessed or Continued Meetings

If a meeting is a recessed or continued session of a previous meeting, and the time and place of the meeting was established during the previous meeting and recorded in the minutes of that meeting, then no further published or mailed notice is necessary.

5. Closed Meetings

The notice requirements of the Minnesota Open Meeting Law apply to closed meetings.

6. Actual Notice

If a person receives actual notice of a meeting of the school board at least 24 hours before the meeting, all notice requirements are satisfied with

respect to that person, regardless of the method of receipt of notice.

7. Health Pandemic or Declared Emergency

In the event of a health pandemic or an emergency declared under Minn. Stat. Ch. 12, a meeting may be conducted by telephone or other electronic means in compliance with Minn. Stat. § 13D.021.

8. Meetings Conducted by Interactive Technology

A meeting may be conducted by interactive technology, Skype, or other similar electronic means in compliance with Minn. Stat. § 13D.02.

B. Votes

The votes of school board members shall be recorded in a journal kept for that purpose, and the journal shall be available to the public during all normal business hours at the administrative offices of the school district.

C. Written Materials

1. In any open meeting, a copy of any printed materials, including electronic communications, relating to the agenda items prepared or distributed by the school board or its employees and distributed to or available to all school board members shall be available in the meeting room for inspection by the public while the school board considers their subject matter.
2. This provision does not apply to materials not classified by law as public, or to materials relating to the agenda items of a closed meeting.

D. Data

1. Meetings may not be closed merely because the data to be discussed are not public data.
2. Data that are not public data may be discussed at an open meeting if the disclosure relates to a matter within the scope of the school board's authority and is reasonably necessary to conduct the business or agenda item before the school board.
3. Data discussed at an open meeting retain the data's original classification; however, a record of the meeting, regardless of form, shall be public.

E. Closed Meetings

1. Labor Negotiations Strategy

- a. The school board may, by a majority vote in a public meeting, decide to hold a closed meeting to consider strategy for labor negotiations, including negotiation strategies or developments or discussion and review of labor negotiation proposals.
- b. The time and place of the closed meeting shall be announced at the public meeting. A written roll of school board members and all other persons present at the closed meeting shall be made available to the public after the closed meeting. The proceedings shall be tape recorded, and the tape recording shall be preserved for two years after the contract discussed at the meeting is signed. The recording shall be made available to the public after all labor contracts are signed by the school board for the current budget period.

2. Sessions Closed by Bureau of Mediation Services

All negotiations, mediation sessions, and hearings between the school board and its employees or their respective representatives are public meetings. These meetings may be closed only by the Commissioner of the Bureau of Mediation Services (BMS). The use of recording devices, stenographic records, or other recording methods is prohibited in mediation meetings closed by the BMS.

3. Preliminary Consideration of Charges

The school board shall close one or more meetings for preliminary consideration of allegations or charges against an individual subject to its authority. If the school board members conclude that discipline of any nature may be warranted as a result of those specific charges or allegations, further meetings or hearings relating to those specific charges or allegations held after that conclusion is reached must be open. A meeting must also be open at the request of the individual who is the subject of the meeting. A closed meeting must be electronically recorded at the expense of the school district, and the recording must be preserved for at least three years after the date of the meeting. The recording is not available to the public.

4. Performance Evaluations

The school board may close a meeting to evaluate the performance of an individual who is subject to its authority. The school board shall identify the individual to be evaluated prior to closing a meeting. At its next open meeting, the school board shall summarize its conclusions regarding the evaluation. A meeting must be open at the request of the individual who is the subject of the meeting. A closed meeting must be electronically recorded at the expense of the school district, and the recording must be preserved for at least three years after the date of the meeting. The

recording is not available to the public.

5. Attorney-Client Meeting

A meeting may be closed if permitted by the attorney-client privilege. Attorney-client privilege applies when litigation is imminent or threatened, or when the school board needs advice above the level of general legal advice, i.e., regarding specific acts and their legal consequences. A meeting may be closed to seek legal advice concerning litigation strategy, but the mere threat that litigation might be a consequence of deciding a matter one way or another does not, by itself, justify closing the meeting. The motion to close the meeting must specifically describe the matter to be discussed at the closed meeting, subject to relevant privacy and confidentiality considerations under state and federal law. The law does not require that such a meeting be recorded.

6. Dismissal Hearing

- a. A hearing on the dismissal of a licensed teacher shall be public or private at the teacher's discretion. A hearing regarding placement of teachers on unrequested leave of absence shall be public.
- b. A hearing on dismissal of a student pursuant to the Pupil Fair Dismissal Act shall be closed unless the pupil, parent or guardian requests an open hearing.
- c. To the extent a teacher or student dismissal hearing is held before the school board and is closed, the closed meeting must be electronically recorded at the expense of the school district, and the recording must be preserved for at least three years after the date of the meeting. The recording is not available to the public.

7. Coaches; Opportunity to Respond

- a. If the school board has declined to renew the coaching contract of a licensed or nonlicensed head varsity coach, it must notify the coach within 14 days of that decision.
- b. If the coach requests the reasons for the nonrenewal, the school board must give the coach the reasons in writing within 10 days of receiving the request.
- c. On the request of the coach, the school board must provide the coach with a reasonable opportunity to respond to the reasons at a school board meeting.
- d. The meeting may be open or closed at the election of the coach

unless the meeting is closed as required by Minn. Stat. § 13D.05, Subd. 2, to discuss educational or certain other nonpublic data.

- e. A closed meeting must be electronically recorded at the expense of the school district, and the recording must be preserved for at least three years after the date of the meeting. The recording is not available to the public.

8. Meetings to Discuss Certain Not Public Data

Any portion of a meeting must be closed if the following types of data are discussed:

- a. data that would identify alleged victims or reporters of criminal sexual conduct, domestic abuse, or maltreatment of minors or vulnerable adults;
- b. active investigative data collected or created by a law enforcement agency;
- c. educational data, health data, medical data, welfare data, or mental health data that are not public data; or
- d. an individual's personal medical records.
- e. A closed meeting must be electronically recorded at the expense of the school district, and the recording must be preserved for at least three years after the date of the meeting. The recording is not available to the public.

9. Purchase and Sale of Property

- a. The school board may close a meeting:
 - (1) to determine the asking price for real or personal property to be sold by the school district;
 - (2) to review confidential or nonpublic appraisal data; and
 - (3) to develop or consider offers or counteroffers for the purchase or sale of real or personal property.
- b. Before closing the meeting, the school board must identify on the record the particular real or personal property that is the subject of the closed meeting.
- c. The closed meeting must be tape recorded at the expense of the school district. The tape must be preserved for eight years after the

date of the meeting and be made available to the public after all real or personal property discussed at the meeting has been purchased or sold or the school board has abandoned the purchase or sale. The real or personal property that is the subject of the closed meeting must be specifically identified on the tape. A list of school board members and all other persons present at the closed meeting must be made available to the public after the closed meeting.

- d. An agreement reached that is based on an offer considered at a closed meeting is contingent on its approval by the school board at an open meeting. The actual purchase or sale must be approved at an open meeting and the purchase price or sale price is public data.

10. Security Matters

- a. The school board may close a meeting to receive security briefings and reports, to discuss issues related to security systems, to discuss emergency response procedures, and to discuss security deficiencies in or recommendations regarding public services, infrastructure, and facilities, if disclosure of the information discussed would pose a danger to public safety or compromise security procedures or responses.
- b. Financial issues related to security matters must be discussed and all related financial decisions must be made at an open meeting.
- c. Before closing a meeting, the school board must refer to the facilities, systems, procedures, services, or infrastructures to be considered during the closed meeting.
- d. The closed meeting must be tape recorded at the expense of the school district and the recording must be preserved for at least four years.

11. Other Meetings

Other meetings shall be closed as provided by law, except as provided above. A closed meeting must be electronically recorded at the expense of the school district, and the recording must be preserved for at least three years after the date of the meeting. The recording is not available to the public.

F. Procedures for Closing a Meeting

The school board shall provide notice of a closed meeting just as for an open meeting. A school board meeting may be closed only after a majority vote at a public meeting. Before closing a meeting, the school board shall state on the

record the specific authority permitting the meeting to be closed and shall describe the subject to be discussed.

Legal References: Minn. Stat. Ch. 13 (Minnesota Government Data Practices Act)
Minn. Stat. Ch. 13D (Open Meeting Law)
Minn. Stat. § 121A.47, Subd. 5 (Student Dismissal Hearing)
Minn. Stat. § 122A.33, Subd. 3 (Coaches; Opportunity to Respond)
Minn. Stat. § 122A.40, Subd. 14 (Teacher Discharge Hearing)
Minn. Stat. § 179A.14, Subd. 3 (Labor Negotiations)
Minn. Rules Part 5510.2810 (Bureau of Mediation Services)
Brown v. Cannon Falls Township, 723 N.W.2d 31 (Minn. App. 2006)
Brainerd Daily Dispatch v. Dehen, 693 N.W.2d 435 (Minn. App. 2005)
The Free Press v. County of Blue Earth, 677 N.W.2d 471 (Minn. App. 2004)
Prior Lake American v. Mader, 642 N.W.2d 729 (Minn. 2002)
Star Tribune v. Board of Education, Special School District No. 1, 507 N.W.2d 869 (Minn. App. 1993)
Minnesota Daily v. University of Minnesota, 432 N.W.2d 189 (Minn. App. 1988)
Moberg v. Independent School District No. 281, 336 N.W.2d 510 (Minn. 1983)
Sovereign v. Dunn, 498 N.W.2d 62 (Minn. App. 1993), *rev. denied.* (Minn. 1993)
[Dept. of Admin. Advisory Op. No. 13-009 \(March 19, 2013\)](#)
Dept. of Admin. Advisory Op. No. 12-004 (March 8, 2012)
Dept. of Admin. Advisory Op. No. 11-004 (April 18, 2011)
Dept. of Admin. Advisory Op. No. 10-020 (September 23, 2010)
Dept. of Admin. Advisory Op. No. 09-020 (September 8, 2009)
Dept. of Admin. Advisory Op. No. 08-015 (July 9, 2008)
Dept. of Admin. Advisory Op. No. 06-027 (September 28, 2006)
Dept. of Admin. Advisory Op. No. 04-004 (February 3, 2004)

Cross References: MSBA/MASA Model Policy 204 (School Board Meeting Minutes)
MSBA/MASA Model Policy 206 (Public Participation in School Board Meetings/Complaints about Persons at School Board Meetings and Data Privacy Considerations)
MSBA/MASA Model Policy 207 (Public Hearings)
MSBA/MASA Model Policy 406 (Public and Private Personnel Data)
MSBA/MASA Model Policy 515 (Protection and Privacy of Pupil Records)
MSBA Service Manual, Chapter 13, School Law Bulletin “C” (Minnesota’s Open Meeting Law)

206 PUBLIC PARTICIPATION IN SCHOOL BOARD MEETINGS/COMPLAINTS ABOUT PERSONS AT SCHOOL BOARD MEETINGS AND DATA PRIVACY CONSIDERATIONS

I. PURPOSE

- A. The school board recognizes the value of participation by the public in deliberations and decisions on school district matters. At the same time, the school board recognizes the importance of conducting orderly and efficient proceedings, with opportunity for expression of all participants' respective views.
- B. The purpose of this policy is to provide procedures to assure open and orderly public discussion as well as to protect the due process and privacy rights of individuals under the law.

II. GENERAL STATEMENT OF POLICY

- A. The policy of the school board is to encourage discussion by ~~citizens~~ persons of subjects related to the management of the school district at school board meetings. The school board may adopt reasonable time, place, and manner restrictions on public expression in order to facilitate free discussion by all interested parties.
- B. The school board shall, as a matter of policy, protect the legal rights to privacy and due process of employees and students.

III. DEFINITIONS

- A. "Personnel data" means government data on individuals maintained because the individual is or was an employee or applicant for employment. For purposes of this policy, "employee" includes a volunteer or an independent contractor.
- B. Personnel data on current and former employees that is "public" includes:

Name; employee identification number, which must not be the employee's social security number; actual gross salary; salary range; terms and conditions of employment relationship; contract fees; actual gross pension; the value and nature of employer paid fringe benefits; the basis for and the amount of any added remuneration, including expense reimbursement, in addition to salary; bargaining unit; job title; job description; education and training background; previous work experience; date of first and last employment; the existence and status of any complaints or charges against the employee, regardless of whether the complaint or charge resulted in a disciplinary action; the final disposition of any disciplinary

action as defined in Minn. Stat. § 13.43, Subd. 2(b), together with the specific reasons for the action and data documenting the basis of the action, excluding data that would identify confidential sources who are employees of the public body; the complete terms of any agreement settling any dispute arising out of the employment relationship, including a buyout agreement as defined in Minn. Stat. § 123B.143, Subd. 2, except that the agreement must include specific reasons for the agreement if it involves the payment of more than \$10,000 of public money; work location; work telephone number; badge number; work-related continuing education; honors and awards received; and payroll time sheets or other comparable data that are only used to account for employee's work time for payroll purposes, except to the extent that release of time sheet data would reveal the employee's reasons for the use of sick or other medical leave or other not public data.

- C. Personnel data on current and former applicants for employment that is "public" includes:

Veteran status; relevant test scores; rank on eligible list; job history; education and training; and work availability. Names of applicants shall be private data except when certified as eligible for appointment to a vacancy or when applicants are considered by the appointing authority to be finalists for a position in public employment. For purposes of this subdivision, "finalist" means an individual who is selected to be interviewed by the appointing authority prior to selection.

- D. "Educational data" means data maintained by the school district which relates to a student.

- E. "Student" means an individual currently or formerly enrolled or registered in the school district, or applicants for enrollment, or individuals who receive shared time services.

- F. Data about applicants for appointments to a public body, including a school board, collected by the school district as a result of the applicant's application for appointment to the public body are private data on individuals, except that the following are public: name; city of residence, except where the appointment has a residency requirement that requires the entire address to be public; education and training; employment history; volunteer work; awards and honors; prior government service; any data required to be provided or that is voluntarily provided in an application to a multimember agency pursuant to Minn. Stat. § 15.0597; and veteran status. Once an individual has been appointed to a public body, the following additional items of data are public: residential address; either a telephone number or electronic mail address where the appointee can be reached, or both at the request of the appointee; the first and last dates of service on the public body; the existence and status of any complaints or charges against an appointee; and, upon completion of an investigation of a complaint or charge against an appointee, the final investigative report unless access to the data would jeopardize an active investigation. Any electronic mail address or telephone number provided by a public body for use by an appointee shall be public. An

appointee may use an electronic mail address or telephone number provided by the public body as the designated electronic mail address or telephone number at which the appointee can be reached.

IV. RIGHTS TO PRIVACY

- A. School district employees have a legal right to privacy related to matters which may come before the school board, including, but not limited to, the following:
 - 1. right to a private hearing for teachers, pursuant to Minn. Stat. § 122A.40, Subd. 14 (Teachers Discharge Hearing);
 - 2. right to privacy of personnel data as provided by Minn. Stat. § 13.43 (Personnel Data);
 - 3. right to consideration by the school board of certain data treated as not public as provided in Minn. Stat. § 13D.05 (Not Public Data);
 - 4. right to a private hearing for licensed or nonlicensed head varsity coaches to discuss reasons for nonrenewal of a coaching contract pursuant to Minn. Stat. § 122A.33, Subd. 3.
- B. School district students have a legal right to privacy related to matters which may come before the school board, including, but not limited to, the following:
 - 1. right to a private hearing, Minn. Stat. § 121A.47, Subd. 5 (Student Dismissal Hearing);
 - 2. right to privacy of educational data, Minn. Stat. § 13.32 (Educational Data); 20 U.S.C. § 1232g (FERPA);
 - 3. right to privacy of complaints as provided by child abuse reporting and discrimination laws, Minn. Stat. § 626.556 (Reporting of Maltreatment of Minors) and Minn. Stat. Ch. 363A (Minnesota Human Rights Act).

V. THE PUBLIC'S OPPORTUNITY TO BE HEARD

The school board will strive to give all ~~citizens of the school district~~ persons an opportunity to be heard and to have complaints considered and evaluated, within the limits of the law and this policy and subject to reasonable time, place, and manner restrictions. Among the rights available to the public is the right to access public data as provided by Minn. Stat. § 13.43, Subd. 2 (Public Data).

VI. PROCEDURES

- A. Agenda Items
 - 1. ~~Citizens~~ Persons who wish to have a subject discussed at a public school

board meeting are encouraged to notify the superintendent's office in advance of the school board meeting. The citizen-person should provide his or her name, address, the name of group represented (if any), and the subject to be covered or the issue to be addressed.

2. Citizens-Persons who wish to address the school board on a particular subject should identify the subject and identify agenda item(s) to which their comments pertain.
3. The school board chair will recognize one speaker at a time and will rule out of order other speakers who are not recognized. Only those speakers recognized by the chair will be allowed to speak. Comments by others are out of order. Individuals who interfere with or interrupt speakers, the school board, or the proceedings may be directed to leave.
4. The school board retains the discretion to limit discussion of any agenda item to a reasonable period of time as determined by the school board. If a group or organization wishes to address the school board on a topic, the school board reserves the right to require designation of one or more representatives or spokespersons to speak on behalf of the group or organization.
5. Matters proposed for placement on the agenda which may involve data privacy concerns, which may involve preliminary allegations, or which may be potentially libelous or slanderous in nature shall not be considered in public, but shall be processed as determined by the school board in accordance with governing law.
6. The school board chair shall promptly rule out of order any discussion by any person, including school board members, that would violate the provisions of state or federal law, this policy or the statutory rights of privacy of an individual.
7. Personal attacks by anyone addressing the school board are unacceptable. Persistence in such remarks by an individual shall terminate that person's privilege to address the school board.
8. Depending upon the number of persons in attendance seeking to be heard, the school board reserves the right to impose such other limitations and restrictions as necessary in order to provide an orderly, efficient, and fair opportunity for those present to be heard.

B. Complaints

1. Routine complaints about a teacher or other employee should first be directed to that teacher or employee or to the employee's immediate supervisor.

2. If the complaint is against an employee relating to child abuse, discrimination, racial, religious, or sexual harassment, or other activities involving an intimidating atmosphere, the complaint should be directed to the employee's supervisor or other official as designated in the school district policy governing that kind of complaint. In the absence of a designated person, the matter should be referred to the superintendent.
3. Unresolved complaints from Paragraph 1. of this section or problems concerning the school district should be directed to the superintendent's office.
4. Complaints which are unresolved at the superintendent's level may be brought before the school board by notifying the school board in writing.

C. Open Forum

The school board shall normally provide a specified period of time when citizens persons may address the school board on any topic, subject to the limitations of this policy. The school board reserves the right to allocate a specific period of time for this purpose and limit time for speakers accordingly.

The school board may decide to hold certain types of public meetings where the public will not be invited to address the school board. Possible examples are work sessions and board retreats. The public will still be entitled to notice of these meetings and will be allowed to attend these meetings, but the public will not be allotted time during the meeting to address the board.

D. No Board Action at Same Meeting

Except as determined by the school board to be necessary or in an emergency, the school board will not take action at the same meeting on an item raised for the first time by the public.

VII. PENALTIES FOR VIOLATION OF DATA PRIVACY

- A. The school district is liable for damages, costs and attorneys' fees, and, in the event of a willful violation, punitive damages for violation of state data privacy laws. (Minn. Stat. § 13.08, Subd. 1)
- B. A person who willfully violates data privacy or whose conduct constitutes the knowing unauthorized acquisition of not public data is guilty of a misdemeanor. (Minn. Stat. § 13.09)
- C. In the case of an employee, willful violation of the Minnesota data practices law, Chapter 13, and any rules adopted thereunder, including any action subject to a criminal penalty, constitutes just cause for suspension without pay or dismissal. (Minn. Stat. § 13.09)

Legal References: Minn. Stat. Ch. 13 (Minnesota Government Data Practices Act)
Minn. Stat. § 13.43 (Personnel Data)
Minn. Stat. § 13.601, Subd. 3 (Applicants for Appointment)
Minn. Stat. § 13D.05 (Open Meeting Law)
Minn. Stat. § 121A.47, Subd. 5 (Student Dismissal Hearing)
Minn. Stat. § 122A.33, Subd. 3 (Coaches; Opportunity to Respond)
Minn. Stat. § 122A.40, Subd. 14 (Teacher Discharge Hearing)
Minn. Stat. § 122A.44 (Contracting with Teachers)
Minn. Stat. § 123B.02, Subd. 14 (Employees; Contracts for Services)
Minn. Stat. § 123B.143, Subd. 2 (Disclose Past Buyouts or Contract is Void)
Minn. Stat. Ch. 363A (Minnesota Human Rights Act)
Minn. Stat. § 626.556 (Reporting of Maltreatment of Minors)
20 U.S.C. § 1232g (Family Educational Rights and Privacy Act)
Minn. Op. Atty. Gen. 852 (July 14, 2006)

Cross References: MSBA/MASA Model Policy 205 (Open Meetings and Closed Meetings)
MSBA/MASA Model Policy 207 (Public Hearings)
MSBA/MASA Model Policy 406 (Public and Private Personnel Data)
MSBA/MASA Model Policy 515 (Protection and Privacy of Pupil Records)
MSBA Service Manual, Chapter 13, School Law Bulletin “C” (Minnesota’s Open Meeting Law)
MSBA Service Manual, Chapter 13, School Law Bulletin “I” (School Records – Privacy – Access to Data)

Adopted: _____

MSBA/MASA Model Policy 208

Orig. 1995

Revised: 1st Reading 11/26/18

Rev. 2014 2018

208 DEVELOPMENT, ADOPTION, AND IMPLEMENTATION OF POLICIES

[Note: The provisions of this policy are recommendations. The procedures for policy development, adoption, and implementation are not specifically provided by statute.]

I. PURPOSE

The purpose of this policy is to emphasize the importance of the policy-making role of the school board and provide the means for it to continue to be an ongoing effort.

II. GENERAL STATEMENT OF POLICY

Formal guidelines are necessary to ensure the school community that the school system responds to its mission and operates in an effective, efficient, and consistent manner. A set of written policy statements shall be maintained and modified as needed. Policies should define the desire and intent of the school board and should be in a form which is sufficiently explicit to guide administrative action.

III. DEVELOPMENT OF POLICY

- A. The school board has jurisdiction to legislate policy for the school district with the force and effect of law. School board policy provides the general direction as to what the school board wishes to accomplish while delegating implementation of policy to the administration.
- B. The school board's written policies provide guidelines and goals to the school community. The policies shall be the basis for the formulation of guidelines and directives by the administration. The school board shall determine the effectiveness of the policies by evaluating periodic reports from the administration.
- C. Policies may be proposed by a school board member, employee, student or resident of the school district. Proposed policies or ideas shall be submitted to the superintendent for review prior to possible placement on the school board agenda.

IV. ADOPTION OF POLICY

- A. The school board shall give notice of proposed policy changes or adoption of new policies by placing the item on the agenda of two school board meetings. The proposals shall be distributed and public comment will be allowed at both meetings prior to final school board action.
- B. The final action taken to adopt the proposed policy shall be approved by a simple

majority vote of the school board at a subsequent meeting after the meetings at which public input was received. The policy will be effective on the later of the date of passage or the date stated in the motion.

- C. In the case of an emergency, a new or modified policy may be adopted by a majority vote of a quorum of the school board. A statement regarding the emergency and the need for immediate adoption of the policy shall be included in the minutes. The emergency policy shall expire within one year following the emergency action unless the policy adoption procedure stated above is followed and the policy is reaffirmed. The school board shall have discretion to determine what constitutes an emergency situation.
- D. If a policy is modified with minor changes that do not affect the substance of the policy or because of a legal change over which the school board has no control, the modified policy may be approved at one meeting at the discretion of the school board.

V. IMPLEMENTATION OF POLICY

- A. The superintendent shall be responsible for implementing school board policies, other than the policies that cover how the school board will operate, and The superintendent shall develop administrative guidelines and directives to provide greater specificity and consistency in the process of implementation. These guidelines and directives, including employee and student handbooks, shall be subject to annual review and approval by the school board.

[Note: These policies are found in the 200 Series of the MSBA/MASA Policy Reference Manual.]

- B. Each school board member shall have access to this policy manual, and a copy shall be placed in the office of each school attendance center. Manuals shall be available in the central office and made available for reference purposes to other interested persons.
- C. The superintendent, employees designated by the superintendent, and individual school board members shall be responsible for keeping the policy manuals current.
- D. The school board shall review policies at least once every three years. The superintendent shall be responsible for developing a system of periodic review, addressing approximately one third of the policies annually. In addition, the school board shall review the following policies annually: 410 Family and Medical Leave Policy; 413 Harassment and Violence; 414 Mandated Reporting of Child Neglect or Physical or Sexual Abuse; 415 Mandated Reporting of Maltreatment of Vulnerable Adults; 506 Student Discipline; 514 Bullying Prohibition Policy; 522 Student Sex Nondiscrimination; 524 Internet Acceptable Use and Safety Policy; 616 School District System Accountability; and 806 Crisis Management Policy.

- E. When no school board policy exists to provide guidance on a matter, the superintendent is authorized to act appropriately under the circumstances keeping in mind the educational philosophy and financial condition of the school district. Under such circumstances, the superintendent shall advise the school board of the need for a policy and present a recommended policy to the school board for approval.

Legal References: Minn. Stat. § 123B.02, Subd. 1 (School District Powers)
Minn. Stat. § 123B.09, Subd. 1 (School Board Powers)

Cross References: MSBA/MASA Model Policy 305 (Policy Implementation)

211 CRIMINAL OR CIVIL ACTION AGAINST SCHOOL DISTRICT, SCHOOL BOARD MEMBER, EMPLOYEE, OR STUDENT

I. PURPOSE

The purpose of this policy is to provide guidance as to the school district's position, rights, and responsibilities when a civil or criminal action is pending against the school district, or a school board member, school district employee, or student.

II. GENERAL STATEMENT OF POLICY

- A. The school district recognizes that, when civil or criminal actions are pending against a school board member, school district employee, or student, the school district may be requested or required to take action.
- B. In responding to such requests and/or requirements, the school district will take such measures as are appropriate to its primary mission of providing for the education of students in an environment that is safe for staff and students and is conducive to learning.
- C. The school district acknowledges its statutory obligations with respect to providing assistance to school board members and teachers who are sued in connection with performance of school district duties. Collective bargaining agreements and school district policies may also apply.

III. CIVIL ACTIONS

- A. Pursuant to Minn. Stat. § 466.07, Subd. 1, the school district shall defend and indemnify any school board member or school district employee for damages in school-related litigation, including punitive damages, claimed or levied against the school board member or employee, provided that he or she was acting in the performance of the duties of the position and was not guilty of malfeasance, willful neglect of duty, or bad faith.
- B. Pursuant to Minn. Stat. §123B.25(b), with respect to teachers employed by the school district, upon written request of the teacher involved, the school district shall provide legal counsel for any school teacher against whom a claim is made or action is brought for recovery of damages in any tort action involving physical injury to any person or property or for wrongful death arising out of or in connection with the employment of the teacher with the school district. The school district will choose legal counsel after consultation with the teacher.

C. Data Practices

Educational data and personnel data maintained by the school district may be sought as evidence in a civil proceeding. The school district will release the data only pursuant to the Minnesota Government Data Practices Act, Minn. Stat. Ch. 13, and to the Family Educational Rights and Privacy Act, 20 U.S.C. § 1232g and related regulations. When an employee is subpoenaed and is expected to testify regarding educational data or personnel data, he or she is to inform the building administrator or designated supervisor, who shall immediately inform the superintendent or designee. No school board member or employee may release data without consultation in advance with the school district official who is designated as the authority responsible for the collection, use, and dissemination of data.

D. Service of Subpoenas

~~It is the~~ The policy of the school district is that its officers and employees will normally not be involved in providing service of process for third parties in the school setting.

E. Leave to Testify

Leave for employees appearing in court, either when sued or under subpoena to testify, will be considered in accordance with school district personnel policies and applicable collective bargaining agreements.

IV. **CRIMINAL CHARGES OR CONDUCT**

A. Employees

1. The school district expects that its employees serve as positive role models for students. As role models for students, employees have a duty to conduct themselves in an exemplary manner.
2. If the school district receives information relating to activities of a criminal nature by an employee, the school district will investigate and take appropriate disciplinary action, which may include discharge, subject to school district policies, statutes, and provisions of applicable collective bargaining agreements.
3. Pursuant to Minn. Stat. § 123B.02, Subd. 20, if reimbursement for a criminal defense is requested by a school district employee, the school board may, after consulting with its legal counsel, reimburse the employee for any costs and reasonable attorney fees incurred by the employee to defend criminal charges brought against the employee arising out of the performance of duties for the school district. The decision as to whether to reimburse shall be made in the discretion of the school board. A school board member who is a witness or an alleged victim in the case may not

vote on the reimbursement. If a quorum of the school board is disqualified from voting on the reimbursement, the reimbursement must be approved by a judge of the district court.

B. Students

The school district has an interest in maintaining a safe and healthful environment and in preventing disruption of the educational process. In order to further that interest, the school district will take appropriate action regarding students convicted of crimes that relate to the school environment.

C. Criminal Investigations

1. ~~It is the~~The policy of the school district is to cooperate with law enforcement officials. The school district will make all efforts, however, to encourage law enforcement officials to question students and employees outside of school hours and off school premises unless there are extenuating circumstances or the matter being investigated is school-related, or as otherwise provided by law.
2. If such questioning at school is unavoidable, the school district will attempt to maintain confidentiality, to avoid embarrassment to students and employees and to avoid disruption of the educational program. The school district will attempt to notify parents of a student under age 18 that police will be questioning their child. Normally, the superintendent, principal, or other appropriate school official will be present during the interview, except as otherwise required by law (Minn. Stat. § 626.556, Subd. 10), or as otherwise determined in consultation with the parent or guardian.

D. Data Practices

The school district will release to juvenile justice and law enforcement authorities educational and personnel data only in accordance with Minn. Stat. Ch. 13 (Minnesota Government Data Practices Act) and 20 U.S.C. § 1232g (FERPA).

V. **STATEMENTS WHEN LITIGATION IS PENDING**

The school district recognizes that when a civil or criminal action is commenced or pending, parties to the lawsuit have particular duties in reference to persons involved or named in the lawsuit, as well as insurance carrier(s). Therefore, school board members or school district employees shall make or release statements in that situation only in consultation with legal counsel.

Legal References: Minn. Stat. Ch. 13 (Minnesota Government Data Practices Act)
Minn. Stat. §§ 121A.40-121A.56 (Pupil Fair Dismissal Act)
Minn. Stat. § 123B.02, Subd. 20 (Legal Counsel, Reimbursement)

Minn. Stat. § 123B.25(b) (Actions Against Teachers)
Minn. Stat. § 466.07, Subd. 1 (Indemnification)
20 U.S.C. § 1232g (Family Educational Rights and Privacy Act)
42 U.S.C. § 1983 (Civil Action for Depriving Rights)
Minn. Op. Atty. Gen. 169 (Mar. 7, 1963)
Minn. Op. Atty. Gen. 169 (Nov. 3, 1943)
Dypress v. School Committee of Boston, 446 N.E.2d 1099 (Mass. App. Ct. 1983)
Wood v. Strickland, 420 U.S. 308, 95 S.Ct. 992, 43 L.Ed.2d 214 (1975)

Cross References: MSBA/MASA Model Policy 403 (Discipline, Suspension, and Dismissal of School District Employees)
MSBA/MASA Model Policy 406 (Public and Private Personnel Data)
MSBA/MASA Model Policy 408 (Subpoena of a School District Employee)
MSBA/MASA Model Policy 414 (Mandated Reporting of Child Neglect or Physical or Sexual Abuse)
MSBA/MASA Model Policy 506 (Student Discipline)
MSBA/MASA Model Policy 515 (Protection and Privacy of Pupil Records)

Adopted: _____

MSBA/MASA Model Policy 213

Orig. 1996

Revised: 1st Reading 11/26/18

Rev. ~~2004~~ 2018

213 SCHOOL BOARD COMMITTEES

[Note: Many school boards utilize either standing or ad hoc committees, or both. On the other hand, some school boards avoid the use of committees for the most part because of the danger of fragmentation of the governance process. The objective of this policy is to provide a framework for those school boards which elect to utilize committees or subcommittees. Further, this policy is designed to apply only to committees or subcommittees made up of elected school board members. Other considerations will apply to committees established by the school board involving members of the public, employees, students, parents, etc.]

I. PURPOSE

The purpose of this policy is to provide for the structure and the operation of committees or subcommittees of the school board.

II. GENERAL STATEMENT OF POLICY

- A. It is the policy of the school board to designate school board committees or subcommittees when it is determined that a committee process facilitates the mission of the school board.
- B. The school board has determined that certain permanent standing committees, as described in this policy, do facilitate the operation of the school board and the school district.
- C. A school board committee or subcommittee will be formed by school board resolution which shall outline the duties and purpose of the committee or subcommittee.
- D. A committee or subcommittee is advisory in nature and has only such authority as specified by the school board.
- E. The school board will receive reports or recommendations from a committee or subcommittee for consideration. The school board, however, retains the right and has the duty to make all final decisions related to such reports or recommendations.
- F. The school board also may establish such ad hoc committees for specific purposes as it deems appropriate.
- G. The school board reserves the right to limit, create or abolish any standing or ad hoc committee as it deems appropriate.

- H. A committee of the school board shall not appoint a subcommittee of that committee without approval of the school board.

III. APPOINTMENT OF COMMITTEES

- A. The school board hereby appoints the following standing committees:
 - 1. ~~Finance~~-Audit.
 - 2. Policy.
 - 3. Building and Grounds.
 - 4. Negotiations Committee(s) for various employee groups.

[Note: Each school district should determine which, if any, standing committees the school board wishes to establish.]

- B. The school board will establish, by resolution, for each standing or ad hoc committee the number of members, the term and the charge or mission of each such committee.
- C. The school board chair shall appoint the members of each standing or ad hoc committee and designate the chair thereof.

IV. PROCEDURES FOR SCHOOL BOARD COMMITTEES

- A. All meetings of committees or subcommittees shall be open to the public in compliance with the Open Meeting Law, and notice shall be given as prescribed by law.
- B. A committee or subcommittee shall act only within the guidelines and mission established for that committee or subcommittee by the school board.
- C. Actions of a committee or subcommittee shall be by majority vote and be consistent with the governing rules of the school board.
- D. The committee or subcommittee shall designate a secretary who will record the minutes of actions of the school board committee.
- E. The power of a committee or subcommittee of the school board is advisory only and is limited to making recommendations to the school board.
- F. A committee or subcommittee of the school board shall, when appropriate, clarify in any dealings with the public that its powers are only advisory to the school board.

Legal References: Minn. Stat. Ch. 13D (Open Meeting Law)

Cross References: MSBA/MASA Model Policy 201 (Legal Status of the School Board)
MSBA/MASA Model Policy 203 (Operation of the School Board –
Governing Rules)
MSBA Service Manual, Chapter 13, School Law Bulletin “C”
(Minnesota’s Open Meeting Law)

306 ADMINISTRATOR CODE OF ETHICS

I. PURPOSE

The purpose of this policy is to establish the requirements of the school board that school administrators adhere to the standards of ethics and professional conduct in this policy and Minnesota law.

II. GENERAL STATEMENT OF POLICY

A. An educational administrator's professional behavior must conform to an ethical code. The code must be idealistic and at the same time practical, so that it can apply reasonably to all educational administrators. The administrator acknowledges that the schools belong to the public they serve for the purpose of providing educational opportunities to all. However, the administrator assumes responsibility for providing professional leadership in the school and community. This responsibility requires the administrator to maintain standards of exemplary professional conduct. It must be recognized that the administrator's actions will be viewed and appraised by the community, professional associates, and students. To these ends, the administrator must subscribe to the following standards.

B. The Educational Administrator:

1. Makes the well-being of students the fundamental value of all decision-making and actions.
2. Fulfills professional responsibilities with honesty and integrity.
3. Supports the principle of due process and protects the civil and human rights of all individuals.
4. Obeys local, state, and national laws and does not knowingly join or support organizations that advocate, directly or indirectly, the overthrow of the government.
5. Implements the school board's policies.
6. Pursues appropriate measures to correct those laws, policies, and regulations that are not consistent with sound educational goals.
7. Avoids using positions for personal gain through political, social, religious, economic, or other influence.

8. Accepts academic degrees or professional certification only from duly accredited institutions.
9. Maintains the standards and seeks to improve the effectiveness of the profession through research and continuing professional development.
10. Honors all contracts until fulfillment, release, or dissolution is mutually agreed upon by all parties to the contract.
11. Adheres to the eCode of eEthics for School aAdministrators in Minnesota law-Rule.

Legal References: Minn. Stat. § 122A.14, Subd. 4 (Code of Ethics)
Minn. Rules Part 3512.5200 (Code of Ethics for School Administrators)

Cross References:

404 EMPLOYMENT BACKGROUND CHECKS

[Note: The provisions of this policy substantially reflect statutory requirements.]

I. PURPOSE

The purpose of this policy is to maintain a safe and healthful environment in the school district in order to promote the physical, social, and psychological well-being of its students. To that end, the school district will seek a criminal history background check for applicants who receive an offer of employment with the school district and on all individuals, except enrolled student volunteers, who are offered the opportunity to provide athletic coaching services or other extracurricular academic coaching services to the school district, regardless of whether any compensation is paid, or such other background checks as provided by this policy. The school district may also elect to do background checks of other volunteers, independent contractors, and student employees in the school district.

II. GENERAL STATEMENT OF POLICY

- A. The school district shall require that applicants for school district positions who receive an offer of employment and all individuals, except enrolled student volunteers, who are offered the opportunity to provide athletic coaching services or other extracurricular academic coaching services to the school district, regardless of whether any compensation is paid, submit to a criminal history background check. The offer of employment or the opportunity to provide services shall be conditioned upon a determination by the school district that an individual's criminal history does not preclude the individual from employment with, or provision of services to, the school district.
- B. The school district specifically reserves any and all rights it may have to conduct background checks regarding current employees, applicants, or service providers without the consent of such individuals.
- C. Adherence to this policy by the school district shall in no way limit the school district's right to require additional information, or to use procedures currently in place or other procedures to gain additional background information concerning employees, applicants, volunteers, service providers, independent contractors, and student employees.

III. PROCEDURES

- A. Normally an individual will not commence employment or provide services until the school district receives the results of the criminal history background check.

The school district may conditionally hire an applicant or allow an individual to provide services pending completion of the background check but shall notify the individual that the individual's employment or opportunity to provide services may be terminated based on the result of the background check. Background checks will be performed by the Minnesota Bureau of Criminal Apprehension (BCA). The BCA shall conduct the background check by retrieving criminal history data as defined in Minn. Stat. § 13.87. The school district reserves the right to also have criminal history background checks conducted by other organizations or agencies.

- B. In order for an individual to be eligible for employment or to provide athletic coaching services or other extracurricular academic coaching services to the school district, except for an enrolled student volunteer, the individual must sign a criminal history consent form, which provides permission for the school district to conduct a criminal history background check, and provide a money order or check payable to either the BCA or to the school district, at the election of the school district, in an amount equal to the actual cost to the BCA and the school district of conducting the criminal history background check. The cost of the criminal history background check is the responsibility of the individual, unless the school district decides to pay the costs for a volunteer, an independent contractor, or a student employee. If the individual fails to provide the school district with a signed Informed Consent Form and fee at the time the individual receives a job offer, or permission to provide services, the individual will be considered to have voluntarily withdrawn the application for employment or request to provide services.

[Note: If the school district elects to receive payment, it may, at its discretion, accept payment in the form of a negotiable instrument other than a money order or check and then pay the superintendent of the BCA directly to conduct the background check.]

- C. The school district, in its discretion, may elect not to request a criminal history background check on an individual who holds an initial entrance license issued by the state board of teaching Minnesota Professional Educator Licensing and Standards Board or the commissioner of education within the 12 months preceding an offer of employment or permission to provide services.
- D. The school district may use the results of a criminal background check conducted at the request of another school hiring authority if:
1. the results of the criminal background check are on file with the other school hiring authority or otherwise accessible;
 2. the other school hiring authority conducted a criminal background check within the previous 12 months;
 3. the individual executes a written consent form giving the school district access to the results of the check; and

4. there is no reason to believe that the individual has committed an act subsequent to the check that would disqualify the individual for employment or provision of services.
- E. For all nonstate residents who are offered employment with or the opportunity to provide athletic coaching services or other extracurricular academic coaching services to the school district, the school district shall request a criminal history background check on such individuals from the superintendent of the BCA and from the government agency performing the same function in the resident state or, if no government entity performs the same function in the resident state, from the Federal Bureau of Investigation. The offer of employment or the opportunity to provide services shall be conditioned upon a determination by the school district that an individual's criminal history does not preclude the individual from employment with, or provision of services to, the school district. Such individuals must provide an executed criminal history consent form.
- F. When required, individuals must provide fingerprints to assist in a criminal history background check. If the fingerprints provided by the individual are unusable, the individual will be required to submit another set of prints.
- G. Copies of this policy shall be available in the school district's employment office and will be distributed to applicants for employment and individuals who are offered the opportunity to provide athletic coaching services or other extracurricular academic coaching services upon request. The need to submit to a criminal history background check may be included with the basic criteria for employment or provision of services in the position posting and position advertisements.
- H. The individual will be informed of the results of the criminal background check(s) to the extent required by law.
- I. If the criminal history background check precludes employment with, or provision of services to, the school district, the individual will be so advised.
- J. The school district may apply these procedures to other volunteers, independent contractors, or student employees.
- K. At the beginning of each school year or when a student enrolls, the school district will notify parents and guardians about this policy and identify those positions subject to a background check and the extent of the school district's discretion in requiring a background check. The school district may include this notice in its student handbook, a school policy guide, or other similar communication. A form notice for this purpose is included with this policy.

IV. CRIMINAL HISTORY CONSENT FORM

A form to obtain consent for a criminal history background check is included with this

policy.

Legal References: Minn. Stat. § 13.04, Subd. 4 (Inaccurate or Incomplete Data)
Minn. Stat. § 13.87, Subd. 1 (Criminal History Data)
Minn. Stat. § 123B.03 (Background Check)
Minn. Stat. §§ 299C.60-299C.64 (Minnesota Child Protection Background
Check Act)
Minn. Stat. § 364.09(b) (Exception for School Districts)

Cross References:

Adopted: _____

MSBA/MASA Model Policy 414

Orig. 1995

Revised: 1st Reading 11/26/18

Rev. ~~2015~~ 2018

414 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. "Nonmaltreatment 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 nonmaltreatment 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. § 125A.0942 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: (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 nonaccidental 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) striking a child who is at least age one but under age four on the face or head, which results in an injury; (9) 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; (10) unreasonable physical confinement or restraint not permitted under Minn. Stat. § 609.379 including, but not limited to, tying, caging, or chaining; or (11) 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. "Report" means any communication received by the local welfare agency, police department, county sheriff, or agency responsible for child protection pursuant to

this section that describes neglect or physical or sexual abuse of a child and contains sufficient content to identify the child and any person believed to be responsible for the neglect or abuse, if known.

- I. “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.
- J. “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 all reports of known or suspected child sex trafficking involving a child who is identified as a victim of sex trafficking. 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).

[Note: The inclusion of sex trafficking becomes effective on May 29, 2017.]

- K. “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.
- L. “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.
- M. “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, tribal social services, or tribal police department. The reporter will include his or her name and address in the report.
- 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. Regardless of whether a report is made, as soon as practicable after a school receives information regarding an incident that may constitute maltreatment of a child in a school facility, the school shall inform the parent, legal guardian, or custodian of the child that an incident has occurred and may constitute maltreatment of the child, when the incident occurred, and the nature of the conduct that may constitute maltreatment.
- D. 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.
- E. 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.
- F. 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.
- G. 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.
- H. 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 abuser 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. § 125A.0942 (Standards for Restrictive 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: MSBA/MASA Model Policy 415 (Mandated Reporting of Maltreatment of Vulnerable Adults)

415 MANDATED REPORTING OF MALTREATMENT OF VULNERABLE ADULTS

[Note: This policy reflects the mandatory law regarding reporting maltreatment of vulnerable adults 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 maltreatment of vulnerable adults.

II. GENERAL STATEMENT OF POLICY

- A. The policy of the school district is to fully comply with Minn. Stat. § 626.557 requiring school personnel to report suspected maltreatment of vulnerable adults.
- B. ~~It shall be a~~ violation of this policy occurs when ~~for~~ any school personnel ~~to~~ fails to report suspected maltreatment of vulnerable adults when the school personnel has reason to believe that a vulnerable adult is being or has been maltreated, or has knowledge that a vulnerable adult has sustained a physical injury which is not reasonably explained.

III. DEFINITIONS

- A. “Mandated Reporters” means any school personnel who has reason to believe that a vulnerable adult is being or has been maltreated.
- B. “Maltreatment” means the neglect, abuse, or financial exploitation of a vulnerable adult.
- C. “Neglect” means the failure or omission by a caregiver to supply a vulnerable adult with care or services, including but not limited to, food, clothing, shelter, health care, or supervision which is: (1) reasonable and necessary to obtain or maintain the vulnerable adult’s physical or mental health or safety, considering the physical and mental capacity or dysfunction of the vulnerable adult; and (2) which is not the result of an accident or therapeutic conduct. Neglect also includes the absence or likelihood of absence of care or services, including but not limited to, food, clothing, shelter, health care, or supervision necessary to maintain the physical and mental health of the vulnerable adult which a reasonable person would deem essential to obtain or maintain the vulnerable adult’s health, safety, or comfort considering the physical or mental capacity or dysfunction of the vulnerable adult. Neglect does not include actions specifically excluded by Minn. Stat. § 626.5572, Subd. 17.

- D. “Abuse” means: (a) An act against a vulnerable adult that constitutes a violation of, an attempt to violate, or aiding and abetting a violation of: (1) assault in the first through fifth degrees as defined in sections 609.221 to 609.224; (2) the use of drugs to injure or facilitate crime as defined in section 609.235; (3) the solicitation, inducement, and promotion of prostitution as defined in section 609.322; and (4) criminal sexual conduct in the first through fifth degrees as defined in sections 609.342 to 609.3451. A violation includes any action that meets the elements of the crime, regardless of whether there is a criminal proceeding or conviction. (b) Conduct which is not an accident or therapeutic conduct as defined in this section, which produces or could reasonably be expected to produce physical pain or injury or emotional distress including, but not limited to, the following: (1) hitting, slapping, kicking, pinching, biting, or corporal punishment of a vulnerable adult; (2) use of repeated or malicious oral, written, or gestured language toward a vulnerable adult or the treatment of a vulnerable adult which would be considered by a reasonable person to be disparaging, derogatory, humiliating, harassing, or threatening; (3) use of any aversive or deprivation procedure, unreasonable confinement, or involuntary seclusion, including the forced separation of the vulnerable adult from other persons against the will of the vulnerable adult or the legal representative of the vulnerable adult; and (4) use of any aversive or deprivation procedures for persons with developmental disabilities or related conditions not authorized under section 245.825. (c) Any sexual contact or penetration as defined in section 609.341, between a facility staff person or a person providing services in the facility and a resident, patient, or client of that facility. (d) The act of forcing, compelling, coercing, or enticing a vulnerable adult against the vulnerable adult’s will to perform services for the advantage of another. Abuse does not include actions specifically excluded by Minn. Stat. § 626.5572, Subd. 2.
- E. “Financial Exploitation” means a breach of a fiduciary duty by an actor’s unauthorized expenditure of funds entrusted to the actor for the benefit of the vulnerable adult or by an actor’s failure to provide food, clothing, shelter, health care, therapeutic conduct or supervision, the failure of which results or is likely to result in detriment to the vulnerable adult. Financial exploitation also includes: the willful use, withholding or disposal of funds or property of a vulnerable adult; the obtaining of services for wrongful profit or advantage which results in detriment to the vulnerable adult; the acquisition of a vulnerable adult’s funds or property through undue influence, harassment, duress, deception or fraud; and the use of force, coercion, or enticement to cause a vulnerable adult to perform services against the vulnerable adult’s will for the profit or advantage of another.
- F. “Vulnerable Adult” means any person 18 years of age or older who: (1) is a resident or inpatient of a facility; (2) receives services ~~at or from a licensed facility which serves adults as set forth in Minn. Stat. § 626.5572, Subd. 21(a)(2) required to be licensed under Minn. Stat. Ch. 245A, except as excluded under Minn. Stat. § 626.5572, Subd. 21(a)(2);~~ (3) receives services from a licensed home care provider or ~~home care provider service person or organization that offers, provides, or arranges for personal care assistance services under the~~

medical assistance program; or (4) regardless of residence or type of service received possesses a physical or mental infirmity or other physical, mental, or emotional dysfunction that impairs the individual's ability to adequately provide the person's own care without assistance or supervision and, because of the dysfunction or infirmity and need for care or services, has an impaired ability to protect the individual's self from maltreatment.

- G. "Caregiver" means an individual or facility who has responsibility for the care of a vulnerable adult as a result of a family relationship, or who has assumed responsibility for all or a portion of the care of a vulnerable adult voluntarily, by contract, or by agreement.
- H. "School Personnel" means professional employees or their delegates of the school district engaged in providing health, educational, social, psychological, law enforcement, or other caretaking services of vulnerable adults.
- I. "Immediately" means as soon as possible, but no longer than 24 hours from the time initial knowledge that the incident occurred has been received.

IV. REPORTING PROCEDURES

- A. A mandated reporter as defined herein shall immediately report the suspected maltreatment to the designated county entity common entry point responsible for receiving reports.
- B. Whenever a mandated reporter, as defined herein, knows or has reason to believe that an individual made an error in the provision of therapeutic conduct to a vulnerable adult which results in injury or harm, which reasonably requires the care of a physician, such information shall be reported immediately to the designated county agency. The mandated reporter also may report a belief that the error did not constitute neglect and why the error does not constitute neglect.
- C. The reporter shall to the extent possible identify the vulnerable adult, the caregiver, the nature and extent of the suspected maltreatment, any evidence of previous maltreatment, the name and address of the reporter, the time, date, and location of the incident, and any other information that the reporter believes might be helpful in investigating the suspected abuse or neglect. A mandated reporter may disclose not public data as defined under Minn. Stat. § 13.02 to the extent necessary to comply with the above reporting requirements.
- D. A person mandated to report suspected maltreatment of a vulnerable adult who negligently or intentionally fails to report is liable for damages caused by the failure. A negligent or intentional failure to report may result in discipline. A mandatory reporter who intentionally fails to make a report, who knowingly provides false or misleading information in reporting, or who intentionally fails to provide all the material circumstances surrounding the reported incident may be guilty of a misdemeanor.

- E. Retaliation against a person who makes a good faith report under Minnesota law and this policy, or against vulnerable adult who is named in a report is prohibited.
- F. Any person who intentionally 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. The intentional making of a false report may result in discipline.

V. INVESTIGATION

The responsibility for investigating reports of suspected maltreatment of a vulnerable adult rests with the entity designated by the county for receiving reports.

VI. DISSEMINATION OF POLICY AND TRAINING

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

Legal References: Minn. Stat. § 13.02 (Collection, Security, and Dissemination of Records; Definitions)
 Minn. Stat. § 245.825 (Aversive and Deprivation Procedures; Licensed Facilities and Services)
 Minn. Stat. §§ 609.221-609.224 (Assault)
 Minn. Stat. § 609.234 (Crimes Against the Person)
 Minn. Stat. § 609.235 (Use of Drugs to Injure or Facilitate Crime)
 Minn. Stat. § 609.322 (Solicitation, Inducement, and Promotion of Prostitution; Sex Trafficking)
 Minn. Stat. § 609.341 (Definitions)
 Minn. Stat. §§ 609.342-609.3451 (Criminal Sexual Conduct)
 Minn. Stat. § 626.557 (Reporting of Maltreatment of Vulnerable Adults)
 Minn. Stat. § 626.5572 (Definitions)
In re Kleven, 736 N.W.2d 707 (Minn. App. 2007)

Cross References: MSBA/MASA Model Policy 103 (Complaints – Students, Employees, Parents, Other Persons)
 MSBA/MASA Model Policy 211 (Criminal or Civil Action Against School District, School Board Member, Employee, or Student)
 MSBA/MASA Model Policy 403 (Discipline, Suspension, and Dismissal of School District Employees)
 MSBA/MASA Model Policy 406 (Public and Private Personnel Data)
 MSBA/MASA Model Policy 414 (Mandated Reporting of Child Neglect or Physical or Sexual Abuse)

416 DRUG AND ALCOHOL TESTING

[Note: Drug and Alcohol Testing of school bus drivers and applicants is mandatory under federal law. The mandatory testing is described under Part III. of the policy. Testing of other employees or testing of school bus drivers beyond that mandated by federal law is optional but can be done under state law only if a policy containing provisions such as the provisions of Part IV. of this policy are adopted. To preserve the right to request or require school district employees who are not bus drivers and applicants to undergo drug and/or alcohol testing or to require bus drivers to submit to testing that is not federally mandated, a school district should adopt Part IV. as part of its drug and alcohol testing policy.]

I. PURPOSE

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

II. GENERAL STATEMENT OF POLICY

- A. All school district employees and job applicants whose positions require a commercial driver's license will be required to undergo drug and alcohol testing in accordance with federal law and the applicable provisions of this policy. The school district also may request or require that drivers submit to drug and alcohol testing in accordance with the provisions of this policy and as provided in Minn. Stat. §§ 181.950-181.957.
- B. The school district may request or require that any school district employee or job applicant, other than an employee or applicant whose position requires a commercial driver's license, submit to drug and alcohol testing in accordance with the provisions of this policy and as provided in Minn. Stat. §§ 181.950-181.957.
- C. The use, possession, sale, purchase, transfer, or dispensing of any drugs not

medically prescribed, including medical cannabis, regardless of whether it has been prescribed for the employee, is prohibited on school district property (which includes school district vehicles), while operating school district vehicles or equipment, and at any school-sponsored program or event. Use of drugs which are not medically prescribed, including medical cannabis, regardless of whether it has been prescribed for the employee, is also prohibited throughout the school or work day, including lunch or other breaks, whether or not the employee is on or off school district property. Employees under the influence of drugs which are not medically prescribed are prohibited from entering or remaining on school district property.

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

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

A. General Statement of Policy

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

B. Definitions

1. "Actual Knowledge" means actual knowledge by the school district that a driver has used alcohol or controlled substances based on: (a) direct observation of the employee's use (not observation of behavior sufficient to warrant reasonable suspicion testing); (b) information provided by a previous employer; (c) a traffic citation; or (d) an employee's admission, except when made in connection with a qualified employee self-admission program.
2. "Alcohol Screening Device" (ASD) means a breath or saliva device, other than an Evidential Breath Testing Device (EBT), that is approved by the National Highway Traffic Safety Administration and placed on its Conforming Products List for such devices.

3. “Breath Alcohol Technician” (BAT) means an individual who instructs and assists individuals in the alcohol testing process and who operates the EBT.
4. “Commercial Motor Vehicle” (CMV) includes a vehicle which is designed to transport 16 or more passengers, including the driver.
5. “Designated Employer Representative” (DER) means a designated school district representative authorized to take immediate action to remove employees from safety-sensitive duties, to make required decisions in the testing and evaluation process, and to receive test results and other communications for the school district.
6. “Department of Transportation” (DOT) means United States Department of Transportation.
7. “Driver” is any person who operates a CMV, including full-time, regularly employed drivers, casual, intermittent or occasional drivers, leased drivers, and independent owner-operator contractors.
8. “Evidential Breath Testing Device” (EBT) means a device approved by the National Highway Traffic Safety Administration for the evidentiary testing of breath for alcohol concentration and placed on its Conforming Products List for such devices.
9. “Medical Review Officer” (MRO) means a licensed physician responsible for receiving and reviewing laboratory results generated by the school district’s drug testing program and for evaluating medical explanations for certain drug tests.
10. “Refusal to Submit” (to an alcohol or controlled substances test) means that a driver: (a) fails to appear for any test within a reasonable time, as determined by the school district, consistent with applicable DOT regulations, after being directed to do so; (b) fails to remain at the testing site until the testing process is complete; (c) fails to provide a urine specimen or an adequate amount of saliva or breath for any DOT drug or alcohol test; (d) fails to permit the observation or monitoring of the driver’s provision of a specimen in the case of a directly observed or monitored collection in a drug test; (e) fails to provide a sufficient breath specimen or sufficient amount of urine when directed and a determination has been made that no adequate medical explanation for the failure exists; (f) fails or declines to take an additional test as directed; (g) fails to undergo a medical examination or evaluation, as directed by the MRO or the DER; (h) fails to cooperate with any part of the testing process (e.g., refuses to empty pockets when so directed by the collector, behaves in a confrontational way that disrupts the collection process, fails to wash hands after being directed to do so by the collector, fails to sign the

certification on the forms); (i) fails to follow the observer's instructions, in an observed collection, to raise the driver's clothing above the waist, lower clothing and underpants, and to turn around to permit the observer to determine if the driver has any type of prosthetic or other device that could be used to interfere with the collection process; (j) possesses or wears a prosthetic or other device that could be used to interfere with the collection process; (k) admits to the collector or MRO that the driver adulterated or substituted the specimen; or (l) is reported by the MRO as having a verified adulterated or substituted test result. An applicant who fails to appear for a pre-employment test, who leaves the testing site before the pre-employment testing process commences, or who does not provide a urine specimen because he or she has left before it commences is not deemed to have refused to submit to testing.

11. "Safety-sensitive functions" are on-duty functions from the time the driver begins work or is required to be in readiness to work until relieved from work, and include such functions as driving, loading and unloading vehicles, or supervising or assisting in the loading or unloading of vehicles, servicing, repairing, obtaining assistance to repair, or remaining in attendance during the repair of a disabled vehicle.
12. "Screening Test Technician" (STT) means anyone who instructs and assists individuals in the alcohol testing process and operates an ASD.
13. "Stand Down" means to temporarily remove an employee from performing safety-sensitive functions after a laboratory reports a confirmed positive, an adulterated, or a substituted test result but before the MRO completes the verification process.
14. "Substance Abuse Professional" (SAP) means a qualified person who evaluates employees who have violated a DOT drug and alcohol regulation and makes recommendations concerning education, treatment, follow-up testing, and aftercare.

C. Policy and Educational Materials

[Note: The federal regulations require that school districts provide materials to bus drivers explaining the school district's policies and procedures and the federal requirements with respect to the mandatory drug and alcohol testing of bus drivers. 49 C.F.R. § 382.601. Almost all of the required information is contained within this model policy. Additional materials to be provided to employees are described in Paragraph 2. of this Section C.]

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

2. The school district shall provide to each driver information concerning the effects of alcohol and controlled substances use on an individual's health, work, and personal life; signs and symptoms of an alcohol or drug problem; and available methods of intervening when an alcohol or drug problem is suspected, including confrontation, referral to an employee assistance program, and/or referral to management.
3. The school district shall provide written notice to representatives of employee organizations that the information described above is available.
4. The school district shall require each driver to sign a statement certifying that he or she has received a copy of the policy and materials. This statement should be in the form of Attachment A to this policy. The school district will maintain the original signed certificate and will provide a copy to the driver if the driver so requests.

[Note: The federal regulations require a school district to obtain a signed statement from each driver certifying that he or she has received a copy of these materials. 49 C.F.R. § 382.601(d). The original signed certificate must be maintained by the school district and a copy may be provided to the driver.]

D. Alcohol and Controlled Substances Testing Program Manager

[Note: School districts are required by the federal regulations to designate a person to answer driver questions about the policy and the education materials described in Section C. above and to notify the drivers of the designation. 49 C.F.R. § 382.601(b)(1).]

1. The program manager will coordinate the implementation, direction, and administration of the alcohol and controlled substances testing policy for bus drivers. The program manager is the principal contact for the collection site, the testing laboratory, the MRO, the BAT, the SAP, and the person submitting to the test. Employee questions concerning this policy shall be directed to the program manager.
2. The school district shall designate a program manager and provide written notice of the designation to each driver along with this policy.

E. Specific Prohibitions for Drivers

[Note: The specific prohibitions for drivers are contained, in large part, in 49 C.F.R. §§ 382.201-382.215.]

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

2. Alcohol Possession. No driver shall be on duty or operate a CMV while the driver possesses alcohol.
3. On-Duty Use. No driver shall use alcohol while performing safety-sensitive functions.
4. Pre-Duty Use. No driver shall perform safety-sensitive functions within four (4) hours after using alcohol.
5. Use Following an Accident. No driver required to take a post-accident test shall use alcohol for eight (8) hours following the accident, or until he or she undergoes a post-accident alcohol test, whichever occurs first.
6. Refusal to Submit to a Required Test. No driver shall refuse to submit to an alcohol or controlled substances test required by post-accident, random, reasonable suspicion, return-to-duty, or follow-up testing requirements. A verified adulterated or substituted drug test shall be considered a refusal to test.
7. Use of Controlled Substances. No driver shall report for duty or remain on duty requiring the performance of safety-sensitive functions when the driver uses any controlled substance, except when the use is pursuant to instructions (which have been presented to the school district) from a licensed physician who has advised the driver that the substance does not adversely affect the driver's ability to safely operate a CMV. Controlled substance includes medical cannabis, regardless of whether the driver is enrolled in the state registry program.
8. Positive, Adulterated, or Substituted Test for Controlled Substance. No driver shall report for duty, remain on duty, or perform a safety-sensitive function if the driver tests positive for controlled substances, including medical cannabis, or has adulterated or substituted a test specimen for controlled substances.
9. General Prohibition. Drivers are also subject to the general policies and procedures of the school district which prohibit the possession, transfer, sale, exchange, reporting to work under the influence of drugs or alcohol, and consumption of drugs or alcohol while at work or while on school district premises or operating any school district vehicle, machinery, or equipment.

F. Other Alcohol-Related Conduct

[Note: Consequences for drivers engaging in alcohol-related conduct are described in the federal regulations. 49 C.F.R. § 382.505.]

No driver found to have an alcohol concentration of 0.02 or greater but less than

0.04 shall perform safety-sensitive functions for at least twenty-four (24) hours following administration of the test. The school district will not take any action under this policy other than removal from safety-sensitive functions based solely on test results showing an alcohol concentration of less than 0.04 but may take action otherwise consistent with law and policy of the school district.

G. Prescription Drugs

A driver shall inform his or her supervisor if at any time the driver is using a controlled substance pursuant to a physician's prescription. The physician's instructions shall be presented to the school district upon request. Use of a prescription drug shall be allowed if the physician has advised the driver that the prescribed drug will not adversely affect the driver's ability to safely operate a CMV. Use of medical cannabis is prohibited notwithstanding the driver's enrollment in the patient registry.

H. Testing Requirements

1. Pre-Employment Testing

[Note: 49 C.F.R. § 382.301 details the requirements for pre-employment testing.]

- a. A driver applicant shall undergo testing for [alcohol and] controlled substances, including medical cannabis, before the first time the driver performs safety-sensitive functions for the school district.

[Note: A school district is permitted, but not required, to conduct pre-employment testing for the use of alcohol. If a school district elects to require pre-employment testing for alcohol, it should include the bracketed text in Subparagraph a., above, and test all applicants uniformly.]

- b. Tests shall be conducted only after the applicant has received a conditional offer of employment.
- c. In order to be hired, the applicant must test negative and must sign an agreement in the form of Attachment B to this policy, authorizing former employers to release to the school district all information on the applicant's alcohol tests with results of blood alcohol concentration of 0.04 or higher, or verified positive results for controlled substances, including medical cannabis, or refusals to be tested (including verified adulterated or substituted drug test results), or any other violations of DOT agency drug and alcohol testing regulations, or, if the applicant violated the testing regulations, documentation of the applicant's successful completion of DOT return-to-duty requirements (including follow-

up tests), within the preceding two (2) years.

[Note: The federal regulations require school districts to inquire about, obtain, and review alcohol and controlled substances information from prior employers pursuant to a driver's written authorization, prior to the time a driver performs safety-sensitive functions, if feasible. 49 C.F.R. § 382.413 and 49 C.F.R. § 40.25. If not feasible, school districts must not permit the employee to perform safety-sensitive functions for more than thirty (30) days from the date a safety-sensitive function was performed unless the school districts make good faith efforts to obtain the information and to make a record of those efforts to be retained in the driver's qualification file.]

- d. The applicant also must be asked whether he or she has tested positive, or refused to test, on any pre-employment drug or alcohol test administered by an employer to which the employee, during the last two (2) years, applied for, but did not obtain, safety-sensitive transportation work covered by DOT testing rules.

2. Post-Accident Testing

[Note: 49 C.F.R. § 382.303 governs post-accident testing of drivers.]

- a. As soon as practicable following an accident involving a CMV, the school district shall test the driver for alcohol and controlled substances, including medical cannabis, if the accident involved the loss of human life or if the driver receives a citation for a moving traffic violation arising from an accident which results in bodily injury or disabling damage to a motor vehicle.
- b. Drivers should be tested for alcohol use within two (2) hours and no later than eight (8) hours after the accident.
- c. Drivers should be tested for controlled substances, including medical cannabis, no later than thirty-two (32) hours after the accident.
- d. A driver subject to post-accident testing must remain available for testing, or shall be considered to have refused to submit to the test.
- e. If a post-accident alcohol test is not administered within two (2) hours following the accident, the school district shall prepare and maintain on file a record stating the reasons the test was not promptly administered and continue to attempt to administer the alcohol test within eight (8) hours.
- f. If a post-accident alcohol test is not administered within eight (8) hours following the accident or a post-accident controlled

substances test is not administered within thirty-two (32) hours following the accident, the school district shall cease attempts to administer the test, and prepare and maintain on file a record stating the reasons for not administering the test.

3. Random Testing

[Note: 49 C.F.R. § 382.305 governs random testing of drivers.]

- a. The school district shall conduct tests on a random basis at unannounced times throughout the year, as required by the federal regulations.

[Note: The Federal Highway Administration (FHWA) lowered the random alcohol selection and testing rate from 25% of the average number of driver positions to 10% in 1998 and evaluates this minimum percentage each year. School districts can elect to stay at 25% (or a higher percentage) if they do not want to monitor the minimum annual percentage rate set by the FHWA. The random controlled substances selection and testing rate has remained at 50% each year and has not been lowered to 25% as is possible under the regulations.]

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

4. Reasonable Suspicion Testing

[Note: 49 C.F.R. § 382.307 governs reasonable suspicion testing of drivers.]

- a. The school district shall require a driver to submit to an alcohol test and/or controlled substances, including medical cannabis, test when a supervisor or school district official, who has been trained in accordance with the regulations, has reasonable suspicion to believe that the driver has used alcohol and/or controlled substances, including medical cannabis, on duty or within four (4) hours before coming on duty. The test shall be done as soon as practicable following the observation of the behavior indicative of the use of controlled substances or alcohol.
- b. The reasonable suspicion determination must be based on specific, contemporaneous, articulable observations concerning the driver's appearance, behavior, speech, or body odors. The required observations for reasonable suspicion of a controlled substances violation may include indications of the chronic and withdrawal effects of controlled substances.
- c. Alcohol testing shall be administered within two (2) hours following a determination of reasonable suspicion. If it is not done within two (2) hours, the school district shall prepare and maintain a record explaining why it was not promptly administered and continue to attempt to administer the alcohol test within eight (8) hours. If an alcohol test is not administered within eight (8) hours following the determination of reasonable suspicion, the school district shall cease attempts to administer the test and state in the record the reasons for not administering the test.
- d. The supervisor or school district official who makes observations leading to a controlled substances reasonable suspicion test shall make and sign a written record of the observations within twenty-four (24) hours of the observed behavior or before the results of the drug test are released, whichever is earlier.

[Note: 49 C.F.R. §§ 382.309, 40.23(d), and 40.305 govern return-to-duty testing.]

5. Return-To-Duty Testing. A driver found to have violated this policy shall not return to work until an SAP has determined the employee has successfully complied with prescribed education and/or treatment and until undergoing return-to-duty tests indicating an alcohol concentration of less than 0.02 and a confirmed negative result for the use of controlled substances.

[Note: 49 C.F.R. §§ 382.311, 40.307, and 40.309 govern follow-up testing.]

6. Follow-Up Testing. When an SAP has determined that a driver is in need of assistance in resolving problems with alcohol and/or controlled

substances, the driver shall be subject to unannounced follow-up testing as directed by the SAP for up to sixty (60) months after completing a treatment program.

7. Refusal to Submit and Attendant Consequences

[Note: Consequences for refusals to submit to required drug and alcohol tests are addressed generally in 49 C.F.R. §§ 40.191, 40.261, and 382.211. They are more specifically addressed in 49 C.F.R. §§ 382.501-382.507 and in 49 U.S.C. § 521(b).]

- a. A driver or driver applicant may refuse to submit to drug and alcohol testing.
- b. Refusal to submit to a required drug or alcohol test subjects the driver or driver applicant to the consequences specified in federal regulations as well as the civil and/or criminal penalty provisions of 49 U.S.C. § 521(b). In addition, a refusal to submit to testing establishes a presumption that the driver or driver applicant would test positive if a test were conducted and makes the driver or driver applicant subject to discipline or disqualification under this policy.
- c. A driver applicant who refuses to submit to testing shall be disqualified from further consideration for the conditionally offered position.
- d. An employee who refuses to submit to testing shall not be permitted to perform safety-sensitive functions and will be considered insubordinate and subject to disciplinary action, up to and including dismissal. If an employee is offered an opportunity to return to a DOT safety-sensitive duty, the employee will be evaluated by an SAP and must submit to a return-to-duty test prior to being considered for reassignment to safety-sensitive functions.
- e. Drivers or driver applicants who refuse to submit to required testing will be required to sign Attachment C to this policy.

I. Testing Procedures

1. Drug Testing

[Note: The Federal Drug Testing Custody and Control Form (CCF) must be used to document every urine collection required by the DOT drug testing program. 49 C.F.R. § 40.45.]

- a. Drug testing is conducted by analyzing a donor's urine specimen. Split urine samples will be collected in accordance with federal regulations. The donor will provide a urine sample at a designated

collection site. The collection site personnel will then pour the sample into two sample bottles, labeled “primary” and “split,” seal the specimen bottles, complete the chain of custody form, and prepare the specimen bottles for shipment to the testing laboratory for analysis. The specimen preparation shall be conducted in sight of the donor.

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

result as received from the testing laboratory exists.

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

2. Alcohol Testing

[Note: The DOT Alcohol Testing Form (ATF) must be used for every DOT alcohol test. 49 C.F.R. § 40.225]

- a. The federal alcohol testing regulations require testing to be administered by a BAT using an EBT or an STT using an ASD. EBTs and ASDs can be used for screening tests but only EBTs can be used for confirmation tests.
- b. Any test result less than 0.02 alcohol concentration is considered a “negative” test.
- c. If the donor is unable to provide sufficient saliva for an ASD, the DER will immediately arrange to use an EBT. If the donor attempts and fails to provide an adequate amount of breath, the school district will direct the donor to obtain a written evaluation from a licensed physician to determine if the donor’s inability to provide a breath sample is genuine or constitutes a refusal to test.
- d. If the screening test results show alcohol concentration of 0.02 or higher, a confirmatory test conducted on an EBT will be required to be performed between fifteen (15) and thirty (30) minutes after the completion of the screening test.

- e. Alcohol tests are reported directly to the DER.

J. Driver/Driver Applicant Rights

- 1. All drivers and driver applicants subject to the controlled substances testing provisions of this policy who receive a confirmed positive test result for the use of controlled substances have the right to request, at the driver's or driver applicant's expense, a confirming retest of the split urine sample. If the confirming retest is negative, no adverse action will be taken against the driver, and a driver applicant will be considered for employment.

[Note: The limitation on discharge in Paragraph 2., below, is contained solely in Minnesota law. State law is preempted by federal laws and regulations as it relates to drivers of commercial motor vehicles (such as bus drivers). See Minn. Stat. § 221.031, Subd. 10. Nevertheless, school districts may decide to comply with the state law requirements for various reasons (such as to treat all school district employees equally since employees subject to testing only under state law are accorded these additional rights). Consultation with the school district's legal counsel is recommended.]

- 2. The school district will not discharge a driver who, for the first time, receives a confirmed positive drug or alcohol test UNLESS:
 - a. The school district has first given the employee an opportunity to participate in, at the employee's own expense or pursuant to coverage under an employee benefit plan, either a drug or alcohol counseling or rehabilitation program, whichever is more appropriate, as determined by the school district after consultation with the SAP; and
 - b. The employee refuses to participate in the recommended program, or fails to successfully complete the program as evidenced by withdrawal before its completion or by a positive test result on a confirmatory test after completion of the program.
 - c. This limitation on employee discharge does not bar discharge of an employee for reasons independent of the first confirmed positive test result.

K. Testing Laboratory

The testing laboratory for controlled substances will be [*name, address, telephone number*], which is a laboratory certified by the Department of Health and Human Services – SAMHSA to perform controlled substances testing pursuant to federal regulations.

L. Confidentiality of Test Results

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

M. Recordkeeping Requirements and Retention of Records

1. The school district shall keep and maintain records in accordance with the federal regulations in a secure location with controlled access.

[Note: The federal recordkeeping requirements for school districts are detailed in the federal regulations 49 C.F.R. §§ 382.401 et seq. and 40.331. The DOT publishes a guide to the recordkeeping requirements of mandatory drug and alcohol testing for persons with a commercial driver's license as part of its Alcohol & Drugs: DOT Compliance Manual.]

2. The required records shall be retained for the following minimum periods:

Basic records	5 years
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“Basic records” includes records of: (a) alcohol test results with concentration of 0.02 or greater; (b) verified positive drug test results; (c) refusals to submit to required tests (including substituted or adulterated drug test results); (d) SAP reports; (e) all follow-up tests and schedules for follow-up tests; (f) calibration documentation; (g) administration of the testing programs; and (h) each annual calendar year summary.

Information obtained from previous employers	3 years
Collection records	2 years
Negative and cancelled drug tests	1 year
Alcohol tests with less than 0.02 concentration	1 year
Education and training records	indefinite

“Education and training records” must be maintained while the individuals perform the functions which require training and for the two (2) years after ceasing to perform those functions.

N. Training

The school district shall ensure all persons designated to supervise drivers receive training. The designated employees shall receive at least sixty (60) minutes of training on alcohol misuse and at least sixty (60) minutes of training on controlled substances use. The training shall include physical, behavioral, speech, and

performance indicators of probable misuse of alcohol and use of controlled substances. The training will be used by the supervisors to make determinations of reasonable suspicion.

O. Consequences of Prohibited Conduct and Enforcement

1. Removal. The school district shall remove a driver who has engaged in prohibited conduct from safety-sensitive functions. A driver shall not be permitted to return to safety-sensitive functions until and unless the return-to-duty requirements of federal DOT regulations have been completed.

2. Referral, Evaluation, and Treatment

a. A driver or driver applicant who has engaged in prohibited conduct shall be provided a listing of SAPs readily available to the driver or applicant and acceptable to the school district.

[Note: Subparagraphs b. and c., below, are based on the provisions of 49 C.F.R. § 40.289.]

b. If the school district offers a driver an opportunity to return to a DOT safety-sensitive duty following a violation, the driver must be evaluated by an SAP and the driver is required to successfully comply with the SAP's evaluation recommendations (education, treatment, follow-up evaluation(s), and/or ongoing services). The school district is not required to provide an SAP evaluation or any subsequent recommended education or treatment.

[Note: School districts are not required to comply with state law governing drug and alcohol testing when the individuals are subject to the federal laws and regulations (i.e., bus drivers). If a school district, after consultation with legal counsel, chooses to comply voluntarily with these requirements, Subparagraph b., above, can be modified as follows:

b. The school district will offer a driver an opportunity to return to a DOT safety-sensitive duty following an employee's first positive test result on a confirmatory test if no reasons independent of the first test result for discharge exist. Otherwise, the school district may choose, but is not required, to provide an SAP evaluation or any subsequent recommended education or treatment.]

c. Drivers are responsible for payment for SAP evaluations and services unless a collective bargaining agreement or employee benefit plan provides otherwise.

d. Drivers who engage in prohibited conduct also are required to

comply with follow-up testing requirements.

3. Disciplinary Action

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

P. Other Testing

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

[Note: When the testing of drivers complies with federal testing requirements and procedures, school districts clearly are exempt from the state drug and alcohol testing requirements in Minn. Stat. §§ 181.950-181.957. See Minn. Stat. § 221.031, Subd. 10. When testing beyond the federally mandated requirements, however, school districts still must comply with state law.]

IV. DRUG AND ALCOHOL TESTING FOR OTHER EMPLOYEES

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

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

1. General Limitations

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

2. Job Applicant Testing

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

3. Random Testing

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

4. Reasonable Suspicion Testing

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

- a. is under the influence of drugs or alcohol;
- b. has violated the school district's written work rules prohibiting the use, possession, sale, or transfer of drugs or alcohol while the

employee is working or while the employee is on the school district's premises or operating the school district's vehicles, machinery, or equipment;

- c. has sustained a personal injury, as that term is defined in Minn. Stat. § 176.011, Subd. 16, or has caused another employee to sustain a personal injury; or
- d. has caused a work-related accident or was operating or helping to operate machinery, equipment, or vehicles involved in a work-related accident.

5. Treatment Program Testing

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

6. Routine Physical Examination Testing

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

B. No Legal Duty to Test

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

C. Definitions

- 1. "Drug" means a controlled substance as defined in Minnesota Statutes, including medical cannabis, regardless of enrollment in the state registry program.
- 2. "Drug and alcohol testing," "drug or alcohol testing," and "drug or alcohol test" mean analysis of a body component sample according to the standards established under one of the programs listed in Minn. Stat. § 181.953, Subd. 1, for the purpose of measuring the presence or absence of

drugs, alcohol, or their metabolites in the sample tested.

3. “Other Employees” means any persons, independent contractors, or persons working for an independent contractor who perform services for the school district for compensation, either full time or part time, in whatever form, except for persons whose positions require a commercial driver’s license, and includes both professional and nonprofessional personnel. Persons whose positions require a commercial driver’s license are primarily governed by the provisions of the school district’s drug and alcohol testing policy relating to school bus drivers (Section III.). To the extent that the drug and alcohol testing of persons whose positions require a commercial driver’s license is not mandated by federal law and regulations, such testing shall be governed by Section IV. of this policy and the drivers shall fall within this definition of “other employees.”
4. “Job applicant” means a person, independent contractor, or person working for an independent contractor who applies to become an employee of the school district in a position that does not require a commercial driver’s license, and includes a person who has received a job offer made contingent on the person’s passing drug or alcohol testing. Job applicants for positions requiring a commercial driver’s license are governed by the provisions of the school district’s drug and alcohol testing policy relating to school bus drivers (Section III.).
5. “Positive test result” means a finding of the presence of drugs, alcohol, or their metabolites in the sample tested in levels at or above the threshold detection levels contained in the standards of one of the programs listed in Minn. Stat. § 181.953, Subd. 1.
6. “Random selection basis” means a mechanism for selection of employees that:
 - a. results in an equal probability that any employee from a group of employees subject to the selection mechanism will be selected; and
 - b. does not give the school district discretion to waive the selection of any employee selected under the mechanism.
7. “Reasonable suspicion” means a basis for forming a belief based on specific facts and rational inferences drawn from those facts.
8. “Safety-sensitive position” means a job, including any supervisory or management position, in which an impairment caused by drug or alcohol usage would threaten the health or safety of any person.

D. Right of Other Employee or Job Applicant to Refuse Drug and Alcohol Testing and Consequences of Such Refusal

1. Right of Other Employee or Job Applicant to Refuse Drug and Alcohol Testing

Any employee or job applicant whose position does not require a commercial driver's license has the right to refuse drug and alcohol testing subject to the provisions contained in Paragraphs 2. and 3. of this Section D.

2. Consequences of an Employee's Refusal to Undergo Drug and Alcohol Testing

Any employee in a position that does not require a commercial driver's license who refuses to undergo drug and alcohol testing in the circumstances set out in the Random Testing, Reasonable Suspicion Testing, and Treatment Program Testing provisions of this policy may be subject to disciplinary action, up to and including immediate discharge.

3. Consequences of a Job Applicant's Refusal to Undergo Drug and Alcohol Testing

Any job applicant for a position which does not require a commercial driver's license who refuses to undergo drug and alcohol testing pursuant to the Job Applicant Testing provision of this policy shall not be employed.

E. Reliability and Fairness Safeguards

1. Pretest Notice

Before requesting an employee or job applicant whose position does not require a commercial driver's license to undergo drug or alcohol testing, the school district shall provide the employee or job applicant with a Pretest Notice in the form of Attachment D to this policy on which to acknowledge that the employee or job applicant has received the school district's drug and alcohol testing policy.

2. Notice of Test Results

Within three (3) working days after receipt of a test result report from the testing laboratory, the school district shall inform in writing an employee or job applicant who has undergone drug or alcohol testing of a negative test result on an initial screening test or of a negative or positive test result on a confirmatory test.

3. Notice of and Right to Test Result Report

Within three (3) working days after receipt of a test result report from the testing laboratory, the school district shall inform in writing, an employee

or job applicant who has undergone drug or alcohol testing of the employee or job applicant's right to request and receive from the school district a copy of the test result report on any drug or alcohol test.

4. Notice of and Right to Explain Positive Test Result

- a. If an employee or job applicant has a positive test result on a confirmatory test, the school district shall provide him or her with notice of the test results and, at the same time, written notice of the right to explain the results and to submit additional information.
- b. The school district may request that the employee or job applicant indicate any over-the-counter or prescription medication that the individual is currently taking or has recently taken and any other information relevant to the reliability of, or explanation for, a positive test result.
- c. The employee may present verification of enrollment in the medical cannabis patient registry as part of the employee's explanation.
- e-d. Within three (3) working days after notice of a positive test result on a confirmatory test, an employee or job applicant may submit information (in addition to any information already submitted) to the school district to explain that result.

5. Notice of and Right to Request Confirmatory Retests

- a. If an employee or job applicant has a positive test result on a confirmatory test, the school district shall provide him or her with notice of the test results and, at the same time, written notice of the right to request a confirmatory retest of the original sample at his or her expense.
- b. An employee or job applicant may request a confirmatory retest of the original sample at his or her own expense after notice of a positive test result on a confirmatory test. Within five (5) working days after notice of the confirmatory test result, the employee or job applicant shall notify the school district in writing of his or her intention to obtain a confirmatory retest. Within three (3) working days after receipt of the notice, the school district shall notify the original testing laboratory that the employee or job applicant has requested the laboratory to conduct the confirmatory retest or to transfer the sample to another laboratory licensed under Minn. Stat. § 181.953, Subd. 1 to conduct the confirmatory retest. The original testing laboratory shall ensure that appropriate chain-of-custody procedures are followed during transfer of the sample to the other laboratory. The confirmatory retest must use the same

drug or alcohol threshold detection levels as used in the original confirmatory test. If the confirmatory retest does not confirm the original positive test result, no adverse personnel action based on the original confirmatory test may be taken against the employee or job applicant.

6. If an employee or job applicant has a positive test result on a confirmatory test, the school district, at the time of providing notice of the test results, shall also provide written notice to inform him or her of other rights provided under Sections F. or G., below, whichever is applicable.

Attachments E and F to this policy provide the Notices described in Paragraphs 2. through 6. of this Section E.

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

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

same rate of pay pending the outcome of the confirmatory test and, if requested, the confirmatory retest, provided the school district believes that it is reasonably necessary to protect the health or safety of the employee, co-employees or the public. An employee who has been suspended without pay must be reinstated with back pay if the outcome of the confirmatory test or requested confirmatory retest is negative.

5. The school district may not discharge, discipline, discriminate against, request, or require rehabilitation of an employee on the basis of medical history information or the employee's status as a patient enrolled in the medical cannabis registry program revealed to the school district, unless the employee was under an affirmative duty to provide the information before, upon, or after hire, or failing to do so would violate federal law or regulations or cause the school district to lose money or licensing-related benefit under federal law or regulations.
6. The school district may not discriminate against any employee in termination, discharge, or any term of condition of employment or otherwise penalize an employee based upon an employee registered patient's positive drug test for cannabis components or metabolites, unless the employee used, possessed, or was impaired by medical cannabis on school district property during the hours of employment.
- ~~6-7.~~ An employee must be given access to information in his or her personnel file relating to positive test result reports and other information acquired in the drug and alcohol testing process and conclusions drawn from and actions taken based on the reports or other acquired information.

G. Withdrawal of Job Offer for an Applicant for a Position That Does Not Require a Commercial Driver's License

If a job applicant has received a job offer made contingent on the applicant's passing drug and alcohol testing, the school district may not withdraw the offer based on a positive test result from an initial screening test that has not been verified by a confirmatory test. In the case of a positive test result on a confirmatory test, the school district may withdraw the job offer.

H. Chain-of-Custody Procedures

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

1. Possession of a sample must be traceable to the employee from whom the sample is collected, from the time the sample is collected through the time the sample is delivered to the laboratory;
2. The sample must always be in the possession of, must always be in view

of, or must be placed in a secure area by a person authorized to handle the sample;

3. A sample must be accompanied by a written chain-of-custody record; and
4. Individuals relinquishing or accepting possession of the sample must record the time the possession of the sample was transferred and must sign and date the chain-of-custody record at the time of transfer.

I. Privacy, Confidentiality and Privilege Safeguards

1. Privacy Limitations

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

2. Confidentiality Limitations

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

3. Exceptions to Privacy and Confidentiality Disclosure Limitations

Notwithstanding Paragraphs 1. and 2., evidence of a positive test result on a confirmatory test may be: (1) used in an arbitration proceeding pursuant to a collective bargaining agreement, an administrative hearing under Minn. Stat. Ch. 43A or other applicable state or local law, or a judicial proceeding, provided that information is relevant to the hearing or proceeding; (2) disclosed to any federal agency or other unit of the United States government as required under federal law, regulation or order, or in accordance with compliance requirements of a federal government contract; and (3) disclosed to a substance abuse treatment facility for the purpose of evaluation or treatment of the employee.

4. Privilege

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

J. Notice of Testing Policy to Affected Employees

The school district shall provide written notice of this drug and alcohol testing

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

V. POSTING

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

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

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

Adopted: _____

MSBA/MASA Model Policy 420

Orig. 1995

Revised: 1st Reading 11/26/18

Rev. ~~2008~~ 2018

420 STUDENTS AND EMPLOYEES WITH SEXUALLY TRANSMITTED INFECTIONS AND DISEASES AND CERTAIN OTHER COMMUNICABLE DISEASES AND INFECTIOUS CONDITIONS

[Note: School districts are not required by statute to have a policy addressing these issues. However, Minn. Stat. § 121A.23 provides that school districts must have a program that incorporates the provisions contained in this policy.]

I. PURPOSE

Public concern that students and staff of the school district be able to attend the schools of the district without becoming infected with serious communicable or infectious diseases, including but not limited to, Human Immunodeficiency Virus (HIV), Acquired Immunodeficiency Syndrome (AIDS), Hepatitis B, and Tuberculosis, requires that the school board adopt measures effectively responding to health concerns while respecting the rights of all students, employees, and contractors, including those who are so infected. The purpose of this policy is to adopt such measures.

II. GENERAL STATEMENT OF POLICY

A. Students

~~It is that~~ The policy of the school board is that students with communicable diseases not be excluded from attending school in their usual daily attendance setting so long as their health permits and their attendance does not create a significant risk of the transmission of illness to students or employees of the school district. A procedure for minimizing interruptions to learning resulting from communicable diseases will be established by the school district in its IEP and Section 504 team process, if applicable, and in consultation with community health and private health care providers. Procedures for the inclusion of students with communicable diseases will include any applicable educational team planning processes, including the review of the educational implications for the student and others with whom the student comes into contact.

B. Employees

~~It is that~~ The policy of the school board is that employees with communicable diseases not be excluded from attending to their customary employment so long as they are physically, mentally, and emotionally able to safely perform tasks assigned to them and so long as their employment does not create a significant risk of the transmission of illness to students, employees, or others in the school district. If a reasonable accommodation will eliminate the significant risk of transmission, such accommodation will be undertaken unless it poses an undue

hardship to the school district.

C. Circumstances and Conditions

1. Determinations of whether a contagious individual's school attendance or job performance creates a significant risk of the transmission of the illness to students or employees of the school district will be made on a case by case basis. Such decisions will be based upon the nature of the risk (how it is transmitted), the duration of the risk (how long the carrier is infectious), the severity of the risk (what is the potential harm to third parties), and the probabilities the disease will be transmitted and will cause varying degrees of harm. When a student is disabled, such a determination will be made in consultation with the educational planning team.
2. The school board recognizes that some students and some employees, because of special circumstances and conditions, may pose greater risks for the transmission of infectious conditions than other persons infected with the same illness. Examples include students who display biting behavior, students or employees who are unable to control their bodily fluids, who have oozing skin lesions, or who have severe disorders which result in spontaneous external bleeding. These conditions need to be taken into account and considered in assessing the risk of transmission of the disease and the resulting effect upon the educational program of the student or employment of the employee by consulting with the Commissioner of Health, the physician of the student or employee, and the parent(s)/guardian(s) of the student.

D. Students with Special Circumstances and Conditions

The school (title), along with the infected individual's physician, the infected individual or parent(s)/guardian(s), and others, if appropriate, will weigh risks and benefits to the student and to others, consider the least restrictive appropriate educational placement, and arrange for periodic reevaluation as deemed necessary by the state epidemiologist. The risks to the student shall be determined by the student's physician.

E. Extracurricular Student Participation

Student participation in nonacademic, extracurricular, and non-educational programs of the school district are subject to a requirement of equal access and comparable services.

F. Precautions

The school district will develop routine procedures for infection control at school and for educating employees about these procedures. The procedures shall be developed through cooperation with health professionals taking into consideration

any guidelines of the Minnesota Department of Education and the Minnesota Department of Health. (These precautionary procedures shall be consistent with the school district's procedures regarding blood-borne pathogens developed pursuant to the school district's employee right to know policy.)

G. Information Sharing

1. Employee and student health information shall be shared within the school district only with those whose jobs require such information and with those who have a legitimate educational interest (including health and safety) in such information and shall be shared only to the extent required to accomplish legitimate educational goals and to comply with employees' right to know requirements.
2. Employee and student health data shall be shared outside the school district only in accordance with state and federal law and with the school district's policies on employee and student records and data.

H. Reporting

If a medical condition of student or staff threatens public health, it must be reported to the Commissioner of Health.

I. Prevention

The school district shall, with the assistance of the Commissioners of Health and Education, implement a program to prevent and reduce the risk of sexually transmitted diseases in accordance with Minn. Stat. § 121A.23 which includes:

1. planning materials, guidelines, and other technically accurate and updated information;
2. a comprehensive, developmentally appropriate, technically accurate, and updated curriculum that includes helping students to abstain from sexual activity until marriage;
3. cooperation and coordination among school districts and Service Cooperatives;
4. a targeting of adolescents, especially those who may be at high risk of contracting sexually transmitted diseases and infections, for prevention efforts;
5. involvement of parents and other community members;
6. in-service training for district staff and school board members;
7. collaboration with state agencies and organizations having a sexually

transmitted infection and disease prevention or sexually transmitted infection and disease risk reduction program;

8. collaboration with local community health services, agencies and organizations having a sexually transmitted infection and disease risk reduction program; and
9. participation by state and local student organizations.
10. The program must be consistent with the health and wellness curriculum.
11. The school district may accept funds for sexually transmitted infection and disease prevention programs developed and implemented under this section from public and private sources, including public health funds and foundations, department professional development funds, federal block grants, or other federal or state grants.

J. Vaccination and Screening

The school district will develop procedures regarding the administration of Hepatitis B vaccinations and Tuberculosis screenings in keeping with current state and federal law. The procedures shall provide that the Hepatitis B vaccination series be offered to all who have occupational exposure at no cost to the employee.

Legal References: Minn. Stat. § 121A.23 (Health-Related Programs)
Minn. Stat. § 144.441-442 (Tuberculosis)
Minn. Stat. Ch. 363A (Minnesota Human Rights Act)
20 U.S.C. § 1400 *et seq.* (Individuals with Disabilities Education Improvement Act of 2004)
29 U.S.C. § 794 *et seq.* (Rehabilitation Act of 1973, § 504)
42 U.S.C. § 12101 *et seq.* (Americans with Disabilities Act)
29 C.F.R. 1910.1030 (Occupational Exposure to Bloodborne Pathogens)
Kohl by Kohl v. Woodhaven Learning Center, 865 F.2d 930 (8th Cir.), *cert. denied*, 493 U.S. 892, 110 S.Ct. 239 (1989)
School Board of Nassau County, Fla. v. Arline, 480 U.S. 273, 107 S.Ct. 1123 (1987)
16 EHLR 712, OCR Staff Memo, April 5, 1990

Cross References: MSBA/MASA Model Policy 402 (Disability Nondiscrimination)
MSBA/MASA Model Policy 407 (Employee Right to Know – Exposure to Hazardous Substances)
MSBA/MASA Model Policy 521 (Student Disability Nondiscrimination)

421 GIFTS TO EMPLOYEES AND SCHOOL BOARD MEMBERS

I. PURPOSE

The purpose of this policy is to avoid the appearance of impropriety or the appearance of a conflict of interest with respect to gifts given to school district employees and school board members.

II. GENERAL STATEMENT OF POLICY

- A. The school district recognizes that students, parents, and others may wish to show appreciation to school district employees. The policy of the school district, however, is to discourage gift-giving to employees and to encourage donors instead to write letters and notes of appreciation or to give small tokens of gratitude as memorabilia.
- B. A violation of this policy occurs when any employee solicits, accepts, or receives, either by direct or indirect means, a gift from a student, parent, or other individual or organization of greater than nominal value.
- C. A violation of this policy occurs when any employee solicits, accepts, or receives a gift from a person or entity doing business with or seeking to do business with the school district. Employees may accept items of insignificant value of a promotional or public relations nature or a plaque with a resale value of \$5 or less with an inscription recognizing an individual for an accomplishment. The superintendent has discretion to determine what value is “insignificant.”
- D. Teachers may accept from publishers free samples of textbooks and related teaching materials.
- E. This policy applies only to gifts given to employees where the donor’s relationship with the employee arises out of the employee’s employment with the school district. It does not apply to gifts given to employees by personal friends, family members, other employees, or others unconnected to the employee’s employment with the school district.
- F. An elected or appointed member of a school board, a school superintendent, a school principal, or a district school officer, including the school business official, may not accept a gift from an interested person.

III. DEFINITIONS

- A. “Gift” means money, real or personal property, a service, a loan, a forbearance or forgiveness of indebtedness, or a promise of future employment that is given without something of equal or greater value being received in return.
- B. “Interested person” means a person or a representative of a person or association that has a direct financial interest in a decision that a school board member, a superintendent, a school principal, or a district school officer is authorized to make.

IV. PROCEDURES

Any employee considering the acceptance of a gift shall confer with the administration for guidance related to the interpretation and application of this policy.

V. VIOLATIONS

Employees who violate the provisions of this policy may be subject to discipline, which may include reprimand, suspension, and/or termination or discharge.

Legal References: Minn. Stat. § 10A.07 (Conflicts of Interest)
Minn. Stat. § 10A.071 (Prohibition of Gifts)
Minn. Stat. § 15.43 (Acceptance of Advantage by State Employee; Penalty)
Minn. Stat. § 471.895 (Certain Gifts by Interested Persons Prohibited)

Cross References: MSBA/MASA Model Policy 209 (Code of Ethics)
MSBA/MASA Model Policy 210 (Conflict of Interest – School Board Members)
MSBA/MASA Model Policy 306 (Administrator Code of Ethics)

423 EMPLOYEE-STUDENT RELATIONSHIPS

I. PURPOSE

The school district is committed to an educational environment in which all students are treated with respect and dignity. Every school district employee is to provide students with appropriate guidance, understanding, and direction while maintaining a standard of professionalism and acting within accepted standards of conduct.

II. GENERAL STATEMENT OF POLICY

- A. This policy applies to all school district employees at all times, whether on or off duty and on or off of school district locations.
- B. At all times, students will be treated by teachers and other school district employees with respect, courtesy, and consideration and in a professional manner. Each school district employee is expected to exercise good judgment and professionalism in all interpersonal relationships with students. Such relationships must be and remain on a teacher-student basis or an employee-student basis.
- C. Teachers must be mindful of their inherent positions of authority and influence over students. Similarly, other school district employees also may hold positions of authority over students of the school district and must be mindful of their authority and influence over students.
- D. Sexual relationships between school district employees and students, without regard to the age of the student, are strictly forbidden and may subject the employee to criminal liability.
- E. Other actions that violate this policy include, but are not limited to, the following:
 - 1. Dating students.
 - 2. Having any interaction/activity of a sexual nature with a student.
 - 3. Committing or attempting to induce students or others to commit an illegal act or act of immoral conduct which may be harmful to others or bring discredit to the school district.
 - 4. Supplying alcohol or any illegal substance to a student, allowing a student access to such substances, or failing to take reasonable steps to prevent

such access from occurring.

- F. School district employees shall, whenever possible, employ safeguards against improper relationships with students and/or claims of such improper relationships.

[Note: Such safeguards may include the following: avoiding altogether or minimizing physical contact, keeping doors open when talking or meeting with students one-on-one, and/or making sure that such meetings with a student take place in rooms with windows and/or others nearby.]

- G. Excessive informal and social involvement with individual students is unprofessional, is not compatible with employee-student relationships, and is inappropriate.
- H. School district employees will adhere to applicable standards of ethics and professional conduct in Minnesota law.

III. REPORTING AND INVESTIGATION

- A. Complaints and/or concerns regarding alleged violations of this policy shall be handled in accordance with MSBA/MASA Model Policy 103 (Complaints – Students, Employees, Parents, Other Persons) unless other specific complaint procedures are provided within any other policy of the school district.
- B. All employees shall cooperate with any investigation of alleged acts, conduct, or communications in violation of this policy.

IV. SCHOOL DISTRICT ACTION

Upon 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. It also may include reporting to appropriate state or federal authorities, including the [Board of Teaching-Minnesota Professional Educator Licensing and Standards Board](#) or the appropriate licensing authority and appropriate agencies responsible for investigating reports of maltreatment of minors and/or vulnerable adults. 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.

V. SCOPE OF LIABILITY

Employees are placed on notice that if an employee acts outside the performance of the duties of the position for which the employee is employed or is guilty of malfeasance, willful neglect of duty, or bad faith, the school district is not required to defend and indemnify the employee for damages in school-related litigation.

Legal References: Minn. Stat. § 13.43, Subd. 16 (School District or Charter School

Disclosure of Violence or Inappropriate Sexual Contact)

Minn. Stat. § 122A.20, Subd. 2 (Mandatory Reporting to ~~Minnesota Board of Teaching~~ Professional Educator Licensing and Standards Board or Board of School Administrators)

Minn. Stat. § 122A.40, Subds. 5(b) and 13(b) (Mandatory immediate discharge of teachers with license revocations due to child or sex abuse convictions)

Minn. Stat. §§ 609.341-609.352 (Defining “intimate parts” and “position of authority” as well as detailing various sex offenses)

Minn. Stat. § 626.556 (Reporting of Maltreatment of Minors)

Minn. Stat. § 626.557 (Reporting of Maltreatment of Vulnerable Adults)

Minn. Rules Part 3512.5200 (Code of Ethics for School Administrators)

Minn. Rules Part 8700.7500 (Code of Ethics for Minnesota Teachers)

- Cross References:***
- MSBA/MASA Model Policy 103 (Complaints – Students, Employees, Parents, Other Persons)
 - MSBA/MASA Model Policy 211 (Criminal or Civil Action Against School District, School Board Member, Employee, or Student)
 - MSBA/MASA Model Policy 306 (Administrator Code of Ethics)
 - MSBA/MASA Model Policy 403 (Discipline, Suspension, and Dismissal of School District Employees)
 - MSBA/MASA Model Policy 413 (Harassment and Violence)
 - MSBA/MASA Model Policy 414 (Mandated Reporting of Child Neglect or Physical or Sexual Abuse)
 - MSBA/MASA Model Policy 415 (Mandated Reporting of Maltreatment of Vulnerable Adults)
 - MSBA/MASA Model Policy 421 (Gifts to Employees and School Board Members)
 - MSBA/MASA Model Policy 507 (Corporal Punishment)

Adopted: _____

MSBA/MASA Model Policy 424

Orig. 1999

Revised: 1st Reading 11/26/18

Rev. 2003-2018

424 LICENSE STATUS

[Note: The provisions of this policy substantially reflect legal requirements.]

I. PURPOSE

The purpose of this policy is to ensure that qualified teachers are employed by the school district and to fulfill its duty to ascertain the licensure status of its teachers. A school board that employs a teacher who does not hold a valid teaching license or permit places itself at risk for a reduction in state aid. This policy does not negate a teacher's duty and responsibility to maintain a current and valid teaching license.

II. GENERAL STATEMENT OF POLICY

- A. A qualified teacher is one holding a valid license to perform the particular service for which the teacher is employed by the school district.
- B. No person shall be a qualified teacher until the school district verifies, through the Minnesota education licensing system available on the Minnesota ~~Department of Education~~ Professional Educator Licensing and Standards Board website, that the person is a qualified teacher consistent with state law.
- C. The school district has a duty to ascertain the licensure status of its teachers and ensure that the school district's teacher license files are up to date. The school district shall establish a procedure for annually reviewing its teacher license files to verify that every teacher's license is current and appropriate to the particular service for which the teacher is employed by the school district.

III. PROCEDURE

- A. The superintendent or the superintendent's designee shall establish a schedule for the annual review of teacher licenses.
- B. Where it is discovered that a teacher's license will expire within one year from the date of the annual review, the superintendent or the superintendent's designee will advise the teacher in writing of the approaching expiration and that the teacher must complete the renewal process and file the license with the superintendent prior to the expiration of the current license. However, failure to provide this notice does not relieve a teacher from his/her duty and responsibility of ensuring that his/her teaching license is valid, current and appropriate to his/her teaching assignment.
- C. If it is discovered that a teacher's license has expired, the superintendent will

immediately investigate the circumstances surrounding the lack of license and will take appropriate action. The teacher shall be advised that the teacher's failure to have the license reinstated will constitute gross insubordination, inefficiency and willful neglect of duty which are grounds for immediate discharge from employment.

- D. The duty and responsibility of maintaining a current and valid teaching license appropriate to the teaching assignment as required by this policy shall remain with the teacher, notwithstanding the superintendent's failure to discover a lapsed license or license that does not support the teaching assignment. A teacher's failure to comply with this policy may be grounds for the teacher's immediate discharge from employment.

Legal References: Minn. Stat. § 122A.16 (~~Highly~~ Qualified Teacher Defined)
Minn. Stat. § 122A.22 (District Verification of Teacher Licenses)
Minn. Stat. § 122A.40, Subd. 13 (Employment; Contracts; Termination – Immediate Discharge)
Minn. Stat. § 127A.42 (Reduction of Aid for Violation of Law)
Vettleson v. Special Sch. Dist. No. 1, 361 N.W.2d 425 (Minn. App. 1985)
Lucio v. School Bd. of Independent Sch. Dist. No. 625, 574 N.W.2d 737 (Minn. App. 1998)
In the Matter of the Proposed Discharge of John R. Statz (Christine D. VerPloeg), June 8, 1992, *affirmed*, 1993 WL 129639 (Minn. App. 1993)

Cross References:

Adopted: 7-9-07

MSBA/MASA Model Policy 613

Orig. 1997

Revised: 1st Reading 11/26/18

Rev. ~~2010~~ 2018

613 GRADUATION REQUIREMENTS

I. PURPOSE

The purpose of this policy is to set forth requirements for graduation from the school district.

II. GENERAL STATEMENT OF POLICY

~~It is the policy of the school district that all students must pass the Minnesota Graduation Basic Standards tests or the Minnesota Comprehensive Assessments Second Edition (MCA-II's) per state requirements or higher guidelines and must satisfactorily complete, as determined by the school district, all course credit requirements and graduation standards, as established by the school board, in order to graduate.~~

The policy of the school district is that all students entering grade 8 in the 2012-2013 school year and later, must demonstrate, as determined by the school district, their satisfactory completion of the credit requirements and their understanding of academic standards. The school district must adopt graduation requirements that meet or exceed state graduation requirements established in law or rule.

III. DEFINITIONS

A. “Academic standard” means: (1) a statewide adopted expectation for student learning in the content areas of language arts, mathematics, science, social studies, physical education, or the arts, or (2) a locally adopted expectation for student learning in health, the arts, career and technical education, or world languages.

~~A. “Course credit” is equivalent to a student’s successful completion of an academic semester of study.~~

B. “Credit” means a student’s successful completion of an academic year of study or a student’s mastery of the applicable subject matter, as determined by the school district.

~~B. “Department” means the Department of Education.~~

~~C. “Unit” means a unit measuring education achievement based on successfully completing the requirements of a given course of study.~~

~~D. “Section 504 Accommodation” means the defined appropriate accommodations or modifications that must be made in the school environment to address the needs of an individual student with disabilities.~~

- C. “Section 504 Accommodation” means the defined appropriate accommodations or modifications that must be made in the school environment to address the needs of an individual student with disabilities.
- D. “Individualized Education Program,” or “IEP,” means a written statement developed for a student eligible by law for special education and services.
- ~~E. “Limited English Proficient” or “LEP” student means an individual whose first language is not English and whose test performance may be negatively impacted by lack of English language proficiency.~~
- E. “English language learners” or “ELL” student means an individual whose first language is not English and whose test performance may be negatively impacted by lack of English language proficiency.
- F. “GRAD” means the graduation-required assessment for diploma that measures the reading, writing, and mathematics proficiency of high school students.

IV. ~~TEST ADMINISTRATOR~~ DISTRICT ASSESSMENT COORDINATOR

~~The Director of Curriculum and Instruction~~ The Data and Testing Administrator shall be named the school district test administrator. Said person shall be in charge of all test procedures and shall bring recommendations to the school board annually for approval.

V. GRADUATION ASSESSMENT REQUIREMENTS

- A. For students enrolled in grade 8 in the 2012-2013 school year and later, students’ state graduation requirements, based on a longitudinal, systematic approach to student education and career planning, assessment, instructional support, and evaluation, include the following:
 - 1. Encouragement to participate on a nationally normed college entrance exam in grade 11 or grade 12;
 - 2. Achievement and career and college readiness tests in mathematics, reading, and writing. The tests must have a continuum of empirically derived, clearly defined benchmarks focused on students’ attainment of knowledge and skills so that students, their parents, and teachers know how well students must perform to have a reasonable chance to succeed in a career or college without the need for postsecondary remediation. In addition, the tests must ensure that the foundational knowledge and skills for students’ successful performance in postsecondary employment or education and articulated series of possible targeted interventions are clearly identified and satisfy Minnesota’s postsecondary admission requirements. To the extent available, the tests should:
 - a. monitor students’ continuous development of and growth in requisite knowledge and skills; analyze students’ progress and

performance levels, identifying students' academic strengths and diagnosing areas where students require curriculum or instructional adjustments, targeted interventions, or remediation; and

b. based on analysis of students' progress and performance data, determine students' learning and instructional needs and the instructional tools and best practices that support academic rigor for the student; and

c. consistent with this paragraph and Minn. Stat. § 120B.125 (see Policy 604, Section II.H.), age-appropriate exploration and planning activities and career assessments to encourage students to identify personally relevant career interests and aptitudes and help students and their families develop a regularly reexamined transition plan for postsecondary education or employment without need for postsecondary remediation.

3. Based on appropriate state guidelines, students with an IEP may satisfy state graduation requirements by achieving an individual score on the state-identified alternative assessments.

4. Students not meeting the state graduation requirements under this section must receive targeted, relevant, academically rigorous, and resourced instruction which may include a targeted instruction and intervention plan focused on improving the student's knowledge and skills in core subjects so that the student has a reasonable chance to succeed in a career or college without need for postsecondary remediation.

5. Students meeting the state graduation requirements under this section and who are students in grade 11 or 12 and who are identified as academically ready for a career or college must be actively encouraged by the school district to participate in courses and programs awarding college credit to high school students. Students are not required to achieve a specified score or level of proficiency on an assessment under this subdivision to graduate from high school.

6. A student's progress toward career and college readiness must be recorded on the student's high school transcript.

VI. GRADUATION REQUIREMENTS GRADUATION CREDIT REQUIREMENTS

~~A. All students must satisfactorily complete, as determined by the school district, either the basic skills requirements for students enrolled in grade 8 before the 2005-2006 school year or the MCA II's for students enrolled in grade 8 in the 2005-2006 school year.~~

A. Students beginning 8th grade in the 2012-2013 school year and later must successfully complete, as determined by the school district, the following high

school level credits for graduation:

1. Four credits of language arts sufficient to satisfy all academic standards in English language arts;
2. Three credits of mathematics, including an algebra II credit or its equivalent, geometry, statistics and probability, or its equivalent, sufficient to satisfy all of the academic standards in mathematics.
3. Students in the graduation class of 2015 and beyond must complete an algebra I credit by the end of 8th grade sufficient to satisfy all of the 8th grade standards in mathematics;
4. Three credits of science, including at least: (a) one credit of biology; (b) one credit of chemistry or physics; and (c) one elective credit of science. The combination of credits must be sufficient to satisfy (i) all of the academic standards in either chemistry or physics and (ii) all other academic standards in science;
5. Three and one-half credits of social studies, encompassing at least United States history, geography, government and citizenship, world history, and economics sufficient to satisfy all of the academic standards in social studies;
6. One credit in the arts sufficient to satisfy all of the state or local academic standards in the arts; and
7. A minimum of seven elective credits.
8. Credit equivalencies allowed:
 - a. One-half credit of economics taught in a school's agriculture education or business department may fulfill a one-half credit in social studies if the credit is sufficient to satisfy all of the academic standards in economics.
 - b. An agriculture science or career and technical education credit may fulfill the elective science credit required if the credit meets the state physical science, life science, earth and space science, chemistry, or physics academic standards or a combination of these academic standards as approved by the school district. An agriculture or career and technical education credit may fulfill the credit in chemistry or physics required if the credit meets the state chemistry or physics academic standards as approved by the school district. A student must satisfy either all of the chemistry or physics academic standards prior to graduation. An agriculture science or career and technical education credit may not fulfill the required biology credit.
 - c. A career and technical education credit may fulfill a mathematics

or arts credit requirement

d. Computer science credit may fulfill a mathematics credit requirement if the credit meets state academic standards in mathematics.

e. A Project Lead the Way credit may fulfill a mathematics or science credit requirement, if the credit meets the state academic standards in mathematics or science.

B. Students beginning ninth grade in the 2019-20 school year and later must successfully complete 56 credits to graduate. (one quarter or term = one credit):

1. 8 credits of English;

2. 6 credits of mathematics;

3. 8 credits of social studies;

4. 6 credits of science;

5. 2 credits in fine arts;

6. 1 credit in health;

7. 2 credits in physical education;

8. 1 credit in Freshman Seminar;

9. 1 credit of Financial Literacy;

10. 3 credits in Program of Study (3 course sequence); and

11. 18 elective credits

VII. GRADUATION STANDARDS REQUIREMENTS

A. All students must demonstrate their understanding of the following academic standards:

1. School District Standards, Health (K-12);

2. School District Standards, Career and Technical Education (K-12); and

3. School District Standards, World Languages (K-12).

B. Academic standards in health, world languages, and career and technical education will be reviewed on an annual basis.* A school district must use the current world languages standards developed by the American Council on the Teaching of Foreign Languages.

* Reviews are required to be conducted on a periodic basis. Therefore, this time period may be changed to accommodate individual school district needs.

C. All students must satisfactorily complete the following required Graduation Standards in accordance with the standards developed by the Minnesota Department of Education (MDE):

1. Minnesota Academic Standards, English Language Arts K-12;
 2. Minnesota Academic Standards, Mathematics K-12;
 3. Minnesota Academic Standards, Science K-12;
 4. Minnesota Academic Standards, Social Studies K-12; and
 5. Minnesota Academic Standards, Physical Education K-12.
- D. State standards in the Arts K-12 are available, or school districts may choose to develop their own standards.
- E. The academic standards for language arts, mathematics, and science apply to all students except the very few students with extreme cognitive or physical impairments for whom an IEP team has determined that the required academic standards are inappropriate. An IEP team that makes this determination must establish alternative standards.
- ~~C. All students must satisfactorily complete the following required and elective standards, in accordance with the standards adopted by the school district:~~
- ~~1. School District Standards, Health and Physical Education (K-12);~~
 - ~~2. School District Standards, Vocational and Technical Education (K-12); and~~
 - ~~3. School District Standards, World Languages (K-12).~~
- ~~D. All students entering the ninth grade must satisfactorily complete the following Minnesota Academic Standards, in accordance with the standards developed by the Department of Education:~~
- ~~1. Minnesota Academic Standards, Language Arts K-12 (2003);~~
 - ~~2. Minnesota Academic Standards, Mathematics K-12 (2003);~~
 - ~~3. Minnesota Academic Standards, Science K-12 (2004);~~
 - ~~4. Minnesota Academic Standards, Social Studies K-12 (2004); and~~
 - ~~5. Minnesota Academic Standards, Arts K-12 (2003); or~~
- ~~1. Minnesota Academic Standards, Social Studies K-12 (2004), or have met the requirements of an IEP, a Section 504 accommodation plan, or alternative learning center;~~
 - ~~2. Minnesota Academic Standards, Arts K-12 (2003), or have met the~~

~~requirements of an IEP, a Section 504 accommodation plan, or alternative learning center; and~~

- ~~3. Alternative standards established in the student's individualized education program in the academic areas of language arts, mathematics and science.~~

~~or~~

- ~~1. Students who enter the ninth grade in or before the 2003-2004 school year may choose to earn a diploma based on the graduation requirements in effect when the students entered the ninth grade. Eligible students electing to meet the graduation requirements which were in effect as of the ninth grade must submit a written parent/guardian request on a form designated by the school district no later than September 1, 2007.~~

~~E. Designated Shakopee High School credits, meeting all standards and rigor, may be made available by the district to be earned in a student's 8th grade year.~~

- ~~1. To access this credit opportunity, students must meet entrance criteria, including any pre-requisites, as established by the school district.~~
- ~~2. Students and their parents will need to sign off that they understand the implications of taking these high school classes early and request that the credits successfully completed count toward high school graduation requirements.~~
- ~~3. Successful completion of these credits will be counted toward Shakopee graduation requirements.~~
- ~~4. Grades from completed high school courses taken in the eighth grade at Shakopee Junior High shall be figured into the high school grade point average and class rank.~~
- ~~5. A student may petition the high school to be granted approval to retake a class offered under this section during grades 9-12. If a student retakes a class taken before 9th grade, the first record is voided and only the retake is given credit including grades for GPA and class rank.~~

VIII. EARLY GRADUATION

~~Students may be considered for early graduation, as provided for within Minnesota Statute, upon meeting the following conditions:~~

- ~~A. all course or standards and credit requirements must be met; and~~
- ~~B. the principal or designee shall conduct an interview with the student and parent or guardian to familiarize the parties with opportunities available in post-secondary education.~~

Students may be considered for early graduation, as provided for within Minn. Stat. § 120B.07, upon meeting the following conditions:

- A. All course or standards and credit requirements must be met;
- B. The principal or designee shall conduct an interview with the student and parent or guardian, familiarize the parties with opportunities available in post-secondary education, and arrive at a timely decision; and
- C. The principal's decision shall be in writing and may be subject to review by the superintendent and school board.

~~IV. PARTICIPATION IN GRADUATION COMMENCEMENT EXERCISES~~

~~Students completing all the requirements of the district for graduation will be awarded a diploma. In order to participate in the graduation ceremony, students must be within 2 credits of meeting all graduation standards on the last day of attendance for seniors.~~

~~V. NOTICE~~

~~The school district will notify students, grades 9-12, and their parents of the school district's graduation requirements within 30 working days of a student's entry into the Shakopee Public School District.~~

Legal References: Minn. Stat. § 120B.02 (Educational Expectations for Minnesota's Students)
Minn. Stat. § 120B.018 (Definitions)
Minn. Stat. § 120B.021 (Required Academic Standards)
Minn. Stat. § 120B.023 (Benchmarks)
Minn. Stat. § 120B.024 (Graduation Requirements; Course Credits)
Minn. Stat. § 120B.07 (Early Graduation)
Minn. Stat. § 120B.11 (School District Process)
Minn. Stat. § 120B.125 (Planning for Students' Successful Transition to Postsecondary Education and Employment; Involuntary Career Tracking Prohibited)
Minn. Stat. § 120B.30 (Statewide Testing and Reporting System)
Minn. Rules Parts 3501.0640-3501.0655 (Academic Standards for Language Arts)
Minn. Rules Parts 3501.0700-3501.0745 (Academic Standards for Mathematics)
Minn. Rules Parts 3501.0800-3501.0815 (Academic Standards for the Arts)

Minn. Rules Parts 3501.0900-3501.0955 (Academic Standards in Science)
Minn. Rules Parts 3501.1000-3501.1190 (Graduation-Required Assessment for Diploma) (repealed Minn. L. 2013, Ch. 116, Art. 2, § 22)
Minn. Rules Parts 3501.1300-3501.1345 (Academic Standards for Social Studies)
Minn. Rules Parts 3501.1400-3501.1410 (Academic Standards for Physical Education)
20 U.S.C. § 6301, et seq. (Every Student Succeeds Act)

Cross References: MSBA/MASA Model Policy 104 (School District Mission Statement)
MSBA/MASA Model Policy 601 (School District Curriculum and Instruction Goals)
MSBA/MASA Model Policy 614 (School District Testing Plan and Procedure)
MSBA/MASA Model Policy 615 (Testing Accommodations, Modifications, and Exemptions for IEPs, Section 504 Plans, and LEP Students)
MSBA/MASA Model Policy 616 (School District System Accountability)

~~**Legal References:** Minn. Stat. § 120B.02 (Educational Expectations for Minnesota's Students)~~
~~Minn. Stat. § 120B.024 (Graduation Requirements; Course Credits)~~
~~Minn. Stat. § 120B.07 (Early Graduation)~~
~~Minn. Stat. § 120B.11 (School District Process)~~
~~Minn. Rules Parts 3501.0010-3501.0180 (Rules Relating to Graduation Standards—Mathematics and Reading)~~
~~Minn. Rules Parts 3501.0200-3501.0290 (Rules Relating to Graduation Standards—Written Composition)~~
~~Minn. Rules Parts 3501.0505-3501.0635 (K-12 Standards)~~
~~20 U.S.C. § 6301, et seq. (No Child Left Behind Act)~~

~~**Cross References:** MSBA/MASA Model Policy 104 (School District Mission Statement)~~
~~MSBA/MASA Model Policy 601 (School District Curriculum and Instruction Goals)~~
~~MSBA/MASA Model Policy 614 (School District Testing Plan and Procedure)~~
~~MSBA/MASA Model Policy 615 (Basic Standards Testing, Accommodations, Modifications, and Exemptions for IEP, Section 504)~~

~~Accommodation, and LEP Students)
MSBA/MASA Model Policy 616 (School District System Accountability)~~

COMPREHENSIVE ANNUAL FINANCIAL REPORT



Shakopee Public
Schools
ISD No. 720
Shakopee, MN

YEAR ENDED
JUNE 30, 2018

WWW.SHAKOPEE.K12.MN.US
952.496.5000

PRELIMINARY

COMPREHENSIVE
ANNUAL FINANCIAL REPORT
OF THE
SHAKOPEE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 720
SHAKOPEE, MINNESOTA

For the Year Ended

June 30, 2018

Prepared by

THE FINANCE DEPARTMENT

Jeff Priess

Director of Finance and Operations

SHAKOPEE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 720
1200 Town Square
Shakopee, Minnesota 55379

PRELIMINARY

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**Independent School District No. 720
Board of Education and Administration
June 30, 2018**

<u>Board of Education</u>	<u>Position</u>	<u>Term Expires</u>
Scott Swanson	Chairperson	December 31, 2018
Tony Pass	Vice Chairperson	December 31, 2018
Shawn Hallet	Clerk	December 31, 2018
Angela Tucker	Treasurer	December 31, 2020
Matt McKeand	Director	December 31, 2020
Reggie Bowerman	Director	December 31, 2020
Judith Tomczik	Director	December 31, 2018

Administration

Gary Anger	Superintendent
Jeff Priess	Director of Finance and Operations
Julie Fred	Director of Special Services
Bryan Drozd	Director of Instructional Technology
Bob Greeley	Director of Community Education
Keith Gray	Executive Director of Administrative Services
Nancy Thul	Executive Director of Teaching and Learning
Dave Orłowsky	Director of Data and Assessment

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PRELIMINARY



November 13, 2018

To: Citizens of District 720 Shakopee Public Schools
Board of Education
Employees of the School District

INTRODUCTION

The Comprehensive Annual Financial Report (CAFR) of Independent School District No. 720, Shakopee, Minnesota (the District) for the fiscal year ended June 30, 2018 is presented for your information and review. The CAFR is intended to fully disclose the financial position of the District and the results of operations for the fiscal year. The District administration accepts full responsibility for the accuracy, completeness and fairness in presentation of the enclosed financial reports. Questions and comments are solicited and welcome.

REPORT FORMAT

This CAFR is presented in three main sections: introductory, financial, and statistical. In addition to information contained in this letter, the introductory section includes the District's organizational chart and a list of the District's principal officials. The financial section includes the independent auditor's report, Management's Discussion and Analysis (MD&A), basic financial statements, notes to basic financial statements, and detailed combining and individual statements and schedules. The statistical section includes selected financial and general information presented on a multi-year comparative basis. Where possible, historical data is presented for a 10-year period.

Accounting principles generally accepted in the United States of America require management to provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of an MD&A. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A of the District can be found immediately following the report of the independent auditors.

DISTRICT PROFILE/ORGANIZATION

Shakopee Public Schools serves more than 8,200 students in Shakopee, Savage, Prior Lake, and the Jackson, Louisville, and Sand Creek Townships. Our district is located in one of the fastest growing suburbs in the Twin Cities. The Shakopee school district is proud to serve a very diverse population of students and families with more than 70 languages and dialects from around the world spoken in our schools.

DISTRICT PROFILE/ORGANIZATION (CONTINUED)

We offer programming and activities for all our students. At Shakopee High School, there are many opportunities for students to earn college credit and high school credit at the same time through our Advanced Placement courses; CAPS (Center for Advanced Professional Studies) program and CIS (College in the Schools). Shakopee High School leads the way in credits earned for College in the Schools courses. Other notable programs in our district include the pre-engineering program Project Lead the Way, Young Scholars which serves students in our elementary grades and our Excellence with Equity program.

The Shakopee School District is committed to providing the best opportunities for our students and is dedicated to helping them excel and achieve their educational goals. Four years ago, our district began to look at our current curriculum and has, together with our teachers, been re-imagining academics in our district. Our junior high model will be transformed into a middle school model and a new vision for Shakopee High School, the Academies of Shakopee, was created to ensure a welcoming, inclusive environment within a large high school setting and to improve student success in post-secondary programs and career. There will be six academies: Arts & Communication, Business & Entrepreneurship, Engineering & Manufacturing, Health Sciences, Human Services, Science & Technology and a Freshman Academy. Shakopee school district staff and leadership will be implementing these academies in the fall of 2018.

With over 1,100 total staff, Shakopee Public Schools is one of the major employers in the area. During 2017-2018, the District operated 12 buildings: one traditional high school, one alternative high school, two junior high schools, one sixth grade center, five elementary schools, an early childhood center and the district administrative office. The Shakopee Public School District has embarked on a \$102.5 million building project. The main element of the project is to increase the size of the current high school by over 300,000 square feet to accommodate 3,200 students in the next ten years. With planned grade realignment for the 2018-19 school year, the high school expansion provides more efficient use of school district facilities. District buildings have an average age of 27.23 years and comprise just under 1.4 million square feet in size. The District is currently organized by grade level with elementary schools serving students in kindergarten through grade 5, a 6th grade center, junior high schools serving grades 7-9, and the high school serving grades 10-12. The reconfiguration for the 2018-19 school year would remain the same at elementary schools, 6-8 middle schools and a 9-12 high school.

Mission

Shakopee Schools, in partnership with our community, will educate lifelong learners to succeed in a diverse world.

Vision

The Shakopee School District is committed to providing the best opportunities for our students. We are dedicated to helping them excel and achieve their educational goals and teaching them to be good citizens of our community, our nation and our world.

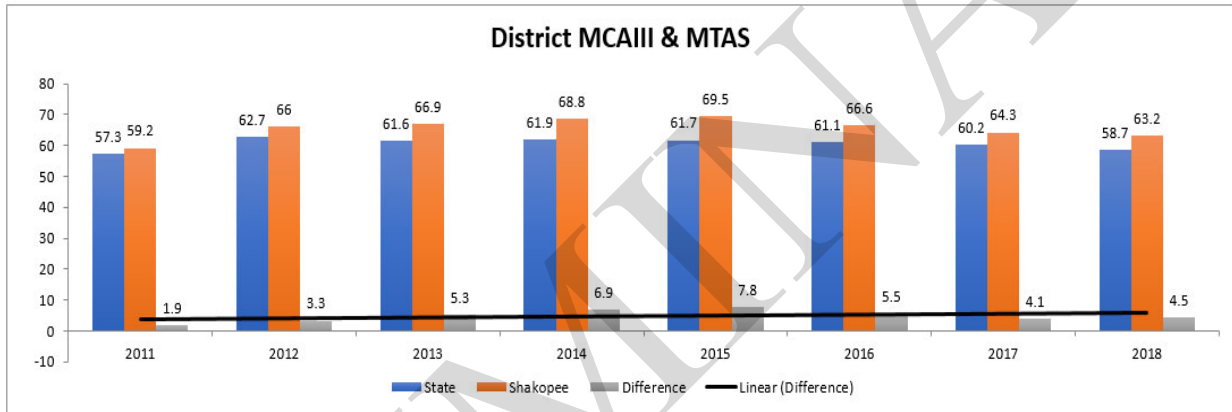
DISTRICT PROFILE/ORGANIZATION (CONTINUED)

Testing Data

The Minnesota Comprehensive Assessments (MCA's) are part of the state's school testing system and administered to students in the spring of each year. Students in grades 3-11 take assessments in Math, Reading and Science. The following graphs show the 8-year district trend for proficiency rates compared to the state of Minnesota in the areas of Reading and Math.

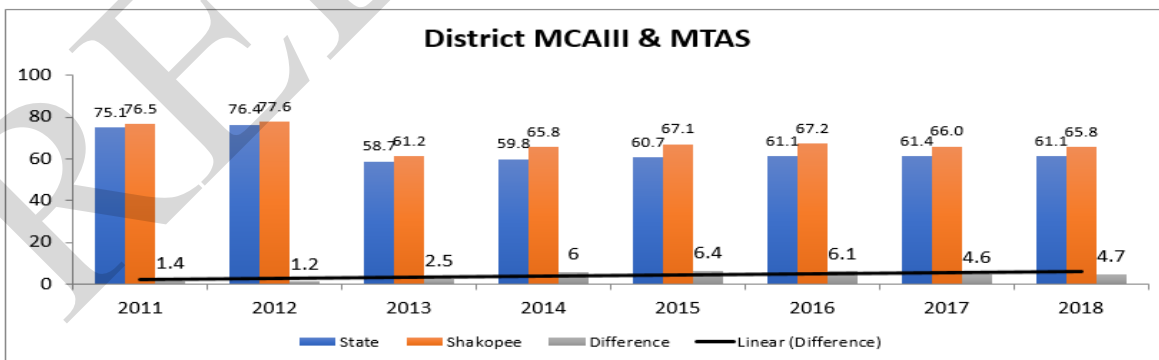
MCA Math – District 8-year trend vs state

District	2011	2012	2013	2014	2015	2016	2017	2018
State	57.3	62.7	61.6	61.9	61.7	61.1	60.2	58.7
Shakopee	59.2	66	66.9	68.8	69.5	66.6	64.3	63.2
Difference	1.9	3.3	5.3	6.9	7.8	5.5	4.1	4.5



MCA Reading – District 8-year trend vs state

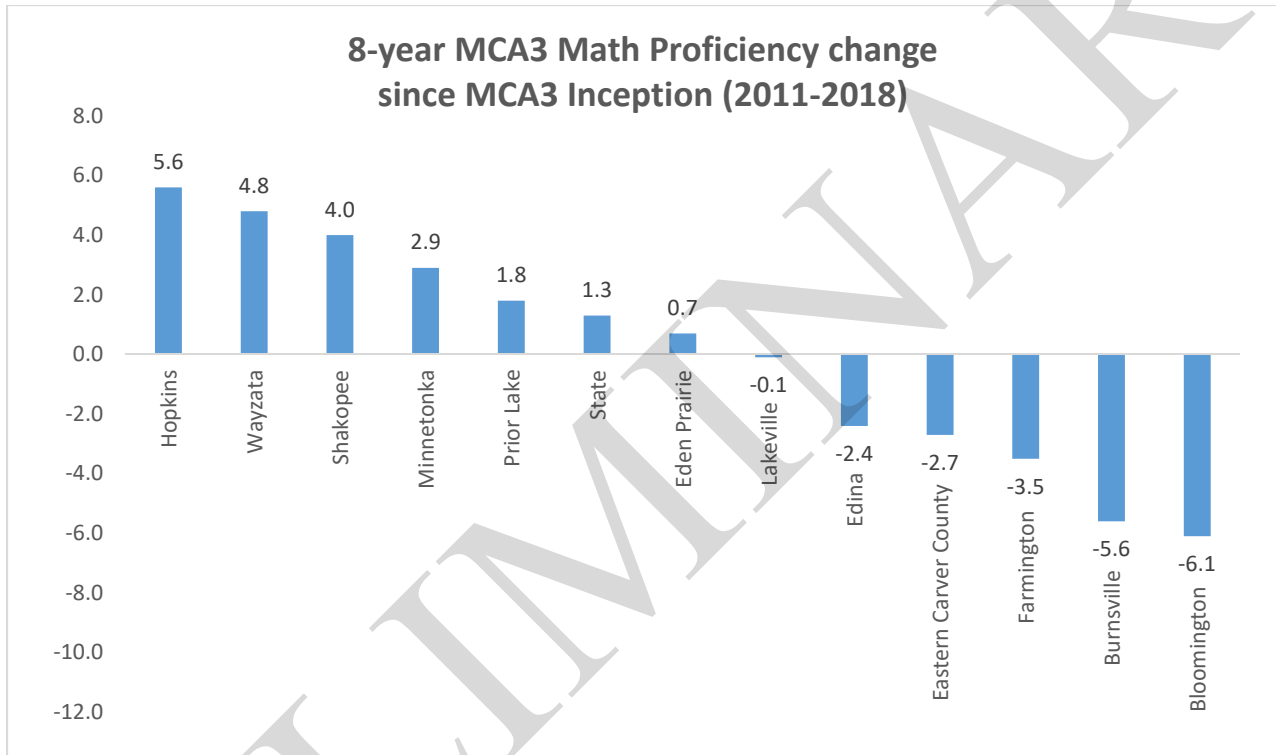
District	2011	2012	2013	2014	2015	2016	2017	2018
State	75.1	76.4	58.7	59.8	60.7	61.1	61.4	61.1
Shakopee	76.5	77.6	61.2	65.8	67.1	67.2	66.0	65.8
Difference	1.4	1.2	2.5	6	6.4	6.1	4.6	4.7



DISTRICT PROFILE/ORGANIZATION (CONTINUED)

Testing Data (Continued)

To further illustrate proficiency trend growth in Shakopee Public Schools, see the following chart. The chart shows the change in proficiency rates for Shakopee and neighboring districts since the inception of the MCAIII (3rd version of the tests) in both Math and Reading. Each of our schools and teachers are focused on student growth, and continuous improvement. Our increasing proficiency rates are an indication that our efforts are making a difference.



REPORTING ENTITY

Independent School District No. 720, also known as Shakopee Public Schools, is an instrumentality of the State of Minnesota established to function as an educational institution. The elected School Board is responsible for policy and governance and fiscal control of Shakopee Public Schools. The Superintendent is appointed by the Board and is responsible for administrative control of the District. The District's financial statements include all funds, departments, agencies, boards, commissions, and other component units for which the District is considered to be financially accountable. Component units are legally separate entities for which the District (primary government) is financially accountable, or for which the exclusion of the component unit would render the financial statements of the primary government misleading. The criteria used to determine if the primary government is financially accountable for a component unit included whether or not the primary government appoints the voting majority of the potential component unit's governing body, is able to impose its will on the potential component unit, is in a relationship of financial benefit or burden with the potential component unit or is fiscally depended upon by the potential component unit.

REPORTING ENTITY (CONTINUED)

Based on these criteria, there are no organizations considered to be component units of the District.

FINANCIAL STATEMENTS

The financial statements contained in this report disclose the financial position of the District as of June 30, 2018, and the financial operations for the fiscal year then ended. The District's financial records and reports are maintained and prepared on a modified or full accrual basis of accounting in accordance with the Uniform Financial Accounting and Reporting System for Minnesota School Districts as well as the standards of the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants. These records are audited annually by an independent certified public accountant as required by Minnesota law. The accounting firm of BerganKDV LTD performed the audit for the 2017-18 fiscal year. Their report is included in the financial section of this report. The auditor has given an unqualified opinion on the District's financial statements. An unmodified opinion means that, in the judgment of the auditor, the financial statements present fairly, in all material respects, the financial position of the District and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

FEDERAL SINGLE AUDIT AND STATE COMPLIANCE AUDIT

The independent audit of the financial statements of the District is part of a broader, federally mandated Single Audit designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited District's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. The District is also required to undergo an annual Minnesota State Legal Compliance Audit under Minnesota Statute §6.65. These reports are available in a separate document.

ACCOUNTING AND BUDGETING

A major thrust of the District's accounting system is to provide adequate internal accounting controls. These controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition, and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of internal controls should not exceed the benefits likely to be derived, and that the evaluation of the cost and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework. We believe that the District's internal accounting controls adequately safeguard assets and provide reasonable assurance for proper recording of financial transactions.

ACCOUNTING AND BUDGETING (CONTINUED)

Budgetary control is maintained through an annual budget adopted by the School Board for all funds as required by state statutes and School Board policy. The adopted budget serves as the authorizing document for all expenditures, although the School Board approves all checks issued on a monthly basis. The Superintendent and Director of Finance & Operations are authorized to make financial commitments within budgetary guidelines. Additional expenditure controls are maintained by the Business Office in accordance with state statutes, i.e., the District cannot incur a negative unassigned balance in the General Fund in excess of 2.5% of the preceding year's expenditures.

The District has established a system of internal controls that provide reasonable assurance that assets are safeguarded from misuse or losses. Encumbrances, or open purchase orders, are used as a budgetary control tool and are charged against line item budgets when issued. Specific expenditure, revenue and detail transaction reports are available online or in hard copy for individuals with budget responsibilities. The reports can be viewed and printed either in the Business Office or in the administrative office in each building or department. Ongoing budget monitoring by program managers helps to ensure budget integrity and provides an opportunity to detect material budget variances before the end of the fiscal year.

The budget is adopted by the School Board in the spring of each year for the following fiscal year beginning July 1. If needed, the budget is revised based upon enrollment changes, effects of negotiated employee contracts, or other new information impacting revenues or expenditures in the fall, winter and spring. The revised budget is presented to the School Board for approval. To accurately track and report financial activities with a focus on site-based accounting, approximately 15,000 active accounts have been defined in the District's chart of accounts.

SIGNIFICANT EVENTS

The District's finances are largely dependent on student enrollment; with the state basic general education formula allowance at \$6,188 per student for the 2017-18 school year. Shakopee has experienced increasing enrollment from FY09 to FY18. In that decade, over 1,800 students joined the district, an increase of almost 30%.

To accommodate increasing enrollment during this time period, Eagle Creek Elementary School and Shakopee Senior High school were opened in the fall of 2007. In the fall of 2011 Jackson Elementary was opened and the District's current grade configuration was established. With the continued growth in the secondary grades, the voters of Shakopee approved a bond referendum in the spring of 2015 to expand the high school among other projects. The expansion is scheduled to be completed in the fall of 2018 which will allow for the previously discussed grade reconfiguration.

FINANCIAL PROSPECTS FOR FUTURE YEARS

The voters supported the district and approved a Building Bond issue of \$102.5 million and a Capital Projects referenda of \$2.5 million in 2015. The Building Bond will be used to expand the high school to have student in grades 9-12 in the same building. We will also use the Building Bond to improve security and the outdoor facilities at multiple district sites. The Capital Projects money will be used to support the Shakopee School District's 1 to 1 computer initiative.

As the District continues with various academic program improvements, the District will need to access additional operating referendum authority. Currently, the District has Board approved referendum authority of \$300 per student, the lowest authority of its comparable districts. Shakopee Schools has been able to offer a robust set of academic and co-curricular activities because of the growth of the District. Increased operating referendum authority would need to be approved by the voters of the school district.

ECONOMIC FACTORS

The District is located in Scott County, which is part of the seven-county metro area of Minneapolis/St. Paul. Residents are typically employed in professional vocations within the metropolitan area.

The taxable market value of property within the District continues to bounce back from the economic downturn. Taxable market values increased by over \$1 billion from 2013 to 2018 due to new construction and valuation increases. The communities located within the District continue to develop areas for residential and commercial expansion and growth.

In recent years, the State of Minnesota's education funding has been very unpredictable. The Governor and Legislature enacted a number of measures to decrease spending to balance the state budget through fiscal year 2013. The impact to K-12 education included delaying State aid payments to school districts and a property tax shift. The state's forecast of revenues and expenditures projected a positive unrestricted general fund balance and were able to repay school districts the remaining portion of tax shift in fiscal year 2014. This repayment was not additional revenue but provided an improvement in the district's cash flow.

The fund balance of the General Fund has been healthy enough to withstand both the State aid payment delay and property tax shift; consequently, the District has not had to borrow money through the entirety of these payment delays and tax shifts, avoiding short-term interest and issuance costs.

The 2017 Legislative session increased K-12 funding in Minnesota for the biennium, including a 2.0% annual increase in the general education formula allowance.

INITIATIVES

In August 2014, the district prepared a strategic plan to improve our academic program and increase student achievement results. The district has been on a steady mission to align curriculum and learning experiences with the heightened expectations of a more global, interconnected, and tech-savvy world. The new strategic plan articulates expectations called deliverables for district officials and for schools to accomplish over the next three to five years. These deliverables are the district's benchmarks of progress and a means to assure all students are college and career ready.

Voters approved a bond and technology referendum in May of 2015 which includes:

- Expansion of our high school to accommodate 3,200 students in grades 9-12.
- Renovation or improvement of fields and stadiums
- 1:1 devices for all students in grades 3-12 and 2:1 devices for students K-2.
- Upgrade in security in a variety of buildings

The district has committed itself to our mission of college and career readiness for all students. In the Fall of 2018, we will open the Academies of Shakopee – our newly expanded high school will house six Career Academies. Ninth grade students will enter Freshman Academy surrounded by teams of teachers and staff to support their transition to high school. At registration time, they will choose a “home” career academy for their sophomore through senior year. These small learning communities will ensure they have a smooth transition to postsecondary and beyond.

Middle schools will be reconfigured to grades 6-8 and will truly fulfill the philosophy of middle schools to meet the unique needs of adolescent students. We have explored a more personalized learning approach with a team of teachers to allow students more flexibility, student driven and self-paced learning.

The technology referendum is fueling our efforts to ensure our students are ready for a global and interconnected world. The past three years we have placed devices into the hands of students at both the secondary and elementary levels.

All of this work requires a significant investment of time and resources for training our teachers to use a more personalized, student-driven, technology-rich learning environment. In addition, we are transforming our courses and curriculum to match the needs of our students. Our strategic plan will continue to require a time, talent and resources until we have fully implemented our changes over the next three to five years.

INDEPENDENT AUDIT AND CERTIFICATE OF EXCELLENCE

State statutes require an annual audit by independent certified public accountants. The accounting firm of BerganKDV LTD was selected by the School Board to conduct the annual audit.

INDEPENDENT AUDIT AND CERTIFICATE OF EXCELLENCE (CONTINUED)

This report has been prepared following the guidelines provided by the Association of School Business Officials International (ASBO) for their Certificate of Excellence in Financial Reporting Program. In 2017, the District received recognition from this program by receiving the Certificate of Excellence. Continuing to achieve recognition by this program is a goal of the District's Business Office and provides a clear indication of the District's high standards for financial reporting. The District plans to submit the 2017-2018 CAFR to the ASBO Certificate Program for consideration.

ACKNOWLEDGMENTS

The time, effort, and attention that go into the timely preparation of a CAFR require the commitment and cooperation of many people. We acknowledge the efforts of the entire Business Office staff in providing complete and accurate data for this Comprehensive Annual Financial Report, as well as for their dedication and to the School Board for their encouragement and leadership.

Sincerely,

Dr. Mike Redmond
Superintendent

Jeff Priess
Director of Finance and Operations

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ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

The Certificate of Excellence in Financial Reporting
is presented to

Shakopee Public School District

for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2017.

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards.



A handwritten signature in black ink, reading 'Charles E. Peterson, Jr.' The signature is written in a cursive style.

Charles E. Peterson, Jr., SFO, RSBA, MBA
President

A handwritten signature in black ink, reading 'John D. Musso'. The signature is written in a cursive style.

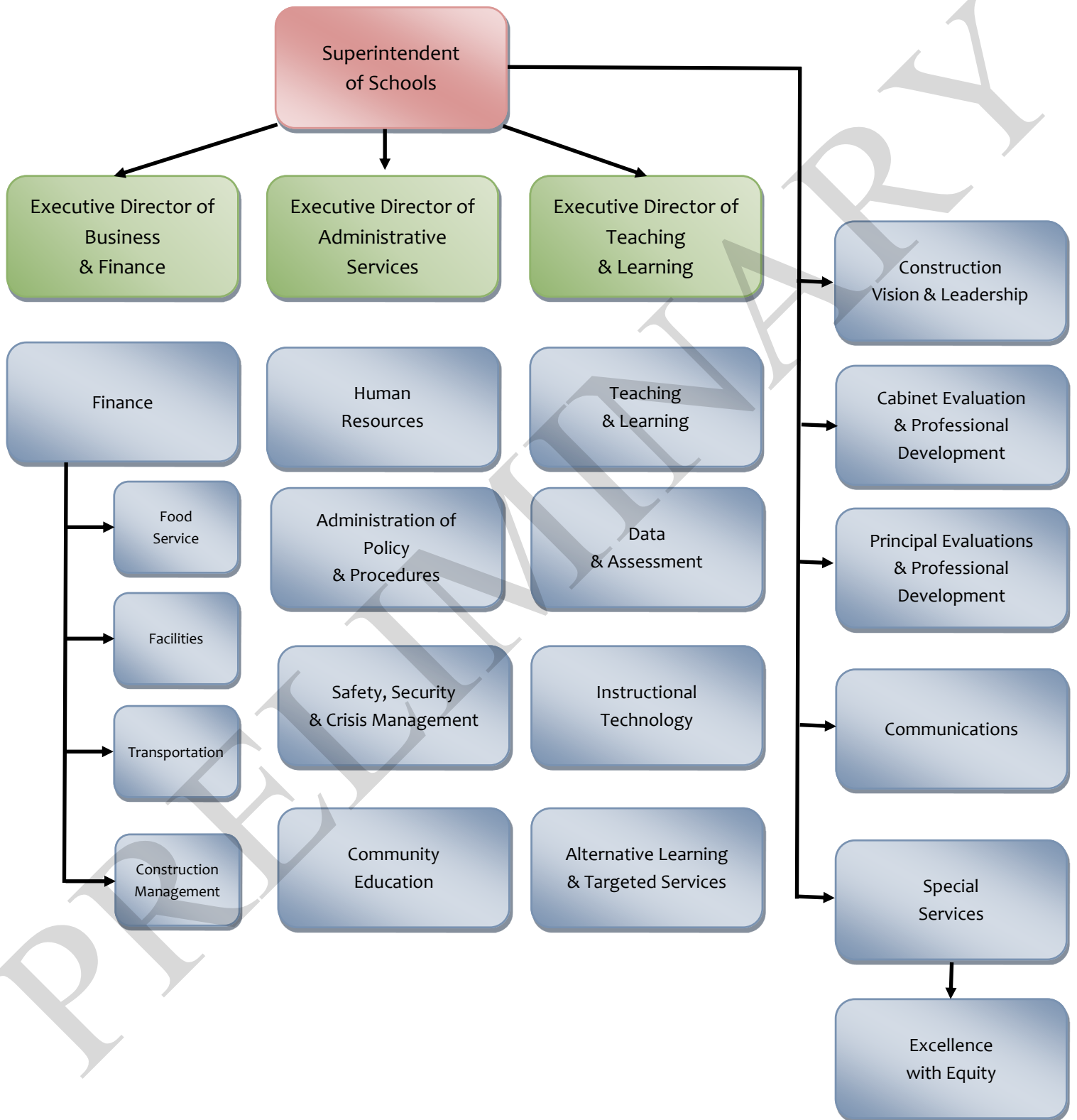
John D. Musso, CAE
Executive Director

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2017-18 District Level Budget Reduction Options

Revised Org Chart



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Independent Auditor's Report

To the School Board
Independent School District No. 720
Shakopee, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 720, Shakopee, Minnesota, as of and for the year ended June 30, 2018, and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 720, Shakopee, Minnesota, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Introductory and Statistical sections of this report and the accompanying supplementary information identified in the Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Matters (Continued)

Other Information (Continued)

The Introductory and Statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2018, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

The financial statements include partial year comparative information. Such information does not include all of the information required to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2017, from which such partial information was derived.

We also have previously audited the District's 2017 basic financial statements and our report, dated November 20, 2017, expressed unmodified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Minneapolis, Minnesota
November 13, 2018

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[CLIENT PREPARED DOCUMENT – **Management's Discussion and Analysis**]

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BASIC FINANCIAL STATEMENTS

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PRELIMINARY

Independent School District No. 720
Statement of Net Position
June 30, 2018
(with Comparative Totals as of June 30, 2017)

	Governmental Activities	
	2018	2017
Assets		
Cash and investments	\$ 42,717,612	\$ 83,529,903
Cash with fiscal agent	-	17,570,927
Current property taxes receivable	17,471,653	16,264,753
Delinquent property taxes receivable	82,648	94,147
Accounts receivable	40,705	23,226
Interest receivable	51,981	159,695
Due from Department of Education	7,048,622	7,813,831
Due from Federal Government through Department of Education	853,319	1,079,367
Due from other Minnesota school districts	115,955	119,934
Due from other governmental units	-	175,745
Inventory	45,582	49,221
Prepaid items	208,934	657,884
Capital assets not being depreciated		
Land	14,627,269	14,831,269
Construction in progress	88,992,061	54,375,319
Capital assets, net of accumulated depreciation		
Site improvements	9,566,109	2,877,005
Buildings	112,897,804	114,974,076
Furniture and equipment	7,899,455	9,593,934
Total assets	<u>302,619,709</u>	<u>324,190,236</u>
Deferred Outflows of Resources		
Deferred outflows of resources related to pensions	<u>105,764,967</u>	<u>137,257,527</u>
Total assets and deferred outflows of resources	<u>\$ 408,384,676</u>	<u>\$ 461,447,763</u>
Liabilities		
Accounts payable	\$ 2,259,509	\$ 1,788,878
Contracts payable	5,723,477	9,693,302
Salaries and benefits payable	7,506,959	7,225,160
Interest payable	3,161,608	3,681,614
Due to other Minnesota school districts	362,001	485,687
Due to other governmental units	27,766	22,644
Unearned revenue	270,247	162,638
Bonds payable, net		
Payable within one year	14,315,000	29,780,000
Payable after one year	171,052,299	187,113,741
Certificates of participation payable, net		
Payable within one year	590,000	565,000
Payable after one year	10,485,758	11,085,810
Capital lease payable		
Payable within one year	1,575,993	1,201,121
Payable after one year	1,144,789	2,303,303
Compensated absences payable		
Payable within one year	311,493	291,410
Net other post employment benefit (OPEB) liability	8,587,967	7,909,578
Net pension liability	<u>182,699,935</u>	<u>214,154,466</u>
Total liabilities	<u>410,074,801</u>	<u>477,464,352</u>
Deferred Inflows of Resources		
Property taxes levied for subsequent year's expenditures	34,969,346	31,822,722
Deferred amount on refunding	506,724	586,276
Deferred inflows of resources related to pensions	29,500,575	1,561,468
Deferred inflows of resources related to OPEB	<u>672,407</u>	<u>369,712</u>
Total deferred inflows of resources	<u>65,649,052</u>	<u>34,340,178</u>
Net Position		
Net investment in capital assets	45,526,236	35,186,072
Restricted	1,970,243	-
Unrestricted	<u>(114,835,656)</u>	<u>(85,542,839)</u>
Total net position	<u>(67,339,177)</u>	<u>(50,356,767)</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 408,384,676</u>	<u>\$ 461,447,763</u>

See notes to financial statements.

PRELIMINARY

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Independent School District No. 720
Statement of Activities
Year Ended June 30, 2018
(with Comparative Totals for the Year Ended June 30, 2017)

Functions/Programs	Expenses	Program Revenues			Net Revenues (Expense) and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
					2018	2017
Governmental activities						
Administration	\$ 7,340,382	\$ 13,376	\$ 3,275	\$ -	\$ (7,323,731)	\$ (7,506,175)
District support services	2,106,366	25,579	982,370	-	(1,098,417)	(1,499,752)
Elementary and secondary regular instruction	63,492,106	528,522	7,401,710	-	(55,561,874)	(55,930,565)
Vocational education instruction	945,260	328	104,584	-	(840,348)	(1,197,502)
Special education instruction	24,552,734	3,361	11,279,988	-	(13,269,385)	(14,212,047)
Instructional support services	9,547,642	68	87,292	-	(9,460,282)	(10,438,357)
Pupil support services	8,625,780	228,447	223,026	-	(8,174,307)	(5,369,642)
Sites and buildings	8,170,286	61,245	82,260	973,947	(7,052,834)	(6,405,215)
Fiscal and other fixed cost programs	199,020	-	-	-	(199,020)	(191,091)
Food service	4,480,777	2,038,572	2,422,689	-	(19,516)	(184,167)
Community education and services	3,303,658	1,265,406	924,632	5,856	(1,107,764)	(1,077,699)
Unallocated depreciation	1,589,799	-	-	-	(1,589,799)	(1,265,819)
Interest and fiscal charges on long-term debt	6,559,035	-	-	-	(6,559,035)	(7,322,643)
Total governmental activities	\$ 140,912,845	\$ 4,164,904	\$ 23,511,826	\$ 979,803	(112,256,312)	(112,600,674)
General revenues						
Taxes						
Property taxes, levied for general purposes					13,953,937	13,310,119
Property taxes, levied for community service					580,326	542,360
Property taxes, levied for debt service					18,817,481	18,735,124
State aid-formula grants					60,765,061	59,536,734
Other general revenues					101,787	78,576
Investment income					750,641	657,661
Gain on sale of capital assets					304,669	4,022
Total general revenues					<u>95,273,902</u>	<u>92,864,596</u>
Change in net position					(16,982,410)	(19,736,078)
Net position - beginning, as previously stated					(50,356,767)	(24,286,443)
Change in accounting principle (Note 9)					-	(6,334,246)
Net position - beginning, as restated					<u>(50,356,767)</u>	<u>(30,620,689)</u>
Net position - ending					<u>\$ (67,339,177)</u>	<u>\$ (50,356,767)</u>

37 See notes to financial statements.

Independent School District No. 720
Balance Sheet - Governmental Funds
June 30, 2018
(with Comparative Totals as of June 30, 2017)

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Assets			
Cash and investments	\$ 10,164,728	\$ 13,462,867	\$ 17,016,420
Cash with fiscal agent	-	-	-
Current property taxes receivable	7,468,082	9,721,634	-
Delinquent property taxes receivable	34,288	46,922	-
Accounts receivable	33,293	-	-
Interest receivable	-	-	51,981
Due from Department of Education	6,813,476	145,167	-
Due from Federal Government through Department of Education	823,039	-	-
Due from other Minnesota school districts	115,955	-	-
Due from other governmental units	-	-	-
Inventory	-	-	-
Prepaid items	208,934	-	-
	<u>\$ 25,661,795</u>	<u>\$ 23,376,590</u>	<u>\$ 17,068,401</u>
Liabilities			
Accounts payable	\$ 889,791	\$ -	\$ 262,682
Contracts payable	131,859	-	5,591,618
Salaries and benefits payable	7,245,564	-	-
Due to other Minnesota school districts	362,001	-	-
Due to other governmental units	27,341	-	-
Unearned revenue	100,000	-	-
Total liabilities	<u>8,756,556</u>	<u>-</u>	<u>5,854,300</u>
Deferred Inflows of Resources			
Property taxes levied for subsequent year's expenditures	14,037,318	20,341,204	-
Unavailable revenue - delinquent property taxes	34,288	46,922	-
Total deferred inflows of resources	<u>14,071,606</u>	<u>20,388,126</u>	<u>-</u>
Fund Balances			
Nonspendable	208,934	-	-
Restricted	854,983	2,988,464	11,214,101
Assigned	185,388	-	-
Unassigned	1,584,328	-	-
Total fund balances	<u>2,833,633</u>	<u>2,988,464</u>	<u>11,214,101</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 25,661,795</u>	<u>\$ 23,376,590</u>	<u>\$ 17,068,401</u>

See notes to financial statements.

Nonmajor Funds	Total Governmental Funds	
	2018	2017
\$ 1,548,356	\$ 42,192,371	\$ 82,451,250
-	-	17,570,927
281,937	17,471,653	16,264,753
1,438	82,648	94,147
7,412	40,705	23,065
-	51,981	159,695
89,979	7,048,622	7,813,831
30,280	853,319	1,079,367
-	115,955	119,934
-	-	175,745
45,582	45,582	49,221
-	208,934	657,884
<u>\$ 2,004,984</u>	<u>\$ 68,111,770</u>	<u>\$ 126,459,819</u>
\$ 27,815	\$ 1,180,288	\$ 1,007,132
-	5,723,477	9,693,302
261,395	7,506,959	7,225,160
-	362,001	485,687
425	27,766	22,644
170,247	270,247	162,638
<u>459,882</u>	<u>15,070,738</u>	<u>18,596,563</u>
590,824	34,969,346	31,822,722
1,438	82,648	94,147
<u>592,262</u>	<u>35,051,994</u>	<u>31,916,869</u>
45,582	254,516	707,105
1,086,759	16,144,307	74,983,479
-	185,388	20,882
(179,501)	1,404,827	234,921
<u>952,840</u>	<u>17,989,038</u>	<u>75,946,387</u>
<u>\$ 2,004,984</u>	<u>\$ 68,111,770</u>	<u>\$ 126,459,819</u>

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Independent School District No. 720
Reconciliation of the Balance Sheet to
the Statement of Net Position - Governmental Funds
June 30, 2018
(with Comparative Totals as of June 30, 2017)

	2018	2017
Total fund balances - governmental funds	\$ 17,989,038	\$ 75,946,387
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds.		
Cost of capital assets	308,957,946	266,732,813
Less accumulated depreciation	(74,975,248)	(70,081,210)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		
Long-term liabilities at year-end consist of:		
Bond principal payable	(169,630,000)	(199,410,000)
Certificates of participation payable	(10,930,000)	(11,495,000)
Premium on bonds and certificates of participation payable	(15,883,057)	(17,639,551)
Deferred amount on refunding	(506,724)	(586,276)
Capital lease payable	(2,720,782)	(3,504,424)
Compensated absences payable	(311,493)	(291,410)
Net OPEB liability	(8,587,967)	(7,909,578)
Net pension liability	(182,699,935)	(214,154,466)
Deferred outflows of resources and deferred inflows of resources are created as a result of differences related to pensions and OPEB that are not recognized in the governmental funds.		
Deferred outflows of resources related to pensions	105,764,967	137,257,527
Deferred inflows of resources related to pensions	(29,500,575)	(1,561,468)
Deferred inflows of resources related to OPEB	(672,407)	(369,712)
Delinquent property taxes receivable will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.		
	82,648	94,147
The self-insured Health and Dental Internal Service Funds are used by management to charge the costs of the self-insured plans. The assets and liabilities of the Internal Service Funds are included in governmental activities in the Statement of Net Position and interfund activity is removed.		
	(553,980)	297,068
Governmental funds do not report a liability for accrued interest on bonds and certificates of participation until due and payable.		
	(3,161,608)	(3,681,614)
Total net position - governmental activities	\$ (67,339,177)	\$ (50,356,767)

Independent School District No. 720
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds
Year Ended June 30, 2018
(with Comparative Totals for the Year Ended June 30, 2017)

	General	Debt Service	Capital Projects
Revenues			
Local property taxes	\$ 13,957,451	\$ 18,825,143	\$ -
Other local and county revenues	1,663,954	244,418	794,659
Revenue from state sources	76,908,387	1,451,668	-
Revenue from federal sources	2,279,035	-	-
Sales and other conversion of assets	264,851	-	-
Total revenues	<u>95,073,678</u>	<u>20,521,229</u>	<u>794,659</u>
Expenditures			
Current			
Administration	5,452,115	-	-
District support services	1,992,860	-	-
Elementary and secondary regular instruction	41,375,223	-	-
Vocational education instruction	633,155	-	-
Special education instruction	18,062,751	-	-
Instructional support services	7,276,861	-	-
Pupil support services	7,869,648	-	-
Sites and buildings	5,824,702	-	401,154
Fiscal and other fixed cost programs	199,020	-	-
Food service	-	-	-
Community education and services	-	-	-
Capital outlay			
Administration	45,326	-	-
District support services	1,259	-	-
Elementary and secondary regular instruction	295,139	-	-
Vocational education instruction	1,196	-	-
Special education instruction	10,007	-	-
Instructional support services	1,079,155	-	-
Pupil support services	1,553	-	-
Sites and buildings	1,855,778	-	42,545,404
Food service	-	-	-
Community education and services	-	-	-
Debt service			
Principal	1,766,121	29,780,000	-
Interest and fiscal charges	491,579	8,423,509	-
Total expenditures	<u>94,233,448</u>	<u>38,203,509</u>	<u>42,946,558</u>
Excess of revenues over (under) expenditures	840,230	(17,682,280)	(42,151,899)
Other Financing Sources (Uses)			
Proceeds from sale of capital assets	508,669	-	-
Issuance of capital leases	417,480	-	-
Total other financing sources (uses)	<u>926,149</u>	<u>-</u>	<u>-</u>
Net change in fund balances	1,766,379	(17,682,280)	(42,151,899)
Fund Balances			
Beginning of year	<u>1,067,254</u>	<u>20,670,744</u>	<u>53,366,000</u>
End of year	<u>\$ 2,833,633</u>	<u>\$ 2,988,464</u>	<u>\$ 11,214,101</u>

See notes to financial statements.

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Nonmajor Funds	Total Governmental Funds	
	2018	2017
\$ 580,649	\$ 33,363,243	\$ 32,575,051
1,302,801	4,005,832	3,810,443
1,196,759	79,556,814	77,109,197
2,146,089	4,425,124	4,829,246
2,044,428	2,309,279	2,281,609
<u>7,270,726</u>	<u>123,660,292</u>	<u>120,605,546</u>
-	5,452,115	5,648,428
-	1,992,860	2,175,658
-	41,375,223	41,499,067
-	633,155	868,774
-	18,062,751	18,342,688
-	7,276,861	8,185,448
-	7,869,648	7,614,151
-	6,225,856	5,852,566
-	199,020	191,091
4,301,406	4,301,406	4,534,624
2,701,273	2,701,273	2,653,638
-	45,326	82,354
-	1,259	2,885
-	295,139	248,474
-	1,196	1,499
-	10,007	99,182
-	1,079,155	4,138,422
-	1,553	-
-	44,401,182	48,140,130
153,236	153,236	32,160
4,360	4,360	16,496
-	31,546,121	12,528,917
-	8,915,088	9,136,642
<u>7,160,275</u>	<u>182,543,790</u>	<u>171,993,294</u>
110,451	(58,883,498)	(51,387,748)
-	508,669	4,022
-	417,480	3,447,610
-	926,149	3,451,632
110,451	(57,957,349)	(47,936,116)
<u>842,389</u>	<u>75,946,387</u>	<u>123,882,503</u>
<u>\$ 952,840</u>	<u>\$ 17,989,038</u>	<u>\$ 75,946,387</u>

Independent School District No. 720
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances to
the Statement of Activities - Governmental Funds
Year Ended June 30, 2018
(with Comparative Totals for the Year Ended June 30, 2017)

	<u>2018</u>	<u>2017</u>
Net change in fund balances - total governmental funds	\$ (57,957,349)	\$ (47,936,116)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.		
Capital outlays	44,442,198	51,585,385
Depreciation expense	(6,904,270)	(6,196,982)
Book value of disposed capital assets	(206,833)	-
Compensated absences are recognized as paid in the governmental funds but recognized as the expense is incurred in the Statement of Activities.	(20,083)	90,846
Governmental funds recognize OPEB contributions as expenditures at the time of payment whereas the Statement of Activities recognizes when the expenses are incurred.	(981,084)	(618,242)
Principal payments on long-term debt are recognized as expenditures in the governmental funds but has no impact on net position in the Statement of Activities.	31,546,121	12,528,917
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and thus requires use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	520,007	(22,048)
Governmental funds report the effect of bond premiums when the debt is first issued as an other financing source, whereas these amounts are deferred and amortized in the Statement of Activities.	1,836,046	1,836,047
Issuance of bonds and leases are recognized as other financing sources in the governmental funds increasing fund balance but having no effect on net position in the Statement of Activities.	(417,480)	(3,447,610)
Governmental funds recognize pension contributions as expenditures at the time of payment whereas the Statement of Activities factors in items related to pensions on a full accrual perspective.		
Pension expense	(27,977,136)	(27,768,262)
The self-insured Health and Dental Internal Service Funds are used by management to charge the costs of the self-insured plans. The increase in net position is reported within the governmental activities in the Statement of Activities	(851,048)	199,435
Delinquent property taxes receivable will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.	(11,499)	12,552
Change in net position - governmental activities	<u>\$ (16,982,410)</u>	<u>\$ (19,736,078)</u>

Independent School District No. 720
Statement of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - General Fund
Year Ended June 30, 2018
(with Comparative Actual Amounts for the Year Ended June 30, 2017)

	2018			Variance with Final Budget - Over (Under)	2017
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Revenues					
Local property taxes	\$ 13,852,370	\$ 13,852,370	\$ 13,957,451	\$ 105,081	\$ 13,303,806
Other local and county revenues	1,823,426	1,720,304	1,663,954	(56,350)	1,809,047
Revenue from state sources	75,903,741	76,668,726	76,908,387	239,661	74,409,197
Revenue from federal sources	2,000,140	2,230,754	2,279,035	48,281	2,608,592
Sales and other conversion of assets	166,243	166,243	264,851	98,608	197,051
Total revenues	<u>93,745,920</u>	<u>94,638,397</u>	<u>95,073,678</u>	<u>435,281</u>	<u>92,327,693</u>
Expenditures					
Current					
Administration	5,433,622	5,592,703	5,452,115	(140,588)	5,648,428
District support services	216,806	2,651,936	1,992,860	(659,076)	2,175,658
Elementary and secondary regular instruction	42,269,996	41,889,276	41,375,223	(514,053)	41,499,067
Vocational education instruction	449,545	586,305	633,155	46,850	868,774
Special education instruction	18,423,782	17,995,027	18,062,751	67,724	18,342,688
Instructional support services	8,331,502	7,651,577	7,276,861	(374,716)	8,185,448
Pupil support services	7,544,843	7,954,678	7,869,648	(85,030)	7,614,151
Sites and buildings	6,036,468	5,375,819	5,824,702	448,883	5,411,781
Fiscal and other fixed cost programs	175,100	190,300	199,020	8,720	191,091
Capital outlay					
Administration	56,000	56,000	45,326	(10,674)	82,354
District support services	4,000	4,000	1,259	(2,741)	2,885
Elementary and secondary regular instruction	169,803	181,803	295,139	113,336	248,474
Vocational education instruction	1,500	1,500	1,196	(304)	1,499
Special education instruction	8,000	1,000	10,007	9,007	99,182
Instructional support services	1,728,000	1,641,000	1,079,155	(561,845)	4,138,422
Pupil support services	-	-	1,553	1,553	-
Sites and buildings	1,032,850	1,930,000	1,855,778	(74,222)	840,272
Debt service					
Principal	1,400,000	1,766,121	1,766,121	-	1,393,917
Interest and fiscal charges	495,000	491,595	491,579	(16)	488,985
Total expenditures	<u>93,776,817</u>	<u>95,960,640</u>	<u>94,233,448</u>	<u>(1,727,192)</u>	<u>97,233,076</u>
Excess of revenues over (under) expenditures	(30,897)	(1,322,243)	840,230	2,162,473	(4,905,383)
Other Financing Sources					
Proceeds from sale of capital assets	-	358,285	508,669	150,384	4,022
Issuance of capital leases	1,000,000	1,000,000	417,480	(582,520)	3,447,610
Total other financing sources	<u>1,000,000</u>	<u>1,358,285</u>	<u>926,149</u>	<u>(432,136)</u>	<u>3,451,632</u>
Net change in fund balance	<u>\$ 969,103</u>	<u>\$ 36,042</u>	1,766,379	<u>\$ 1,730,337</u>	(1,453,751)
Fund Balance					
Beginning of year			1,067,254		2,521,005
End of year			<u>\$ 2,833,633</u>		<u>\$ 1,067,254</u>

See notes to financial statements.

Independent School District No. 720
Statement of Net Position - Proprietary Funds
As of June 30, 2018

	Governmental Activities - Internal Service Funds
Assets	
Current	
Cash and cash equivalents	\$ 525,241
Liabilities	
Current	
Accounts payable	\$ 2,017
Incurred but not reported claims	1,077,204
Total liabilities	<u>1,079,221</u>
Net Position	
Unrestricted	<u>(553,980)</u>
Total liabilities and net position	<u>\$ 525,241</u>

Independent School District No. 720
Statement of Revenues, Expenses, and Changes
in Fund Net Position - Proprietary Funds
Year Ended June 30, 2018

	Governmental Activities - Internal Service Funds
Operating Revenue	
Charges for services	\$ 8,864,471
Operating Expenses	
Insurance	9,716,910
Operating loss	(852,439)
Nonoperating Revenue	
Investment Income	1,391
Change in net position	(851,048)
Net Position	
Beginning of year	297,068
End of year	\$ (553,980)

See notes to financial statements.

Independent School District No. 720
Statement of Cash Flows - Proprietary Funds
Year Ended June 30, 2018

	Governmental Activities - Internal Service Funds
Cash Flows - Operating Activities	
Receipts from district contributions	\$ 8,864,632
Employee claims paid	(9,419,435)
Net cash flows - operating activities	<u>(554,803)</u>
 Cash Flows - Investing Activities	
Interest received	<u>1,391</u>
Net change in cash and cash equivalents	(553,412)
 Cash and Cash Equivalents	
Beginning of year	<u>1,078,653</u>
End of year	<u><u>\$ 525,241</u></u>
 Reconciliation of Operating Loss to Net Cash Flows - Operating Activities	
Operating loss	\$ (852,439)
Adjustments to reconcile operating loss to net cash flows - operating activities	
Accounts payable	431
Incurred but not reported claims	297,044
Accounts receivable	161
Net adjustments	<u>297,636</u>
Net cash flows - operating activities	<u><u>\$ (554,803)</u></u>

Independent School District No. 720
Statement of Fiduciary Net Position
June 30, 2018

	OPEB Trust Fund	Private Purpose Trust Fund
Assets		
Cash and cash equivalents	\$ -	\$ 29,060
Investments		
Brokered money markets	13,798	-
Mutual funds - fixed income	2,320,231	-
Mutual funds - equity	2,510,394	-
Interest receivable	630	-
Total assets	4,845,053	29,060
Liabilities		
Accounts payable	1,797	12,000
Net Position		
Held in trust for OPEB	4,843,256	-
Held in trust for scholarships	-	17,060
Total net position held in trust	\$ 4,843,256	\$ 17,060

Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2018

	OPEB Trust Fund	Private Purpose Trust Fund
Additions		
Contributions	\$ -	\$ 2,000
Investment income	302,837	371
Total additions	302,837	2,371
Deductions		
Health insurance benefits	184,005	-
Scholarships	-	12,000
Professional fees	1,797	-
Total deductions	185,802	12,000
Change in net position	117,035	(9,629)
Net Position		
Beginning of year	4,726,221	26,689
End of year	\$ 4,843,256	\$ 17,060

See notes to financial statements.

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PRELIMINARY

Independent School District No. 720
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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

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

The student activity accounts of the District are not under the School Board's control; therefore, separate audited financial statements have been issued.

B. Basic Financial Statement Information

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

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

Independent School District No. 720
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statement Information (Continued)

Depreciation expense that can be specifically identified by function is included in the direct expenses of that function. Depreciation expense relating to assets that serve multiple functions is presented as unallocated depreciation in the Statement of Activities. Interest on general long-term debt is considered an indirect expense and is reported separately in the Statement of Activities. The effect of interfund activity has been removed from these statements.

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

The Trust Funds are presented in the fiduciary fund financial statements. Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the District, these funds are not incorporated into the government-wide 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, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this basis of accounting transactions are recorded in the following manner.

1. Revenue Recognition

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

2. Recording of Expenditures

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

Independent School District No. 720
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

2. Recording of Expenditures (Continued)

The District applies restricted resources first when an expenditure is incurred for a purpose for which both restricted and unrestricted fund balances are available. Further, the District applies unrestricted funds in this order if various levels of unrestricted fund balances exist: committed, assigned, and unassigned.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's internal service funds are charges to customers for services. Operating expenses for internal service funds include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Description of Funds:

Major Funds:

General Fund – This fund includes the general operations and pupil transportation activities of the District, as well as the capital related activities such as maintenance of facilities, equipment purchases, health and safety, and disabled accessibility projects. It is the basic operating fund of the District and accounts for all financial resources except those required to be accounted for in another fund.

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

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

Nonmajor Funds:

Food Service Special Revenue Fund – This fund is used to account for food service revenues and expenditures. Local, state, and federal revenues are received in this Fund to specifically support the Food Service Program.

Community Service Special Revenue Fund – This fund is used to account for services provided to residents in the areas of community education, school readiness, early childhood and family education, or other similar services. The District receipts property tax and local and state revenues in this Fund that were received for these specific purposes.

Independent School District No. 720
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

Description of Funds (Continued):

Proprietary Funds:

Health Insurance Internal Service Fund – This fund is used to account for self-insured employee health costs and related stop loss insurance.

Dental Insurance Internal Service Fund – This fund is used to account for self-insured employee dental costs and related stop loss insurance.

Fiduciary Funds:

OPEB Trust Fund – This fund is used for reporting resources set aside and held in an irrevocable trust arrangement for OPEB.

Private Purpose Trust Fund – The Scholarship Trust Fund is used to account for resources received and held by the District in a trustee capacity to be used in making scholarship awards.

D. Cash and Investments

The District's total deposits and investments are comprised of two major components, each with its own set of legal and contractual provisions as described on the following pages.

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short term investments with original maturities of three months or less from the date of acquisition.

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

District Funds Other than OPEB Trust Fund

Cash and investments include balances from all funds that are combined and invested to the extent available in various securities as authorized by state law. Earnings from the pooled investments are allocated to the individual funds based on the average of month-end cash and investment balances. The investments of the capital projects building construction funds are not pooled and earnings on these investments are allocated directly to that fund.

Cash and investments at June 30, 2018 were comprised of deposits and shares in the Minnesota School District Liquid Asset Fund (MSDLAF) including certificates of deposit, U.S. Treasury securities, U.S. government agencies, and commercial paper. MSDLAF securities are valued at amortized cost, which approximates fair value.

Independent School District No. 720
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Cash and Investments (Continued)

District Funds Other than OPEB Trust Fund (Continued)

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

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

In accordance with GASB Statement No. 79, the various MSDLAF securities are valued at amortized costs, which approximates fair value. There are no restrictions or limitations on withdrawals from the MSDLAF. Investments in the MSDLAF MAX must be deposited for a minimum of 14 calendar days with the exception of direct investments of funds distributed by the State of Minnesota. Withdrawals prior to the 14-day restriction period may be subject to a penalty and there is a 24 hour hold on all requests for redemptions. MSDLAF+ Term investments have a maturity of 60 days to one year and early withdrawal may result in substantial early redemption penalties.

OPEB Trust Fund

These funds represent investments administered by the District's OPEB Fund Investment Managers. As of June 30, 2018, they were comprised of mutual funds. The District's investment policy extends to the OPEB Trust Fund investments.

Minnesota Statutes authorize the OPEB Trust Fund to invest in obligations of the U.S. Treasury, agencies and instrumentalities, shares of investment companies whose only investments are in the aforementioned securities, obligations of the State of Minnesota or its municipalities, bankers' acceptances, future contracts, corporate bonds, common stock and foreign stock of the highest quality, mutual funds, repurchase and reverse agreements, commercial paper of the highest quality with a maturity no longer than 270 days and in the State Board of Investments. Investments are stated at fair value.

E. Property Tax Receivable

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

Independent School District No. 720
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Property Taxes Levied for Subsequent Year's Expenditures

Property taxes levied for subsequent year's expenditures consist principally of property taxes levied in the current year which will be collected and recognized as revenue in the District's following year to properly match those revenues with the budgeted expenditures for which they were levied. This amount is equal to the amount levied by the School Board in December 2017, less various components and their related adjustments as mandated by the state. These portions of that levy were recognized as revenue in fiscal year 2018. The remaining portion of the levy will be recognized when measurable and available.

G. Inventories

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

H. Prepaid Items

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

I. Property Taxes

The District levies its property tax during the month of December. December 28 is the last day the District can certify a tax levy to the County Auditor. Such taxes become a lien on January 1. The property tax is recorded as revenue when it becomes measurable and available. Scott County is the collecting agency for the levy and remits the collections to the District three time a year. The tax levy notice is mailed in March with the first half of the payment due on May 15 and the second half due on October 15. Delinquent collections for November and December are received the following January.

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

J. Capital Assets

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

Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 with an estimated useful life in excess of five years, including all computer equipment regardless of the value. Such assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at its acquisition value at the date of donation.

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

Independent School District No. 720
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 10 to 50 years for site improvements and buildings and 5 to 15 years for furniture and equipment.

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

K. Deferred Outflows/Inflows of Resources

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

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

Independent School District No. 720
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Long-Term Obligations

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

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

M. Compensated Absences

Under the terms of collectively bargained contracts, eligible employees accrue vacation and sick leave at varying rates as specified by contract, portions of which may be carried over to future years. Employees are reimbursed for any unused, accrued vacation upon termination. Compensated absence benefits are paid by the General Fund and Special Revenue Funds. Unused vacation is accrued as it is earned in the government-wide financial statements.

N. Post Employment Severance and Health Benefits

Severance and health benefits consist of lump sum retirement payments and post employment health care benefits.

Under the terms of certain collectively bargained employment contracts, the District is required to contribute health insurance premiums or to a health savings account for certain retired employees. The amount to be paid is limited as specified by contract.

Additional details for post employment health benefits can be found in Note 7.

O. Pensions

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

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

Independent School District No. 720
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Postemployment Benefits Other than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District and additions to/deductions from the District's fiduciary net position have been determined on the same basis as they are reported by the District. For this purpose, the District recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are report at cost.

Q. Risk Management

The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and injuries to employees for which the District carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three years. There were no significant reductions in the District's insurance coverage during the year ended June 30, 2018.

R. Fund Equity

In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purpose for which amounts in those funds can be spent.

- Nonspendable Fund Balances – These are amounts that cannot be spent because they are not in spendable form as they are legally or contractually required to be maintained intact and include amounts set aside for inventory and prepaid items.
- Restricted Fund Balances – These amounts are subject to externally enforceable legal restrictions by either a) creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through enabling legislation.
- Committed Fund Balances – These amounts are comprised of unrestricted funds used for specific purposes pursuant to constraints imposed by formal action of the School Board and that remain binding unless removed by the School Board by subsequent formal action. The formal action to commit a fund balance must occur prior to year-end; however, the specific amounts actually committed can be determined in the subsequent year.
- Assigned Fund Balances – The School Board may vote to assign fund balances but also delegates the power to assign fund balances to the Finance Director. Amounts that are constrained by the District's intent to be used for specific purposes but are neither restricted nor committed are classified as assigned fund balances.
- Unassigned Fund Balances – These are amounts that have not been restricted, committed, or assigned to a specific purpose in the General Fund. Other funds may also report a negative unassigned fund balance if the total nonspendable, restricted, and committed fund balances exceed the total net resources of that fund.

Independent School District No. 720
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Fund Equity (Continued)

The District's fund balance policy includes a target unassigned General Fund balance goal of between 8% and 12% of the annual budget.

S. Net Position

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

T. 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.

U. Comparative Data/Reclassifications

Comparative total data for the prior year has been presented by fund types and in total in the fund financial statements and government-wide statements in order to provide an understanding of the changes in financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with this year's presentation.

V. Budgetary Information

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

1. Prior to July 1, the Director of Finance and Operations submits to the School Board a proposed operating budget for the year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. The Director of Finance and Operations is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the School Board.
3. Formal budgetary integration is employed as a management control device during the year for the General, Food Service, Community Service, Capital Projects, and Debt Service Funds.
4. Budgets for the General, Food Service, Community Service, Capital Projects, and Debt Service Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
5. Budgets are as originally adopted or as amended by the School Board. Budgeted expenditure appropriations lapse at year-end.

Independent School District No. 720
Notes to Financial Statements

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Deposits

District Funds and OPEB Trust Fund

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

Custodial Credit Risk – Deposits: For a deposit, this 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 be collateralized as required by *Minnesota Statutes* for an amount exceeding federal deposit coverage. *Minnesota Statutes* require 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 Federal Deposit Insurance Corporation (FDIC) insurance or corporate surety bonds. As of June 30, 2018, the District's bank balance was not exposed to custodial credit risk because it was insured by FDIC insurance or fully collateralized.

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

Checking - District funds other than trust funds	\$ 83,371
Checking - Private Purpose Trust Fund	<u>29,060</u>
Total Deposits	<u><u>\$ 112,431</u></u>

B. Investments

District Funds Other than OPEB Trust Fund

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

Investment Type	Investment Maturities			S&P/Moody's Rating
	Fair Value	Less than 1 Year	1-5 Years	
Brokered Money Markets	\$ 17	\$ 17	\$ -	N/A
U.S. Treasury Obligations	3,197,043	3,197,043	-	AA+
Federal Agency Bonds/Notes	6,495,531	6,495,531	-	AA+
MSDLAF+ Term	15,000,000	15,000,000	-	AAAf
MSDLAF+ Liquid Class	2,452,927	2,452,927	-	AAAm
MSDLAF+ MAX Class	15,486,983	15,486,983	-	AAAm
Total investments	<u><u>\$ 42,632,501</u></u>	<u><u>\$ 42,632,501</u></u>	<u><u>\$ -</u></u>	

Independent School District No. 720
Notes to Financial Statements

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

District Funds Other than OPEB Trust Fund (Continued)

Interest Rate Risk: This is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates. The District's investment policy states the portfolio shall be managed in a manner to attain a market rate of return through budgetary and economic cycles while preserving and protecting capital in the investment portfolio and taking into account constraints on risk and cash flow requirements.

Credit Risk: This is the risk that an issuer or other counterparty to an investment will not fulfill its obligation to the holder of the investment. *Minnesota Statutes* 118A.04 and 118A.05 limit investments to those in the top two ratings issued by nationally recognized statistical rating organizations. The District's investment policy refers to *Minnesota Statutes* 118A.01 through 118A.06. The District will minimize credit risk by limiting investments to those allowed by statutory constraints.

Concentration of Credit Risk: This is the risk of loss attributed to the magnitude of an investment in a single issuer. 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 overinvesting in specific instruments, individual financial institutions, or maturities. The District's investments were not exposed to concentration of credit risk at June 30, 2018, as no investments represented more than 5% of total investments.

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 investment securities purchased by the District shall be held in third-party safekeeping by an institution designated as custodial agent. The institution or dealer shall issue a safekeeping receipt to the school district listing pertinent investment information.

The District has the following recurring fair value measurements as of June 30, 2018:

- \$3,197,043 of \$42,632,501 are valued using quoted market prices (Level 1 inputs)
- \$6,495,531 of \$42,632,501 are valued using a matrix pricing mode (Level 2 inputs)

\$32,939,928 of \$42,632,501 are not valued under Level 1 or 2, as they are not applicable to those fair value measurements.

**Independent School District No. 720
Notes to Financial Statements**

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

OPEB Trust Fund

As of June 30, 2018, the District's OPEB Trust Fund had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>S&P Rating</u>
Brokered money markets	\$ 13,798	N/A
Mutual funds - fixed income	2,320,231	N/A
Mutual funds - equity	<u>2,510,394</u>	N/A
 Total investments	 <u><u>\$ 4,844,423</u></u>	

The District's OPEB Trust Fund investments have the following recurring fair value measurements as of June 30, 2018:

- \$4,830,625 of \$4,844,423 are valued using quoted market prices (Level 1 inputs)

\$13,798 of \$4,844,423 are not valued under Level 1 or 2 as they are not applicable to those fair value measurements.

C. Deposits and Investments

The following is a summary of total deposits and investments:

District funds other than trust funds	
Deposits (Note 2.A.)	\$ 83,371
Investments (Note 2.B.)	42,632,501
Petty cash	1,740
Private purpose trust fund	
Deposits (Note 2.A.)	29,060
OPEB trust fund	
Investments (Note 2.B.)	<u>4,844,423</u>
 Total deposits and investments	 <u><u>\$ 47,591,095</u></u>

Independent School District No. 720
Notes to Financial Statements

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

C. Deposits and Investments (Continued)

Deposits and investments are presented in the June 30, 2018 basic financial statements as follows:

Statement of Net Position	
Cash and investments	\$ 42,717,612
Statement of Fiduciary Net Position	
Private purpose trust fund	29,060
OPEB trust fund	4,844,423
	4,873,483
Total deposits and investments	\$ 47,591,095

NOTE 3 – CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 14,831,269	\$ -	\$ 204,000	\$ 14,627,269
Construction in progress	54,375,319	43,537,422	8,920,680	88,992,061
Total capital assets not being depreciated	69,206,588	43,537,422	9,124,680	103,619,330
Capital assets Being depreciated				
Site improvements	7,283,216	7,361,159	-	14,644,375
Buildings	168,198,933	1,764,176	362,560	169,600,549
Furniture and equipment	22,044,076	700,120	1,650,504	21,093,692
Total capital assets being depreciated	197,526,225	9,825,455	2,013,064	205,338,616
Less accumulated depreciation for				
Site improvements	4,406,211	672,055	-	5,078,266
Buildings	53,224,857	3,840,448	362,560	56,707,745
Furniture and equipment	12,450,142	2,391,767	1,647,672	13,194,237
Total accumulated depreciation	70,081,210	6,904,270	2,010,232	74,975,248
Total capital assets being depreciated, net	127,445,015	2,921,185	2,832	130,363,368
Governmental activities capital assets, net	\$ 196,651,603	\$ 46,458,607	\$ 9,127,512	\$ 233,982,698

Independent School District No. 720
Notes to Financial Statements

NOTE 3 – CAPITAL ASSETS (CONTINUED)

Depreciation expense of \$6,904,270 for the year ended June 30, 2018, was charged to the following governmental functions.

Administration	\$ 576
District support services	39,017
Elementary and secondary regular instruction	3,825,729
Special education instruction	1,610
Instructional support services	556
Pupil support	70,922
Sites and buildings	1,243,527
Food service	38,521
Community service	94,013
Unallocated	<u>1,589,799</u>
 Total depreciation expense	 <u><u>\$ 6,904,270</u></u>

NOTE 4 – LONG-TERM DEBT

A. Components of Long-Term Liabilities

	Issue Date	Interest Rates	Original Issue	Final Maturity	Principal Outstanding	Due Within One year
Long-term liabilities						
G.O. bonds, including refunding bonds						
2012A Crossover Refunding Bonds	02/01/12	3.00%-5.00%	\$ 39,000,000	02/01/25	\$ 27,935,000	\$ 3,640,000
2013A Crossover Refunding Bonds	02/21/13	3.00%-5.00%	38,325,000	02/01/26	31,410,000	2,940,000
2014A Crossover Refunding Bonds	12/16/14	3.00%-5.00%	12,055,000	02/01/22	4,350,000	1,025,000
2015A School Building Bonds	07/20/15	3.00%-5.00%	85,030,000	02/01/34	78,780,000	6,005,000
2015B School Building Bonds	07/20/15	3.65%-3.75%	12,130,000	02/01/36	12,130,000	-
2016A Crossover Refunding Bonds	05/04/16	3.00%-5.00%	15,025,000	02/01/26	<u>15,025,000</u>	<u>705,000</u>
Total G.O. bonds					<u>169,630,000</u>	<u>14,315,000</u>
Certificates of participation						
2013B certificates of participation	12/30/13	2.00-4.50%	13,175,000	02/01/33	10,930,000	590,000
Unamortized bond premium/discount					15,883,057	-
Capital lease payable					2,720,782	1,575,993
Compensated absences payable					<u>311,493</u>	<u>311,493</u>
Total all long-term liabilities					<u><u>\$ 199,475,332</u></u>	<u><u>\$ 16,792,486</u></u>

The long-term bond liabilities listed above were issued to finance acquisition and construction of capital facilities and to refinance (refund) previous bond issues. G.O. bonds are liquidated from the Debt Service Fund while certificates of participation and capital leases are liquidated from the General Fund. Other long-term liabilities, such as compensated absences, are also typically liquidated through the General Fund.

Independent School District No. 720
Notes to Financial Statements

NOTE 4 – LONG-TERM DEBT (CONTINUED)

A. Components of Long-Term Liabilities (Continued)

In May 2016, the District issued G.O. School Building Crossover Refunding Bonds, Series 2016A in the amount of \$15,025,000. The Bonds were issued to crossover refund the G.O. School Building Bonds, Series 2008A at the call date of February 1, 2018. The total cash savings to the District was \$1,895,525 with a net present value benefit of \$1,707,134.

B. Minimum Debt Payments for Bonds and Certificate of Participation

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

Year Ending June 30,	G.O. Bonds		
	Principal	Interest	Total
2019	\$ 14,315,000	\$ 7,167,675	\$ 21,482,675
2020	16,255,000	6,512,675	22,767,675
2021	18,140,000	5,773,975	23,913,975
2022	12,665,000	4,882,975	17,547,975
2023	13,380,000	4,315,275	17,695,275
2024-2028	53,415,000	13,038,100	66,453,100
2029-2033	26,295,000	5,836,050	32,131,050
2034-2036	15,165,000	1,235,825	16,400,825
Total	<u>\$ 169,630,000</u>	<u>\$ 48,762,550</u>	<u>\$ 218,392,550</u>

Year Ending June 30,	Certificates of Participation		
	Principal	Interest	Total
2019	\$ 590,000	\$ 444,068	\$ 1,034,068
2020	610,000	426,369	1,036,369
2021	625,000	408,069	1,033,069
2022	655,000	383,069	1,038,069
2023	680,000	356,868	1,036,868
2024-2028	3,570,000	1,373,744	4,943,744
2029-2033	4,200,000	568,675	4,768,675
Total	<u>\$ 10,930,000</u>	<u>\$ 3,960,862</u>	<u>\$ 14,890,862</u>

Independent School District No. 720
Notes to Financial Statements

NOTE 4 – LONG-TERM DEBT (CONTINUED)

C. Changes in Long-Term Liabilities

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Long-term liabilities				
G.O. bonds	\$ 199,410,000	\$ -	\$ 29,780,000	\$ 169,630,000
Certificates of participation	11,495,000	-	565,000	10,930,000
Premium/discount	17,639,551	-	1,756,494	15,883,057
Capital leases payable	3,504,424	417,480	1,201,122	2,720,782
Compensated absences payable	291,410	475,926	455,843	311,493
	<u>\$ 232,340,385</u>	<u>\$ 893,406</u>	<u>\$ 33,758,459</u>	<u>\$ 199,475,332</u>

D. Capital Lease Obligations

The District entered into two lease purchase option agreements commencing on July 20, 2015, with Apple Inc. for computers. The capital lease obligations totaled \$1,239,504. The capital lease agreements include annual principal and interest payments of \$69,151 and \$264,622 through July 20, 2017 and July 20, 2018, respectively. The book value of the computer equipment was \$619,752 at June 30, 2018.

The District entered into two lease purchase option agreements on July 15, 2016, with Apple Inc. for computers. The capital lease obligations totaled \$2,011,500. The capital lease agreements include annual principal and interest payments of \$78,615 and \$453,594 through July 15, 2018 and July 15, 2019, respectively. The book value of the computer equipment was \$1,408,050 at June 30, 2018.

The District entered into two lease purchase option agreements on April 12, 2017, with Apple Inc. for computers. The capital lease obligations totaled \$1,436,110. The capital lease agreements include annual principal and interest payments of \$199,906 and \$165,807 through July 15, 2020. The book value of the computer equipment was \$1,005,277 at June 30, 2018.

The District entered into a lease purchase option agreement on June 11, 2018, with Apple Inc. for computers. The capital lease obligations totaled \$417,480. The capital lease agreements include annual principal and interest payments of \$141,425 through July 15, 2020. The book value of the computer equipment was \$375,732 at June 30, 2018.

Independent School District No. 720
Notes to Financial Statements

NOTE 4 – LONG-TERM DEBT (CONTINUED)

D. Capital Lease Obligations (Continued)

The future minimum lease obligations and the net present value of these minimum lease payments are listed below.

Year Ending <u>June 30,</u>	
2019	\$ 1,303,969
2020	960,733
2021	<u>507,139</u>
Total minimum lease payments	2,771,841
Less amount representing interest	<u>(51,059)</u>
Present value of net minimum lease payments	<u>\$ 2,720,782</u>

E. Operating Lease Obligations

The District leases space for the Area Learning Center and is classified as an operating lease, which expires in 2019. Total lease expenditures for 2018 were \$250,599.

The District also has two three year options after the lease expires on July 31, 2019, which are not included in the payment schedule on the following page.

Option Term 1

Annual rent per square foot – \$6.00

Monthly base rent – \$6,175.50

Option Term 2

Annual rent per square foot – \$7.00

Monthly base rent – \$7,204.75

Beginning on November 1, 2014, the District began leasing space for the District Office and is classified as an operating lease, the last of which expires in 2019. Total lease expenditures for 2018 were \$263,148.

The District also has two three year options after the lease expires on October 31, 2019, which are not included in the payment schedule below.

Option Term 1

Annual rent per square foot – \$9.50

Monthly base rent – \$20,134.46

Option Term 2

Annual rent per square foot – \$10.50

Monthly base rent – \$22,253.88

Beginning December 1, 2016, the District has an agreement with the City of Shakopee for use of the ice rink and it is classified as an operating lease, which expires March 31, 2027. Total lease expenditures for 2018 were \$125,000.

Independent School District No. 720
Notes to Financial Statements

NOTE 4 – LONG-TERM DEBT (CONTINUED)

E. Operating Lease Obligations (Continued)

Minimum future rental payments under the non-cancelable operating leases are:

Year Ending <u>June 30,</u>	
2019	\$ 516,446
2020	208,487
2021	125,000
2022	125,000
2023	125,000
2024-2027	<u>500,000</u>
Total	<u><u>\$ 1,599,933</u></u>

NOTE 5 – FUND BALANCES/NET POSITION

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

A. Fund Balances

Fund balances are classified below to reflect the limitations and restrictions of the respective funds.

	<u>General Fund</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Nonspendable					
Inventory	\$ -	\$ -	\$ -	\$ 45,582	\$ 45,582
Prepaid items	208,934	-	-	-	208,934
Total nonspendable	<u>208,934</u>	<u>-</u>	<u>-</u>	<u>45,582</u>	<u>254,516</u>
Restricted for					
Operating Capital	702,109	-	-	-	702,109
Medical Assistance	152,874	-	-	-	152,874
Early Childhood and Family Education	-	-	-	136,180	136,180
School Readiness	-	-	-	321,606	321,606
Debt Service	-	2,988,464	-	-	2,988,464
Capital Projects	-	-	11,214,101	-	11,214,101
Food Service	-	-	-	628,973	628,973
Total Restricted	<u>854,983</u>	<u>2,988,464</u>	<u>11,214,101</u>	<u>1,086,759</u>	<u>16,144,307</u>
Assigned for					
Indian Education	20,882	-	-	-	20,882
One-to-one Insurance	164,506	-	-	-	164,506
Total Assigned	<u>185,388</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>185,388</u>
Unassigned	<u>1,584,328</u>	<u>-</u>	<u>-</u>	<u>(179,501)</u>	<u>1,404,827</u>
Total fund balance	<u><u>\$ 2,833,633</u></u>	<u><u>\$ 2,988,464</u></u>	<u><u>\$ 11,214,101</u></u>	<u><u>\$ 952,840</u></u>	<u><u>\$ 17,989,038</u></u>

Independent School District No. 720
Notes to Financial Statements

NOTE 5 – FUND BALANCES/NET POSITION (CONTINUED)

A. Fund Balances (Continued)

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

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

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

Restricted/Reserved for Capital Projects Levy – This balance represents available resources from the capital projects levy to be used for building construction and other projects under *Minnesota Statutes* 126C.10, subd. 14. All interest income attributable to the capital projects levy must be credited to this account. The balance as of June 30, 2018, is a deficit (negative) \$106,858 which is presented within unassigned fund balance in the General Fund for the purposes of reporting in accordance with generally accepted accounting principles.

Restricted/Reserved for Long-Term Facilities Maintenance (LTFM) – This balance represents available resources to be used for LTFM projects in accordance with the 10-year plan (*Minnesota Statutes* 123B.595, subd. 12). The balance as of June 30, 2018, is a deficit (negative) \$378,012 which is presented within unassigned fund balance in the General Fund for the purposes of reporting in accordance with generally accepted accounting principles.

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

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

Restricted 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, and extended day programs. The balance as of June 30, 2018, is a deficit (negative) \$179,501, which is presented within unassigned fund balance for the purposes of reporting in accordance with generally accepted accounting principles.

Restricted for Debt Service – This balance represents the balance of the Debt Service Fund available for future debt principal and interest payments.

Restricted for Capital Projects – This balance represents the balance of the Capital Projects Fund available for future capital purchases.

Independent School District No. 720
Notes to Financial Statements

NOTE 5 – FUND BALANCES/NET POSITION (CONTINUED)

A. Fund Balances (Continued)

Restricted for Food Service – This balance represents the balance of the Food Service Fund that is available for future food service expenditures.

Assigned for Indian Education – This balance represents resources set aside for the District's Indian Education programs.

Assigned for One-to-One Insurance – This balance represents resources set aside for repairs/replacement of one-to-one devices.

B. Net Position

Net Investment in Capital Assets – This amount represent the net book value of the District's capital assets less the balance of outstanding debt used to acquire them.

Restricted net position is comprised of the total positive General Fund restricted fund balance plus the positive fund balances of the Food Service, Community Service, Debt Service, and Capital Projects Funds.

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

Teachers' Retirement Association

The District participates in various pension plans. Total pension expense for the year ended June 30, 2018, was \$32,624,271. The components of pension expense are noted in the following plan summaries.

A. Plan Description

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

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

**Independent School District No. 720
Notes to Financial Statements**

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

Teachers' Retirement Association (Continued)

B. Benefits Provided

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

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

Tier I Benefits

Tier I	Step Rate Formula	Percentage
Basic	First ten years of service	2.2% per year
	All years after	2.7% per year
Coordinated	First ten years if service years are up to July 1, 2006	1.2% per year
	First ten years if service years are July 1, 2006, or after	1.4% per year
	All other years of service if service years are up to July 1, 2006	1.7% per year
	All other years of service if service years are July 1, 2006, or after	1.9% per year

With these provisions:

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

Tier II Benefits

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

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

**Independent School District No. 720
Notes to Financial Statements**

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

Teachers' Retirement Association (Continued)

B. Benefits Provided (Continued)

Tier II Benefits (Continued)

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

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

C. Contribution Rate

Per *Minnesota Statutes*, Chapter 354 sets the contribution rates for employees and employers. Rates for each fiscal year ended June 30, 2016, June 30, 2017, and June 30, 2018, were:

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

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

**Independent School District No. 720
Notes to Financial Statements**

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

Teachers' Retirement Association (Continued)

C. Contribution Rate (Continued)

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

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

**Independent School District No. 720
Notes to Financial Statements**

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

Teachers' Retirement Association (Continued)

D. Actuarial Assumptions

The total pension liability in the June 30, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Key Methods and Assumptions Used in Valuation of Total Pension Liability

Actuarial Information

Valuation date	July 1, 2017
Experience study	June 5, 2015
	November 6, 2017 (economic assumptions)
Actuarial cost method	Entry Age Normal
Actuarial assumptions	
Investment rate of return	5.12%, from the single equivalent interest rate calculation
Price inflation	2.50%
Wage growth rate	2.85% for ten years and 3.25% thereafter
Projected salary increase	2.85% to 8.85% for ten years and 3.25% to 9.25% thereafter
Cost of living adjustment	2.00%

Mortality Assumption

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

**Independent School District No. 720
Notes to Financial Statements**

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

Teachers' Retirement Association (Continued)

D. Actuarial Assumptions (Continued)

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

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

The TRA actuary has determined the average of the expected remaining services lives of all members for fiscal year 2016 is six years. The "Difference Between Expected and Actual Experience", "Changes of Assumptions", and "Changes in Proportion" use the amortization period of six years in the schedule presented. The amortization period for "Net Difference between Projected and Actual Investment Earnings on Pension Plan Investments" is over a period of five years as required by GASB 68.

Changes in actuarial assumptions since the 2016 valuation:

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

**Independent School District No. 720
Notes to Financial Statements**

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

Teachers' Retirement Association (Continued)

E. Discount Rate

The discount rate used to measure the total pension liability was 5.12%. This is an increase from the discount rate at the prior measurement date of 4.66%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal 2017 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be depleted in 2053 and, as a result, the Municipal Bond Index Rate was used in determination of the Single Equivalent Interest Rate (SEIR). The long-term expected rate of return (7.5%) was applied to periods before 2053 and the Municipal Bond Index Rate of 3.56% was applied to periods on and after 2053, resulting in a SEIR of 5.12%. There was a change in the Municipal Bond Index Rate from the prior year measurement date (3.01%).

F. Net Pension Liability

On June 30, 2018, the District reported a liability of \$170,493,853 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to TRA in relation to total system contributions including direct aid from the State of Minnesota, City of Minneapolis, and Minneapolis School District. The District's proportionate share was 0.8541% at the end of the measurement period and 0.8321% for the beginning of the year.

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

District's proportionate share of net pension liability	\$ 170,493,853
State's proportionate share of the net pension liability associated with the District	16,481,743

For the year ended June 30, 2018, the District recognized pension expense of \$31,117,038. It recognized \$316,107 as an increase to pension expense for the support provided by direct aid.

**Independent School District No. 720
Notes to Financial Statements**

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

Teachers' Retirement Association (Continued)

F. Net Pension Liability (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,211,774	\$ 1,197,117
Net difference between projected and actual earnings on plan investments	-	1,600,214
Changes of assumptions	90,191,892	23,883,497
Changes in proportion	7,347,426	-
Contributions to TRA subsequent to the measurement date	3,416,209	-
Total	\$ 102,167,301	\$ 26,680,828

\$3,416,209 reported as deferred outflows of resources related to pensions resulting from District contributions to TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019.

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

2019		\$ 19,025,476
2020		21,711,913
2021		19,375,340
2022		16,098,187
2023		(4,140,652)
Total		\$ 72,070,264

**Independent School District No. 720
Notes to Financial Statements**

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

Teachers' Retirement Association (Continued)

G. Pension Liability Sensitivity

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

District proportionate share of NPL		
1% decrease (4.12%)	Current (5.12%)	1% increase (6.12%)
\$ 225,019,034	\$ 170,493,853	\$ 124,522,493

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

H. Pension Plan Fiduciary Net Position

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

Public Employees' Retirement Association

A. Plan Description

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

General Employees Retirement Plan (General Employees Plan (accounted for in the General Employees Fund))

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

B. Benefits Provided

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state legislature. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public services.

Independent School District No. 720
Notes to Financial Statements

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

Public Employees' Retirement Association (Continued)

B. Benefits Provided (Continued)

General Employees Plan Benefits

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

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

C. Contributions

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

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.5% of their annual covered salary in fiscal year 2018. The District was required to contribute 7.5% for Coordinated Plan members in fiscal year 2018. The District's contributions to the General Employees Fund for the year ended June 30, 2018, were \$910,386. The District's contributions were equal to the required contributions as set by state statute.

**Independent School District No. 720
Notes to Financial Statements**

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

Public Employees' Retirement Association (Continued)

D. Pension Costs

General Employees Fund Pension Costs

At June 30, 2018, the District reported a liability of \$12,206,082 for its proportionate share of the General Employees Fund's net pension liability. The District's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million to the fund in 2018. The State of Minnesota is considered a non-employer contributing entity and the State's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the District totaled \$153,497. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2016, through June 30, 2017, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2017, the District's proportion was 0.1912%, which was a decrease of 0.0019% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$1,507,233 for its proportionate share of the General Employees Plan's pension expense. Included in this amount, the District recognized \$4,433 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 402,275	\$ 785,037
Changes in actuarial assumptions	2,046,609	1,223,661
Difference between projected and actual investments earnings	-	546,199
Change in proportion	238,396	264,850
Contributions paid to PERA subsequent to the measurement date	910,386	-
Total	<u>\$ 3,597,666</u>	<u>\$ 2,819,747</u>

**Independent School District No. 720
Notes to Financial Statements**

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

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

\$910,386 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2019		\$ (141,677)
2020		791,486
2021		(264,150)
2022		<u>(518,126)</u>
 Total		 <u><u>\$ (132,467)</u></u>

E. Actuarial Assumptions

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

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

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

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

The following changes in actuarial assumptions occurred in 2017:

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

**Independent School District No. 720
Notes to Financial Statements**

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

Public Employees' Retirement Association (Continued)

E. Actuarial Assumptions (Continued)

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

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

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

F. Discount Rates

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

G. Pension Liability Sensitivity

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

	1% Decrease in Discount Rate (6.5%)	Discount Rate (7.5%)	1% Increase in Discount Rate (8.5%)
District's proportionate share of the PERA net pension liability	\$ 18,932,540	\$ 12,206,082	\$ 6,699,254

**Independent School District No. 720
Notes to Financial Statements**

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

Public Employees' Retirement Association (Continued)

H. Pension Plan Fiduciary Net Position

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

NOTE 7 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

A. Plan Description

The District provides post-employment insurance benefits to certain eligible employees through its Other Post Employment Benefits (OPEB) Plan, a single-employer defined benefit plan administered by the District. All post employment benefits are based on contractual agreements with employee groups. Eligibility for these benefits is based on years of service and/or minimum age requirements.

The OPEB plan is included in the report of the District. A separate financial report is not issued.

B. Benefits Provided

All retirees of the District have the option under state law to continue their medical insurance coverage through the District from the time of retirement until the employee reaches the age of eligibility for Medicare. For members of certain employee groups, the District pays for all or part of the eligible retiree's premiums for medical insurance from the time of retirement until the employee reaches the age of eligibility for Medicare or a limited number of years depending on the contractual language. Benefits paid by the District differ by bargaining unit and date of hire, with some contracts specifying a certain dollar amount and some covering premium costs as defined within each collective bargaining agreement. Retirees not eligible for these district-paid premium benefits must pay the full district premium rate for their coverage.

C. Members

As of July 1, 2016, the following were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	21
Active employees	<u>1,038</u>
Total	<u><u>1,059</u></u>

D. Contributions

Retirees and their families have access to the health care plan at the same premium rate as District employees. This results in the retirees receiving an implicit rate subsidy. The premiums are based on the contract terms with PreferredOne. The required contributions are on projected pay-as-you-go financing requirements. For fiscal year 2018, the District contributed \$ 310,068 to the plan.

**Independent School District No. 720
Notes to Financial Statements**

NOTE 7 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

E. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2016, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Key Methods and Assumptions Used in Valuation of Total OPEB Liability

Investment rate of return	4.30%, net of investment expense
Salary increases	3.00%, including inflation
Inflation	2.50%
Healthcare cost trend increases	6.50% initially, decreasing to 5.0% over 6 years
 Mortality Assumption	 RP-2014 White Collar Mortality Tables with MP- 2015 Generational Improvement Scale

The actuarial assumptions used in the July 1, 2016, valuation were based on the results of an actuarial experience study for the period July 1, 2017 – June 30, 2018.

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

<u>Asset Class</u>	<u>Target</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	50.00 %	3.40 %
Domestic equity	33.00	5.20
International equity	17.00	5.20
Real estate	0.00	0.00
Other	0.00	0.00
 Total	 <u>100.00 %</u>	

**Independent School District No. 720
Notes to Financial Statements**

NOTE 7 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

E. Actuarial Assumptions (Continued)

The details of the investments and the investment policy are described in Note 2. of the District's financial statements. For the year ended June 30, 2018, the annual money-weighted rate of return on investments, net of investment expense, was 6.5 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

F. Discount Rate

The discount rate used to measure the total OPEB liability was 3.5%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

G. Changes in Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at July 1, 2017	\$ 12,635,799	\$ 4,726,221	\$ 7,909,578
Changes for the year			
Service cost	958,236	-	958,236
Interest	430,395	-	430,395
Assumption Changes	(300,738)	-	(300,738)
Differences between expected and actual economic experience	-	103,230	(103,230)
Employer contributions	-	106,667	(106,667)
Projected investment return	-	202,898	(202,898)
Benefit payments	(290,672)	(290,672)	-
Administrative expense	-	(3,291)	3,291
Other charges	-	-	-
Net changes	797,221	118,832	678,389
Balances at June 30, 2018	\$ 13,433,020	\$ 4,845,053	\$ 8,587,967

Plan fiduciary net position as a percentage of the total OPEB liability 36.07%

Independent School District No. 720
Notes to Financial Statements

NOTE 7 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

H. OPEB Liability Sensitivity

The following presents the District's net OPEB liability calculated using the discount rate of 3.5% as well as the liability measured using 1 percent lower and 1 percent higher than the current discount rate.

	1% decrease (2.5%)	Current (3.5%)	1% increase (4.5%)
Net OPEB Liability (Asset)	\$ 9,777,882	\$ 8,587,967	\$ 7,462,774

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

	1% decrease (5.50% decreasing to 4.0%)	Current (6.50% decreasing to 5.0%)	1% increase (7.50% decreasing to 6.0%)
Net OPEB Liability (Asset)	\$ 6,648,595	\$ 8,587,967	\$ 10,928,697

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

For the year ended June 30, 2018, the District recognized OPEB expense of \$1,087,751. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on OPEB plan investments	\$ -	\$ 133,739
Changes of assumptions	-	538,668
Total	\$ -	\$ 672,407

**Independent School District No. 720
Notes to Financial Statements**

NOTE 7 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

**I. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to OPEB (Continued)**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	Total
2019	\$ (101,273)
2020	(101,273)
2021	(101,272)
2022	(84,221)
2023	(63,575)
Thereafter	<u>(220,793)</u>
Total	<u><u>\$ (672,407)</u></u>

NOTE 8 – COMMITMENT

As of June 30, 2017, the District had the following construction commitments:

Project	Project Authorization	Work Completed	Remaining Commitment
High School Building Addition	\$90,452,883	\$85,259,930	\$ 5,192,953
South Site Fields	2,804,118	2,111,068	693,050

NOTE 9 – CHANGE IN ACCOUNTING PRINCIPLE

For the year ended June 30, 2017, the District implemented GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans* and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. This resulted in an adjustment to the beginning net position on the Statement of Activities of \$6,334,246 to add the beginning net OPEB liability.

Independent School District No. 720
Notes to Financial Statements

NOTE 10 – GASB STANDARDS ISSUED BUT NOT YET IMPLEMENTED

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

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

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PRELIMINARY

REQUIRED SUPPLEMENTARY INFORMATION

PRELIMINARY

Independent School District No. 720
Schedule of Changes in Net OPEB Liability
and Related Ratios

	<u>June 30, 2017</u>	<u>June 30, 2018</u>
Total OPEB Liability		
Service cost	\$ 1,026,321	\$ 958,236
Interest	369,801	430,395
Changes of assumptions	(335,006)	(300,738)
Benefit payments	(299,365)	(290,672)
Net change in total OPEB liability	<u>761,751</u>	<u>797,221</u>
Beginning of year	<u>11,874,048</u>	<u>12,635,799</u>
End of year	<u>\$ 12,635,799</u>	<u>\$ 13,433,020</u>
Plan Fiduciary Net Pension (FNP)		
Employer contributions	\$ 126,365	\$ 106,667
Net investment income	180,697	202,898
Differences between expected and actual experience	85,258	103,230
Benefit payments	(299,365)	(290,672)
Administrative expense	-	(3,291)
Net change in plan fiduciary net position	<u>92,955</u>	<u>118,832</u>
Beginning of year	<u>4,633,266</u>	<u>4,726,221</u>
End of year	<u>\$ 4,726,221</u>	<u>\$ 4,845,053</u>
Net OPEB liability	<u>\$ 7,909,578</u>	<u>\$ 8,587,967</u>
Plan FNP as a percentage of the total OPEB liability	37.40%	36.07%
Covered-employee payroll	\$ 55,218,930	\$ 56,875,498
Net OPEB liability as a percentage of covered-employee	14.32%	15.10%

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

Independent School District No. 720
Schedule of Investment Returns

	<u>June 30, 2017</u>	<u>June 30, 2018</u>
Annual money-weighted rate of return, net of investment expense	5.70%	6.50%

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

PRELIMINARY

Independent School District No. 720
Schedule of District's and Non-Employer Proportionate Share
of Net Pension Liability - General Employees Retirement Fund
Last Ten Years*

For Plan's Fiscal Year Ended June 30,	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Proportionate Share of State of Minnesota's Proportionated Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.1966%	\$ 9,235,283	\$ -	\$ 9,235,283	\$ 10,320,166	89.49%	78.75%
2015	0.1839%	9,530,652	-	9,530,652	10,626,680	89.69%	78.19%
2016	0.1931%	15,678,762	204,852	15,883,614	11,984,533	130.82%	68.91%
2017	0.1912%	12,206,082	153,497	12,359,579	12,318,853	99.08%	75.90%

* These schedules are intended to show information for ten years. Additional years will be displayed as they become available.

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

For Plan's Fiscal Year Ended June 30,	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Proportionate Share of State of Minnesota's Proportionated Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.8067%	\$ 37,172,155	\$ 2,615,162	\$ 39,787,317	\$ 36,823,971	100.9%	81.5%
2015	0.7817%	48,355,876	5,931,424	54,287,300	39,672,933	121.9%	76.8%
2016	0.8321%	198,475,704	19,921,322	218,397,026	43,284,507	458.5%	44.9%
2017	0.8541%	170,493,853	16,481,743	186,975,596	45,978,120	370.8%	51.6%

* These schedules are intended to show information for ten years. Additional years will be displayed as they become available.

**Independent School District No. 720
Schedule of District Contributions -
General Employees Retirement Fund
Last Ten Years***

Fiscal Year Ending June 30,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2014	\$ 748,212	\$ 748,212	\$ -	\$ 10,320,166	7.25%
2015	797,001	797,001	-	10,626,680	7.50%
2016	898,840	898,840	-	11,984,533	7.50%
2017	923,914	923,914	-	12,318,853	7.50%
2018	910,386	910,386	-	12,138,480	7.50%

* These schedules are intended to show information for ten years. Additional years will be displayed as they become available.

**Schedule of District Contributions -
TRA Retirement Fund
Last Ten Years***

Fiscal Year Ending June 30,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2014	\$ 2,577,678	\$ 2,577,678	\$ -	\$ 36,823,971	7.0%
2015	2,975,470	2,975,470	-	39,672,933	7.5%
2016	3,246,338	3,246,338	-	43,284,507	7.5%
2017	3,448,359	3,448,359	-	45,978,120	7.5%
2018	3,416,209	3,416,209	-	45,549,453	7.5%

* These schedules are intended to show information for ten years. Additional years will be displayed as they become available.

Independent School District No. 720
Notes to the Required Supplementary Information

TRA Retirement Fund

2017 Changes

Changes in Actuarial Assumptions

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

2016 Changes

Changes in Actuarial Assumptions

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

Independent School District No. 720
Notes to the Required Supplementary Information

TRA Retirement Fund (Continued)

2015 Changes

Changes of Benefit Terms

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

Changes in Actuarial Assumptions

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

General Employees Fund

2017 Changes

Changes in Actuarial Assumptions

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

2016 Changes

Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2035 and 2.5% per year thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate was changed from 7.9% to 7.5%.

Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, the inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

2015 Changes

Changes in Plan Provisions

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

Changes in Actuarial Assumptions

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

Independent School District No. 720
Notes to the Required Supplementary Information

Post Employment Health Care Plan

2018 Changes

Changes in Actuarial Assumptions

- The discount rate was changed from 2.90% to 3.50%.

PRELIMINARY

PRELIMINARY

SUPPLEMENTARY INFORMATION

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PRELIMINARY

PRELIMINARY

GOVERNMENTAL FUNDS

PRELIMINARY

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Independent School District No. 720
Combining Balance Sheet -
Nonmajor Governmental Funds
June 30, 2018

	Special Revenue		
	Food Service	Community Service	Total
Assets			
Cash and investments	\$ 812,155	\$ 736,201	\$ 1,548,356
Current property taxes receivable	-	281,937	281,937
Delinquent property taxes receivable	-	1,438	1,438
Accounts receivable	-	7,412	7,412
Due from Department of Education	-	89,979	89,979
Due from Federal Government through Department of Education	30,280	-	30,280
Inventory	45,582	-	45,582
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 888,017</u>	<u>\$ 1,116,967</u>	<u>\$ 2,004,984</u>
Liabilities			
Accounts payable	\$ 5,622	\$ 22,193	\$ 27,815
Salaries and benefits payable	106,127	155,268	261,395
Due to other governmental units	-	425	425
Unearned revenue	101,713	68,534	170,247
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>213,462</u>	<u>246,420</u>	<u>459,882</u>
Deferred Inflows of Resources			
Property taxes levied for subsequent year's expenditures	-	590,824	590,824
Unavailable revenue - delinquent property taxes	-	1,438	1,438
	<u> </u>	<u> </u>	<u> </u>
Total deferred inflows of resources	<u>-</u>	<u>592,262</u>	<u>592,262</u>
Fund Balances			
Nonspendable	45,582	-	45,582
Restricted for			
Early childhood and family education programs	-	136,180	136,180
School readiness	-	321,606	321,606
Food service	628,973	-	628,973
Unassigned	-	(179,501)	(179,501)
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>674,555</u>	<u>278,285</u>	<u>952,840</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 888,017</u>	<u>\$ 1,116,967</u>	<u>\$ 2,004,984</u>

Independent School District No. 720
Combining Statement of Revenues,
Expenditures, and Changes in Fund Balances -
Nonmajor Governmental Funds
Year Ended June 30, 2018

	Special Revenue		
	Food Service	Community Service	Total
Revenues			
Local property taxes	\$ -	\$ 580,649	\$ 580,649
Other local and county revenues	19,176	1,283,625	1,302,801
Revenue from state sources	273,238	923,521	1,196,759
Revenue from federal sources	2,146,089	-	2,146,089
Sales and other conversion of assets	2,038,572	5,856	2,044,428
Total revenues	<u>4,477,075</u>	<u>2,793,651</u>	<u>7,270,726</u>
Expenditures			
Current			
Food service	4,301,406	-	4,301,406
Community education and services	-	2,701,273	2,701,273
Capital outlay			
Food service	153,236	-	153,236
Community education and services	-	4,360	4,360
Total expenditures	<u>4,454,642</u>	<u>2,705,633</u>	<u>7,160,275</u>
Excess of revenues over expenditures	22,433	88,018	110,451
Fund Balances			
Beginning of year	<u>652,122</u>	<u>190,267</u>	<u>842,389</u>
End of year	<u>\$ 674,555</u>	<u>\$ 278,285</u>	<u>\$ 952,840</u>

Independent School District No. 720
Balance Sheet - General Fund
June 30, 2018
(with Comparative Totals as of June 30, 2017)

	2018	2017
Assets		
Cash and investments	\$ 10,164,728	\$ 5,171,260
Current property taxes receivable	7,468,082	6,697,282
Delinquent property taxes receivable	34,288	37,802
Accounts receivable	33,293	23,065
Due from Department of Education	6,813,476	7,569,599
Due from Federal Government through Department of Education	823,039	1,045,251
Due from other Minnesota school districts	115,955	119,934
Due from other governmental units	-	175,745
Prepaid items	208,934	657,884
	\$ 25,661,795	\$ 21,497,822
Liabilities		
Accounts payable	\$ 889,791	\$ 526,673
Contracts payable	131,859	170,070
Salaries and benefits payable	7,245,564	6,955,744
Due to other Minnesota school districts	362,001	485,623
Due to other governmental units	27,341	22,644
Unearned revenue	100,000	-
Total liabilities	8,756,556	8,160,754
Deferred Inflows of Resources		
Property taxes levied for subsequent year's expenditures	14,037,318	12,232,012
Unavailable revenue - delinquent property taxes	34,288	37,802
Total deferred inflows of resources	14,071,606	12,269,814
Fund Balance		
Nonspendable	208,934	657,884
Restricted	854,983	-
Assigned	185,388	20,882
Unassigned	1,584,328	388,488
Total fund balance	2,833,633	1,067,254
Total liabilities, deferred inflows of resources, and fund balance	\$ 25,661,795	\$ 21,497,822

Independent School District No. 720
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - General Fund
Year Ended June 30, 2018
(with Comparative Actual Amounts for the Year Ended June 30, 2017)

	2018			2017	
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)	Actual Amounts
	Original	Final			
Revenues					
Local property taxes	\$ 13,852,370	\$ 13,852,370	\$ 13,957,451	\$ 105,081	\$ 13,303,806
Other local and county revenues	1,823,426	1,720,304	1,663,954	(56,350)	1,809,047
Revenue from state sources	75,903,741	76,668,726	76,908,387	239,661	74,409,197
Revenue from federal sources	2,000,140	2,230,754	2,279,035	48,281	2,608,592
Sales and other conversion of assets	166,243	166,243	264,851	98,608	197,051
Total revenues	<u>93,745,920</u>	<u>94,638,397</u>	<u>95,073,678</u>	<u>435,281</u>	<u>92,327,693</u>
Expenditures					
Current					
Administration	5,433,622	5,592,703	5,452,115	(140,588)	5,648,428
District support services	216,806	2,651,936	1,992,860	(659,076)	2,175,658
Elementary and secondary regular instruction	42,269,996	41,889,276	41,375,223	(514,053)	41,499,067
Vocational education instruction	449,545	586,305	633,155	46,850	868,774
Special education instruction	18,423,782	17,995,027	18,062,751	67,724	18,342,688
Instructional support services	8,331,502	7,651,577	7,276,861	(374,716)	8,185,448
Pupil support services	7,544,843	7,954,678	7,869,648	(85,030)	7,614,151
Sites and buildings	6,036,468	5,375,819	5,824,702	448,883	5,411,781
Fiscal and other fixed cost programs	175,100	190,300	199,020	8,720	191,091
Capital outlay					
Administration	56,000	56,000	45,326	(10,674)	82,354
District support services	4,000	4,000	1,259	(2,741)	2,885
Elementary and secondary regular instruction	169,803	181,803	295,139	113,336	248,474
Vocational education instruction	1,500	1,500	1,196	(304)	1,499
Special education instruction	8,000	1,000	10,007	9,007	99,182
Instructional support services	1,728,000	1,641,000	1,079,155	(561,845)	4,138,422
Pupil support services	-	-	1,553	1,553	-
Sites and buildings	1,032,850	1,930,000	1,855,778	(74,222)	840,272
Debt service					
Principal	1,400,000	1,766,121	1,766,121	-	1,393,917
Interest and fiscal charges	495,000	491,595	491,579	(16)	488,985
Total expenditures	<u>93,776,817</u>	<u>95,960,640</u>	<u>94,233,448</u>	<u>(1,727,192)</u>	<u>97,233,076</u>
Excess of revenues over (under) expenditures	(30,897)	(1,322,243)	840,230	2,162,473	(4,905,383)
Other Financing Sources					
Proceeds from sale of capital assets	-	358,285	508,669	150,384	4,022
Issuance of capital leases	1,000,000	1,000,000	417,480	(582,520)	3,447,610
Total other financing sources	<u>1,000,000</u>	<u>1,358,285</u>	<u>926,149</u>	<u>(432,136)</u>	<u>3,451,632</u>
Net change in fund balance	<u>\$ 969,103</u>	<u>\$ 36,042</u>	<u>1,766,379</u>	<u>\$ 1,730,337</u>	<u>(1,453,751)</u>
Fund Balance					
Beginning of year			<u>1,067,254</u>		<u>2,521,005</u>
End of year			<u>\$ 2,833,633</u>		<u>\$ 1,067,254</u>

Independent School District No. 720
Balance Sheet - Food Service Fund
June 30, 2018
(with Comparative Totals as of June 30, 2017)

	<u>2018</u>	<u>2017</u>
Assets		
Cash and investments	\$ 812,155	\$ 764,966
Due from Federal Government through Department of Education	30,280	34,116
Inventory	<u>45,582</u>	<u>49,221</u>
Total assets	<u>\$ 888,017</u>	<u>\$ 848,303</u>
Liabilities		
Accounts payable	\$ 5,622	\$ -
Salaries and benefits payable	106,127	105,544
Unearned revenue	<u>101,713</u>	<u>90,637</u>
Total liabilities	<u>213,462</u>	<u>196,181</u>
Fund Balance		
Nonspendable	45,582	49,221
Restricted	<u>628,973</u>	<u>602,901</u>
Total fund balance	<u>674,555</u>	<u>652,122</u>
Total liabilities and fund balance	<u>\$ 888,017</u>	<u>\$ 848,303</u>

Independent School District No. 720
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - Food Service Fund
Year Ended June 30, 2018
(with Comparative Actual Amounts for the Year Ended June 30, 2017)

	2018			Variance with Final Budget - Over (Under)	2017
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Revenues					
Other local and county revenues	\$ 500	\$ 5,500	\$ 19,176	\$ 13,676	\$ 9,675
Revenue from state sources	245,000	246,000	273,238	27,238	229,977
Revenue from federal sources	2,320,500	2,326,000	2,146,089	(179,911)	2,220,654
Sales and other conversion of assets	2,184,000	2,102,000	2,038,572	(63,428)	2,084,558
Total revenues	<u>4,750,000</u>	<u>4,679,500</u>	<u>4,477,075</u>	<u>(202,425)</u>	<u>4,544,864</u>
Expenditures					
Current					
Food service	4,762,865	4,571,322	4,301,406	(269,916)	4,534,624
Capital outlay					
Food service	87,135	297,135	153,236	(143,899)	32,160
Total expenditures	<u>4,850,000</u>	<u>4,868,457</u>	<u>4,454,642</u>	<u>(413,815)</u>	<u>4,566,784</u>
Net change in fund balance	<u>\$ (100,000)</u>	<u>\$ (188,957)</u>	22,433	<u>\$ 211,390</u>	(21,920)
Fund Balance					
Beginning of year			652,122		674,042
End of year			<u>\$ 674,555</u>		<u>\$ 652,122</u>

Independent School District No. 720
Balance Sheet - Community Service Fund
June 30, 2018
(with Comparative Totals as of June 30, 2017)

	<u>2018</u>	<u>2017</u>
Assets		
Cash and investments	\$ 736,201	\$ 635,400
Current property taxes receivable	281,937	286,306
Delinquent property taxes receivable	1,438	1,761
Accounts receivable	7,412	-
Due from Department of Education	89,979	95,261
	<u> </u>	<u> </u>
Total assets	<u>\$ 1,116,967</u>	<u>\$ 1,018,728</u>
Liabilities		
Accounts payable	\$ 22,193	\$ 4,720
Salaries and benefits payable	155,268	163,872
Due to other Minnesota school districts	-	64
Due to other governmental units	425	-
Unearned revenue	68,534	72,001
	<u> </u>	<u> </u>
Total liabilities	<u>246,420</u>	<u>240,657</u>
Deferred Inflows of Resources		
Property taxes levied for subsequent year's expenditures	590,824	586,043
Unavailable revenue - delinquent property taxes	1,438	1,761
	<u> </u>	<u> </u>
Total deferred inflows of resources	<u>592,262</u>	<u>587,804</u>
Fund Balance		
Restricted for		
Early Childhood and Family Education Programs	136,180	120,562
School Readiness	321,606	223,272
Unassigned	(179,501)	(153,567)
	<u> </u>	<u> </u>
Total fund balance	<u>278,285</u>	<u>190,267</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 1,116,967</u>	<u>\$ 1,018,728</u>

Independent School District No. 720
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - Community Service Fund
Year Ended June 30, 2018
(with Comparative Actual Amounts for the Year Ended June 30, 2017)

	2018			Variance with Final Budget - Over (Under)	2017
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Revenues					
Local property taxes	\$ 561,985	\$ 586,041	\$ 580,649	\$ (5,392)	\$ 542,294
Other local and county revenues	1,430,451	1,420,601	1,283,625	(136,976)	1,242,198
Revenue from state sources	907,564	912,670	923,521	10,851	975,535
Sales and other conversion of assets	-	-	5,856	5,856	-
Total revenues	<u>2,900,000</u>	<u>2,919,312</u>	<u>2,793,651</u>	<u>(125,661)</u>	<u>2,760,027</u>
Expenditures					
Current					
Community education and services	2,845,000	2,817,272	2,701,273	(115,999)	2,653,638
Capital outlay					
Community education and services	5,000	9,000	4,360	(4,640)	16,496
Total expenditures	<u>2,850,000</u>	<u>2,826,272</u>	<u>2,705,633</u>	<u>(120,639)</u>	<u>2,670,134</u>
Net change in fund balance	<u>\$ 50,000</u>	<u>\$ 93,040</u>	88,018	<u>\$ (5,022)</u>	89,893
Fund Balance					
Beginning of year			<u>190,267</u>		<u>100,374</u>
End of year			<u>\$ 278,285</u>		<u>\$ 190,267</u>

Independent School District No. 720
Balance Sheet - Debt Service Fund
June 30, 2018
(with Comparative Totals as of June 30, 2017)

	2018	2017
Assets		
Cash and investments	\$ 13,462,867	\$ 12,674,348
Cash with fiscal agent	-	17,570,927
Current property taxes receivable	9,721,634	9,281,165
Delinquent property taxes receivable	46,922	54,584
Due from Department of Education	145,167	148,971
	\$ 23,376,590	\$ 39,729,995
Deferred Inflows of Resources		
Property taxes levied for subsequent year's expenditures	\$ 20,341,204	\$ 19,004,667
Unavailable revenue - delinquent property taxes	46,922	54,584
Total deferred inflows of resources	20,388,126	19,059,251
Fund Balance		
Restricted	2,988,464	20,670,744
Total deferred inflows of resources and fund balance	\$ 23,376,590	\$ 39,729,995

Independent School District No. 720
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - Debt Service Fund
Year Ended June 30, 2018
(with Comparative Actual Amounts for the Year Ended June 30, 2017)

	2018			Variance with Final Budget - Over (Under)	2017
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Revenues					
Local property taxes	\$ 18,991,591	\$ 18,993,661	\$ 18,825,143	\$ (168,518)	\$ 18,728,951
Other local and county revenues	30,000	54,671	244,418	189,747	150,709
Revenue from state sources	1,344,734	1,451,668	1,451,668	-	1,494,488
Total revenues	<u>20,366,325</u>	<u>20,500,000</u>	<u>20,521,229</u>	<u>21,229</u>	<u>20,374,148</u>
Expenditures					
Debt service					
Principal	12,760,000	29,780,000	29,780,000	-	11,135,000
Interest and fiscal charges	7,755,000	8,425,000	8,423,509	(1,491)	8,647,657
Total expenditures	<u>20,515,000</u>	<u>38,205,000</u>	<u>38,203,509</u>	<u>(1,491)</u>	<u>19,782,657</u>
Net change in fund balance	<u>\$ (148,675)</u>	<u>\$ (17,705,000)</u>	<u>(17,682,280)</u>	<u>\$ 22,720</u>	591,491
Fund Balance					
Beginning of year			<u>20,670,744</u>		<u>20,079,253</u>
End of year			<u>\$ 2,988,464</u>		<u>\$ 20,670,744</u>

Independent School District No. 720
Balance Sheet - Capital Projects Fund
June 30, 2018
(with Comparative Totals as of June 30, 2017)

	2018	2017
Assets		
Cash and investments	\$ 17,016,420	\$ 63,205,276
Interest receivable	51,981	159,695
Total assets	\$ 17,068,401	\$ 63,364,971
Liabilities		
Accounts payable	\$ 262,682	\$ 475,739
Contracts payable	5,591,618	9,523,232
Total liabilities	5,854,300	9,998,971
Fund Balance		
Restricted	11,214,101	53,366,000
Total liabilities and fund balance	\$ 17,068,401	\$ 63,364,971

Independent School District No. 720
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - Capital Projects Fund
Year Ended June 30, 2018
(with Comparative Actual Amounts for the Year Ended June 30, 2017)

	2018			Variance with Final Budget - Over (Under)	2017
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Revenues					
Other local and county revenues	\$ 450,000	\$ 350,000	\$ 794,659	\$ 444,659	\$ 598,814
Expenditures					
Current					
Sites and buildings	400,000	405,500	401,154	(4,346)	440,785
Capital outlay					
Sites and buildings	49,600,000	44,594,500	42,545,404	(2,049,096)	47,299,858
Total expenditures	<u>50,000,000</u>	<u>45,000,000</u>	<u>42,946,558</u>	<u>(2,053,442)</u>	<u>47,740,643</u>
Net change in fund balance	<u>\$ (49,550,000)</u>	<u>\$ (44,650,000)</u>	(42,151,899)	<u>\$ 2,498,101</u>	(47,141,829)
Fund Balance					
Beginning of year			53,366,000		100,507,829
End of year			<u>\$ 11,214,101</u>		<u>\$ 53,366,000</u>

PRELIMINARY

INTERNAL SERVICE FUNDS

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PRELIMINARY

Independent School District No. 720
Combining Statement of
Net Position - Internal Service Funds
As of June 30, 2018

	Internal Service Funds		
	Health Insurance	Dental Insurance	Total
Assets			
Current			
Cash and cash equivalents	\$ 428,700	\$ 96,541	\$ 525,241
Liabilities			
Current			
Accounts payable	\$ 2,017	\$ -	\$ 2,017
Incurred but not reported claims	1,039,575	37,629	1,077,204
Total liabilities	1,041,592	37,629	1,079,221
Net Position			
Unrestricted	(612,892)	58,912	(553,980)
Total liabilities and net position	\$ 428,700	\$ 96,541	\$ 525,241

Independent School District No. 720
Combining Statement of Revenues, Expenses, and Changes
in Fund Net Position - Internal Service Funds
Year Ended June 30, 2018

	Internal Service Funds		
	Health Insurance	Dental Insurance	Total
Operating Revenue			
Charges for services	\$ 8,007,667	\$ 856,804	\$ 8,864,471
Operating Expenses			
Insurance	8,876,977	839,933	9,716,910
Operating income (loss)	(869,310)	16,871	(852,439)
Nonoperating Revenues			
Investment Income	1,178	213	1,391
Change in net position	(868,132)	17,084	(851,048)
Net Position			
Beginning of year	255,240	41,828	297,068
End of year	<u>\$ (612,892)</u>	<u>\$ 58,912</u>	<u>\$ (553,980)</u>

Independent School District No. 720
Combining Statement of Cash Flows -
Internal Service Funds
Year Ended June 30, 2018

	Internal Service Funds		
	Health Insurance	Dental Insurance	Total
Cash Flows - Operating Activities			
Receipts from district contributions	\$ 8,007,667	\$ 856,965	\$ 8,864,632
Employee claims paid	(8,586,188)	(833,247)	(9,419,435)
Net cash flows - operating activities	(578,521)	23,718	(554,803)
Cash Flows - Investing Activities			
Interest received	1,178	213	1,391
Net change in cash and cash equivalents	(577,343)	23,931	(553,412)
Cash and Cash Equivalents			
Beginning of year	1,006,043	72,610	1,078,653
End of year	\$ 428,700	\$ 96,541	\$ 525,241
Reconciliation of Operating Income (Loss) to Net Cash Flows - Operating Activities			
Operating income (loss)	\$ (869,310)	\$ 16,871	\$ (852,439)
Adjustments to reconcile operating income (loss) to net cash flows - operating activities			
Accounts payable	431	-	431
Incurred but not reported claims	290,358	6,686	297,044
Accounts receivable	-	161	161
Net adjustments	290,789	6,847	297,636
Net cash flows - operating activities	\$ (578,521)	\$ 23,718	\$ (554,803)

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PRELIMINARY

PRELIMINARY

UFARS COMPLIANCE TABLE

PRELIMINARY

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Independent School District No. 721
Uniform Financial Accounting and Reporting Standards
Compliance Table
Year Ended June 30, 2018

	Audit	UFARS	Audit-UFARS		Audit	UFARS	Audit-UFARS
01 General Fund				06 Building Construction Fund			
Total revenue	\$ 95,073,678	\$ 95,073,678	\$ -	Total revenue	\$ 794,659	\$ 794,659	\$ -
Total expenditures	94,233,448	94,233,446	2	Total expenditures	42,946,558	42,946,559	(1)
<i>Nonspendable:</i>				<i>Nonspendable:</i>			
460 Nonspendable fund balance	208,934	208,934	-	460 Nonspendable fund balance	-	-	-
<i>Restricted/reserved:</i>				<i>Restricted/reserved:</i>			
403 Staff Development	-	-	-	407 Capital Projects Levy	-	-	-
406 Health and Safety	-	-	-	409 Alternative Facilities Program	-	-	-
407 Capital Projects Levy	(106,858)	(106,858)	-	413 Building Projects Funded by COP/LP	-	-	-
408 Cooperative Programs	-	-	-	467 Long-term Facilities Maintenance	-	-	-
409 Alternative Facility Program	-	-	-	<i>Restricted:</i>			
413 Building Projects Funded by COP/LP	-	-	-	464 Restricted fund balance	11,214,101	11,214,101	-
414 Operating Debt	-	-	-	<i>Unassigned:</i>			
416 Levy Reduction	-	-	-	463 Unassigned fund balance	-	-	-
417 Taconite Building Maintenance	-	-	-				
424 Operating Capital	702,109	702,109	-	07 Debt Service Fund			
426 \$25 Taconite	-	-	-	Total revenue	\$ 20,521,229	\$ 20,521,229	\$ -
427 Disabled Accessibility	-	-	-	Total expenditures	38,203,509	38,203,508	1
428 Learning and Development	-	-	-	<i>Nonspendable:</i>			
434 Area Learning Center	-	-	-	460 Nonspendable fund balance	-	-	-
435 Contracted Alternative Programs	-	-	-	<i>Restricted/reserved:</i>			
436 State Approved Alternative Program	-	-	-	425 Bond refundings	-	-	-
438 Gifted and Talented	-	-	-	433 Maximum Effort Loan	-	-	-
440 Teacher Development and Evaluation	-	-	-	451 QZAB payments	-	-	-
441 Basic Skills Programs	-	-	-	<i>Restricted:</i>			
445 Career Technical Programs	-	-	-	464 Restricted fund balance	2,988,464	2,988,464	-
448 Achievement and Integration Revenue	-	-	-	<i>Unassigned:</i>			
449 Safe Schools Levy	-	-	-	463 Unassigned fund balance	-	-	-
450 Transition for Pre-Kindergarten	-	-	-				
451 QZAB Payments	-	-	-	08 Trust Fund			
452 OPEB Liabilities not Held in Trust	-	-	-	Total revenue	\$ 2,371	\$ 2,372	\$ (1)
453 Unfunded Severance and Retirement Levy	-	-	-	Total expenditures	12,000	12,000	-
459 Basic Skills Extended Time	-	-	-	<i>Unrestricted:</i>			
467 Long-term Facilities Maintenance	(378,012)	(378,012)	-	422 Net position	17,060	17,061	(1)
472 Medical Assistance	152,874	152,874	-				
475 Title VII - Impact Aid	-	-	-	20 Internal Service Fund			
476 Payments in Lieu of Taxes	-	-	-	Total revenue	\$ 8,865,862	\$ 8,865,862	\$ -
<i>Restricted:</i>				Total expenditures	9,716,910	9,716,909	1
464 Restricted fund balance	-	-	-	<i>Unrestricted:</i>			
<i>Committed:</i>				422 Net position	(553,980)	(553,981)	1
418 Committed for separation	-	-	-				
461 Committed	-	-	-	25 OPEB Revocable Trust			
<i>Assigned:</i>				Total revenue	\$ -	\$ -	\$ -
462 Assigned fund balance	185,388	185,388	-	Total expenditures	-	-	-
<i>Unassigned:</i>				<i>Unrestricted:</i>			
422 Unassigned fund balance	2,069,198	2,069,200	(2)	422 Net position	-	-	-
02 Food Service Fund				45 OPEB Irrevocable Trust			
Total revenue	\$ 4,477,075	\$ 4,477,075	\$ -	Total revenue	\$ 302,837	\$ 302,837	\$ -
Total expenditures	4,454,642	4,454,641	1	Total expenditures	185,802	185,802	-
<i>Nonspendable:</i>				<i>Unrestricted:</i>			
460 Nonspendable fund balance	45,582	45,582	-	422 Net position	4,843,256	4,843,256	-
<i>Restricted/reserved:</i>							
452 OPEB liabilities not held in trust	-	-	-	47 OPEB Debt Service			
<i>Restricted:</i>				Total revenue	\$ -	\$ -	\$ -
464 Restricted fund balance	628,973	628,974	(1)	Total expenditures	-	-	-
<i>Unassigned:</i>				<i>Nonspendable:</i>			
463 Unassigned fund balance	-	-	-	460 Nonspendable fund balance	-	-	-
				<i>Restricted:</i>			
04 Community Service Fund				425 Bond refundings	-	-	-
Total revenue	\$ 2,793,651	\$ 2,793,651	\$ -	464 Restricted fund balance	-	-	-
Total expenditures	2,705,633	2,705,633	-	<i>Unassigned:</i>			
460 Nonspendable fund balance	-	-	-	463 Unassigned fund balance	-	-	-
<i>Restricted/reserved:</i>							
426 \$25 Taconite	-	-	-				
431 Community Education	(179,501)	(179,502)	1				
432 ECFE	136,180	136,180	-				
440 Teacher Development and Evaluations	-	-	-				
444 School Readiness	321,606	321,606	-				
447 Adult Basic Education	-	-	-				
452 OPEB Liabilities not Held in Trust	-	-	-				
<i>Restricted:</i>							
464 Restricted fund balance	-	-	-				
<i>Unassigned:</i>							
463 Unassigned fund balance	-	-	-				

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PRELIMINARY

PRELIMINARY

STATISTICAL SECTION

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PRELIMINARY

**Independent School District No. 720
Statistical Section (Unaudited)
June 30, 2018**

III. Statistical Section (Unaudited)

This part of the Independent School District No. 720's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health. The statistical section includes information related to these five sections:

Contents

Page

Financial Trends

This section contains trend information to help the reader understand how the District's financial performance and well-being have changed over time. 128

Revenue Capacity

This section contains information to help the reader assess the District's most significant local revenue source, property taxes. 137

Debt Capacity

This section presents information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future. 144

Demographic and Economic Information

This section contains demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place. 148

Operating Information

This section contains service and infrastructure data to help the reader understand how the information in the District's financial report relates to services provided and activities performed. 150

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive financial reports for the relevant year.

Independent School District #720
Shakopee Public Schools
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

	Fiscal Year			
	2009	2010	2011	2012
Governmental Activities				
Net investment in capital assets	\$ 11,437,140	\$ 13,164,032	\$ 15,056,846	\$ 18,615,135
Restricted	5,234,581	2,400,883	2,347,262	2,470,265
Unrestricted	6,181,158	9,508,637	11,515,977	12,968,400
Total governmental activities net position	\$ 22,852,879	\$ 25,073,552	\$ 28,920,085	\$ 34,053,800

PRELIMINARY

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 21,509,142	\$ 21,840,189	\$ 23,041,568	\$ 26,336,717	\$ 35,186,072	\$ 45,526,236
2,103,662	2,411,568	3,150,431	1,241,034	-	1,970,243
10,655,933	8,100,912	(45,145,697)	(51,864,194)	(85,542,839)	(114,835,656)
<u>\$ 34,268,737</u>	<u>\$ 32,352,669</u>	<u>\$ (18,953,698)</u>	<u>\$ (24,286,443)</u>	<u>\$ (50,356,767)</u>	<u>\$ (67,339,177)</u>

PRELIMINARY

Independent School District #720
Shakopee Public Schools
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

	Fiscal Year			
	2009	2010	2011	2012
Expenses				
Governmental activities				
Administration	\$ 3,689,553	\$ 3,649,278	\$ 3,647,825	\$ 3,320,105
District support services	519,760	612,286	422,226	1,123,052
Regular instruction	29,687,266	29,594,015	31,680,570	35,835,287
Vocational education instruction	540,568	526,251	482,322	491,687
Special education instruction	11,925,189	12,273,562	11,791,040	13,004,305
Instructional support services	3,424,674	3,573,266	3,859,985	3,785,454
Pupil support services	4,647,751	4,603,149	4,817,243	5,653,320
Sites and buildings	4,877,314	4,335,243	5,664,493	4,503,714
Fiscal and other fixed cost programs	105,626	107,952	112,654	125,742
Food service	2,736,350	2,834,998	2,935,096	3,215,446
Community service	1,538,713	1,635,378	1,707,307	1,829,186
Depreciation not allocated to other functions	3,985,408	3,965,123	3,991,808	184,101
Interest and fiscal charges on long-term debt	7,255,219	6,884,332	6,292,484	6,520,580
Total governmental activities expenses	<u>74,933,391</u>	<u>74,594,833</u>	<u>77,405,053</u>	<u>79,591,979</u>
Program Revenues				
Governmental activities				
Charges for services				
Administration	-	21,975	20,801	23,308
District support services	155,283	8,469	7,839	5,684
Regular instruction	259,882	240,989	777,457	816,793
Vocational education instruction	-	-	5,539	1,916
Special education instruction	-	16,620	23,168	12,198
Instructional support services	-	-	1,489	773
Pupil support services	-	-	8,833	8,023
Sites and buildings	-	127,194	16,950	40,013
Food service	1,496,902	1,505,059	1,614,861	1,637,500
Community service	538,230	543,761	632,333	704,736
Operating grants and contributions	6,779,729	16,536,678	18,434,638	18,311,523
Capital grants and contributions	-	380,744	69,194	30,552
Total governmental activities program revenues	<u>9,230,026</u>	<u>19,381,489</u>	<u>21,613,102</u>	<u>21,593,019</u>
Total governmental activities net expense	<u>(65,703,365)</u>	<u>(55,213,344)</u>	<u>(55,791,951)</u>	<u>(57,998,960)</u>
General Revenues and Other Changes in Net Position				
Governmental activities				
Property taxes				
General purpose	6,936,688	7,066,443	9,912,260	7,385,811
Community service	419,130	588,453	702,304	468,015
Debt service	10,727,596	11,611,209	12,266,179	12,356,247
General grants and aids	45,784,337	33,519,501	36,277,413	41,236,447
Investment earnings	2,095,202	907,105	270,628	103,512
Gain on sale of capital assets	-	1,074	6,000	4,000
Other general revenues	158,844	3,740,232	203,700	1,578,643
Total governmental activities	<u>66,121,797</u>	<u>57,434,017</u>	<u>59,638,484</u>	<u>63,132,675</u>
Total Net (Expense) Revenue	418,432	2,220,673	3,846,533	5,133,715
Net position - beginning, as previously stated	21,229,642	22,852,879	25,073,552	28,920,085
Change in accounting principle	1,204,805	-	-	-
Net position - beginning, as restated	<u>22,434,447</u>	<u>22,852,879</u>	<u>25,073,552</u>	<u>28,920,085</u>
Net position - ending	<u>\$ 22,852,879</u>	<u>\$ 25,073,552</u>	<u>\$ 28,920,085</u>	<u>\$ 34,053,800</u>

		Fiscal Year									
		2013	2014	2015	2016	2017	2018				
\$	4,196,548	\$	4,623,140	\$	5,547,166	\$	5,955,670	\$	7,523,283	\$	7,340,382
	1,293,572		1,471,090		1,912,672		2,122,209		2,456,591		2,106,366
	37,728,992		40,000,664		42,847,228		45,554,644		63,959,236		63,492,106
	458,572		725,118		703,295		726,293		1,286,927		945,260
	14,503,636		15,085,785		15,515,994		17,425,823		25,091,784		24,552,734
	4,731,832		4,921,635		6,047,476		7,548,519		10,762,588		9,547,642
	5,768,903		6,213,364		6,905,267		7,377,729		8,401,426		8,625,780
	5,785,361		6,880,602		7,807,706		7,337,340		6,929,012		8,170,286
	130,635		181,473		215,914		211,184		191,091		199,020
	3,458,450		3,470,807		3,794,772		4,158,297		4,724,099		4,480,777
	1,891,348		1,838,544		2,056,634		2,322,011		3,286,539		3,303,658
	279,962		517,536		628,829		787,506		1,265,819		1,589,799
	7,523,483		7,146,210		5,254,492		8,055,214		7,322,643		6,559,035
	87,751,294		93,075,968		99,237,445		109,582,439		143,201,038		140,912,845
	26,300		23,151		23,040		14,225		12,993		13,376
	8,246		8,568		35,897		35,292		25,189		25,579
	852,858		981,266		448,664		474,275		438,789		528,522
	-		175		300		37		140		328
	24,748		1,810		228,614		179,203		200,061		3,361
	696		128		614		562		243		68
	8,634		10,859		29,502		107,857		221,004		228,447
	17,300		17,900		13		59		32,413		61,245
	1,642,702		1,747,412		1,958,315		2,035,210		2,084,558		2,038,572
	718,063		733,494		787,156		1,016,566		1,229,308		1,265,406
	19,506,678		20,373,579		21,935,044		24,000,053		25,885,369		23,511,826
	5,000		38,845		-		-		470,297		979,803
	22,811,225		23,937,187		25,447,159		27,863,339		30,600,364		28,656,533
	(64,940,069)		(69,138,781)		(73,790,286)		(81,719,100)		(112,600,674)		(112,256,312)
	8,666,535		5,445,658		9,264,493		9,114,215		13,310,119		13,953,937
	504,862		259,610		523,173		517,493		542,360		580,326
	13,906,651		12,933,157		12,470,062		12,620,244		18,735,124		18,817,481
	41,587,955		47,608,165		51,064,387		53,137,665		59,536,734		60,765,061
	344,424		331,125		119,007		938,932		657,661		750,641
	200		119,370		13,580		21,600		4,022		304,669
	614,821		525,628		33,402		36,206		78,576		101,787
	65,625,448		67,222,713		73,488,104		76,386,355		92,864,596		95,273,902
	685,379		(1,916,068)		(302,182)		(5,332,745)		(19,736,078)		(16,982,410)
	34,053,800		34,268,737		32,352,669		(18,953,698)		(24,286,443)		(50,356,767)
	(470,442)		-		(51,004,185)		-		(6,334,246)		-
	33,583,358		34,268,737		(18,651,516)		(18,953,698)		(30,620,689)		(50,356,767)
\$	34,268,737	\$	32,352,669	\$	(18,953,698)	\$	(24,286,443)	\$	(50,356,767)	\$	(67,339,177)

Independent School District #720
Shakopee Public Schools
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(Unaudited)

	Fiscal Year			
	2009	2010	2011	2012
General Fund				
Nonspendable	\$ -	\$ -	\$ -	\$ 24,214
Restricted (formerly reserved)	1,511,956	1,263,902	962,795	1,079,553
Assigned (formerly designated)	-	-	-	-
Unassigned (formerly unreserved)	7,965,010	7,542,398	9,572,538	12,251,872
Total general fund	<u>\$ 9,476,966</u>	<u>\$ 8,806,300</u>	<u>\$ 10,535,333</u>	<u>\$ 13,355,639</u>
All Other Governmental Funds				
Nonspendable				
Capital project funds	\$ -	\$ -	\$ 798,799	\$ 222,856
Nonmajor funds	-	-	24,686	26,858
Restricted				
Capital project funds	38,142,544	-	23,746,242	19,209,028
Debt service funds	12,885,180	-	2,185,834	46,487,037
Nonmajor funds	238,384	272,743	576,293	505,406
Unassigned reported in				
Capital project funds	-	36,016,622	-	-
Debt service funds	1,037,007	1,657,105	-	-
Nonmajor funds	274,160	262,183	-	-
Total all other governmental funds	<u>\$ 52,577,275</u>	<u>\$ 38,208,653</u>	<u>\$ 27,331,854</u>	<u>\$ 66,451,185</u>
Total all funds	<u>\$ 62,054,241</u>	<u>\$ 47,014,953</u>	<u>\$ 37,867,187</u>	<u>\$ 79,806,824</u>

Fiscal Year						
2013	2014	2015	2016	2017	2018	
\$ 350,000	\$ 96	\$ 68,261	\$ 115,556	\$ 657,884	\$ 208,934	
578,923	1,905,984	2,158,125	1,241,034	-	854,983	
-	-	-	-	20,882	185,388	
11,555,217	8,530,840	5,548,137	1,164,415	388,488	1,584,328	
<u>\$ 12,484,140</u>	<u>\$ 10,436,920</u>	<u>\$ 7,774,523</u>	<u>\$ 2,521,005</u>	<u>\$ 1,067,254</u>	<u>\$ 2,833,633</u>	
\$ 139,501	\$ 139,501	\$ 117,702	\$ 77,687	\$ -	\$ -	
30,880	33,057	33,832	29,846	49,221	45,582	
14,207,934	20,592,233	8,255,391	100,430,142	53,366,000	11,214,101	
90,039,936	45,763,302	2,937,288	20,079,253	20,670,744	2,988,464	
363,285	463,128	505,136	762,437	946,735	1,086,759	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	(75,851)	(17,867)	(153,567)	(179,501)	
<u>\$ 104,781,536</u>	<u>\$ 66,991,221</u>	<u>\$ 11,773,498</u>	<u>\$ 121,361,498</u>	<u>\$ 74,879,133</u>	<u>\$ 15,155,405</u>	
<u>\$ 117,265,676</u>	<u>\$ 77,428,141</u>	<u>\$ 19,548,021</u>	<u>\$ 123,882,503</u>	<u>\$ 75,946,387</u>	<u>\$ 17,989,038</u>	

Independent School District #720
Shakopee Public Schools
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(Unaudited)

	Fiscal Year			
	2009	2010	2011	2012
Revenues				
Local sources				
Property taxes	\$ 17,972,063	\$ 19,104,727	\$ 22,894,058	\$ 20,531,670
Earnings on investments	2,249,217	-	-	-
Other	2,609,141	2,256,931	1,858,844	1,877,808
State sources	49,762,123	46,845,544	50,290,046	55,823,400
Federal sources	2,801,943	6,835,260	4,418,360	5,031,601
Sales and other conversion of assets	-	1,507,473	1,746,697	1,778,812
Total revenues	<u>75,394,487</u>	<u>76,549,935</u>	<u>81,208,005</u>	<u>85,043,291</u>
Expenditures				
Current				
Administration	3,708,544	3,623,526	3,646,172	3,195,735
District support services	519,760	615,427	549,423	1,034,206
Regular instruction	32,978,568	29,547,022	30,407,294	31,908,848
Vocational education instruction	540,568	523,552	481,814	490,161
Special education instruction	11,925,189	12,185,750	12,365,973	12,820,354
Instructional support services	3,642,544	3,117,221	3,195,334	3,282,279
Pupil support services	4,672,734	4,603,285	4,814,363	5,463,289
Sites and buildings	5,111,999	3,966,001	4,307,340	4,273,353
Fiscal and other fixed cost programs	105,626	107,952	112,654	125,742
Food service	2,721,962	2,830,636	2,929,746	3,187,982
Community service	1,535,615	1,628,953	1,700,616	1,742,213
Capital outlay	4,774,642	4,258,497	13,633,606	6,812,841
Debt service				
Principal	4,345,000	4,680,000	5,755,000	6,700,000
Interest and fiscal charges	7,309,403	7,247,475	6,462,436	6,494,170
Total expenditures	<u>83,892,154</u>	<u>78,935,297</u>	<u>90,361,771</u>	<u>87,531,173</u>
Excess (deficiency) of revenues over (under) expenditures	(8,497,667)	(2,385,362)	(9,153,766)	(2,487,882)
Other Financing Sources (Uses)				
Proceeds from sale of assets	-	1,074	6,000	4,000
Bonds refunded	-	(12,655,000)	-	-
Proceeds from bond issuance	-	-	-	39,000,000
Bond premium	-	-	-	5,423,519
Bond discount	-	-	-	-
Proceeds from certificate of participation	-	-	-	-
Premium on certificate of participation	-	-	-	-
Capital lease proceeds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(12,653,926)</u>	<u>6,000</u>	<u>44,427,519</u>
Net change in fund balances	<u>\$ (8,497,667)</u>	<u>\$ (15,039,288)</u>	<u>\$ (9,147,766)</u>	<u>\$ 41,939,637</u>
Debt service as a percentage of noncapital expenditures	14.7%	16.0%	15.9%	16.3%

Fiscal Year						
2013	2014	2015	2016	2017	2018	
\$ 23,015,692	\$ 18,718,986	\$ 22,314,253	\$ 22,312,062	\$ 32,575,051	\$ 33,363,243	
-	-	-	-	-	-	
2,165,621	2,277,734	2,331,605	3,468,932	3,810,443	4,005,832	
57,639,830	64,588,313	68,614,824	72,135,291	77,109,197	79,556,814	
3,790,555	3,656,143	3,600,238	4,172,968	4,829,246	4,425,124	
1,762,419	1,879,915	2,117,288	2,198,848	2,281,609	2,309,279	
<u>88,374,117</u>	<u>91,121,091</u>	<u>98,978,208</u>	<u>104,288,101</u>	<u>120,605,546</u>	<u>123,660,292</u>	
4,059,643	4,521,361	5,437,582	5,759,082	5,648,428	5,452,115	
1,178,509	1,348,643	1,780,294	2,067,743	2,175,658	1,992,860	
33,171,305	35,377,923	38,542,795	40,739,884	41,499,067	41,375,223	
457,254	718,252	683,688	747,306	868,774	633,155	
14,280,976	14,829,013	15,337,996	17,154,198	18,342,688	18,062,751	
4,583,789	4,544,911	5,405,273	6,459,308	8,185,448	7,276,861	
5,582,461	6,044,213	6,727,114	7,259,476	7,614,151	7,869,648	
4,564,335	5,361,523	5,742,925	6,151,407	5,852,566	6,225,856	
130,635	181,473	215,914	211,184	191,091	199,020	
3,392,964	3,421,835	3,740,537	4,098,498	4,534,624	4,301,406	
1,795,498	1,746,124	1,974,288	2,247,122	2,653,638	2,701,273	
6,691,205	8,452,578	14,020,032	13,601,299	52,761,602	45,992,413	
7,725,000	49,105,000	63,095,000	9,718,773	12,528,917	31,546,121	
7,737,467	8,791,140	7,222,016	7,965,462	9,136,642	8,915,088	
<u>95,351,041</u>	<u>144,443,989</u>	<u>169,925,454</u>	<u>124,180,742</u>	<u>171,993,294</u>	<u>182,543,790</u>	
(6,976,924)	(53,322,898)	(70,947,246)	(19,892,641)	(51,387,748)	(58,883,498)	
200	119,370	13,580	21,600	4,022	508,669	
-	-	-	-	-	-	
38,325,000	-	12,055,000	112,185,000	-	-	
6,110,576	-	998,546	10,805,831	-	-	
-	-	-	(24,812)	-	-	
-	13,175,000	-	-	-	-	
-	190,993	-	-	-	-	
-	-	-	1,239,504	3,447,610	417,480	
<u>44,435,776</u>	<u>13,485,363</u>	<u>13,067,126</u>	<u>124,227,123</u>	<u>3,451,632</u>	<u>926,149</u>	
<u>\$ 37,458,852</u>	<u>\$ (39,837,535)</u>	<u>\$ (57,880,120)</u>	<u>\$ 104,334,482</u>	<u>\$ (47,936,116)</u>	<u>\$ (57,957,349)</u>	
17.4%	42.6%	45.1%	16.0%	18.0%	29.3%	

PRELIMINARY

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Independent School District #720
Shakopee Public Schools
Taxable Market Value of Properties
Last Ten Fiscal Years
(Unaudited)

Payable Year	(1) Residential Property	(2) Commercial Property	Total Assessed Value	Total Direct School Tax Rate
2009	\$ 3,601,356,000	\$ 812,212,900	\$ 4,413,568,900	27.274%
2010	3,276,302,800	952,886,100	4,229,188,900	29.352%
2011	3,116,975,600	962,850,900	4,079,826,500	31.182%
2012	3,044,731,900	800,998,000	3,845,729,900	35.512%
2013	2,739,797,200	796,576,600	3,536,373,800	39.715%
2014	2,841,717,800	844,413,500	3,686,131,300	36.963%
2015	3,252,532,100	897,436,700	4,149,968,800	35.577%
2016	3,423,877,400	949,275,900	4,373,153,300	53.484%
2017	3,473,072,500	1,099,461,700	4,572,534,200	49.282%
2018	3,703,806,500	1,153,737,200	4,857,543,700	52.141%

Notes:

- (1) Residential includes single family homes, townhomes and condominiums, and all other property including vacant land, farm, utilities, personal property and railroad property.
- (2) Commercial property above includes both commercial and industrial property.
- (3) The District has presented taxable market value, which is the best information available to represent estimated actual value of property, as the Counties do not provide this information to the District.

Source: Scott County Department of Property Tax and Public Records

**Independent School District #720
Shakopee Public Schools
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(Unaudited)**

Taxes Payable Year	ISD No. 720 Direct Rate					Overlapping Rates		
	RMV General Fund Rate	NTC General Fund Rate	NTC Community Service	General Obligation Debt Service	NTC OPEB	Total Direct School Tax Rate	City of Shakopee	City of Savage
2009	0.100	2.786	0.995	23.493	-	27.274	32.630	46.013
2010	0.120	2.911	1.017	25.424	-	29.352	33.710	47.335
2011	0.139	3.061	0.996	27.125	-	31.182	34.731	48.278
2012	0.125	3.410	1.129	30.973	-	35.512	36.655	51.123
2013	0.145	7.529	1.210	30.976	-	39.715	41.990	55.508
2014	0.128	7.694	1.181	28.088	-	36.963	41.437	55.278
2015	0.100	8.222	1.070	26.285	-	35.577	37.862	51.742
2016	0.123	14.369	1.104	38.011	-	53.484	37.902	49.905
2017	0.115	13.945	1.057	34.280	-	49.282	38.522	47.841
2018	0.128	15.228	1.042	35.870	-	52.140	37.212	47.117

Notes:

(1) Overlapping rates are those of local and county governments that apply to property owners within the District. Not all overlapping rates apply to all of the District's property owners (e.g., the rates for special districts apply only to the proportion of the District's property owners whose property is located within the geographic boundaries of the special district).

Sources: Overlapping Rate Data provided by the Scott County Department of Property Tax and Public Records School Tax Report from County Auditor's Office

Overlapping Rates

Prior Lake	Louisville Township	Jackson Township	Sand Creek Township	Metro Council	Metro Transit	Scott County	Total Direct and Overlapping Tax Rate City of Shakopee
27.947	4.548	15.130	15.406	0.803	1.203	32.684	94.59
29.442	4.635	10.546	15.699	0.795	1.381	33.237	98.47
30.710	4.724	10.209	17.362	0.828	1.440	35.541	103.72
29.740	4.810	13.212	18.660	0.959	1.647	38.802	113.58
31.887	4.896	12.207	18.864	1.017	1.744	40.674	125.14
30.736	4.507	12.719	18.717	1.034	1.624	39.720	120.78
31.988	4.641	11.162	18.059	0.959	1.524	36.628	112.55
31.953	4.959	10.843	17.476	0.921	1.485	36.175	129.97
32.685	5.004	12.129	17.761	0.850	1.407	35.896	125.96
33.039	4.918	12.681	17.837	0.853	1.410	35.896	127.51

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PRELIMINARY

Independent School District #720
Shakopee Public Schools
Principal Property Taxpayers
Current Year and Nine Years Ago
(Unaudited)

Taxpayer	Property Classification	2018			2009		
		Tax Capacity	Percentage of Total Tax Capacity	Rank	Tax Capacity	Percentage of Total Tax Capacity	Rank
REL P Shakopee, LLC	Commercial	\$ 1,199,250	1.98%	1	-	-	-
Xcel Energy	Utility	952,512	1.57%	2	\$ 429,010	1.19%	2
Rahr Malting Company	Commercial	665,420	1.10%	3	398,582	1.11%	3
St. Francis Regional Medical Center	Commercial	500,500	0.82%	4	-	-	-
Duke Realty	Commercial	473,714	0.78%	5	-	-	-
J & J Minneapolis LLC	Commercial	470,100	0.77%	6	-	-	-
WOP Addison LLC	Commercial	453,756	0.75%	7	-	-	-
Seagate Technology LLC	Commercial	439,250	0.72%	8	479,250	1.33%	1
ESSJAY MSPS LLC	Commercial	435,250	0.72%	9	-	-	-
Lothenbach Properties & C/O Challenge Printing Inc.	Commercial	431,250	0.71%	10	-	-	-
Certain Teed Corporation	Commercial	-	0.00%	-	316,294	0.88%	4
OIRE Minnesota LLC	Industrial	-	0.00%	-	299,780	0.83%	5
Shakopee Crossing LTD Partnership	Commercial	-	0.00%	-	299,650	0.83%	6
K Mart Corporation	Industrial	-	0.00%	-	293,992	0.82%	7
Inland Shak Valley Marketplace	Commercial	-	0.00%	-	280,054	0.78%	8
Cedar Fair Limited Partnership	Commercial	-	0.00%	-	258,800	0.72%	9
Individual	Industrial	-	0.00%	-	226,570	0.63%	10
		<u>\$ 6,021,002</u>	<u>9.92%</u>		<u>\$ 3,281,982</u>	<u>9.14%</u>	

Source: Scott County Department of Property Tax and Public Records

**Independent School District #720
Shakopee Public Schools
Property Tax Levies and Collections
Last Ten Fiscal Years
(Unaudited)**

Taxes Levied for the Fiscal Year						
Fiscal Year	General Fund RMV Voter	General Fund RMV Other	General Fund Basic Levy	Community Service Levy	Debt Service Fund Levy	Total Tax Levy (1)
2009	\$ 4,300,485	\$ 1,246,707	\$ 1,425,398	\$ 509,091	\$ 12,021,833	\$ 19,503,514 (2)
2010	4,256,517	1,265,319	1,441,242	503,358	12,589,442	20,055,878 (2)
2011	4,760,430	1,370,198	1,469,727	478,007	13,022,791	21,101,153 (2)
2012	4,538,364	1,119,477	1,541,595	510,690	14,004,282	21,714,407 (2)
2013	4,538,113	1,385,315	3,145,294	505,382	12,940,079	22,514,181 (2)
2014	-	5,565,310	3,429,210	526,412	12,518,345	22,039,277 (2)
2015	-	4,854,563	4,042,762	526,061	12,922,978	22,346,365 (2)
2016	2,500,000	5,951,726	4,647,062	548,983	18,906,524	32,554,296 (2)
2017	3,011,717	5,991,217	4,719,435	586,043	19,004,667	33,313,079 (2)
2018	3,206,596	7,009,394	5,423,209	590,824	20,341,203	36,571,228 (2)

Notes:

(1) State credits are included in the operating levy

(2) Original Gross Levy

Source: Scott County Department of Property Tax and Public Records - School Tax Report; State Auditor - Taxes Receivable Report

Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date		Outstanding Delinquent Taxes	Percentage of Levy Outstanding
Current Tax Collection	Percentage of Levy		Total Tax Collection	Percentage of Levy		
\$ 9,470,602	48.6%	\$ 9,642,944	\$ 19,113,546	98.00%	\$ 389,969	2.04%
9,666,158	48.2%	9,849,374	19,515,532	97.31%	540,346	2.77%
10,333,871	49.0%	10,334,820	20,668,691	97.95%	432,462	2.09%
10,941,966	50.4%	10,556,005	21,497,972	99.00%	216,435	1.01%
11,344,873	50.4%	10,890,518	22,235,391	98.76%	278,791	1.25%
11,191,649	50.8%	10,649,397	21,841,046	99.10%	198,230	0.91%
11,392,345	51.0%	10,812,315	22,204,660	99.37%	141,705	0.64%
17,026,255	52.3%	15,446,446	32,472,701	99.75%	81,595	0.25%
17,036,841	51.1%	16,182,091	33,218,933	99.72%	94,146	0.28%
19,099,575	52.2%	-	19,099,575	52.23%	82,647	0.43%

Independent School District #720
Shakopee Public Schools
Outstanding Debt By Type
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Governmental Activities			Total Primary Government	Estimated Population	Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Leases Payable			
2009	\$ 166,945,000	\$ -	\$ -	\$ 166,945,000	40,731	\$ 4,099
2010	149,610,000	-	-	149,610,000	41,423	3,612
2011	143,855,000	-	-	143,855,000	42,411	3,392
2012	176,155,000	-	-	176,155,000	44,290	3,977
2013	206,755,000	-	-	206,755,000	44,711	4,624
2014	157,650,000	13,175,000	-	170,825,000	44,941	3,801
2015	107,220,000	12,565,000	-	119,785,000	46,376	2,583
2016	210,545,000	12,040,000	905,731	223,490,731	47,110	4,744
2017	199,410,000	11,495,000	3,504,424	214,409,424	47,569	4,507
2018	169,630,000	10,930,000	2,720,782	183,280,782	47,569	3,853

Notes:

- (1) Details regarding the District's outstanding debt can be found in the notes to the financial statements.
- (2) Personal income information for residents living within the District is not available

Independent School District #720
Shakopee Public Schools
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	General Obligation Bonds	Less Amounts Available In Debt Service fund	Net Bonded Debt	Total Assessed Value	Percentage of Est Actual Value of Taxable Property	Estimated Population	Net Bonded Debt Per Capita
2009	\$ 166,945,000	\$ 1,037,007	\$ 165,907,993	\$ 4,413,568,900	3.76%	40,731	4,073
2010	149,610,000	1,657,106	147,952,894	4,229,188,900	3.50%	41,423	3,572
2011	143,855,000	2,185,834	141,669,166	4,079,826,500	3.47%	42,411	3,340
2012	176,155,000	2,309,255	173,845,745	3,845,729,900	4.52%	44,290	3,925
2013	206,755,000	2,903,984	203,851,016	3,536,373,800	5.76%	44,711	4,559
2014	157,650,000	2,981,462	154,668,538	3,686,131,300	4.20%	44,941	3,442
2015	107,220,000	2,937,288	104,282,712	4,149,968,800	2.51%	46,376	2,249
2016	210,545,000	20,079,253	190,465,747	4,373,153,300	4.77%	47,110	4,043
2017	199,410,000	20,670,744	178,739,256	4,572,534,200	4.29%	47,569	3,757
2018	169,630,000	2,988,464	166,641,536	4,857,543,700	3.43%	47,569	3,503

Notes:

(1) Details regarding the District's outstanding debt can be found in the notes to the financial statements.

Independent School District #720
Shakopee Public Schools
Computation of Direct and Overlapping Bonded Debt
(Unaudited)

	2017/18 Adjusted Taxable Net Tax Capacity	12/31/2017 Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Overlapping				
Scott County	\$ 186,705,411	\$ 52,465	30.99%	\$ 16,261
Cities/Townships				
Shakopee	51,566,784	41,935,000	95.29%	39,959,337
Savage	36,346,078	59,958,395	7.01%	4,201,340
Prior Lake	35,894,896	36,960,000	2.95%	1,089,154
Sand Creek	2,848,448	370,000	10.93%	40,452
Special Taxing Districts				
Prior Lake/Spring Lake Watershed	41,975,527	665,000	6.49%	43,138
Scott County WMO	91,634,793	-	20.15%	-
Scott County CDA	186,705,411	51,185,000	30.99%	15,864,062
Total Overlapping				<u>61,213,744</u>
Direct				
Shakopee Public Schools ISD No. 720	57,032,951	169,630,000	100.00%	<u>169,630,000</u>
Total Direct and Overlapping Bonded Debt				<u>#####</u>

Sources: Taxable value data used to estimate applicable percentages and Debt outstanding data provided by Scott County Taxpayer Services Department

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the district. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the district. This process recognizes that, when considering the district's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

**Independent School District #720
Shakopee Public Schools
Legal Debt Margin Information
Last Ten Fiscal Years
(Unaudited)**

Fiscal Year	Net Bonded Debt (1)	Net Tax Capacity (1)	% of Net Debt to Net Tax Capacity	% of Bonded Debt to Market Value	Estimated Population (1)	Net Debt per Capita	Indicated Market Value (2)	Legal Debt Limit (3)	Legal Debt Margin (4)	Percent Bonded Debt to Debt Limit
2009	\$ 166,945,000	\$ 64,756,703	257.80%	3.78%	40,731	\$ 4,099	\$ 4,631,237,041	\$ 694,685,556	\$ 527,740,556	24.03%
2010	149,610,000	58,859,056	254.18%	3.54%	41,423	3,612	4,233,422,322	635,013,348	485,403,348	23.56%
2011	143,855,000	45,905,010	313.38%	3.53%	42,411	3,392	4,019,533,498	602,930,025	459,075,025	23.86%
2012	176,155,000	42,339,285	416.06%	4.58%	44,290	3,977	3,822,793,141	573,418,971	397,263,971	30.72%
2013	206,755,000	44,173,949	468.05%	5.85%	44,711	4,624	3,691,413,152	553,711,973	346,956,973	37.34%
2014	157,650,000	48,960,266	322.00%	4.28%	44,941	3,508	3,896,544,715	584,481,707	426,831,707	26.97%
2015	107,220,000	51,591,841	207.82%	2.58%	46,376	2,312	4,304,946,888	645,742,033	538,522,033	16.60%
2016	210,545,000	54,930,192	383.30%	4.81%	47,110	4,469	4,692,224,571	703,833,686	493,288,686	29.91%
2017	199,410,000	53,882,262	370.08%	4.36%	47,569	4,192	4,765,538,510	714,830,776	515,420,776	27.90%
2018	169,630,000	57,032,951	297.42%	3.49%	47,569	3,566	5,059,941,354	758,991,203	589,361,203	22.35%

Notes:

- (1) Net Bonded Debt, Net Tax Capacity and Estimated Population data is taken from other schedules within this
- (2) The Indicated Market Value is calculated by dividing the taxable market value by the sales ratio.
- (3) The legal debt limit for a school district in Minnesota is 15% of the indicated market value of all taxable
- (4) The legal debt margin is calculated by subtracting outstanding net bonded debt from the legal debt limit.

**Independent School District #720
Shakopee Public Schools
Demographic and Economic Statistics
Last Ten Fiscal Years
(Unaudited)**

Fiscal Year	Population (1)	Personal Income <i>(thousands of dollars)</i> (2)	Per Capita Personal Income (2)	Enrollment (3)	Scott Co. Unemployment Rate (4)
2009	40,731	-	-	6,384	7.6%
2010	41,423	-	-	6,686	6.7%
2011	42,411	-	-	7,055	6.0%
2012	44,290	-	-	7,297	5.1%
2013	44,711	-	-	7,405	4.7%
2014	44,941	-	-	7,593	3.7%
2015	46,376	-	-	7,791	3.2%
2016	47,110	-	-	8,012	3.4%
2017	47,569	-	-	8,153	3.2%
2018	47,569	-	-	8,265	3.0%

Sources:

- (1) Scott County Levy Documentation
- (2) Personal income information for residents living within the District is not available
- (3) MN Department of Education
- (4) MN Employment and Economic Development. The June rate is used.

**Independent School District #720
Shakopee Public Schools
Principal Employers
Current Year and Nine Years Ago
(Unaudited)**

Employer	Product/Service	2018		2009	
		Employees	Rank	Employees	Rank
Shakopee Mdewakanton Sioux Community	Entertainment	4,200	1	-	-
Seagate Technology LLC	Computer equipment manufacturing	1,800	2	1,227	2
Valleyfair	Entertainment park	1,600	3	1,600	1
ISD 720, Shakopee Public Schools	Public education	1,100	4	787	6
Imagine! Print Solutions	Commercial printing	850	5	517	8
St. Francis Regional Medical Center	Health care	800	6	833	5
Scott County	County government	750	7	724	7
Canterbury Park	Horse racing	600	8	859	4
City of Shakopee	City government	590	9	350	9
Fabcon, Inc.	Cement and concrete products	400	10	-	-
Te Connectivity	Cable management systems	400	11	-	-
Northstar Auto Auction	Motor vehicle sales	350	12	301	10
ADC Telecommunication	Wired telecommunications carrier	-	-	876	3
		13,440		8,074	

Source: Information provided by City and County Comprehensive Annual Financial Reports

Note: Total employment for the area served by Shakopee Public Schools is not available and, therefore, a percentage of total

Independent School District #720
Shakopee Public Schools
Full-time-Equivalent District Licensed Employees by Type
Last Ten Fiscal Years
(Unaudited)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Administrative Staff										
Superintendent	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Principals	8.0	8.0	8.0	7.0	9.0	10.0	12.0	11.0	15.0	14.6
Administrative Assistants (Asst. Principals and Asst. Superintendent)	3.0	4.0	3.0	4.0	5.0	9.0	12.0	13.8	10.0	10.0
Supervisory Coordinator	1.0	1.0	1.0	1.0	0.0	2.0	4.0	4.0	3.0	3.8
Total Administrative Staff	13.0	14.0	13.0	13.0	15.0	22.0	29.0	29.8	29.0	29.4
Support Service Staff										
Other Non-Instructional Staff	12.2	12.5	19.79	41.0	40.7	21.9	48.4	43.9	46.4	62.3
Counselors/Deans	5.0	4.0	3.0	3.0	5.0	6.0	7.0	11.0	11.0	9.0
Media/Librarian	8.0	8.0	7.0	7.0	8.0	8.0	8.0	10.0	9.0	5.0
Nurse	3.0	3.0	3.0	3.0	4.7	5.0	5.6	6.3	4.8	5.8
Social Worker	8.0	8.0	6.0	6.0	6.0	9.0	10.0	9.8	12.0	11.7
Psychologists	5.0	6.0	6.0	4.8	6.8	7.0	7.0	7.0	8.0	8.0
Teacher on Sp Assignment	5.5	5.5	21.8	23.3	28.6	6.4	19.0	14.5	19.5	20.1
Total Support Service Staff	46.7	47.0	66.6	88.2	99.8	63.3	105.0	102.6	110.6	121.9
Special Education Teachers										
Speech Language	18.3	18.8	17.8	17.4	19.7	20.8	18.8	20.8	20.8	20.1
Other Special Education Teachers	77.1	75.3	70.3	68.8	71.4	79.6	79.4	94.9	86.4	85.4
Total Special Education Teachers	95.4	94.1	88.1	86.2	91.1	100.5	98.2	115.7	107.2	105.6
Classroom Teachers										
K-12 Teacher	329.6	343.52	330.17	328.2	347.4	397.1	394.7	426.3	414.8	394.1
Vocational Education Teacher	3.9	7.2	5.4	5.8	6.2	6.0	6.1	4.9	5.5	4.8
Pre-K, ECFE, and Other Teacher	10.9	9.1	9.2	10.5	10.4	9.0	8.8	11.2	8.9	9.0
Total Classroom Teachers	344.5	359.88	344.8	344.5	364.0	412.1	409.7	442.4	429.2	407.9
Total	499.5	514.99	512.4	531.9	570.0	597.9	641.9	690.4	676.0	664.8

Source: Minnesota Department of Education STARS data and District records for Licensed Staff.

Independent School District #720
Shakopee Public Schools
Operating Statistics
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Enrollment	Total Governmental Fund Expenditures	Cost per Pupil	Percentage Change	Teaching Staff	Pupil- Teacher Ratio
2009	6,384	\$83,892,154	\$ 13,140	5.38%	439.9	14.5
2010	6,686	78,935,297	11,805	-10.16%	454.0	14.7
2011	7,055	90,361,771	12,809	8.50%	432.9	16.3
2012	7,297	87,531,173	11,995	-6.35%	430.7	16.9
2013	7,405	95,351,041	12,876	7.34%	455.2	16.3
2014	7,593	144,443,989	19,024	47.75%	512.6	14.8
2015	7,791	169,925,454	21,809	14.64%	507.9	15.3
2016	8,012	124,180,742	15,499	-28.93%	558.0	14.4
2017	8,153	171,993,294	21,095	36.11%	536.4	15.2
2018	8,265	182,543,790	22,086	4.70%	513.4	16.1

Source: District records and teaching staff numbers from the Minnesota Department of Education STARS data.

**Independent School District #720
Shakopee Public Schools
School Building Information
Last Ten Fiscal Years
(Unaudited)**

School	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Elementary										
Sweeney Elementary										
Square feet	84,171	84,171	84,171	84,171	84,171	84,171	94,914	94,914	94,914	94,914
Building Capacity	672	672	672	672	672	672	672	672	672	672
Program Capacity	672	672	672	672	672	672	672	672	672	672
Enrollment (1)	629	643	675	708	712	707	683	652	640	655
Sun Path Elementary										
Square feet	96,600	96,600	96,600	96,600	96,600	96,600	106,455	106,455	106,455	106,455
Building Capacity	764	764	764	764	764	764	764	764	764	764
Program Capacity	764	764	764	764	764	764	764	764	764	764
Enrollment (1)	560	680	733	770	768	745	728	730	675	654
Pearson Elementary										
Square feet	87,235	87,235	87,235	87,235	87,235	87,235	87,235	87,235	87,235	87,235
Building Capacity	586	586	586	586	586	586	586	586	586	586
Program Capacity	586	586	586	586	586	586	586	586	586	586
Enrollment (1)	618	592	588	- (2)	577	582	624	659	680	644
Red Oak Elementary										
Square feet	97,000	97,000	97,000	97,000	97,000	97,000	106,818	106,818	106,818	106,818
Building Capacity	764	764	764	764	764	764	764	764	764	764
Program Capacity	764	764	764	764	764	764	764	764	764	764
Enrollment (1)	710	782	753	812	731	715	717	689	644	610
Eagle Creek Elementary										
Square feet	100,185	100,185	100,185	100,185	100,185	100,185	110,088	110,088	110,088	110,088
Building Capacity	764	764	764	764	764	764	764	764	764	764
Program Capacity	764	764	764	764	764	764	764	764	764	764
Enrollment (1)	706	765	839	670	720	771	810	847	839	817
Jackson Elementary										
Square feet	-	-	-	109,068	109,068	109,068	109,068	109,068	109,068	109,068
Building Capacity	-	-	-	764	764	764	764	764	764	764
Program Capacity	-	-	-	764	764	764	764	764	764	764
Enrollment (1)	-	-	-	698	759	806	835	852	868	864
Middle										
East Junior High										
Square feet	164,917	164,917	164,917	164,917	164,917	164,917	164,917	164,917	164,917	164,917
Building Capacity	985	985	985	985	985	985	985	985	985	985
Program Capacity	985	985	985	985	985	985	985	985	985	985
Enrollment (1)	895	912	1,059	1,143	726	806	798	841	851	883
West Junior High										
Square feet	207,941	207,941	207,941	207,941	207,941	207,941	207,941	207,941	207,941	207,941
Building Capacity	896	896	896	896	896	896	896	896	896	896
Program Capacity	896	896	896	896	896	896	896	896	896	896
Enrollment (1)	982	933	981	975	925	976	968	978	1,065	1,144

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2017
High School (3)										
Shakopee High School										
Square feet	322,000	322,000	322,000	322,000	322,000	322,000	322,000	322,000	322,000	322,000
Building Capacity	1,612	1,612	1,612	1,612	1,612	1,612	1,612	1,612	1,612	1,612
Program Capacity	1,612	1,612	1,612	1,612	1,612	1,612	1,612	1,612	1,612	1,612
Enrollment (1)	1,208	1,313	1,361	1,451	1,381	1,379	1,494	1,611	1,719	1,728
Other										
Tokata Learning Center - ALC										
Square feet	-	-	-	-	12,351	12,351	12,351	12,351	12,351	12,351
Enrollment (1)	-	-	-	-	56	43	74	85	91	184
Central Family Center										
Square feet	64,197	64,197	64,197	64,197	64,197	64,197	64,197	64,197	64,197	64,197
Enrollment (1)	76	67	66	69	50	63	66	68	82	82
Total										
Square feet	1,224,246	1,224,246	1,224,246	1,333,314	1,345,665	1,345,665	1,385,984	1,385,984	1,385,984	1,385,984
Building Capacity	7,043	7,043	7,043	7,807	7,807	7,807	7,807	7,807	7,807	7,807
Program Capacity	7,043	7,043	7,043	7,807	7,807	7,807	7,807	7,807	7,807	7,807
Enrollment	6,384	6,686	7,055	7,297	7,405	7,593	7,796	8,012	8,153	8,265
Athletics										
Football fields	1	1	1	1	1	1	1	1	1	1
Running tracks	1	1	1	1	1	1	1	1	1	1
Baseball/softball	22	22	22	23	23	23	23	23	23	23
Tennis courts	14	14	14	14	14	14	14	14	14	14
Multi-purpose fields (lacrosse, soccer)	11	11	11	11	11	11	11	11	11	11
Multi-purpose gyms	12	12	12	13	13	13	13	13	13	13
Swimming pools	2	2	2	2	2	2	2	2	2	2
Playgrounds	7	7	7	8	8	8	8	8	8	8

Notes:

- (1) Enrollment reflects average daily membership served by site. Resident students served under tuition agreements are excluded from this enrollment data.
- (2) In fiscal year 2012, Pearson Elementary was closed as the school was remodeled and transitioned into a sixth grade center.
- (3) HS Expansion not included in FY 2018 as district did not take full possession of new spaces until Fall of 2018.

**Independent School District No. 720
Shakopee, MN**

Communications Letter

June 30, 2018



Independent School District No. 720
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**Report on Matters Identified as a Result of
the Audit of the Financial Statements**

To the School Board and Management
Independent School District No. 720
Shakopee, Minnesota

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 720, Shakopee, Minnesota, as of and for the year ended June 30, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected, on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows: reasonably possible – the chance of the future event or events occurring is more than remote but less than likely; probably – the future event or events are likely to occur. The material weakness identified is stated within this letter.

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



The 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 November 13, 2018, on such statements.

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

BerganKDV Ltd.

Minneapolis, Minnesota
November 13, 2018

Independent School District No. 720
Material Weakness

LACK OF SEGREGATION OF ACCOUNTING DUTIES

During the year ended June 30, 2018, the District had a lack of segregation of accounting duties. The lack of segregation of accounting duties could adversely affect the District's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements.

This lack of segregation of accounting duties can be demonstrated in the following areas, which is not intended to be an all-inclusive list:

- The Director of Business Services has access to all areas of the accounting system.
- A single individual has the ability to receipt money, prepare the deposit, take the deposit to the bank, and record the receipt in the general ledger.
- The Accountant enters capital asset additions and disposals, monitors and reviews asset lives and depreciation in the system, and maintains the master asset listing.
- The Accounts Payable Clerk reviews invoices, enters invoices in the system, and prints checks.
- The Payroll Specialist has the ability to enter time for an employee, prepare the payroll checks, and print checks.
- There is no formal documentation of the review of monthly bank reconciliations.

The District has implemented periodic spot checks of accounts payable and payroll to review activity after checks have been run. This helps mitigate the risk associated with the lack of segregation of accounting duties, but it does not eliminate the risk.

**Independent School District No. 720
Required Communication**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of and for the year ended June 30, 2018. Professional standards require that we advise you of the following matters related to our audit.

OUR RESPONSIBILITY IN RELATION TO THE FINANCIAL STATEMENT AUDIT

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

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

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

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

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

**Independent School District No. 720
Required Communication**

**OUR RESPONSIBILITY IN RELATION TO THE FINANCIAL STATEMENT AUDIT
(CONTINUED)**

Our responsibility with respect to the other information in documents containing the audited financial statements and auditor's report does not extend beyond the financial information identified in the report. We have no responsibility for determining whether this other information is properly stated. This other information was not audited and we do not express an opinion or provide any assurance on it.

PLANNED SCOPE AND TIMING OF THE AUDIT

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

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

COMPLIANCE WITH ALL ETHICS REQUIREMENTS REGARDING INDEPENDENCE

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

QUALITATIVE ASPECTS OF SIGNIFICANT ACCOUNTING PRACTICES

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

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

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

Expense Allocation – Certain expenses are allocated to programs based on an estimate of the benefit to that particular program. Examples are salaries, benefits and supplies.

**Independent School District No. 720
Required Communication**

QUALITATIVE ASPECTS OF SIGNIFICANT ACCOUNTING PRACTICES (CONTINUED)

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 deadlines, this Aid is an estimate. Special Education Aid is dependent on the availability of funds and complex formulas that are finalized after reporting deadlines.

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

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

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

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

SIGNIFICANT DIFFICULTIES ENCOUNTERED DURING THE AUDIT

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

UNCORRECTED AND CORRECTED MISSTATEMENTS

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. Management did not identify and we did not notify them of any uncorrected financial statement misstatements.

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

DISAGREEMENTS WITH MANAGEMENT

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

**Independent School District No. 720
Required Communication**

REPRESENTATIONS REQUESTED FROM MANAGEMENT

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

MANAGEMENT'S CONSULTATIONS WITH OTHER ACCOUNTANTS

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

OTHER SIGNIFICANT MATTERS, FINDINGS, OR ISSUES

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

OTHER MATTERS

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

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

We were not engaged to report on the other information accompanying the financial statements, but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Independent School District No. 720
Financial Analysis**

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

AVERAGE DAILY MEMBERSHIP AND PUPIL UNITS

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

<u>Year</u>	<u>General Education Aid Formula Allowance</u>	
	<u>Amount</u>	<u>Percent Increase</u>
2009	\$ 5,124	1.0%
2010	5,124	0.0%
2011	5,124	0.0%
2012	5,174	1.0%
2013	5,224	1.0%
2014	5,302	1.5%
2015*	5,831	1.9%
2016	5,948	2.0%
2017	6,067	2.0%
2018	6,188	2.0%
2019	6,312	2.0%

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

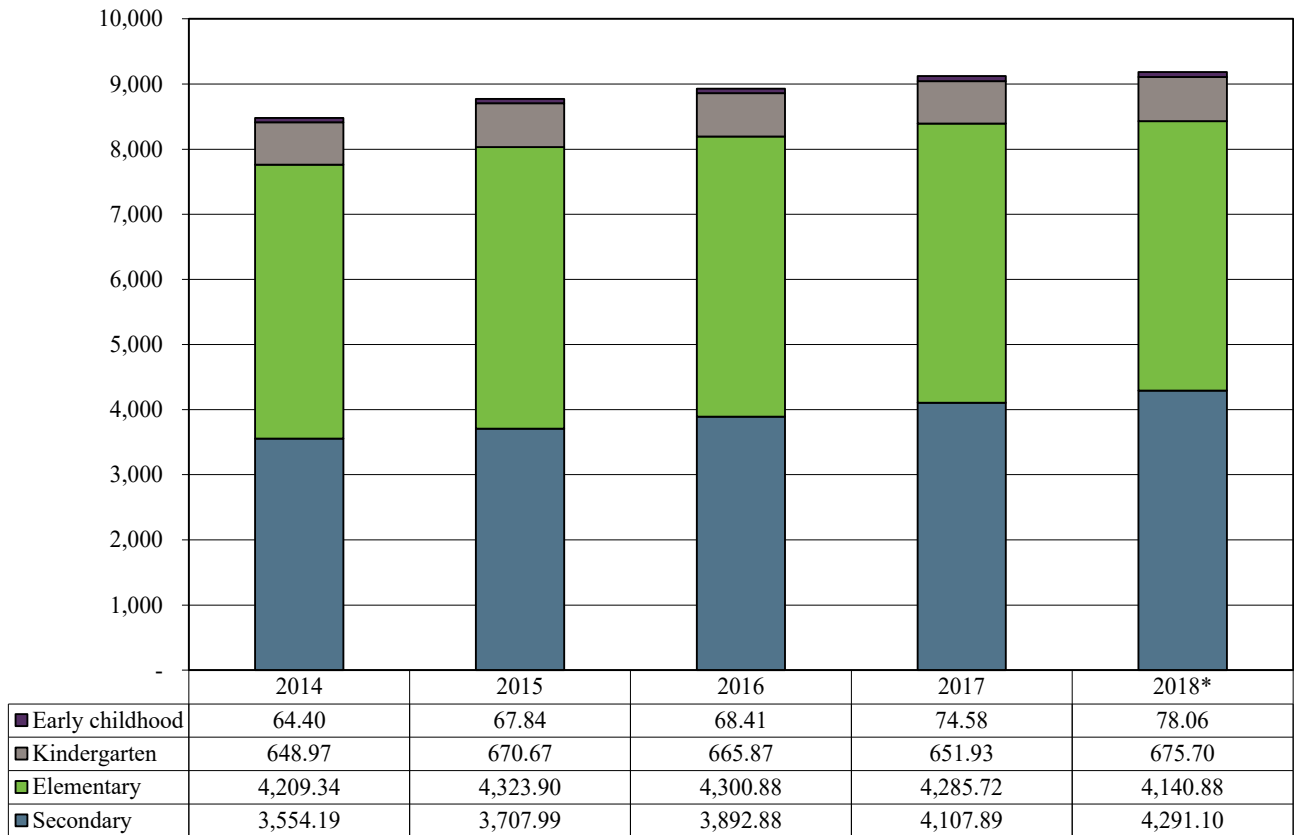
**Independent School District No. 720
Financial Analysis**

AVERAGE DAILY MEMBERSHIP AND PUPIL UNITS (CONTINUED)

Approximately 81% of the District's General Fund revenue is from the state. A majority of this funding is based on student counts, so an understanding of the District's population trends is critical to overall budgeting plans. The following summarizes resident ADM of the District for the past five years ended June 30.

Resident ADM	2014	2015	2016	2017	2018*
Early childhood	64.40	67.84	68.41	74.58	78.06
Kindergarten	648.97	670.67	665.87	651.93	675.70
Elementary	4,209.34	4,323.90	4,300.88	4,285.72	4,140.88
Secondary	3,554.19	3,707.99	3,892.88	4,107.89	4,291.10
Total Resident ADM	8,476.90	8,770.40	8,928.04	9,120.12	9,185.74

Resident ADM



* Estimate as of October 23, 2018

**Independent School District No. 720
Financial Analysis**

AVERAGE DAILY MEMBERSHIP AND PUPIL UNITS (CONTINUED)

The chart and graph on the previous page illustrate the steady increase in resident ADM experienced by the District over the past five years. Total resident ADM has increased 8.4% since 2014, and 0.7% between 2017 and 2018.

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

Pupil Units Weighting						
	Pre- Kindergarten	Handicapped Kindergarten	Kindergarten	Elementary Grades 1-3	Elementary Grades 4-6	Secondary
Fiscal year 2014	1.250	1.000	0.612	1.115	1.060	1.300
Fiscal years 2015-2018	1.000	1.000	1.000	1.000	1.000	1.200

The total pupil units are converted to adjusted pupil units, which also may be used to calculate the District's education aids. Adjusted pupil units are calculated by multiplying 77% of current year pupil units and 23% of prior year, or 100% of current year, whichever is greater. The adjusted pupil unit data is used for districts with declining enrollment to lessen the negative impact.

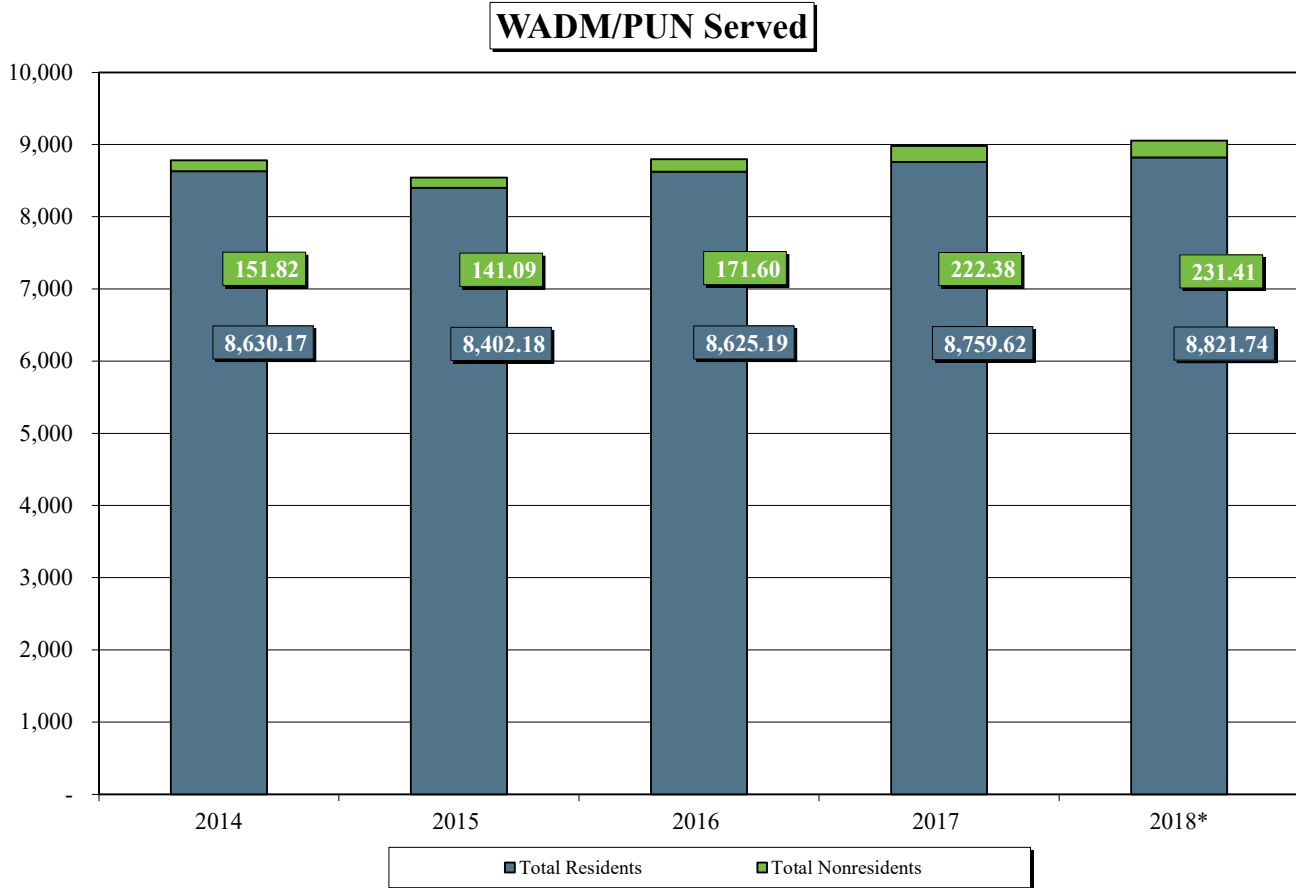
The weighted average daily membership (WADM) or pupil units (PUN) served table below and graph on the following page, converts the resident ADM into weighted or adjusted pupil unit data for the past five years taking into consideration the above weighting factors and open enrollment.

WADM/PUN	2014	2015	2016	2017	2018*
Residents	9,689.65	9,511.53	9,706.63	9,941.69	10,043.62
Resident WADM/PUN loss	(1,059.48)	(1,109.35)	(1,081.44)	(1,182.07)	(1,221.88)
Nonresident WADM/PUN gain	151.82	141.09	171.60	222.38	231.41
Total WADM/PUN Served	8,781.99	8,543.27	8,796.79	8,982.00	9,053.15

*Estimate as of October 23, 2018

**Independent School District No. 720
Financial Analysis**

AVERAGE DAILY MEMBERSHIP AND PUPIL UNITS (CONTINUED)



* Estimate as of October 23, 2018

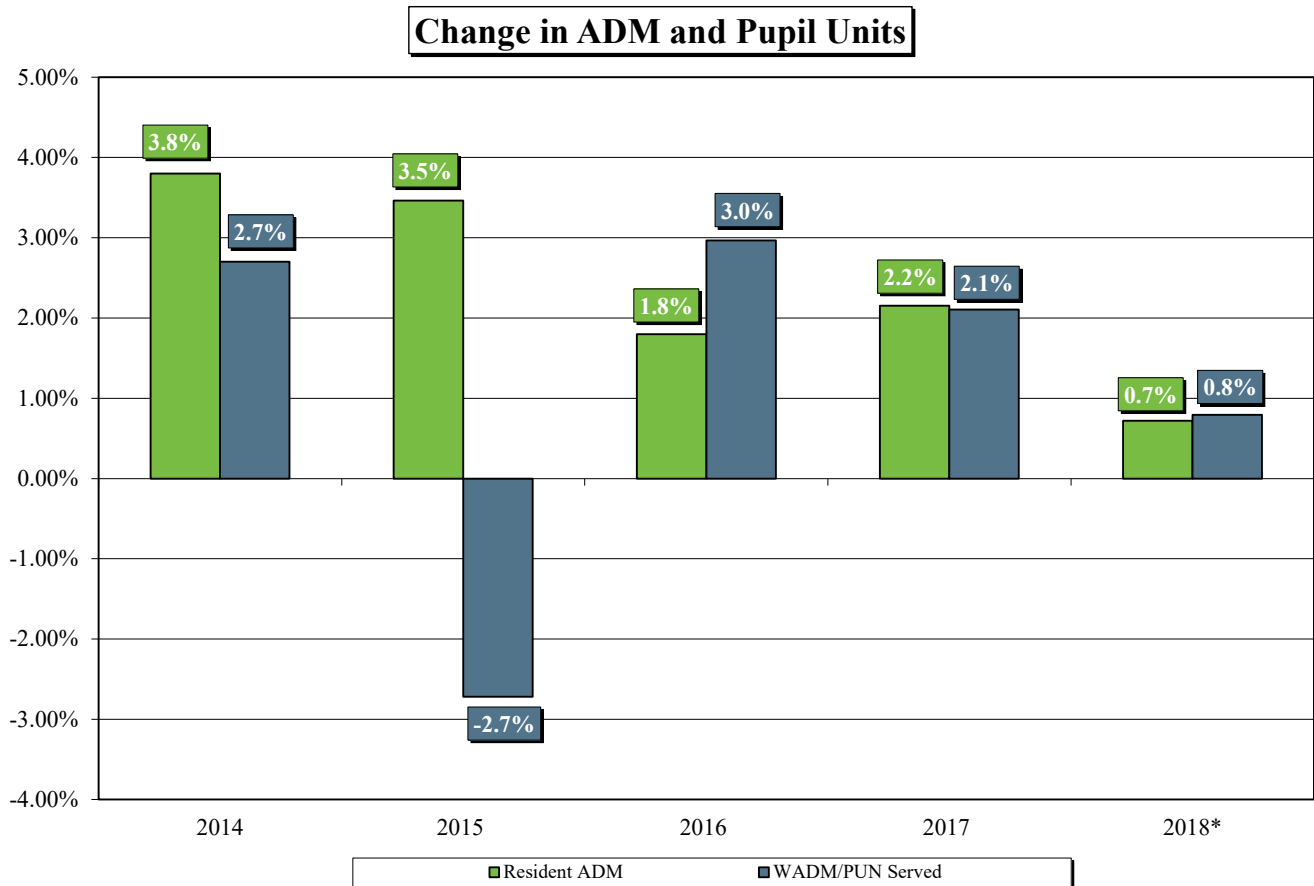
Comparing 2017 to 2018, total PUN increased 71.15, or 0.8%. Resident pupil units increased 1.0% and the effects of open enrollment loss increased 3.2%. Net losses in open enrollment totaled 990.47 in 2018, an increase from 959.69 in 2017.

When considering the decrease in WADM/PUN between 2014 and 2015, it is important to note that the decrease was the result of a change in weighting factors that took effect for fiscal year 2015, as noted on the previous page. Despite an increase of 293.80 in resident ADM, WADM/PUN decreased 238.72 from 2014 to 2015. Part of the decrease was related to the increase in the net loss related to open enrollment, while the majority of the decrease was related to the new weighting factors. Had the weighting factors not changed, resident WADM/PUN would have shown an increase of 353.24 from 2014. In an effort to hold districts harmless with the implementation of the new weighting system, the per pupil revenue formula increased an additional \$424 per pupil unit in 2015.

**Independent School District No. 720
Financial Analysis**

AVERAGE DAILY MEMBERSHIP AND PUPIL UNITS (CONTINUED)

The following graph illustrates the percentage change from year-to-year in resident ADM and WADM/PUN served.



* Estimate as of October 23, 2018

Independent School District No. 720 Financial Analysis

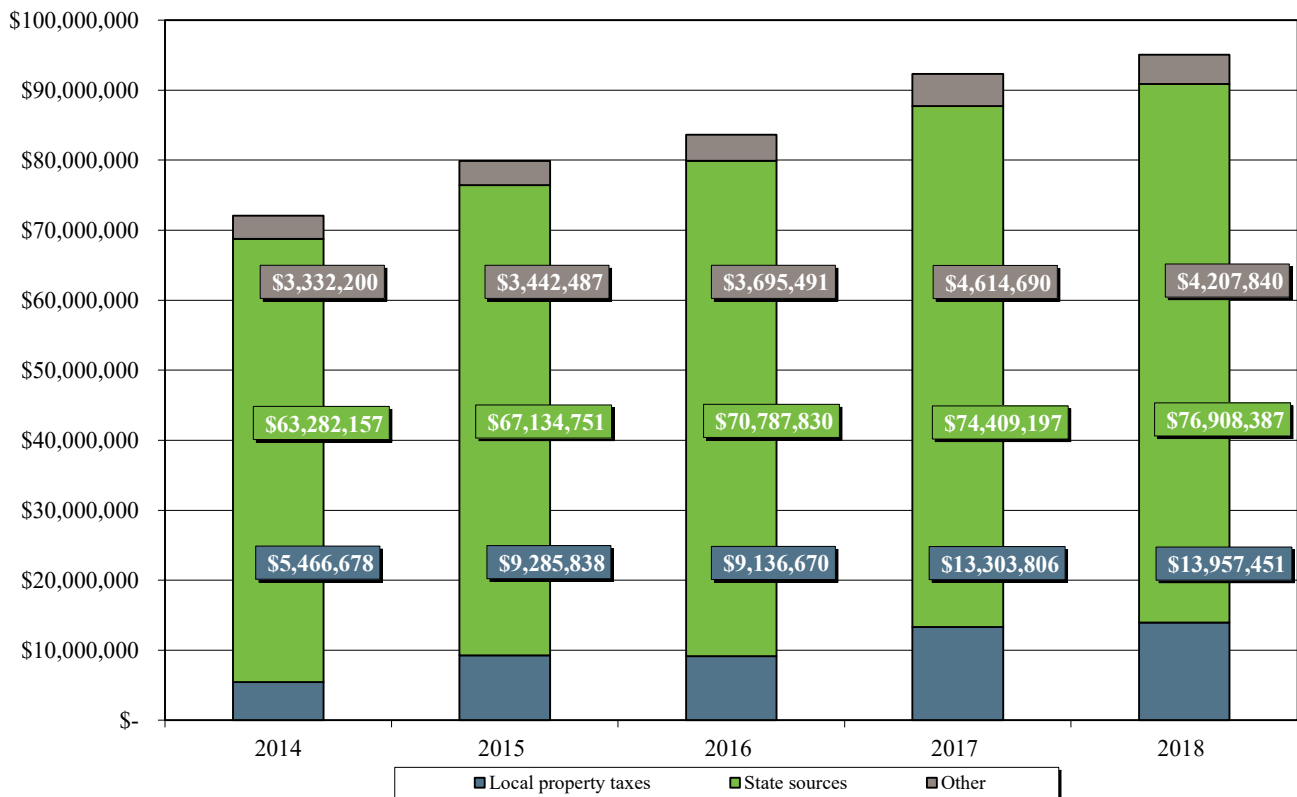
GENERAL FUND SOURCES OF REVENUE

General Fund sources of revenue are summarized as follows for the last five years:

	2014	2015	2016	2017	2018
Local property taxes	\$ 5,466,678	\$ 9,285,838	\$ 9,136,670	\$ 13,303,806	\$ 13,957,451
State sources	63,282,157	67,134,751	70,787,830	74,409,197	76,908,387
Other	3,332,200	3,442,487	3,695,491	4,614,690	4,207,840
Total	\$ 72,081,035	\$ 79,863,076	\$ 83,619,991	\$ 92,327,693	\$ 95,073,678

State revenue sources represent 80.9% of the General Fund total revenue, with local taxpayers contributing 14.7% of the funding and federal and other sources making up the remaining 4.4%.

General Fund Sources of Revenue



Overall, General Fund revenue increased 3.0%, or \$2,745,985. Local property taxes increased \$653,645 or 4.9% in 2018 primarily due to a \$623,000 increase in the General Fund's share of the levy, which was mostly a result of increases in the capital projects long-term facilities maintenance (LTFM) levies. Revenue from state sources increased \$2,499,190, or 3.4% in 2018 due to an increase in the formula allowance of \$121 per pupil unit, an increase in PUN of 71.15, an increase in LTFM funding, and an increase in special education aid. Other revenues, which include local, county, and federal revenue decreased \$406,850, or 8.8%. In 2017, the District used significant amounts of prior years federal carryover monies.

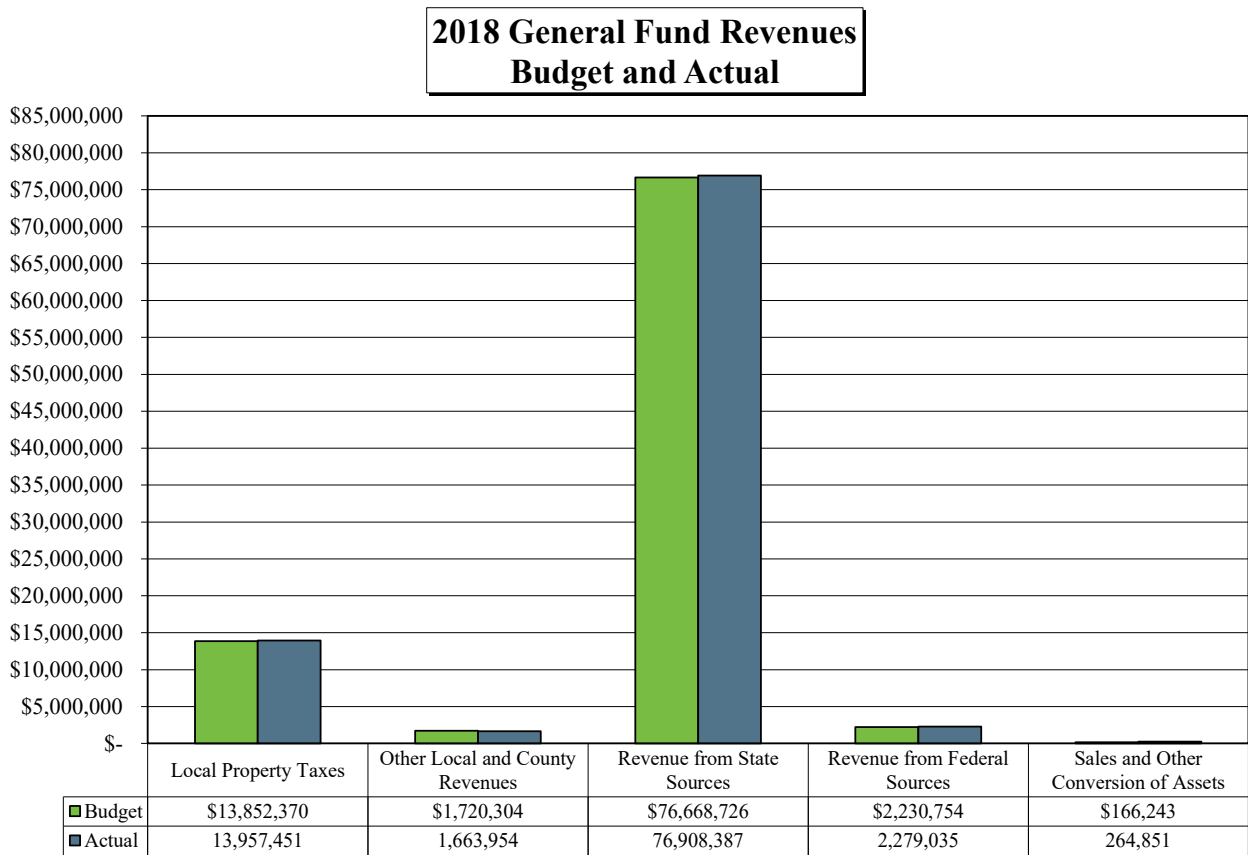
Independent School District No. 720 Financial Analysis

GENERAL FUND REVENUES BUDGET AND ACTUAL

The graph below outlines the District's final budget and actual results for General Fund revenues.

In June 2017, the District approved a General Fund revenue budget of \$93,745,920. There was an amendment made to the budget in February 2018, which increased the General Fund revenue to \$94,638,397. With actual revenues coming in at \$95,073,678, the final budget produced a variance of \$435,281 or 0.5%.

State sources of revenue came in \$239,661, or 0.3%, over budget. All other sources of revenue were also relatively consistent with budgeted amounts.



**Independent School District No. 720
Financial Analysis**

REVENUES PER STUDENT (ADM) SERVED

General Fund revenues per student (ADM) served is summarized in the following table. In addition, tables for the seven county metro area (Anoka, Hennepin, Carver, Dakota, Scott, Ramsey, and Washington Counties), excluding charter schools, and state-wide averages are presented for comparative purposes:

Shakopee					
General Fund	2014*	2015*	2016*	2017*	2018**
Property taxes	\$ 690	\$ 1,158	\$ 1,108	\$ 1,587	\$ 1,673
Other local sources	193	220	220	255	231
State aid	8,209	8,496	8,702	8,916	9,219
Federal aid	258	233	250	314	273
Total General Fund Revenue	\$ 9,350	\$ 10,107	\$ 10,280	\$ 11,072	\$ 11,396

Seven-County Metro Area					
General Fund	2014*	2015*	2016*	2017*	2018**
Property taxes	\$ 1,014	\$ 1,728	\$ 1,853	\$ 2,017	N/A
Other local sources	465	466	469	491	N/A
State aid	9,081	8,974	9,299	9,407	N/A
Federal aid	474	454	447	469	N/A
Total General Fund Revenue	\$ 11,034	\$ 11,622	\$ 12,068	\$ 12,384	N/A

State-Wide					
General Fund	2014*	2015*	2016*	2017*	2018**
Property taxes	\$ 923	\$ 1,564	\$ 1,673	\$ 1,815	N/A
Other local sources	477	485	498	512	N/A
State aid	9,137	9,115	9,435	9,577	N/A
Federal aid	463	450	442	462	N/A
Total General Fund Revenue	\$ 11,000	\$ 11,614	\$ 12,048	\$ 12,366	N/A

* Source: *School District Profiles*

** Estimate as of October 23, 2018; seven county metro and state-wide averages are not available.

The mix of local and state revenues vary from year-to-year primarily based on funding formulas and the state's financial condition. The mix of revenue components from district to district varies due to factors such as the strength of property values, mix of property types, operating and bond referendums, enrollment trends, density of population, types of programs offered, and countless other criteria.

**Independent School District No. 720
Financial Analysis**

EXPENDITURES PER STUDENT (ADM) SERVED

General Fund expenditures by program per student (ADM) served is summarized in the following table. In addition, tables for the seven county metro area (Anoka, Hennepin, Carver, Dakota, Scott, Ramsey, and Washington Counties), excluding charter schools, and state-wide averages are presented for comparative purposes:

Shakopee					
General Fund	2014*	2015*	2016*	2017*	2018**
Administration and district support services	\$ 788	\$ 954	\$ 1,007	\$ 967	\$ 888
Elementary and secondary regular instruction	4,590	4,877	5,008	4,971	4,965
Vocational education instruction	93	87	92	104	76
Special education instruction	1,924	1,941	2,109	2,199	2,154
Instructional support services	542	686	742	979	506
Pupil support services	784	851	893	916	943
Sites and buildings	622	625	620	560	844
Capital expenditures	274	424	454	553	919
Total General Fund Expenditures	\$ 9,617	\$ 10,445	\$ 10,925	\$ 11,249	\$ 11,295

Seven-County Metro Area					
General Fund	2014*	2015*	2016*	2017*	2018**
Administration and district support services	\$ 879	\$ 929	\$ 954	\$ 987	N/A
Elementary and secondary regular instruction	5,145	5,289	5,518	5,595	N/A
Vocational education instruction	134	139	151	159	N/A
Special education instruction	2,034	2,076	2,226	2,266	N/A
Instructional support services	558	600	642	681	N/A
Pupil support services	953	984	1,023	1,080	N/A
Sites and buildings	869	858	876	894	N/A
Capital expenditures	493	549	594	620	N/A
Total General Fund Expenditures	\$ 11,065	\$ 11,424	\$ 11,984	\$ 12,282	N/A

State-Wide					
General Fund	2014*	2015*	2016*	2017*	2018**
Administration and district support services	\$ 926	\$ 991	\$ 1,016	\$ 1,049	N/A
Elementary and secondary regular instruction	5,060	5,266	5,428	5,499	N/A
Vocational education instruction	133	140	149	156	N/A
Special education instruction	1,976	2,050	2,179	2,231	N/A
Instructional support services	524	572	606	643	N/A
Pupil support services	946	989	1,021	1,076	N/A
Sites and buildings	868	868	879	894	N/A
Capital expenditures	578	649	677	701	N/A
Total General Fund Expenditures	\$ 11,011	\$ 11,525	\$ 11,955	\$ 12,249	N/A

* Source: *School District Profiles*

** Estimate as of October 23, 2018; seven county metro and state-wide averages are not available.

**Independent School District No. 720
Financial Analysis**

EXPENDITURES PER STUDENT (ADM) SERVED (CONTINUED)

ADM served represents residents served in the District, residents attending elsewhere on tuition and nonresidents served in the District both through open enrollment and tuition programs.

GENERAL FUND EXPENDITURES BY PROGRAM

General Fund expenditures by program are summarized in the following table:

	2014	2015	2016	2017	2018
Administration	\$ 4,596,262	\$ 5,537,421	\$ 5,827,880	\$ 5,730,782	\$ 5,497,441
District Support Services	1,364,310	1,792,791	2,079,390	2,178,543	1,994,119
Elementary and Secondary Regular Instruc	35,545,143	38,675,988	41,008,818	41,747,541	41,670,362
Vocational Education Instruction	725,118	695,927	749,015	870,273	634,351
Special Education Instruction	14,879,511	15,373,634	17,206,868	18,441,870	18,072,758
Instructional Support Services	5,152,834	6,443,763	8,824,679	12,323,870	8,356,016
Pupil Support Services	6,045,990	6,770,050	7,260,151	7,614,151	7,871,201
Sites and Buildings	5,637,614	5,847,498	5,937,614	6,252,053	7,680,480
Fiscal and Other Fixed Cost Programs	181,473	215,914	211,184	191,091	199,020
Debt Service	-	1,186,067	1,007,414	1,882,902	2,257,700
Total	\$ 74,128,255	\$ 82,539,053	\$ 90,113,013	\$ 97,233,076	\$ 94,233,448

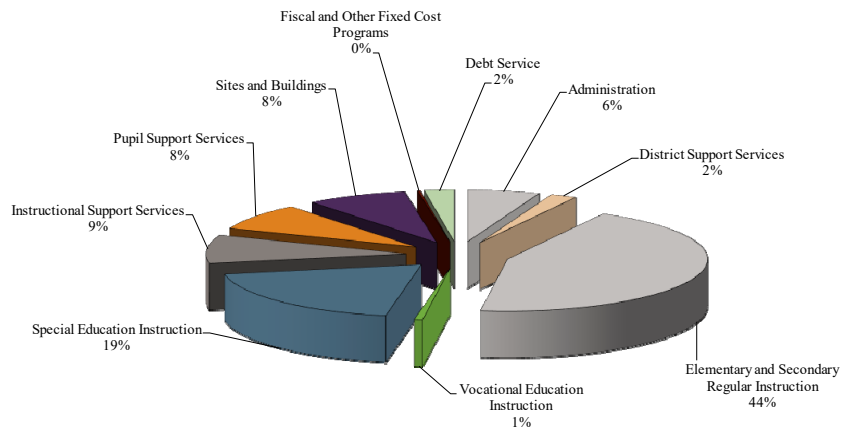
The District saw a \$2,999,628 decrease in General Fund expenditures from 2017 and 2018. Expenditures across all categories except for pupil support services, sites and buildings, fiscal and other fixed cost programs, and debt service programs decreased in 2018. The most significant decrease was in instructional support services, which decreased \$3,967,854, 32.2%, primarily as a result of new Apple leases, which resulted in the recognition of \$3,447,610 in expenditures in 2017. There was a new Apple lease in 2018, however, the total amount was \$417,480. Sites and buildings increased \$1,428,427, or 22.8%, as a result of using LTFM revenue for projects in 2018, most of which were roofing projects. Debt service expenditures increased \$374,798, which was a result of having payments due on six capital leases in 2018 compared to four in 2017. All other expenditure categories were relatively consistent with the prior year.

Independent School District No. 720 Financial Analysis

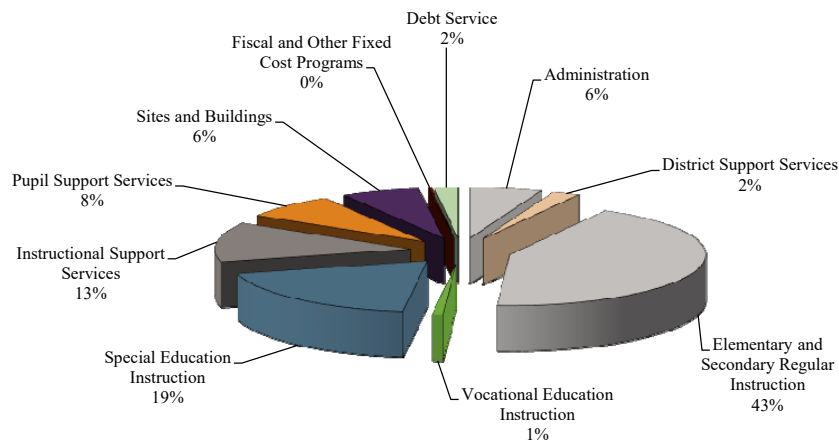
GENERAL FUND EXPENDITURES

The graphs below depict the percentage of expenditures by program in the General Fund for 2017 and 2018. Expenditures decreased \$2,999,628, or 3.1%, from 2017 to 2018 and the allocation of expenditures remained fairly consistent.

General Fund Expenditures 2018



General Fund Expenditures 2017

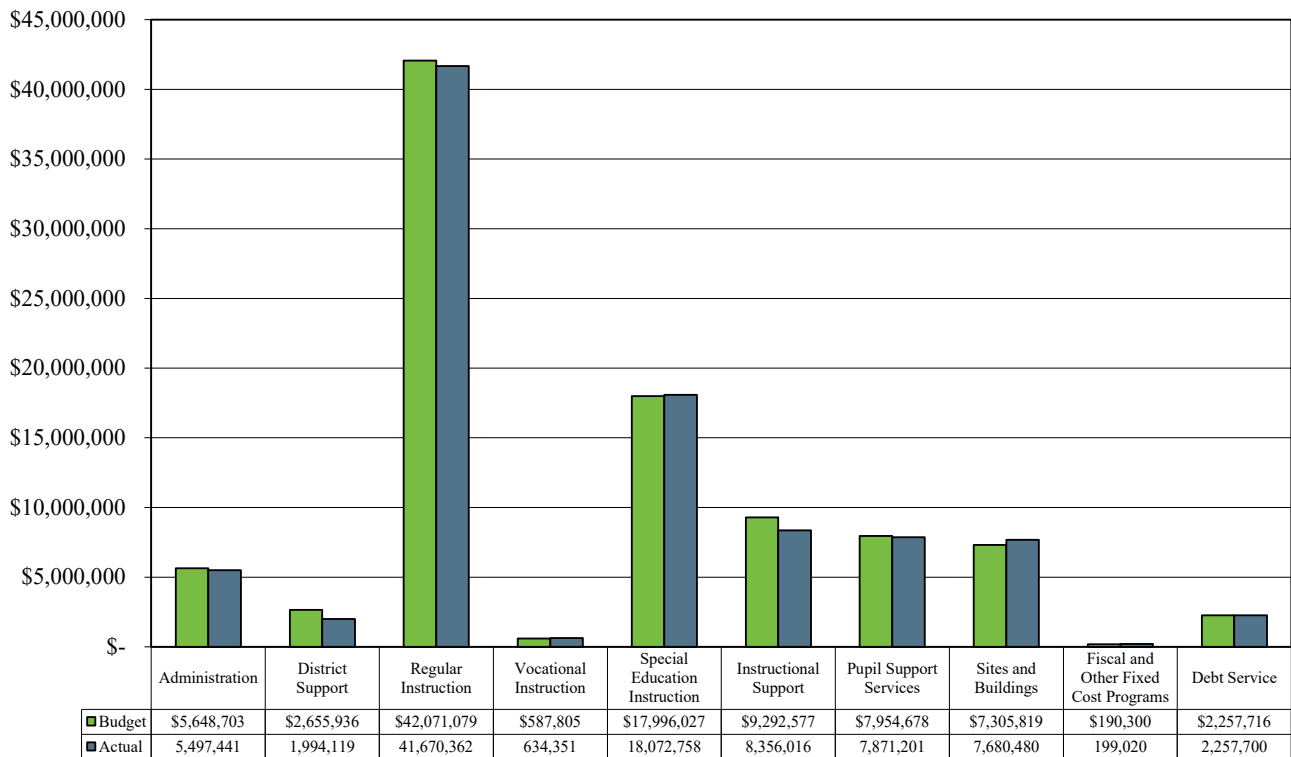


Independent School District No. 720 Financial Analysis

GENERAL FUND EXPENDITURES BUDGET AND ACTUAL

The graph below outlines the budgeted and actual expenditures for the General Fund. Overall, actual expenditures were \$1,727,192 under budget. District support services came in \$661,817 under budget due to \$600,000 included in the salaries and benefits budget for a contingency. None of the contingencies were utilized during 2018. Elementary and secondary regular instruction expenditures were \$400,717 or 1.0% under budget. This was the result of the District budgeting conservatively for wage increases and textbook purchases coming in lower than anticipated. Instructional support services came in \$936,561 under budget as a result of budgeting conservatively for wage increases and anticipating new leases to be around \$1,000,000 when the actual amount of new leases was less than half of that. Sites and buildings came in \$374,661 over budget primarily as a result of electricity costs coming in higher than projected. All other expenditure categories were relatively consistent with the budget.

**2018 General Fund Expenditures
Budget and Actual**



Independent School District No. 720
Financial Analysis

GENERAL FUND OPERATIONS

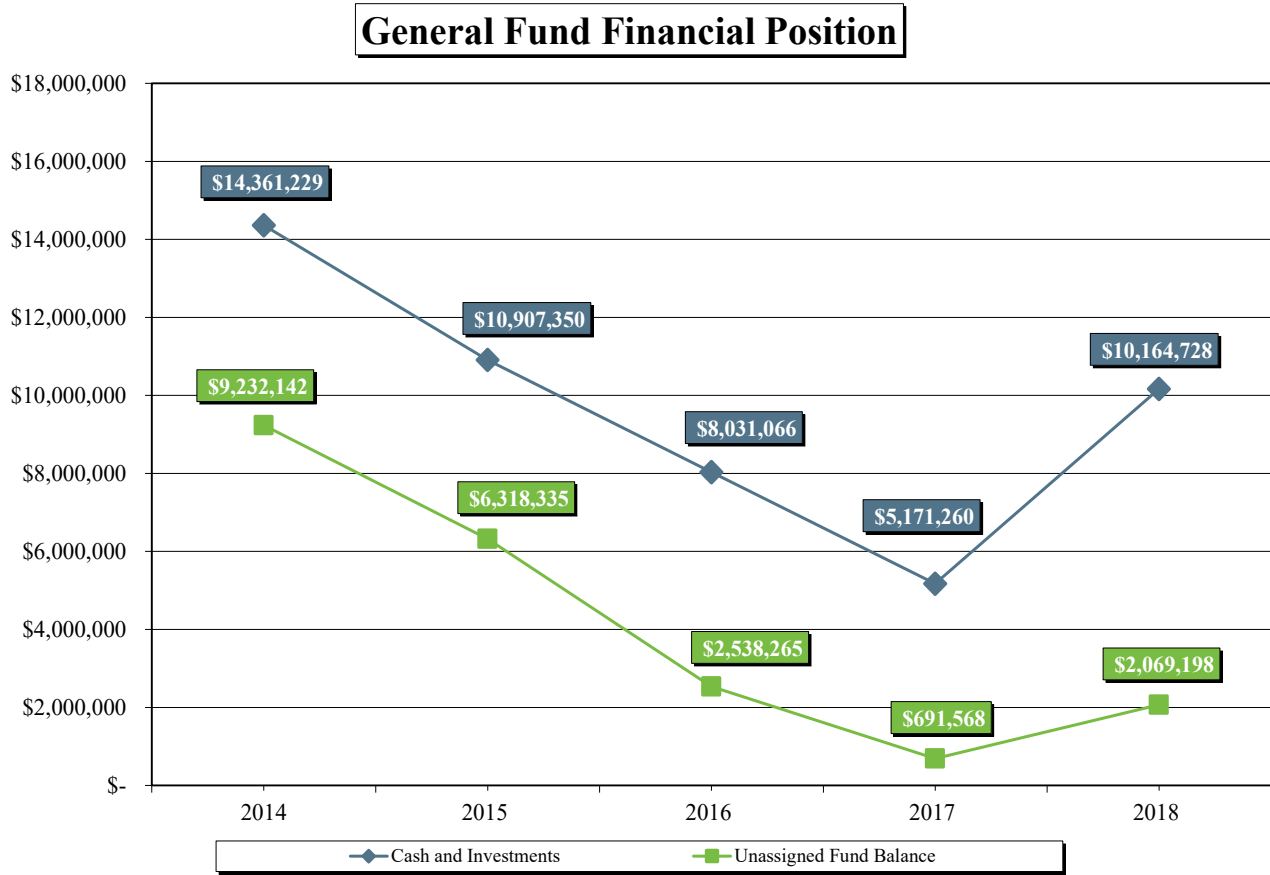
The following table presents five years of comparative operating results for the District's General Fund:

	2014	2015	2016	2017*	2018*
Revenues	\$ 72,081,035	\$ 79,863,076	\$ 83,619,991	\$ 92,327,693	\$ 95,073,678
Expenditures	74,128,255	82,539,053	90,113,013	97,233,076	94,233,448
Excess of revenues over (under) expenditures	(2,047,220)	(2,675,977)	(6,493,022)	(4,905,383)	840,230
Transfers/other financing sources	-	13,580	1,239,504	3,451,632	926,149
Fund balance, July 1	12,484,140	10,436,920	7,774,523	2,521,005	1,067,254
Fund Balance, June 30	\$ 10,436,920	\$ 7,774,523	\$ 2,521,005	\$ 1,067,254	\$ 2,833,633
Components of Fund Balance					
Nonspendable	\$ 96	\$ 68,261	\$ 115,556	\$ 657,884	\$ 208,934
Restricted for					
Capital projects levy*	-	-	(479,477)	(303,080)	(106,858)
Health and safety*	(701,302)	(770,198)	(894,373)	-	-
Long-Term Facilities Maintenance	-	-	-	-	(378,012)
Operating capital	1,905,984	2,158,125	1,241,034	-	702,109
Medical Assistance	-	-	-	-	152,874
Assigned	-	-	-	20,882	185,388
Unassigned	9,232,142	6,318,335	2,538,265	691,568	2,069,198
Total	\$ 10,436,920	\$ 7,774,523	\$ 2,521,005	\$ 1,067,254	\$ 2,833,633
Unassigned Fund Balance as a Percentage of Expenditures	12.5%	7.7%	2.8%	0.7%	2.2%

* The negative UFARS restriction is reclassified to unassigned fund balance on the face of the financial statements to be in accordance with accounting principles generally accepted in the United States of America.

**Independent School District No. 720
Financial Analysis**

GENERAL FUND FINANCIAL POSITION



Over the course of the five year-ends presented, the General Fund cash and investment balance decreased \$4,196,501, while total unassigned fund balance decreased \$7,162,964. Cash and unassigned fund balance increased \$4,993,468 and \$1,377,630, respectively, in 2018 due to revenues exceeding expenditures and receiving proceeds from the sale of land.

**Independent School District No. 720
Financial Analysis**

FOOD SERVICE FUND

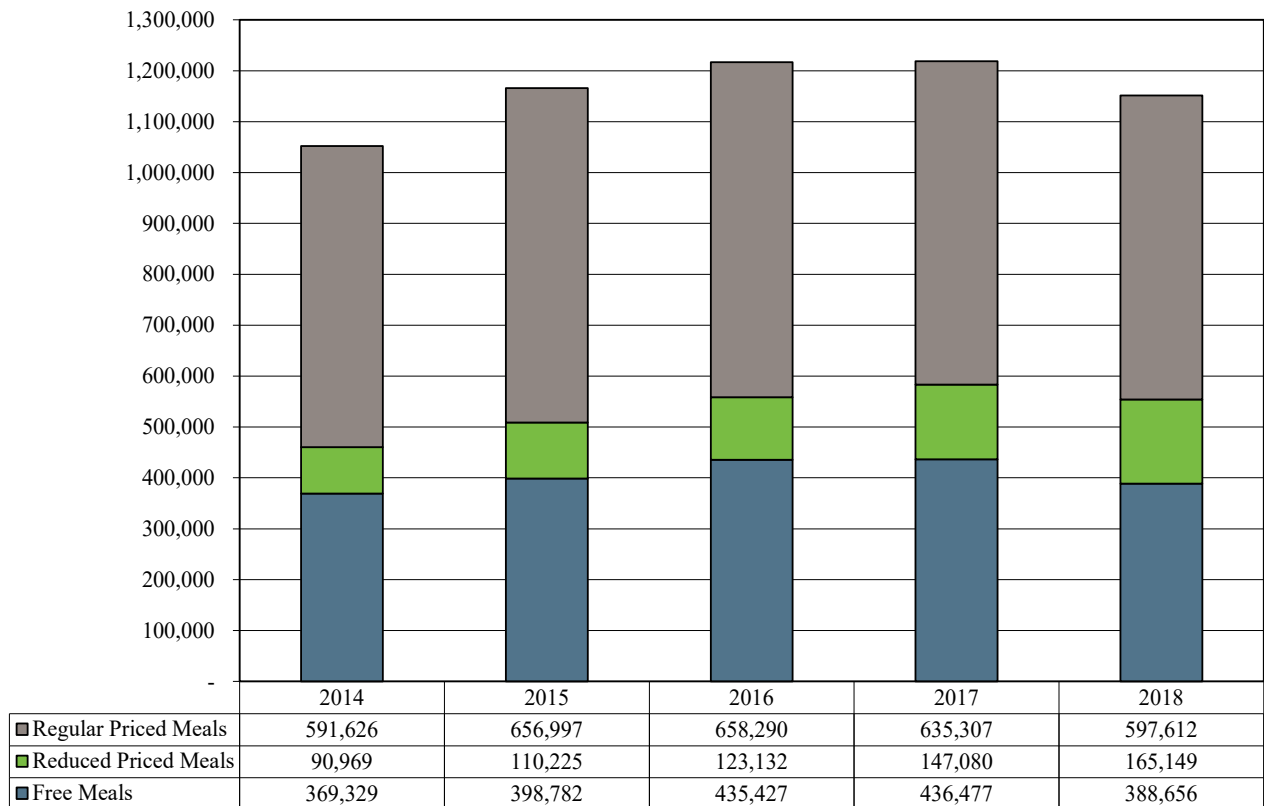
The following table presents five years of comparative operating results for the District's Food Service Fund:

Year Ended June 30,	2014	2015	2016	2017	2018
Revenues	\$ 3,556,025	\$ 3,927,153	\$ 4,409,632	\$ 4,544,864	\$ 4,477,075
Expenditures	3,460,011	3,899,796	4,186,026	4,566,784	4,454,642
Excess of revenues over (under) expenditures	96,014	27,357	223,606	(21,920)	22,433
Fund balance, July 1	327,065	423,079	450,436	674,042	652,122
Fund Balance, June 30	\$ 423,079	\$ 450,436	\$ 674,042	\$ 652,122	\$ 674,555

Food service revenues and expenditures remained relatively consistent with the prior year with a decrease of 1.5% and 2.5%, respectively. The 2018 activity in the Food Service Fund resulted in a fund balance increase to \$674,555, which is 15.1% of expenditures or just over one month of expenditures based on a nine month operating year.

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

Meals Served to Students



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

The total number of meals served decreased from 2017 to 2018.

**Independent School District No. 720
Financial Analysis**

FOOD SERVICE FUND REVENUES AND EXPENDITURES PER ADM SERVED

Food Service Fund expenditures and revenues per student (ADM) served are summarized in the following table. In addition, statistical data for the seven county metro area (Anoka, Hennepin, Carver, Dakota, Scott, Ramsey, and Washington Counties), excluding charter schools, and state-wide averages are presented for comparative purposes:

Revenues					
	2014*	2015*	2016*	2017*	2018**
Shakopee	\$ 461	\$ 497	\$ 542	\$ 547	\$ 537
State-wide	499	517	543	554	N/A
Seven county metro area	501	518	545	558	N/A

Expenditures					
	2014*	2015*	2016*	2017*	2018**
Shakopee	\$ 449	\$ 494	\$ 515	\$ 550	\$ 534
State-wide	510	525	539	546	N/A
Seven county metro area	510	519	539	546	N/A

* Source: *School District Profiles*

** Estimate as of October 23, 2018; seven county metro area and state-wide averages are not available.

COMMUNITY SERVICE FUND

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

	2014	2015	2016	2017	2018
Revenues	\$ 1,767,270	\$ 1,915,937	\$ 2,338,577	\$ 2,760,027	\$ 2,793,651
Expenditures	1,761,264	1,976,362	2,250,884	2,670,134	2,705,633
Excess of revenues over (under) expenditures	6,006	(60,425)	87,693	89,893	88,018
Fund balance, July 1	67,100	73,106	12,681	100,374	190,267
Fund Balance, June 30	\$ 73,106	\$ 12,681	\$ 100,374	\$ 190,267	\$ 278,285
Components of Fund Balance					
Restricted for					
Community Education	\$ 6,546	\$ (75,851)	\$ (17,867)	\$ (153,567)	\$ (179,501)
ECFE	5,162	15,277	55,576	120,562	136,180
School Readiness	61,398	73,255	62,665	223,272	321,606
Total	\$ 73,106	\$ 12,681	\$ 100,374	\$ 190,267	\$ 278,285

Revenues exceeded expenditures for the fourth time in the five years presented. During 2018, revenues were consistent, increasing 1.2%, while expenditures were also consistent, increasing 1.3%.

**Independent School District No. 720
Financial Analysis**

COMMUNITY SERVICE FUND REVENUES AND EXPENDITURES PER ADM SERVED

Community Service Fund expenditures and revenues per student (ADM) served are summarized in the following table. In addition, statistical data for the seven-county metro area (Anoka, Hennepin, Carver, Dakota, Scott, Ramsey, and Washington Counties), excluding charter schools, and state-wide averages are presented for comparative purposes:

Revenues					
	2014*	2015*	2016*	2017*	2018**
Shakopee	\$ 229	\$ 242	\$ 287	\$ 332	\$ 335
State-wide	531	525	562	595	N/A
Seven county metro area	567	564	602	641	N/A

Expenditures					
	2014*	2015*	2016*	2017*	2018**
Shakopee	\$ 228	\$ 250	\$ 277	\$ 321	\$ 324
State-wide	534	521	550	579	N/A
Seven county metro area	570	550	588	623	N/A

* Source: *School District Profiles*

** Estimate as of October 23, 2018; seven county metro area and state-wide averages are not available.

**Independent School District No. 720
Financial Analysis**

DEBT SERVICE FUND REVENUES AND EXPENDITURES PER ADM SERVED

Debt Service Fund expenditures and revenues per student (ADM) served are summarized in the following table. In addition, statistical data for the seven county metro area (Anoka, Hennepin, Carver, Dakota, Scott, Ramsey, and Washington Counties), excluding charter schools, and state-wide averages are presented for comparative purposes:

Revenues					
	2014*	2015*	2016*	2017*	2018**
Shakopee	\$ 1,767	\$ 1,677	\$ 1,601	\$ 2,452	\$ 2,460
State-wide	1,037	1,002	991	1,050	N/A
Seven county metro area	1,084	1,049	1,040	1,111	N/A

Expenditures					
	2014*	2015*	2016*	2017*	2018**
Shakopee	\$ 7,511	\$ 8,748	\$ 1,916	\$ 2,381	\$ 4,579
State-wide	1,394	1,406	1,433	1,275	N/A
Seven county metro area	1,476	1,470	1,403	1,336	N/A

* Source: *School District Profiles*

** Estimate as of October 23, 2018; seven county metro area and state-wide averages are not available.

Expenditures for fiscal year 2014 were significantly inflated due to the inclusion of over \$41 million of 2004 building bonds paid off by the 2013 crossover refunding bonds on February 1, 2014. Expenditures for 2015 were also inflated due to the inclusion of over \$54 million of 2005A, 2006A, and 2006B bonds paid off by the 2013 crossover refunding bonds and the 2014A refunding bond during 2015.

Independent School District No. 720 Legislative Summary

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

STATE AID APPROPRIATIONS

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

COMPENSATORY REVENUE

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

STUDENT ACHIEVEMENT LEVY

The Student Achievement Levy eliminated for 2019.

LEAD IN SCHOOL DRINKING WATER

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

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

PAYMENTS TO NONOPERATING FUNDS

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

SCHOOL BUILDING BOND AGRICULTURAL CREDIT

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

**Independent School District No. 720
Legislative Summary**

LONG-TERM FACILITIES MAINTENANCE REVENUE

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

EQUITY REVENUE

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

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

SPECIAL EDUCATION

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

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

VOLUNTARY PREKINDERGARTEN (VPK)/SCHOOL READINESS PLUS

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

EMERGENCY SCHOOL FUNDING

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

STAFF DEVELOPMENT SET-ASIDE WAIVER

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

Independent School District No. 720
Legislative Summary

COMMUNITY SERVICE FUND TRANSFER

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

SAFE SCHOOLS REVENUE

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

Q COMP

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

SCHOOL SAFETY GRANTS

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

PENSION BILL

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

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

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

The rate of interest paid on refunds of employee contributions to former employees has been reduced from 4% to 3%. TRA required contributions have increased to 7.75% for employees effective FY2024. Required employer contributions will increase 0.21% for FY2019 to FY2023 and 0.2% in FY2024 until a required contribution rate of 8.75% is reached.

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

Independent School District No. 720 Emerging Issues

Executive Summary

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

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

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

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

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

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

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

Independent School District No. 720
Emerging Issues

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

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

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

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

ACCOUNTING STANDARD UPDATE – GASB STATEMENT NO. 87 – *LEASES*

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

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

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

Independent School District No. 720
Emerging Issues

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

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

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

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

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

**Independent School District No. 720
Shakopee, Minnesota**

**Financial Statements of
the Student Activity Accounts**

June 30, 2018



Independent School District No. 720
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Independent Auditor's Report

To the School Board,
Advisors, and Students
Independent School District No. 720
Shakopee, Minnesota

Report on the Financial Statements

We have audited the Statement of Receipts and Disbursements of the student activity accounts of Independent School District No. 720, Shakopee, Minnesota, for the year ended June 30, 2018, and the related note to student activity accounts' financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Minnesota Department of Education. Management is also responsible for 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 an opinion 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 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.



Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

As described in the note to financial statements, the financial statements are prepared by the District on the basis of the financial reporting provisions of the Minnesota Department of Education, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the financial reporting requirements of the Minnesota Department of Education.

The effects on the financial statements of the variances between the regulatory basis of accounting described in the note to financial statements and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Student Activity Funds of the District as of June 30, 2018, or changes in the financial position for the year then ended.

Basis for Qualified Opinion – Regulatory Basis of Accounting

The District has not established procedures to provide assurance that all cash collections are recorded in the accounting records. Accordingly, it was not practicable for us to extend our audit of such cash collections beyond the amounts recorded.

Qualified Opinion – Regulatory Basis of Accounting

In our opinion, except for the possible effects of the matter discussed in the "Basis for Qualified Opinion – Regulatory Basis of Accounting" paragraph, the financial statements referred to above present fairly, in all material respects, the cash balances of Independent School District No. 720, Shakopee, Minnesota, student activity accounts for the year ended June 30, 2018, and the cash transactions for the year then ended in accordance with the financial reporting provisions of the Minnesota Department of Education as described in the note to financial statements.

BerganKDV Ltd.

Minneapolis, Minnesota
November 13, 2018

Independent School District No. 720
Statement of Receipts and Disbursements
Year Ended June 30, 2018

<u>Description</u>	<u>Balance June 30, 2017</u>	<u>Receipts and Transfers In</u>	<u>Disbursements and Transfers Out</u>	<u>Balance June 30, 2018</u>
Senior High	\$ 268,310	\$ 425,714	\$ 515,100	\$ 178,924
West Junior High	657	2,337	278	2,716
East Junior High	7,008	4,359	4,321	7,046
Pearson 6th Grade Center	<u>2,406</u>	<u>189</u>	<u>2,330</u>	<u>265</u>
Total	<u><u>\$ 278,381</u></u>	<u><u>\$ 432,599</u></u>	<u><u>\$ 522,029</u></u>	<u><u>\$ 188,951</u></u>

Independent School District No. 720
Statement of Receipts and Disbursements
Senior High
Year Ended June 30, 2018

Description	Balance June 30, 2017	Receipts and Transfers In	Disbursements and Transfers Out	Balance June 30, 2018
ALAS	\$ 1,095	\$ 110	\$ 366	\$ 839
Art	-	471	471	-
Band Tour	1,034	1	101	934
Baseball	6,129	20,966	20,350	6,745
Boys Basketball	7,510	-	4,240	3,270
Cheerleading	5,019	14,152	16,165	3,006
Choir Tour	102,528	128,634	229,445	1,717
Chorus	883	3,182	3,814	251
Concessions	6,282	71,568	69,781	8,069
Cross Country	1,371	5,868	3,133	4,106
Dance Team	772	-	772	-
Fishing Club	342	-	342	-
FLA	1,891	-	-	1,891
German Exchange	4,672	3,692	3,982	4,382
Golf - Girls	1,191	3,616	2,346	2,461
Hockey - Boys	493	-	493	-
HOSA	135	4,308	3,060	1,383
Industrial Tech Group	6,980	2,553	2,530	7,003
Key Club	1	-	1	-
Lacrosse - Girls	46	-	-	46
LEAD	1,036	2,517	1,383	2,170
Listen to Our Voices Alliance	1	103	-	104
Math League	33	870	116	787
NHS	230	3,639	1,985	1,884
Prom Committee	28,398	34,579	32,552	30,425
Robotics	16,485	13,777	8,347	21,915
Saber Shop	4,628	1,786	5,284	1,130
Soccer - Boys	2,078	3,875	4,298	1,655
Soccer - Girls	3,651	13,067	7,300	9,418
Softball	5,322	2,220	6,794	748
Spanish Trip	3,292	3,238	2,716	3,814
Special Education Community	5,202	1,768	683	6,287
Speech	6,441	5,762	5,648	6,555
Student Council	21,072	26,889	29,132	18,829
Sun Ecology	330	-	330	-
Swim/Dive - Boys	762	14,541	9,308	5,995
Swim/Dive - Girls	1,121	-	93	1,028
Tennis - Boys	115	1,479	1,500	94
Tennis - Girls	2,019	1,144	-	3,163
Theatre Group	4,945	16,191	13,002	8,134
Track	7,774	2,454	10,151	77
Wrestling	4,344	-	-	4,344
Youth in Government	51	-	-	51
World Language Honor Society	606	1,206	1,049	763
DECA	-	13,472	11,594	1,878
Saber Pause	-	2,016	443	1,573
Total	\$ 268,310	\$ 425,714	\$ 515,100	\$ 178,924
Analysis of balance				
Checking account				\$ 176,273
Senior High Choir Tour				1,717
Senior High Band Tour				934
Total				\$ 178,924

See note to student activity accounts' financial statements.

Independent School District No. 720
Statement of Receipts and Disbursements
West Junior High
Year Ended June 30, 2018

<u>Description</u>	<u>Balance June 30, 2017</u>	<u>Receipts and Transfers In</u>	<u>Disbursements and Transfers Out</u>	<u>Balance June 30, 2018</u>
National Jr. Honor Society	\$ 1	\$ -	\$ -	\$ 1
Student Council	<u>656</u>	<u>2,337</u>	<u>278</u>	<u>2,715</u>
Total	<u>\$ 657</u>	<u>\$ 2,337</u>	<u>\$ 278</u>	<u>\$ 2,716</u>
Analysis of balance				
Checking account				<u>\$ 2,716</u>

Independent School District No. 720
Statement of Receipts and Disbursements
East Junior High
Year Ended June 30, 2018

<u>Description</u>	<u>Balance June 30, 2017</u>	<u>Receipts and Transfers In</u>	<u>Disbursements and Transfers Out</u>	<u>Balance June 30, 2018</u>
East Junior High Student Council	\$ 7,008	\$ 4,359	\$ 4,321	\$ 7,046
Total	<u>\$ 7,008</u>	<u>\$ 4,359</u>	<u>\$ 4,321</u>	<u>\$ 7,046</u>
Analysis of balance Checking account				<u>\$ 7,046</u>

See note to student activity accounts' financial statement.

**Independent School District No. 720
Statement of Receipts and Disbursements
Pearson 6th Grade Center
Year Ended June 30, 2018**

<u>Description</u>	<u>Balance June 30, 2017</u>	<u>Receipts and Transfers In</u>	<u>Disbursements and Transfers Out</u>	<u>Balance June 30, 2018</u>
Pearson Student Council	\$ 2,406	\$ 189	\$ 2,330	\$ 265
Total	<u>\$ 2,406</u>	<u>\$ 189</u>	<u>\$ 2,330</u>	<u>\$ 265</u>
Analysis of balance Checking account				<u>\$ 265</u>

See note to student activity accounts' financial statement.

Independent School District No. 720
Note to Student Activity Accounts' Financial Statement

Student activity account transactions are defined as extracurricular programs conducted for the motivation and enjoyment of students. These programs and activities are not offered for school credits nor required for graduation. Activities are generally conducted outside of school hours. The content of the activities is determined primarily by the students, under the guidance of a staff member or other adult.

Student activities are to be self sustaining with all expenses paid by dues, admissions, or other student fundraising events.

The accounts of the Student Activity Funds are maintained, and the accompanying financial statement has been prepared, on a regulatory basis of accounting prescribed by the Minnesota Department of Education. Consequently, receipts are recognized when received rather than when earned, and disbursements are recognized when paid rather than when the obligations are incurred.

**Report on Compliance with the
*Manual for Activity Fund Accounting***

Independent Auditor's Report

To the School Board,
Advisors, and Students
Independent School District No. 720
Shakopee, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, the Statement of Receipts and Disbursements of the student activity accounts of Independent School District No. 720, Shakopee, Minnesota, for the year ended June 30, 2018, and the related note to student activity accounts' financial statements and have issued our report thereon dated November 13, 2018. We expressed an adverse opinion on accounting principles generally accepted in the United States of America because the financial statement is prepared on a basis of accounting that demonstrates compliance with the regulatory basis of accounting prescribed or permitted by the Minnesota Department of Education, which differs from accounting principles generally accepted in the United States of America. In addition, our report on the regulatory basis of accounting is qualified because the District has not established procedures to provide assurance that all cash collections are recorded in the accounting records.

The *Manual for Activity Fund Accounting*, issued by the Minnesota Department of Education, pursuant to *Minnesota Statutes* Section 123B.49, provides uniform financial accounting and reporting standards for student activities. We have performed auditing procedures to test compliance with the provisions of this Manual.

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



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

BerganKDV Ltd.

Minneapolis, Minnesota
November 13, 2018

Independent School District No. 720
Schedule of Findings and Corrective Action Plans on
Compliance with the *Manual for Activity Fund Accounting*

CURRENT AND PRIOR YEAR FINDINGS:

Ensure Activity Purpose Forms and Officer Listings are Completed Annually

The *Manual for Activity Fund Accounting* requires an Activity Purpose Form exist for each activity within the fund. The Form needs to include the name of the advisor, acknowledgement of the receipt of a *Manual for Activity Fund Accounting*, and acknowledgement of responsibility for assuring proper procedures are followed. These Forms must be completed, signed by the advisor and principal and placed on file at the District Office.

During our audit it was also noted that multiple Activity Purpose Forms received from the Senior High were not fully completed. It was also noted several of the completed Activity Purpose Forms lacked a plan for funds upon the termination of the activity.

In addition, the *Manual for Activity Fund Accounting* requests each class, club or organization submit a list of officers to the Business Office. These individuals may be designated to assist in decision making about the account.

Updated officer listings denoting student positions were not submitted for several Senior High student activities.

CORRECTIVE ACTION PLAN (CAP):

1. Explanation of Disagreement with Audit Finding
There is no disagreement with the audit finding.
2. Actions Planned in Response to Finding
The District will review the process with the secondary buildings and have forms completed in a timely manner. The Forms will be updated annually for advisor and student representative changes. The administration will ensure each activity submits a fully completed form and list of officers.
3. Official Responsible for Ensuring CAP
Matthew Timm, District Accountant, is responsible for ensuring corrective action of the deficiency.
4. Planned Completion Date for CAP
The planned completion date for the CAP is June 30, 2019.
5. Plan to Monitor Completion of CAP
Jeff Priess, Director of Finance, will be monitoring this CAP.

Independent School District No. 720
Schedule of Findings and Corrective Action Plans on
Compliance with the *Manual for Activity Fund Accounting*

CURRENT AND PRIOR YEAR FINDINGS: (CONTINUED)

Close Inactive Accounts

According to the Manual for Student Activity Accounting, inactive accounts should be closed and the monies distributed.

The following accounts have been inactive for at least the last two years:

Senior High: Lacrosse-Girls, Wrestling, Youth in Government
West Junior High: National Honor Society

We recommend the District close all inactive activity accounts in a timely manner as indicated by MAFA

CORRECTIVE ACTION PLAN (CAP):

1. Explanation of Disagreement with Audit Finding
There is no disagreement with the audit finding.
2. Actions Planned in Response to Finding
The District will review accounts at YE18 for inactivity and will close all accounts that have been inactive for two consecutive years.
3. Official Responsible for Ensuring CAP
Matthew Timm, District Accountant, is responsible for ensuring corrective action of the deficiency.
4. Planned Completion Date for CAP
The planned completion date for the CAP is June 30, 2019.
5. Plan to Monitor Completion of CAP
Jeff Priess, Finance Director, will be monitoring this CAP.

Independent School District No. 720
Schedule of Findings and Corrective Action Plans on
Compliance with the *Manual for Activity Fund Accounting*

CURRENT AND PRIOR YEAR FINDINGS: (CONTINUED)

Improper Student Activity Account

During the audit, a Concessions activity account was noted holding a balance at year end. While MAFA allows a concessions account to exist for the purpose of tracking activity, the revenue must be zeroed out and allocated between activity accounts at YE.

CORRECTIVE ACTION PLAN (CAP):

1. Explanation of Disagreement with Audit Finding
There is no disagreement with the audit finding.
2. Actions Planned in Response to Finding
The Concessions activity account will be allocated out across activity accounts at YE18.
3. Official Responsible for Ensuring CAP
Matthew Timm, District Accountant, is responsible for ensuring corrective action of the deficiency.
4. Planned Completion Date for CAP
The planned completion date for the CAP is June 30, 2019.
5. Plan to Monitor Completion of CAP
Jeff Priess, Finance Director, will be monitoring this CAP.

Independent School District No. 720
Schedule of Findings and Corrective Action Plans on
Compliance with the *Manual for Activity Fund Accounting*

CURRENT YEAR FINDINGS:

Timeliness and Accuracy of Bank Reconciliations

According to the Manual for Student Activity Accounting, Reconciliation of student activity bank account(s) must be completed monthly and in a timely manner.

During our audit, it was noted that the bank statement for June 30, 2018, did not reconcile to the general ledger a of the final week of October, 2018.

We recommend that the District ensure that the proper accounts tie to their corresponding bank statements, and that they are reconciled monthly.

CORRECTIVE ACTION PLAN (CAP):

1. Explanation of Disagreement with Audit Finding
There is no disagreement with the audit finding.
2. Actions Planned in Response to Finding
The District will review bank reconciliations monthly and ensure that they reconcile to the general ledger.
3. Official Responsible for Ensuring CAP
Matthew Timm, District Accountant, is responsible for ensuring corrective action of the deficiency.
4. Planned Completion Date for CAP
The planned completion date for the CAP is June 30, 2019.
5. Plan to Monitor Completion of CAP
Jeff Priess, Finance Director, will be monitoring this CAP.

Independent School District No. 720
Schedule of Findings and Corrective Action Plans on
Compliance with the *Manual for Activity Fund Accounting*

PRIOR YEAR FINDING:

Improper Expenditure

According to the *Manual for Student Activity Fund Accounting*, activity funds should not make labor payments or equipment purchases.

During our audit in FY17, it was noted that an activity account made four labor payments and one equipment purchase during the year.

We recommended the District's General Fund make all labor payments and equipment purchases and the activity accounts then reimburse the General Fund.

It was also noted that a payment was made from the Choir Tour as a reimbursement to the General Fund, but the items being reimbursed had already been paid for out of the Sr High Main Activity Account, and a payment made from the Band Tour activity account for a Cheerleading activity expense, which should have been paid out of the Sr High Main account.

We recommend the District closely monitor the activity accounts and ensures all reimbursements and payments are made only for proper transactions.

CORRECTIVE ACTION TAKEN:

It was noted during testing that there were no improper expenditures for labor or equipment made this year.

**Independent School District No. 720
Shakopee, Minnesota**

**Communications Letter
of the Student Activity Accounts**

June 30, 2018



Independent School District No. 720
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Report on Matters Identified as a Result of the Audit of the Financial Statements

To the School Board, Advisors, Students, and Management
Independent School District No. 720
Shakopee, Minnesota

In planning and performing our audit of the Statement of Receipts and Disbursements of the student activity accounts of Independent School District No. 720, Shakopee, Minnesota, as of and for the year ended June 30, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered the District's student activity accounts' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's student activity accounts' internal control. Accordingly, we do not express an opinion on the effectiveness of the District's student activity accounts' internal control.

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

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

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

The *Manual for Activity Fund Accounting*, issued by the Minnesota Department of Education (MDE), provides uniform financial accounting and reporting standards for student activities. We performed auditing procedures to test compliance with the provisions of this Manual.



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

BerganKDV Ltd.

Minneapolis, Minnesota
November 13, 2018

Independent School District No. 720
Material Weakness

INADEQUATE DESIGN OF INTERNAL CONTROL

The District's student activity accounts have not established procedures to provide assurance that all cash collections are recorded in the accounting records. In addition, the District's student activity accounts do not have adequate segregation of accounting duties due to a limited number of office employees. Administration is aware of this condition and will take certain steps to compensate for the lack of segregation, but due to the number of staff needed to properly segregate all of the accounting duties, the cost of obtaining desirable segregation of accounting duties exceeds the benefits which could be derived. Due to this reason, management has determined a complete segregation of accounting duties is impractical to achieve. Administration and the School Board must remain aware of this situation and should continually monitor the accounting system, including changes that occur.

**Independent School District No. 720
Required Communication**

We have audited the financial statements of the student activity accounts of the District for the year ended June 30, 2018. Professional standards require that we advise you of the following matters related to our audit.

OUR RESPONSIBILITY IN RELATION TO THE FINACIAL STATEMENT AUDIT

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

Our responsibility is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement. Since the District's student activity accounts have not established procedures to provide assurance that cash collections are not recorded in the accounting records, it is not practical for us to extend our audit of such cash collections beyond the amounts recorded.

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's student activity accounts 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's student activity accounts or to acts by management or employees acting on behalf of the District's student activity accounts.

COMPLIANCE WITH ALL ETHICS REQUIREMENTS REGARDING INDEPENDENCE

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

QUALITATIVE ASPECTS OF SIGNIFICANT ACCOUNTING PRACTICES

Management has the responsibility to select and use appropriate accounting policies. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2018. We noted no transactions entered into by the District's student activity accounts during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the proper period.

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

**Independent School District No. 720
Required Communication**

SIGNIFICANT DIFFICULTIES ENCOUNTERED DURING THE AUDIT

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

UNCORRECTED AND CORRECTED MISSTATEMENTS

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole.

DISAGREEMENTS WITH MANAGEMENT

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or note resolved to our satisfaction, concerning a financial accounting reporting, or auditing matter, which could be significant to the Student Activities financial statements or the auditor's report. No such disagreements arose during the course of the audit.

REPRESENTATIONS REQUESTED FROM MANAGEMENT

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

MANAGEMENT'S CONSULTATIONS WITH OTHER ACCOUNTANTS

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

OTHER SIGNIFICANT MATTERS, FINDING, OR ISSUES

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

**Independent School District No. 720
Shakopee, Minnesota**

**Reports on *Government Auditing
Standards*, the Uniform Guidance,
and Legal Compliance**

June 30, 2018



Independent School District No. 720
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Independent School District No. 720
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018

Federal Agency/Pass Through Agency/Program Title	Federal CFDA Number	Expenditures
U.S. Department of Agriculture		
Through Minnesota Department of Education		
Child Nutrition Cluster		
Commodities Program	10.555	\$ 340,424
School Breakfast	10.553	294,953
Type A Lunch	10.555	1,500,949
Special Milk	10.556	9,276
Summer Food Service	10.559	487
Total Child Nutrition Cluster and U.S. Department of Agriculture		2,146,089
U.S. Department of Education		
Through Minnesota Department of Education		
Title I, Part A	84.010	670,321
Title III, Part A - English Language Acquisition	84.365	106,392
Title II, Part A - Supporting Effective Instruction	84.367	116,154
Special Education Cluster		
Special Education	84.027	1,273,520
Disabled Early Education	84.173	19,600
Total Special Education Cluster		1,293,120
Special Education - Infants and Toddlers	84.181	40,545
Through Southwest Metro Educational Cooperative		
Carl Perkins	84.048A	21,495
Direct		
Indian Education - Grants to Local Educational Agencies	84.060	36,121
Total U.S Department of Education		2,284,148
Total Federal Expenditures		\$ 4,430,237

Independent School District No. 720
Notes to the Schedule of Expenditures of Federal Awards
June 30, 2018

NOTE 1 – BASIS OF PRESENTATION

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

NOTE 2 – PASS-THROUGH GRANT NUMBERS

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

NOTE 3 – INVENTORY

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

NOTE 4 – INDIRECT COST RATE

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

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

Independent Auditor's Report

To the School Board
Independent School District No. 720
Shakopee, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 720, Shakopee, Minnesota, as of and for the year ended June 30, 2018, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 13, 2018.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs in Accordance with the Uniform Guidance as Audit Finding 2018-001 that we consider to be a material weakness.

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 Finding

The District's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs in Accordance with the Uniform Guidance. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

A handwritten signature in cursive script that reads 'Bergan KDV Ltd.'.

Minneapolis, Minnesota
November 13, 2018

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

Independent Auditor's Report

To the School Board
Independent School District No. 720
Shakopee, Minnesota

Report on Compliance for Each Major Federal Program

We have audited Independent School District No. 720's, Shakopee, Minnesota compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2018. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs in Accordance with the Uniform Guidance.

Management's Responsibility

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

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, Independent School District No. 720 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs in Accordance with the Uniform Guidance as item 2018-002 that we consider to be a significant deficiency.

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



Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated November 13, 2018, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

District's Response to the Findings

The District's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs in Accordance with the Uniform Guidance. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

BerganKDV Ltd.

Minneapolis, Minnesota
November 13, 2018

**Independent School District No. 720
 Schedule of Findings and Questioned Costs in
 Accordance with the Uniform Guidance
 June 30, 2018**

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	Yes, Audit Finding 2018-001
• Significant deficiency(ies) identified?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Type of auditor's report issued on compliance for major programs:	Unmodified
Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	Yes, Audit Finding 2018-002
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516	No

Identification of Major Programs

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

**Independent School District No. 720
Schedule of Findings and Questioned Costs
in Accordance with the Uniform Guidance
June 30, 2018**

SECTION II – FINANCIAL STATEMENT FINDINGS

Audit Finding 2018-001 – Lack of Segregation of Accounting Duties

Criteria or Specific Requirement:

Internal control that supports the District's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements requires adequate segregation of accounting duties.

Condition:

During the year ended June 30, 2018, the District had a lack of segregation of accounting duties.

This lack of segregation of accounting duties can be demonstrated in the following areas, which is not intended to be an all-inclusive list:

- The Director of Finance and Operations has access to all areas of the accounting system.
- A single individual has the ability to receipt money, prepare the deposit, take the deposit to the bank, and record the receipt in the general ledger.
- The Accountant enters capital asset additions and disposals, monitors and reviews asset lives and depreciation in the system, and maintains the master asset listing.
- The Accounts Payable Clerk reviews invoices, enters invoices in the system, and prints checks.
- The Payroll Specialist has the ability to enter time for an employee, prepare the payroll checks, and print checks.
- There is no formal documentation of the review of monthly bank reconciliations.

The District has implemented periodic spot checks of accounts payable and payroll to review activity after checks have been run. This helps mitigate the risk associated with the lack of segregation of accounting duties, but it does not eliminate the risk.

Context:

This finding impacts the internal control for all significant accounting functions.

Effect:

The lack of adequate segregation of accounting duties could adversely affect the District's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements.

Cause:

There are overlapping responsibilities and a breakdown in the control procedures occurred where the execution of the control was not adequate.

Recommendation:

Continue to review the accounting system, including changes that may occur. Implement segregation whenever practical.

**Independent School District No. 720
Schedule of Findings and Questioned Costs
in Accordance with the Uniform Guidance
June 30, 2018**

SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

Audit Finding 2018-001 – Lack of Segregation of Accounting Duties (Continued)

Management's Response:

CORRECTIVE ACTION PLAN (CAP):

1. Explanation of Disagreement with Audit Finding
There is no disagreement with the audit finding.

2. Actions Planned in Response to Finding
Several controls were added December 1, 2010 in the Business Office to address the findings; including: The Accounting Specialist verifies a sample of information for each payroll. He will verify the information to the pay check document and initial the forms he reviews. The Director of Finance and Operations will continue to review gross and net pay reports for reasonableness compared to prior pay periods.

The Accounting Specialist will review the work of the Accounts Payable Clerk. He will take a sample of 10 items per check run and verify the documentation to the final check that will be mailed. The Director of Finance will continue to review total reports for reasonableness compared to prior months and prior years.

In addition to the controls added in December 2010, the Director of Finance and Operations will continue to review the operational reports of the departments for reasonableness. The Director of Finance and Operations will also continue to discuss with the departments, colleagues, and auditors to determine best practices with the limited staff available and implement changes that are economically feasible.

In addition, the District will take the following actions to remove the compliance findings:

- Involve other members of Finance in the receipting process to prevent one person being responsible for all functions
- Perform a thorough review of our current process with the auditors and address areas of concern
- Effective October 11, 2017, the P card manual was revised to capture areas of risk in the P card process. Revisions included setting firm deadlines for turning in statements, defining required documentation and clarifying authorization requirements. In addition, procedures were established for handling non-compliance with the P card manual.
- Staff are empowered to question expenditures. The District will develop and communicate channels of communication in the event that an employee has an incident to report for which they do not feel they are being heard.

**Independent School District No. 720
Schedule of Findings and Questioned Costs
in Accordance with the Uniform Guidance
June 30, 2018**

SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

Audit Finding 2018-001 – Lack of Segregation of Accounting Duties (Continued)

CORRECTIVE ACTION PLAN (CAP): (CONTINUED)

3. Official Responsible for Ensuring CAP
Jeff Priess, Director of Finance and Operations, is the official responsible for ensuring corrective action of the deficiency.
4. Planned Completion Date for CAP
The CAP will be monitored continually by the Director of Finance and Operations.
5. Plan to Monitor Completion of CAP
The School Board will be monitoring this CAP.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Audit Finding 2018-002

Criteria or Specific Requirement:

Internal control procedures should be in place that ensures the District's procurement policy is followed.

Condition:

During the course of our engagement, we noted the District is not following its procurement policy in regards to purchases in the Child Nutrition Program.

Context:

The District could be procuring contracts that do not abide by the procurement policy guidelines.

Effect:

The lack of internal control to ensure the procurement policy is followed could result in purchasing activity that is outside of the District's procurement procedures.

Cause

The District's internal control structure did not ensure all vendors selected were procured properly.

**Independent School District No. 742
Schedule of Findings and Questioned Costs
in Accordance with the Uniform Guidance**

SCHEDULE III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

Audit Finding 2018-002 (Continued)

Recommendation:

Review the procurement policy and related internal controls to ensure all vendors are selected using this process.

Management's Response:

CORRECTIVE ACTION PLAN (CAP):

1. Explanation of Disagreement with Audit Finding

There is no disagreement with the audit finding.

2. Actions Planned in Response to Finding

The District will ensure the procurement policy is followed.

3. Official Responsible for Ensuring CAP

Jeff Priess, Director of Finance and Operations, is the official responsible for ensuring corrective action of the deficiency.

4. Planned Completion Date for CAP

The planned completion date for the CAP is June 30, 2019.

5. Plan to Monitor Completion of CAP

The School Board will be monitoring this CAP by following up on these items as needed with the Director of Finance and Operations.

There were no questioned costs.

SECTION IV – PRIOR YEAR FINDINGS AND QUESTIONED COSTS

None



Report on Legal Compliance

Independent Auditor's Report

To the School Board
Independent School District No. 720
Shakopee, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 720, Shakopee, Minnesota, as of and for the year ended June 30, 2018, and the related notes to financial statements, and have issued our report thereon dated November 13, 2018.

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

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

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

Minneapolis, Minnesota
November 13, 2018

**Independent School District No. 720
Schedule of Findings and Corrective Action Plans
on Legal Compliance**

CURRENT AND PRIOR YEAR LEGAL COMPLIANCE FINDING:

Eliminate Old Outstanding Checks

According to *Minnesota Statutes* 345.38-.43, if the local government's records show unclaimed property over \$100 for more than three years, the property should be reported and paid or delivered to the State Commissioner of Commerce.

During our audit, we noted outstanding checks over \$100 and more than three years old included as reconciling items on the bank reconciliation.

CORRECTIVE ACTION PLAN (CAP):

1. Explanation of Disagreement with Audit Finding
There is no disagreement with the audit finding.
2. Actions Planned in Response to Finding
The District will report unclaimed property to the state as defined in statute.
3. Official Responsible for Ensuring CAP
Jeff Priess, Director of Finance and Operations, is the official responsible for ensuring corrective action of the deficiency.
4. Planned Completion Date for CAP
The planned completion date for the CAP is June 30, 2019.
5. Plan to Monitor Completion of CAP
The School Board will be monitoring this CAP.

PRIOR YEAR LEGAL COMPLIANCE FINDING:

Ensure Procurement Card Purchases are Proper Public Purpose Expenditures

During testing of purchases made on the District's procurement cards, it was noted there was insufficient documentation maintained to substantiate several of the purchases. In these occurrences, there were no itemized receipts attached or adequate documentation to validate the purchase.

CORRECTIVE ACTION TAKEN:

The District revised their P card manual and established procedures for handling non-compliance with the P card manual.



Independent School
District No. 720
Shakopee, Minnesota

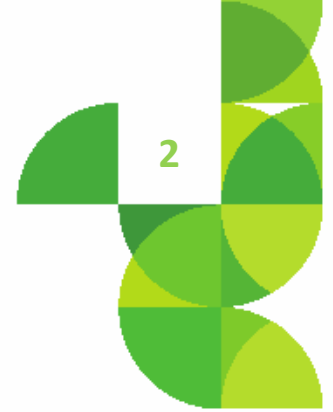
Audited Financial Statements
June 30, 2018





Components of the Audit

- Independent Auditor's Report
 - Unmodified Opinion on the District's Financial Statements for the year ended June 30 ,2018
- Report on the result of an audit performed with *Government Auditing Standards*
 - One Internal Control Finding : Lack of Segregation of Accounting Duties
- Report on results of a Single Audit performed in accordance with Uniform Guidance
 - One Internal Control Finding: Procurement process for Child Nutrition
- Report on results of testing on *Minnesota Legal Compliance*
 - Old outstanding checks



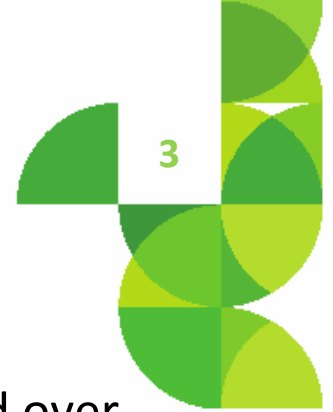
General Fund Budget to Actual

Original Budget:

- General Fund Revenue budgeted at \$93.7 million
- General Fund Expenditures budgeted at \$93.8 million
- Net Other Financing Sources of \$1.0 million
- \$969 thousand increase in fund balance

Final Budget:

- General Fund Revenue budgeted at \$94.6 million
- General Fund Expenditures budgeted at \$96.0 million
- Net Other Financing Sources of \$1.4 million
- \$36 thousand increase in fund balance



General Fund Budget to Actual

Actual:

- General Fund Revenues actually \$95.1 million; \$435 thousand over final budget or 0.5% variance – State Aids and Property Taxes
- General Fund Expenditures actually \$94.2 million; \$1.7 million under final budget
 - unused contingency
 - conservative execution of budget in instructional categories for wages/supplies
 - fewer equipment purchases/leases than budgeted
 - electricity utility caused overage on sites/buildings line item
- Fund Balance increased \$1.77 million to \$2.8 million



Average Daily Membership and Pupil Units

Year	General Education Aid Formula Allowance	
	Amount	Percent Increase
2009	\$ 5,124	1.0%
2010	5,124	0.0%
2011	5,124	0.0%
2012	5,174	1.0%
2013	5,224	1.0%
2014	5,302	1.5%
2015*	5,831	1.9%
2016	5,948	2.0%
2017	6,067	2.0%
2018	6,188	2.0%
2019	6,312	2.0%

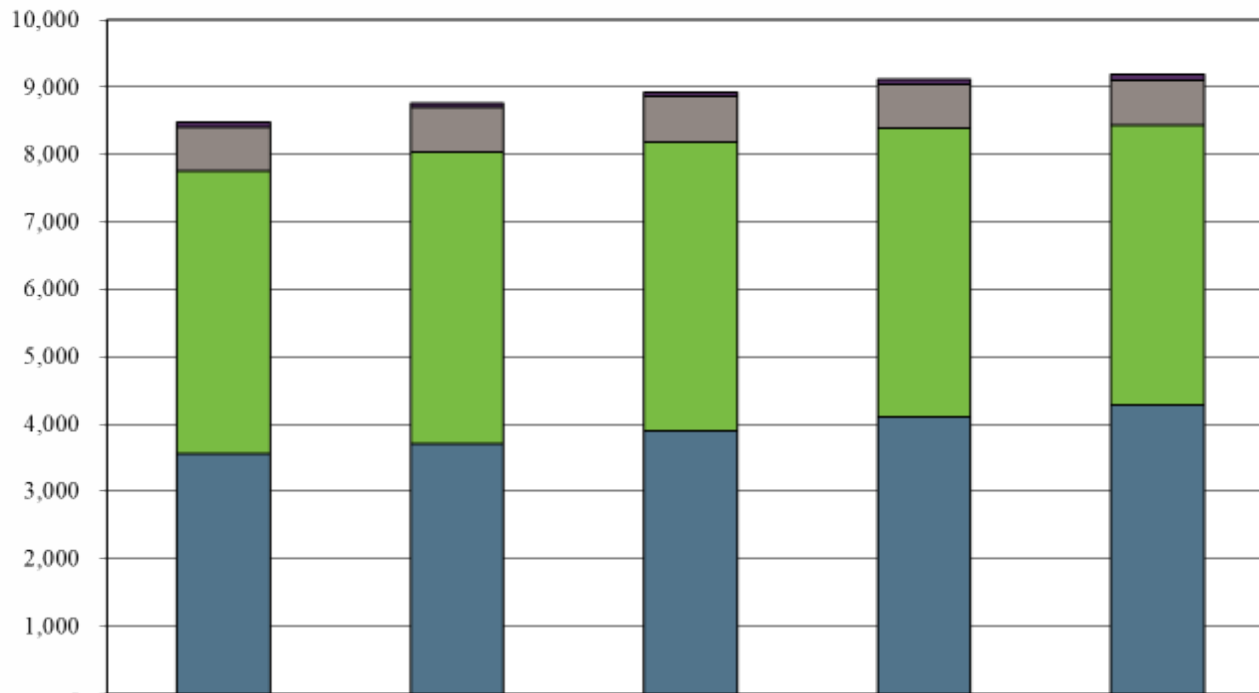
* General Education Aid - Of the \$529 increase over 2014, \$105 is for inflation at 1.9%; the remaining \$424 is a shifting of revenue to adjust for pupil weight changes, pension adjustments changes and other restructuring.

Average Daily Membership and Pupil Units (Continued)



Resident ADM	2014	2015	2016	2017	2018*
Early childhood	64.40	67.84	68.41	74.58	78.06
Kindergarten	648.97	670.67	665.87	651.93	675.70
Elementary	4,209.34	4,323.90	4,300.88	4,285.72	4,140.88
Secondary	3,554.19	3,707.99	3,892.88	4,107.89	4,291.10
Total Resident ADM	8,476.90	8,770.40	8,928.04	9,120.12	9,185.74

Average Daily Membership and Pupil Units (Continued)



	2014	2015	2016	2017	2018*
■ Early childhood	64.40	67.84	68.41	74.58	78.06
■ Kindergarten	648.97	670.67	665.87	651.93	675.70
■ Elementary	4,209.34	4,323.90	4,300.88	4,285.72	4,140.88
■ Secondary	3,554.19	3,707.99	3,892.88	4,107.89	4,291.10

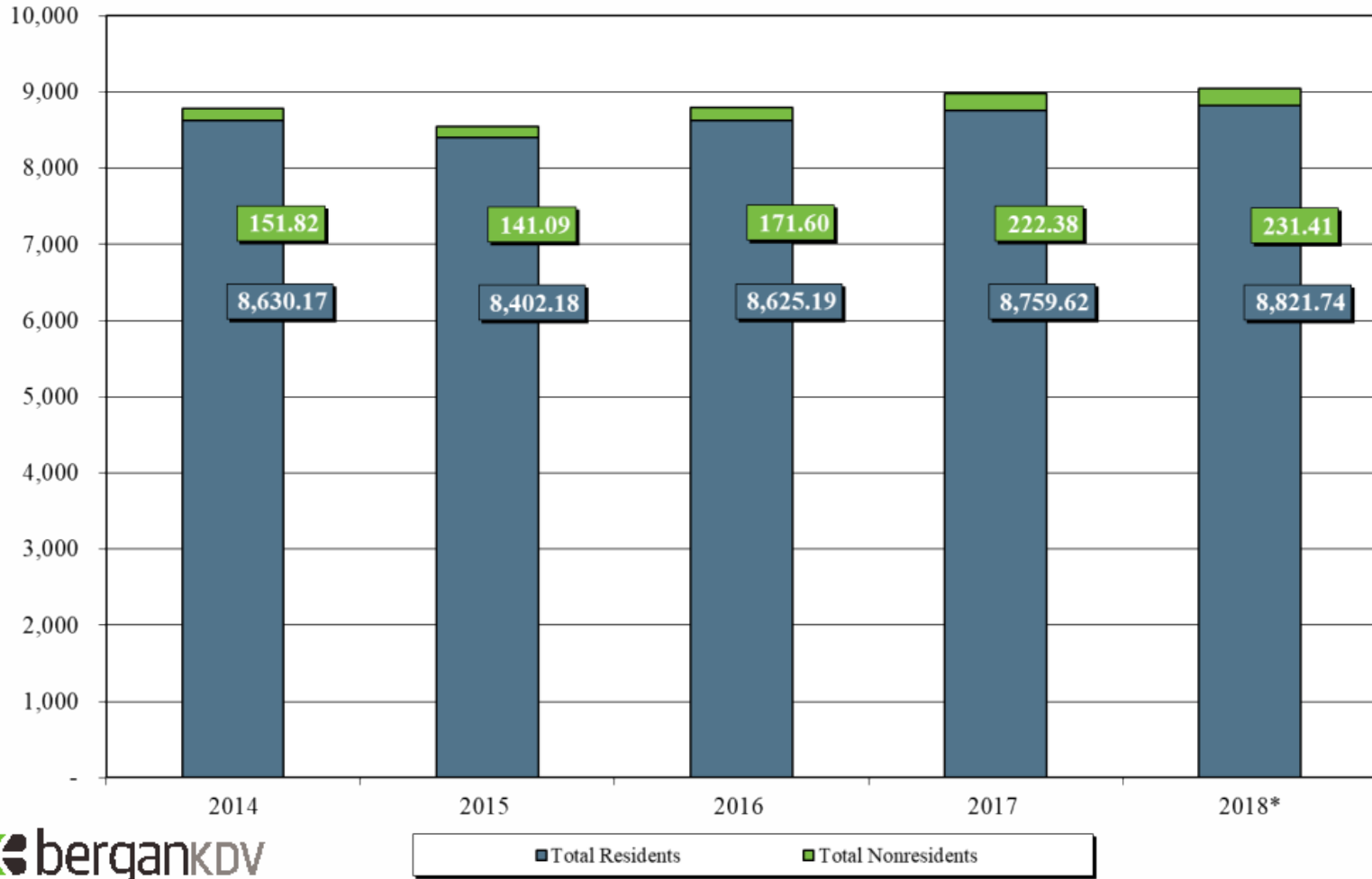
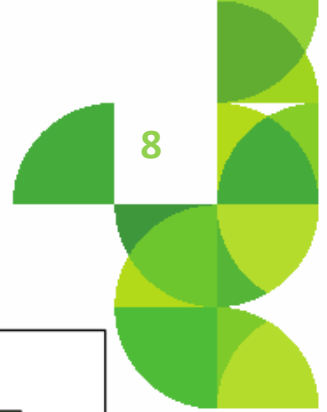
WADM/PUN



Pupil Units Weighting						
	Pre- Kindergarten	Handicapped Kindergarten	Kindergarten	Elementary Grades 1-3	Elementary Grades 4-6	Secondary
Fiscal year 2014	1.250	1.000	0.612	1.115	1.060	1.300
Fiscal years 2015-2018	1.000	1.000	1.000	1.000	1.000	1.200

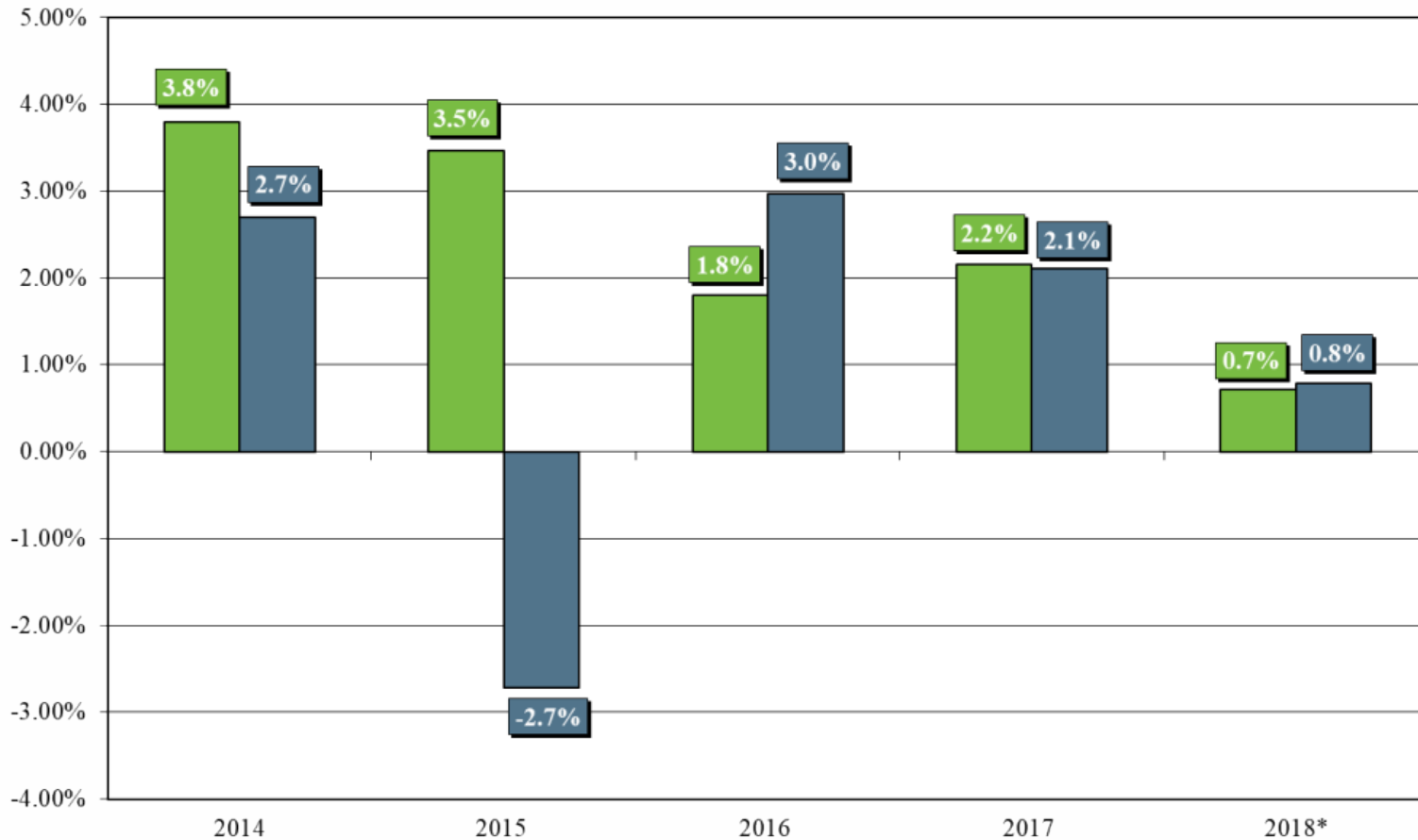
WADM/PUN	2014	2015	2016	2017	2018*
Residents	9,689.65	9,511.53	9,706.63	9,941.69	10,043.62
Resident WADM/PUN loss	(1,059.48)	(1,109.35)	(1,081.44)	(1,182.07)	(1,221.88)
Nonresident WADM/PUN gain	151.82	141.09	171.60	222.38	231.41
Total WADM/PUN Served	8,781.99	8,543.27	8,796.79	8,982.00	9,053.15

WADM/PUN Served





Change in ADM and Pupil Units



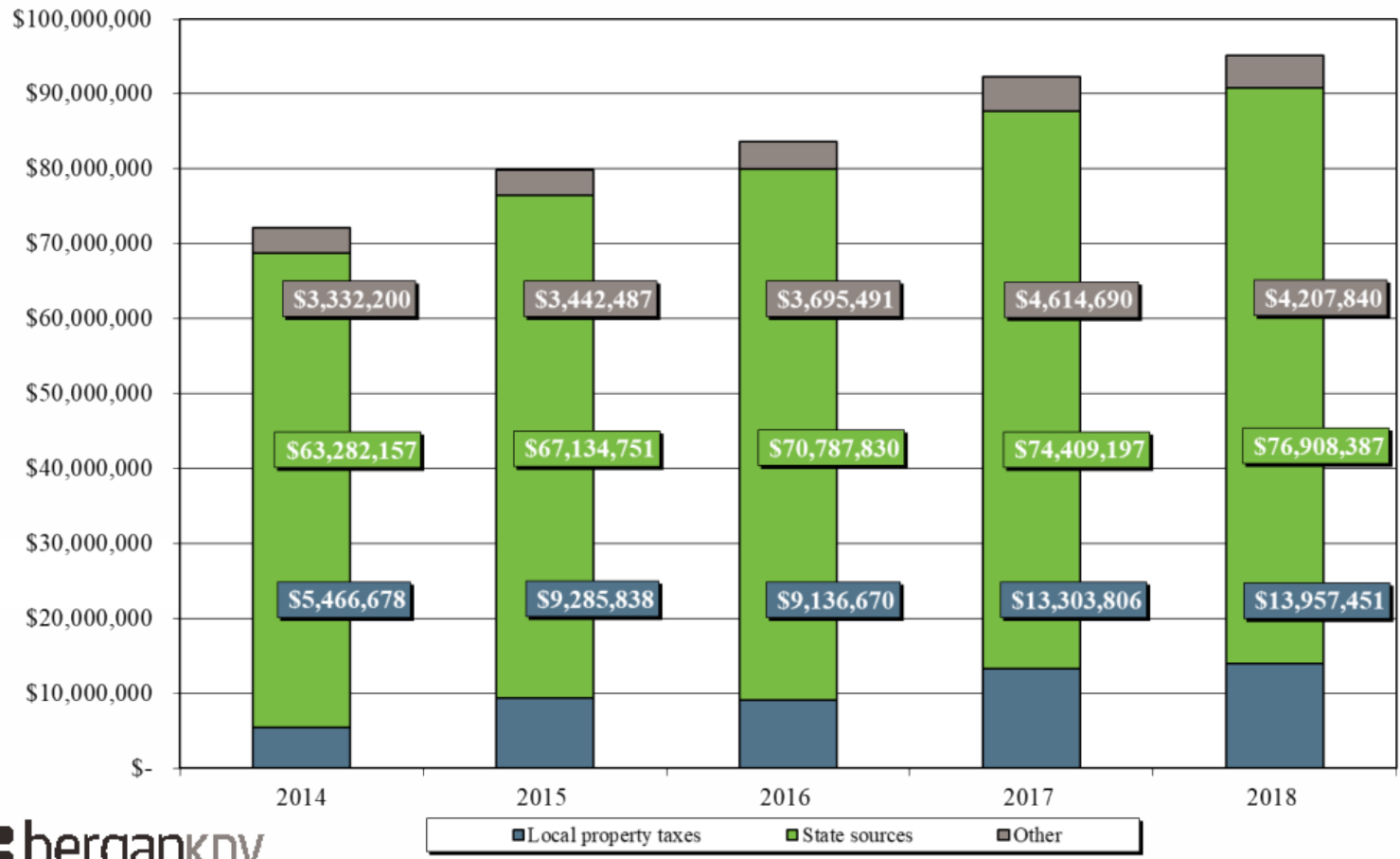
General Fund Sources of Revenue



	2014	2015	2016	2017	2018
Local property taxes	\$ 5,466,678	\$ 9,285,838	\$ 9,136,670	\$ 13,303,806	\$ 13,957,451
State sources	63,282,157	67,134,751	70,787,830	74,409,197	76,908,387
Other	3,332,200	3,442,487	3,695,491	4,614,690	4,207,840
Total	\$ 72,081,035	\$ 79,863,076	\$ 83,619,991	\$ 92,327,693	\$ 95,073,678

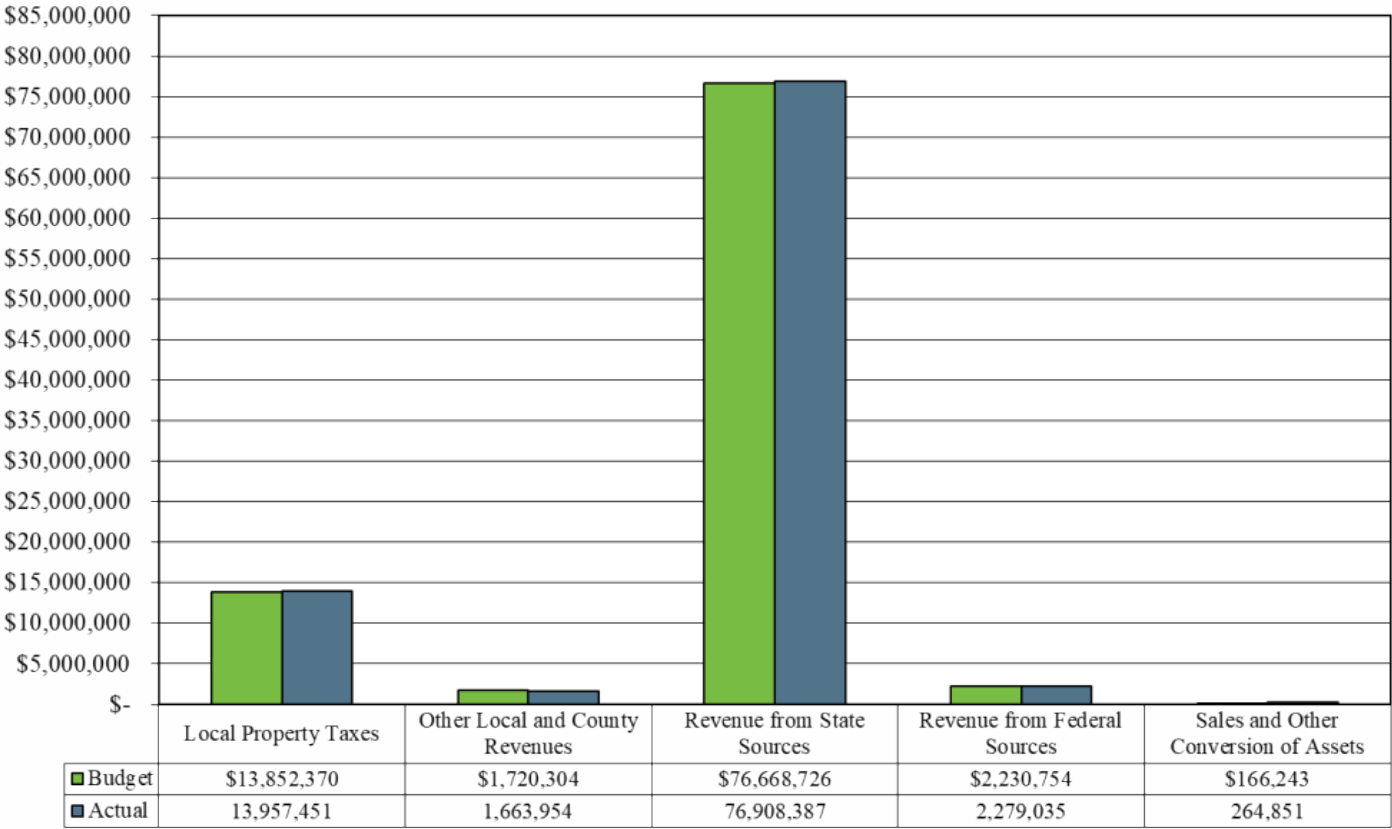


General Fund Sources of Revenue (Continued)





General Fund Revenues Budget and Actual



Revenues per Student (ADM) Served

Shakopee					
General Fund	2014*	2015*	2016*	2017*	2018**
Property taxes	\$ 690	\$ 1,158	\$ 1,108	\$ 1,587	\$ 1,673
Other local sources	193	220	220	255	231
State aid	8,209	8,496	8,702	8,916	9,219
Federal aid	258	233	250	314	273
Total General Fund Revenue	\$ 9,350	\$ 10,107	\$ 10,280	\$ 11,072	\$ 11,396

Seven-County Metro Area					
General Fund	2014*	2015*	2016*	2017*	2018**
Property taxes	\$ 1,014	\$ 1,728	\$ 1,853	\$ 2,017	N/A
Other local sources	465	466	469	491	N/A
State aid	9,081	8,974	9,299	9,407	N/A
Federal aid	474	454	447	469	N/A
Total General Fund Revenue	\$ 11,034	\$ 11,622	\$ 12,068	\$ 12,384	N/A

State-Wide					
General Fund	2014*	2015*	2016*	2017*	2018**
Property taxes	\$ 923	\$ 1,564	\$ 1,673	\$ 1,815	N/A
Other local sources	477	485	498	512	N/A
State aid	9,137	9,115	9,435	9,577	N/A
Federal aid	463	450	442	462	N/A
Total General Fund Revenue	\$ 11,000	\$ 11,614	\$ 12,048	\$ 12,366	N/A



Expenditures Per Student (ADM) Served

Shakopee					
General Fund	2014*	2015*	2016*	2017*	2018**
Administration and district support services	\$ 788	\$ 954	\$ 1,007	\$ 967	\$ 888
Elementary and secondary regular instruction	4,590	4,877	5,008	4,971	4,965
Vocational education instruction	93	87	92	104	76
Special education instruction	1,924	1,941	2,109	2,199	2,154
Instructional support services	542	686	742	979	506
Pupil support services	784	851	893	916	943
Sites and buildings	622	625	620	560	844
Capital expenditures	274	424	454	553	919
Total General Fund Expenditures	\$ 9,617	\$ 10,445	\$ 10,925	\$ 11,249	\$ 11,295



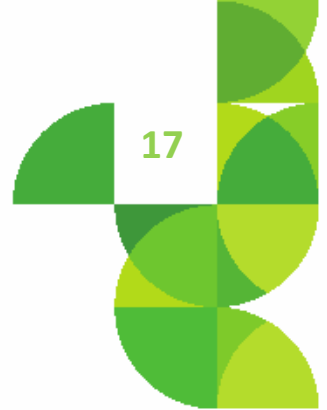
Expenditures Per Student (ADM) Served (Continued)

Seven-County Metro Area					
General Fund	2014*	2015*	2016*	2017*	2018**
Administration and district support services	\$ 879	\$ 929	\$ 954	\$ 987	N/A
Elementary and secondary regular instruction	5,145	5,289	5,518	5,595	N/A
Vocational education instruction	134	139	151	159	N/A
Special education instruction	2,034	2,076	2,226	2,266	N/A
Instructional support services	558	600	642	681	N/A
Pupil support services	953	984	1,023	1,080	N/A
Sites and buildings	869	858	876	894	N/A
Capital expenditures	493	549	594	620	N/A
Total General Fund Expenditures	\$ 11,065	\$ 11,424	\$ 11,984	\$ 12,282	N/A

Expenditures Per Student (ADM) Served (Continued)

State-Wide					
General Fund	2014*	2015*	2016*	2017*	2018**
Administration and district support services	\$ 926	\$ 991	\$ 1,016	\$ 1,049	N/A
Elementary and secondary regular instruction	5,060	5,266	5,428	5,499	N/A
Vocational education instruction	133	140	149	156	N/A
Special education instruction	1,976	2,050	2,179	2,231	N/A
Instructional support services	524	572	606	643	N/A
Pupil support services	946	989	1,021	1,076	N/A
Sites and buildings	868	868	879	894	N/A
Capital expenditures	578	649	677	701	N/A
Total General Fund Expenditures	\$ 11,011	\$ 11,525	\$ 11,955	\$ 12,249	N/A

General Fund Expenditures by Program

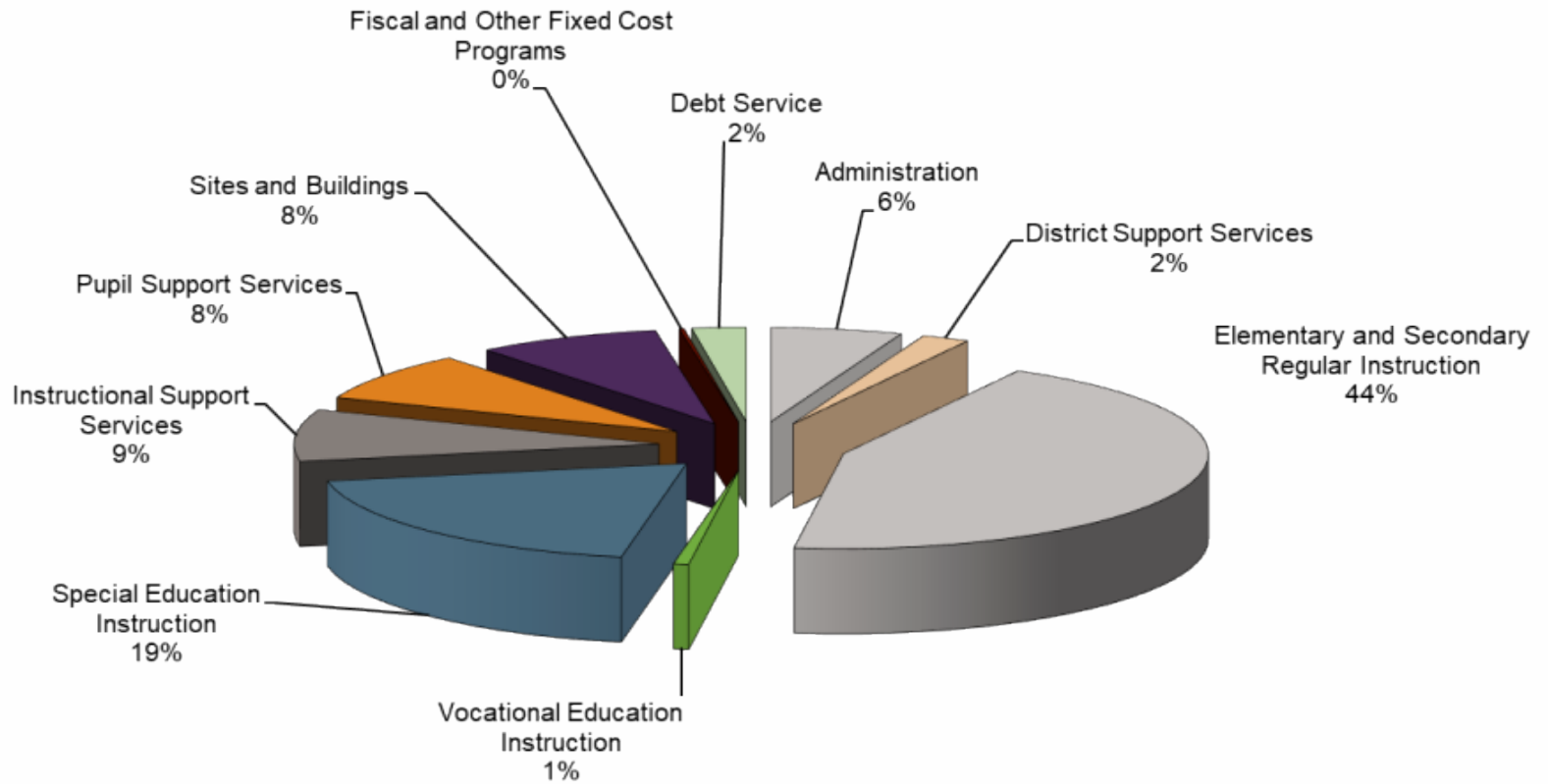


	2014	2015	2016	2017	2018
Administration	\$ 4,596,262	\$ 5,537,421	\$ 5,827,880	\$ 5,730,782	\$ 5,497,441
District Support Services	1,364,310	1,792,791	2,079,390	2,178,543	1,994,119
Elementary and Secondary Regular Instruc	35,545,143	38,675,988	41,008,818	41,747,541	41,670,362
Vocational Education Instruction	725,118	695,927	749,015	870,273	634,351
Special Education Instruction	14,879,511	15,373,634	17,206,868	18,441,870	18,072,758
Instructional Support Services	5,152,834	6,443,763	8,824,679	12,323,870	8,356,016
Pupil Support Services	6,045,990	6,770,050	7,260,151	7,614,151	7,871,201
Sites and Buildings	5,637,614	5,847,498	5,937,614	6,252,053	7,680,480
Fiscal and Other Fixed Cost Programs	181,473	215,914	211,184	191,091	199,020
Debt Service	-	1,186,067	1,007,414	1,882,902	2,257,700
Total	\$ 74,128,255	\$ 82,539,053	\$ 90,113,013	\$ 97,233,076	\$ 94,233,448

General Fund Expenditures

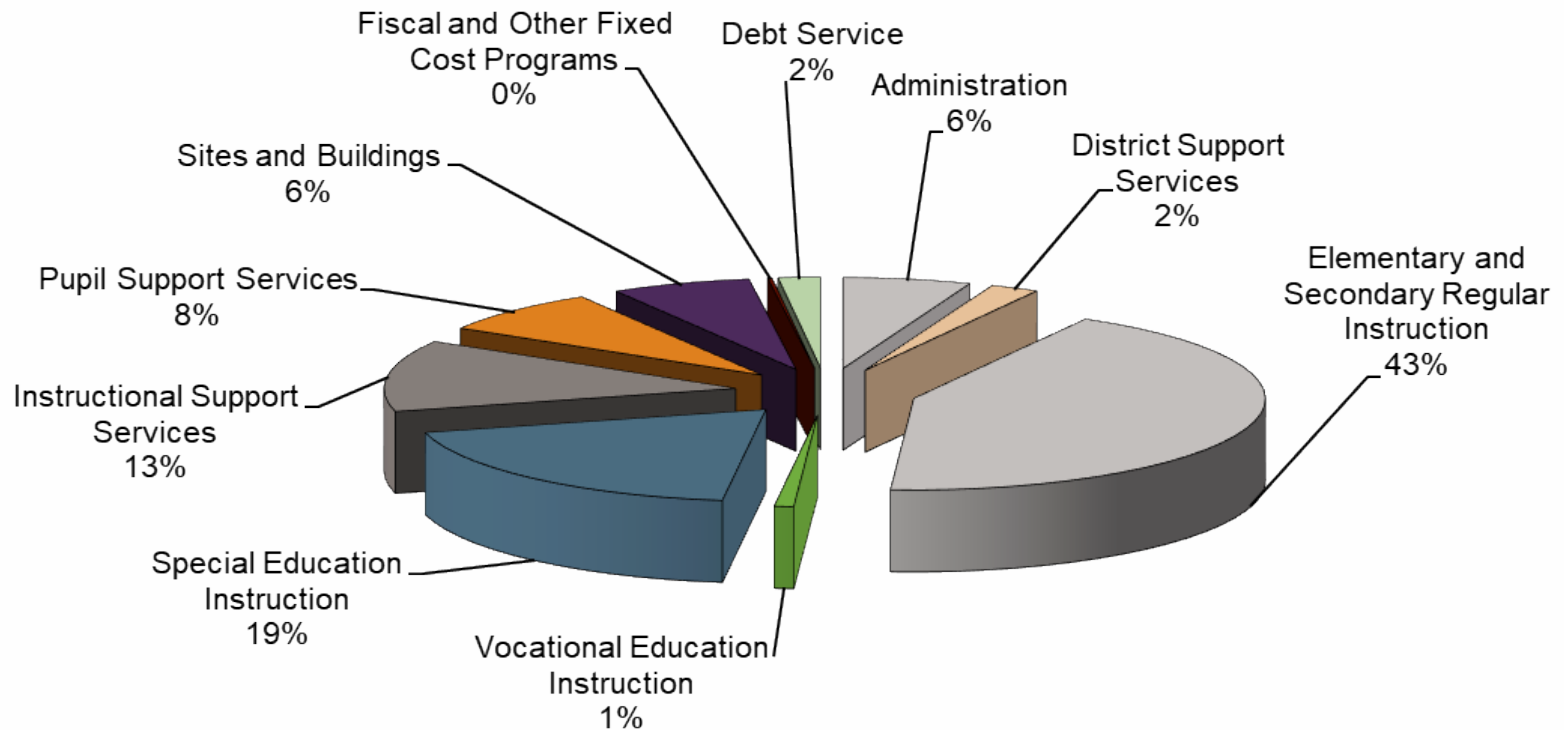


2018



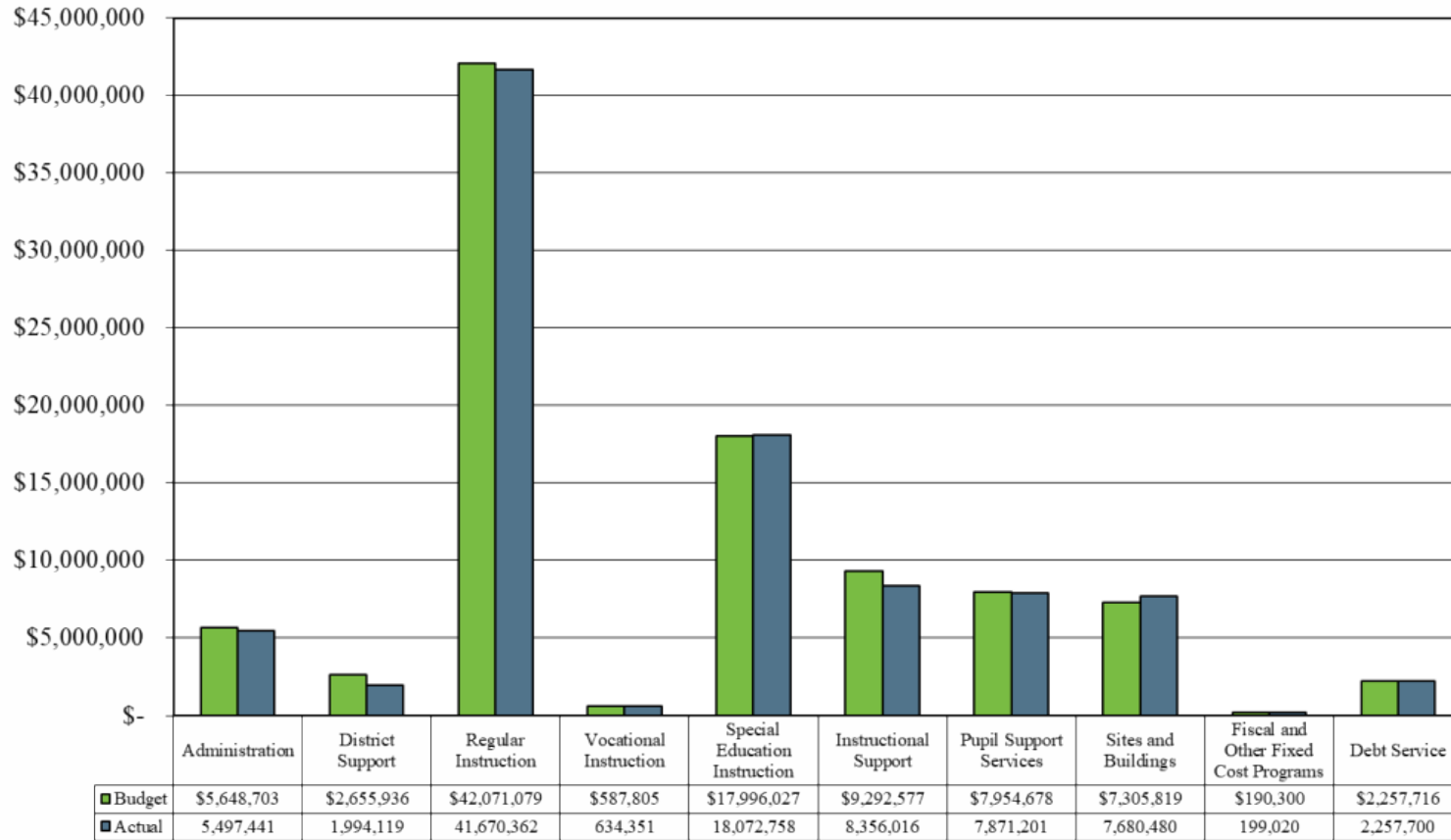
General Fund Expenditures (Continued)

2017





General Fund Expenditures Budget and Actual



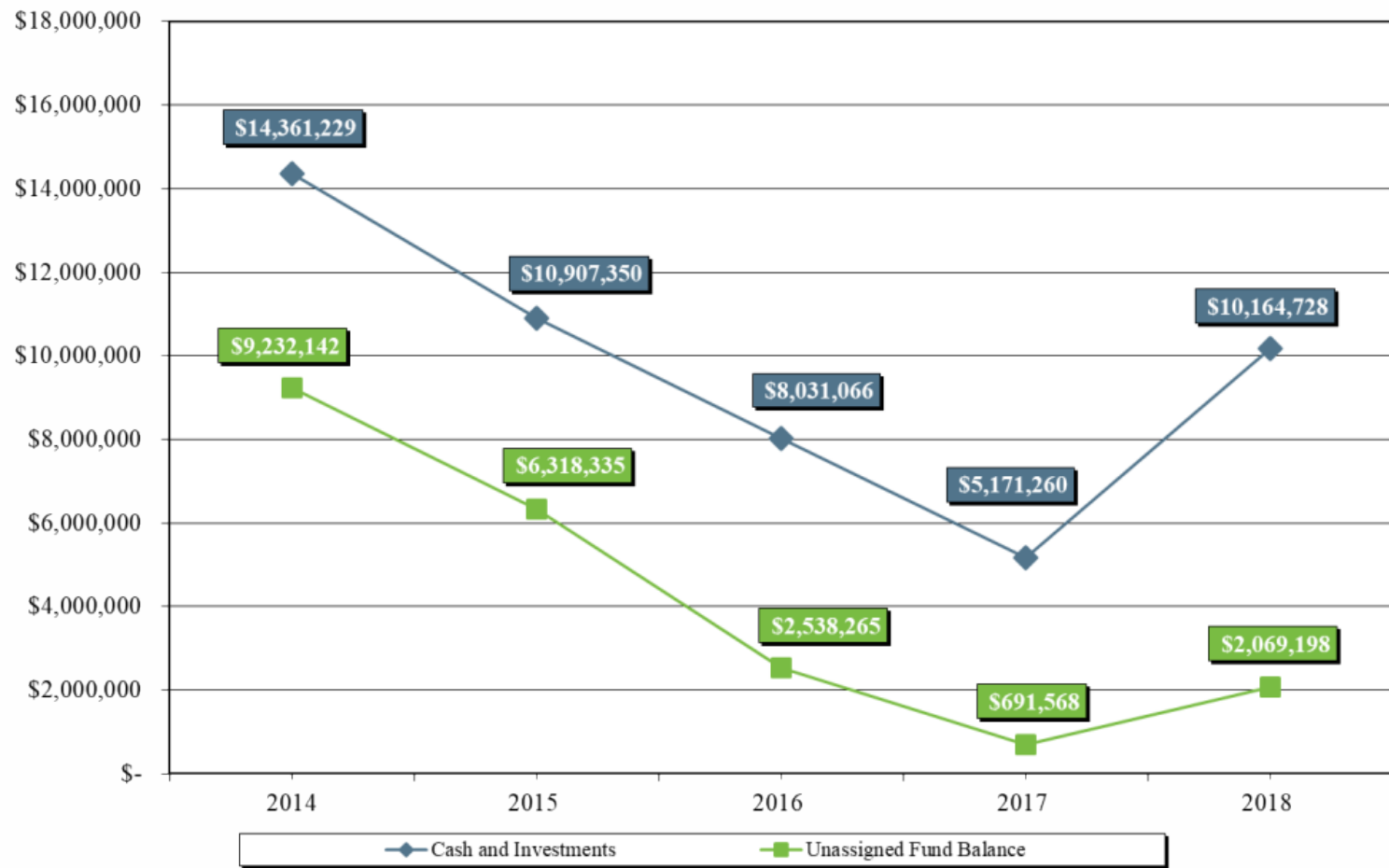
General Fund Operations

	2014	2015	2016	2017*	2018*
Revenues	\$ 72,081,035	\$ 79,863,076	\$ 83,619,991	\$ 92,327,693	\$ 95,073,678
Expenditures	74,128,255	82,539,053	90,113,013	97,233,076	94,233,448
Excess of revenues over (under) expenditures	(2,047,220)	(2,675,977)	(6,493,022)	(4,905,383)	840,230
Transfers/other financing sources	-	13,580	1,239,504	3,451,632	926,149
Fund balance, July 1	12,484,140	10,436,920	7,774,523	2,521,005	1,067,254
Fund Balance, June 30	\$ 10,436,920	\$ 7,774,523	\$ 2,521,005	\$ 1,067,254	\$ 2,833,633

Components of Fund Balance					
Nonspendable	\$ 96	\$ 68,261	\$ 115,556	\$ 657,884	\$ 208,934
Restricted for					
Capital projects levy*	-	-	(479,477)	(303,080)	(106,858)
Health and safety*	(701,302)	(770,198)	(894,373)	-	-
Long-Term Facilities Maintenance	-	-	-	-	(378,012)
Operating capital	1,905,984	2,158,125	1,241,034	-	702,109
Medical Assistance	-	-	-	-	152,874
Assigned	-	-	-	20,882	185,388
Unassigned	9,232,142	6,318,335	2,538,265	691,568	2,069,198
Total	\$ 10,436,920	\$ 7,774,523	\$ 2,521,005	\$ 1,067,254	\$ 2,833,633



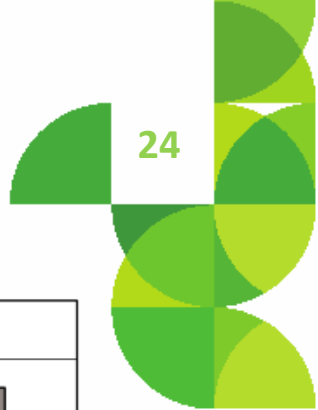
General Fund Financial Position



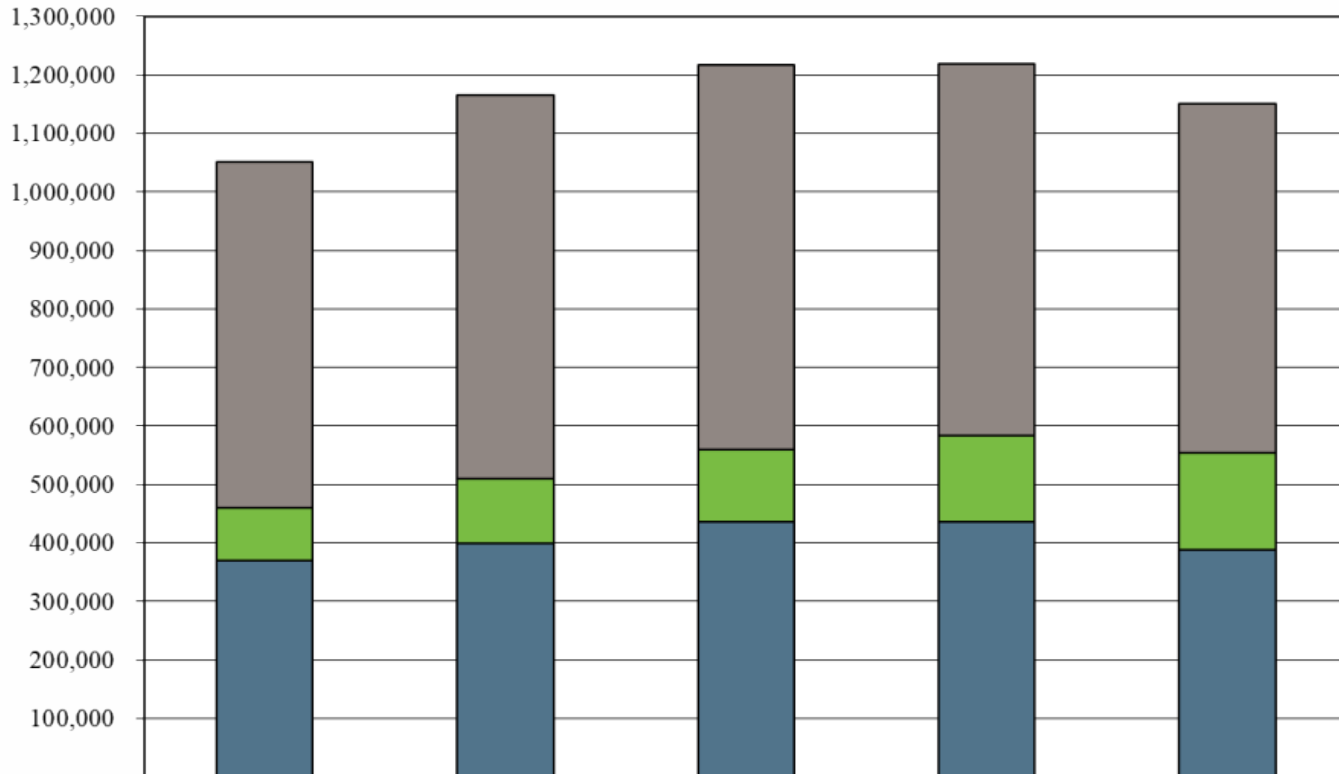
Food Service Fund



Year Ended June 30,	2014	2015	2016	2017	2018
Revenues	\$ 3,556,025	\$ 3,927,153	\$ 4,409,632	\$ 4,544,864	\$ 4,477,075
Expenditures	3,460,011	3,899,796	4,186,026	4,566,784	4,454,642
Excess of revenues over (under) expenditures	96,014	27,357	223,606	(21,920)	22,433
Fund balance, July 1	327,065	423,079	450,436	674,042	652,122
Fund Balance, June 30	\$ 423,079	\$ 450,436	\$ 674,042	\$ 652,122	\$ 674,555



Meals Served to Students



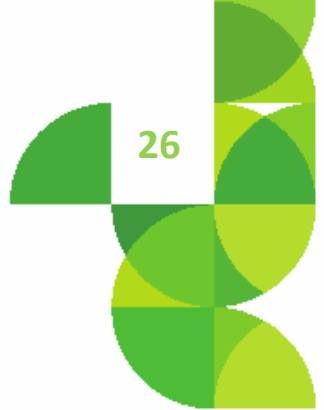
	2014	2015	2016	2017	2018
Regular Priced Meals	591,626	656,997	658,290	635,307	597,612
Reduced Priced Meals	90,969	110,225	123,132	147,080	165,149
Free Meals	369,329	398,782	435,427	436,477	388,656

Food Service Fund Revenues and Expenditures Per ADM Served

Revenues						
	2014*	2015*	2016*	2017*	2018**	
Shakopee	\$ 461	\$ 497	\$ 542	\$ 547	\$ 537	
State-wide	499	517	543	554	N/A	
Seven county metro area	501	518	545	558	N/A	

Expenditures						
	2014*	2015*	2016*	2017*	2018**	
Shakopee	\$ 449	\$ 494	\$ 515	\$ 550	\$ 534	
State-wide	510	525	539	546	N/A	
Seven county metro area	510	519	539	546	N/A	

Community Service Fund



	2014	2015	2016	2017	2018
Revenues	\$ 1,767,270	\$ 1,915,937	\$ 2,338,577	\$ 2,760,027	\$ 2,793,651
Expenditures	1,761,264	1,976,362	2,250,884	2,670,134	2,705,633
Excess of revenues over (under) expenditures	6,006	(60,425)	87,693	89,893	88,018
Fund balance, July 1	67,100	73,106	12,681	100,374	190,267
Fund Balance, June 30	\$ 73,106	\$ 12,681	\$ 100,374	\$ 190,267	\$ 278,285

Components of Fund Balance

Restricted for					
Community Education	\$ 6,546	\$ (75,851)	\$ (17,867)	\$ (153,567)	\$ (179,501)
ECFE	5,162	15,277	55,576	120,562	136,180
School Readiness	61,398	73,255	62,665	223,272	321,606
Total	\$ 73,106	\$ 12,681	\$ 100,374	\$ 190,267	\$ 278,285



Community Service Fund Revenues and Expenditures Per ADM Served

Revenues					
	2014*	2015*	2016*	2017*	2018**
Shakopee	\$ 229	\$ 242	\$ 287	\$ 332	\$ 335
State-wide	531	525	562	595	N/A
Seven county metro area	567	564	602	641	N/A

Expenditures					
	2014*	2015*	2016*	2017*	2018**
Shakopee	\$ 228	\$ 250	\$ 277	\$ 321	\$ 324
State-wide	534	521	550	579	N/A
Seven county metro area	570	550	588	623	N/A

Debt Service Fund Revenues and Expenditures Per ADM Served

Revenues					
	2014*	2015*	2016*	2017*	2018**
Shakopee	\$ 1,767	\$ 1,677	\$ 1,601	\$ 2,452	\$ 2,460
State-wide	1,037	1,002	991	1,050	N/A
Seven county metro area	1,084	1,049	1,040	1,111	N/A

Expenditures					
	2014*	2015*	2016*	2017*	2018**
Shakopee	\$ 7,511	\$ 8,748	\$ 1,916	\$ 2,381	\$ 4,579
State-wide	1,394	1,406	1,433	1,275	N/A
Seven county metro area	1,476	1,470	1,403	1,336	N/A

Questions

Matt Mayer
952.563.6873

Thank you!

**DRAFT 2019 Shakopee Public Schools
School Board Meeting Dates and other important dates**

Date	Time	Type of Meeting	Location
January 14, 2019	6:00PM	ReOrganization & Board Business Meeting	District Office Board Room, 1200 Town Square
January 15-18, 2019	All Day	MSBA Winter Leadership Conference	MPLS Convention Center
January 28, 2019	5:00PM	School Board Finance Committee Meeting	District Office Room 202, 1200 Town Square
January 28, 2019	6:00PM	School Board Work Session	District Office Board Room, 1200 Town Square
January 30, 2019	5:00PM	School Board Facilities Committee	District Office Board Room, 1200 Town Square
February 11, 2019	5:00PM	School Board Policy Committee Meeting	District Office Room 202, 1200 Town Square
February 11, 2019	6:00PM	School Board Work Session	District Office Board Room, 1200 Town Square
DRAFT Saturday, February 16, 2019	9:00AM-2:00PM	Winter Retreat	District Office Board Room, 1200 Town Square
February 25, 2019	5:00PM	School Board Finance Committee Meeting	District Office Room 202, 1200 Town Square
February 25, 2019	6:00PM	School Board Business Meeting	District Office Board Room, 1200 Town Square
February 27, 2019	5:00PM	School Board Facilities Committee	District Office Board Room, 1200 Town Square
March 11, 2019	5:00PM	School Board Personnel Committee Meeting	District Office Room 202, 1200 Town Square
March 11, 2019	6:00PM	School Board Work Session	District Office Board Room, 1200 Town Square
March 25, 2019	5:00PM	School Board Finance Committee Meeting	District Office Room 202, 1200 Town Square
March 25, 2019	6:00PM	School Board Business Meeting	District Office Board Room, 1200 Town Square
March 27, 2019	5:00PM	School Board Facilities Committee	District Office Board Room, 1200 Town Square
April 8, 2019	5:00PM	School Board Policy Committee Meeting	District Office Room 202, 1200 Town Square
April 8, 2019	6:00PM	School Board Work Session	District Office Board Room, 1200 Town Square
April 22, 2019	5:00PM	School Board Finance Committee Meeting	District Office Room 202, 1200 Town Square
April 22, 2019	6:00PM	School Board Business Meeting	District Office Board Room, 1200 Town Square
April 24, 2019	5:00PM	School Board Facilities Committee	District Office Board Room, 1200 Town Square
May 6, 2019	5:00PM	School Board Personnel Committee Meeting	District Office Room 202, 1200 Town Square
May 6, 2019	6:00PM	School Board Work Session	District Office Board Room, 1200 Town Square
May 20, 2019	5:00PM	School Board Finance Committee Meeting	District Office Room 202, 1200 Town Square
May 20, 2019	6:00PM	School Board Business Meeting	District Office Board Room, 1200 Town Square
May 22, 2019	5:00PM	School Board Facilities Committee	District Office Board Room, 1200 Town Square
June 10, 2019	5:00PM	School Board Policy Committee Meeting	District Office Room 202, 1200 Town Square
June 10, 2019	6:00PM	School Board Work Session	District Office Board Room, 1200 Town Square
June 24, 2019	5:00PM	School Board Finance Committee Meeting	District Office Room 202, 1200 Town Square
June 24, 2019	6:00PM	School Board Business Meeting	District Office Board Room, 1200 Town Square
June 26, 2019	5:00PM	School Board Facilities Committee	District Office Board Room, 1200 Town Square
DRAFT Monday, July 8, 2019	5:00-9:00PM	Summer Retreat	District Office Board Room, 1200 Town Square
July 22, 2019	5:00PM	School Board Finance Committee Meeting	District Office Room 202, 1200 Town Square
July 22, 2019	6:00PM	School Board Business Meeting	District Office Board Room, 1200 Town Square
July 24, 2019	5:00PM	School Board Facilities Committee	District Office Board Room, 1200 Town Square
August 12, 2019	5:00PM	School Board Personnel Committee Meeting	District Office Room 202, 1200 Town Square
August 12, 2019	6:00PM	School Board Work Session	District Office Board Room, 1200 Town Square
August 26, 2019	5:00PM	School Board Finance Committee Meeting	District Office Room 202, 1200 Town Square
August 26, 2019	6:00PM	School Board Business Meeting	District Office Board Room, 1200 Town Square
August 28, 2019	5:00PM	School Board Facilities Committee	District Office Board Room, 1200 Town Square
September 9, 2019	5:00PM	School Board Policy Committee Meeting	District Office Room 202, 1200 Town Square
September 9, 2019	6:00PM	School Board Work Session	District Office Board Room, 1200 Town Square
September 23, 2019	5:00PM	School Board Finance Committee Meeting	District Office Room 202, 1200 Town Square
September 23, 2019	6:00PM	School Board Business Meeting	District Office Board Room, 1200 Town Square
September 25, 2019	5:00PM	School Board Facilities Committee	District Office Board Room, 1200 Town Square
October 14, 2019	5:00PM	School Board Personnel Committee Meeting	District Office Room 202, 1200 Town Square
October 14, 2019	6:00PM	School Board Work Session	District Office Board Room, 1200 Town Square
October 28, 2019	5:00PM	School Board Finance Committee Meeting	District Office Room 202, 1200 Town Square
October 28, 2019	6:00PM	School Board Business Meeting	District Office Board Room, 1200 Town Square
October 30, 2019	5:00PM	School Board Facilities Committee	District Office Board Room, 1200 Town Square
November 18, 2019	5:00PM	School Board Finance Committee Meeting	District Office Room 202, 1200 Town Square
November 18, 2019	6:00PM	School Board Business Meeting	District Office Board Room, 1200 Town Square
November 20, 2019	5:00PM	School Board Facilities Committee	District Office Board Room, 1200 Town Square
December 16, 2019	5:00PM	School Board Finance Committee Meeting	District Office Room 202, 1200 Town Square
December 16, 2019	6:00PM	Truth in Taxation Hearing & School Board Business Meeting	District Office Board Room, 1200 Town Square
December 18, 2019	5:00PM	School Board Facilities Committee	District Office Board Room, 1200 Town Square